

DSB GOVERNANCE ADVISORY COMMITTEE MEETING MINUTES

Meeting: DSB Governance Advisory Committee Meeting

Date: 28-Mar-2024 **Time:** 13.00 – 15:00 UTC **Location:** MS Teams

Name	GAC Role	Institution	Attendance
Rudolf Siebel	Chair	BVI	Yes
Mark Burnal	GAC Member	Man Group	Yes
Kirston Winters	GAC Member	OSTTRA	Apologies
Ciaran Scollan	GAC Member	LSEG Post Trade	Yes
Hannah Wilkins	GAC Member	Goldman Sachs	Yes
Ayo Fashina	GAC Member	Morgan Stanley	Yes
Charles Palmer	GAC Member	S&P	Yes
Igor Kaplun	GAC Member	Cappitech	Yes
Tom Soden	Regulatory Observer	FCA	Yes
Emma Kalliomaki	DSB Sponsor	DSB	Yes
Jon Healey	DSB DDO	DSB	Yes

No Topics

1 Roll Call, introductions

The Chair introduced himself and the meeting and welcomed all members to the inaugural meeting of the GAC.

2 Competition Law Reminder

Presented and acknowledged by members.

3 Meeting Logistics

The DDO stated that the purpose of the meeting was to obtain industry insight from the members and that the meeting will be run under the “Chatham House” rule. The DDO explained the roles and responsibilities of each of the committee participants and reminded members that their responsibility is to represent the interests of the industry segment that they represent, not the specific interests of their firm.

It was agreed that it would be reasonable to align future GAC Meetings with the annual industry consultation, such that the next meeting would be in June, date and time to be determined.

Chair, Members and Observers were encouraged to contribute to the meeting as much as possible.

4 Key DSB Principles

The DDO presented the Key DSB Principles and emphasised their importance when considering agenda items.

5 GAC 01 Fair and appropriate use of File Downloads

The DDO explained the file download facility (FDL) and that there was an opportunity for file downloads to be used by third parties or intermediaries to deliver enhanced functionality to lower fee-paying (Registered and Infrequent) Users. Functionality and cost recovery contributions are tied to User Type so it is important to ensure that Users do not receive enhanced functionality without appropriate contribution to the cost recovery. The following members comments and questions were received -

- i) The question was raised on what legal rights existed to protect the FDL data? It was explained that the T+1 file download is unrestricted, but that the T+0 data does have restrictions and that intermediaries are only permitted to provide services to programmatic users (Search Only API, Power, Power & Intermediary).
- ii) A suggestion was made that Intermediaries should be able to use the T+0 file to service all users and that the responsibility should be placed on Intermediaries to manage the correct subscription. It was explained that this is problematic because functionality is tied to User Type and if the Intermediary provided services over and above what is permitted for a given subscription, then this needed to be included in cost recovery. (e.g. if an Infrequent User was supplied by the Intermediary with functionality similar to a Search Only API User by using the T+0 FDL then the user should subscribe at Search Only API level).
- iii) It was pointed out that removing the file downloads or implementing longer delays for/from lower fee-paying members would have a detrimental impact on buy side firms.
- iv) It was questioned whether any lessons could be learned from ASB with regard to a distribution model and whilst it was explained that ASB has a different model, it was acknowledged that a distribution model for DSB data should be part of the formal industry consultation.
- v) Further information was requested on whether the number of file downloads presented in the agenda are T+0 or T+1 and whether there had been an increase in the number of file downloads that could indicate whether the FDL might be used to provide enhanced functionality. It was explained that the number of file downloads presented was a combination of T+0 and T+1 and that a trend would be difficult to discern given that a lot of users are at an early stage of working with UPI, meaning a trend is not clear.

In conclusion, it was agreed that industry consultation on this subject would be useful, that the removal of file downloads would be problematic, that the legal rights around DSB Data should be considered along with a possible distribution model. In addition, further dialogue is required to understand how Intermediaries would implement models to resolve the issues raised in point ii) above.

6 FIX Subscription Models for Search Only Users

The DDO explained that the FIX subscription model allows FIX Users to receive messages each time a new ISIN or UPI is created (by any DSB User) and that the FIX subscription model is available to Search Only API (SO) Users and Power Users. However, each message sent to a FIX User does not count towards the User's search limit. Consequently, this allows a SO User to obtain more data than is consistent with their user limits and their contribution to cost recovery.

Of the two options presented, the committee concluded that the most effective solution would be to update the DSB Terms to make it explicit that the SO user type is not permitted to use the FIX subscription functionality for automatic receipt of new ISIN or UPI records. However, there was also agreement that industry consultation should also offer the second option - to count FIX subscription messages as Search requests and monitor accordingly.

7 UPI Delivered as Part of the OTC ISIN Service

The DDO explained that Users can retrieve UPI data via the ISIN Service as the UPI is contained within the ISIN record. Those ISIN users that do not have a higher or equivalent subscription to UPI (compared to their ISIN subscription) are asked to attest that they are not consuming or using UPI data obtained through the ISIN service. The DSB is unable to track whether ISIN Users are consuming UPI data in this way and as a result a possibility exists that some Users are not contributing to the UPI Service cost recovery. Options were

presented to preclude this possibility. The committee was asked to consider the options presented and concluded that:

- i) Where the cost of implementing a control is less than the likely cost recovered over a reasonable period (3-5yrs) then such a control would be recommended
- ii) The second option, to implement separate ISIN File Downloads (FDL) which do not contain UPI data for Users who do not have UPI subscriptions, could present additional costs to Users as they may have already constructed mechanisms to ingest FDL data and implementing some form of separation or modification to FDL would cause additional cost to those Users in adapting to any changes.

In conclusion the committee agreed that an effective control would be recommended if it was cost effective and that all options should be presented in the industry consultation, noting that amendments to the FDL would only be appropriate if it could be implemented in a way that caused minimal disruption to existing FDL users. Costs should be estimated for each option.

8 TOTV/not TOTV Support

The DDO explained the TOTV Service with links shared to a description and the technical specification. Clarification was provided that the TOTV Service does not form part of the DSB core role. An overview was provided on the number of users of the TOTV service and the committee was asked to consider the options presented, observing that:

- i) The number of users of the TOTV service was small in comparison to the total number of DSB fee-paying users. Concern was expressed by the committee that if the service is only used by a small number of Users but the cost is included in the overall cost recovery, then this is not in line with the principle that costs are allocated fairly among stakeholders. Consideration could be given to this becoming an Ancillary Service.
- ii) If the TOTV service was discontinued, intermediaries may rely on the TOTV flag that is contained within file downloads and it would be important to consult with the wider industry on this matter.
- iii) Whilst it is hard to speculate on future regulatory changes, it is probable that the TOTV determination will become more complex going forward and that regulatory divergence is also a factor. The cost of further development and ongoing maintenance of the service also needs to be considered.

The committee concluded that whether to continue the TOTV service was a suitable topic for industry consultation and that the options presented should be included.

9 Fee Model

The DDO explained that the DSB Fee Model is important in ensuring the principle of costs being allocated among stakeholders fairly and that the DSB is committed to a regular review of User's contributions to cost recovery. A number of considerations were presented to the committee around the timing of the review and whether the model should change with regard to more or different User Types, if the affiliate model was appropriate, whether cost recovery should be based on connectivity and functionality, or a model based solely on search/create consumption. In addition, members were asked to consider whether external independent advice should be sought in determining any changes to the Fee Model. Comments were captured highlighting:

- i) Increasing the complexity of the Fee Model will increase the administration overhead and that it is important not to create a hugely complex model as is the case with some data vendors.
 - ii) It would be important to gather a list of key issues that have been raised by Users with regard to the Fee Model and to factor these into any review.
 - iii) Independent advice was considered a good idea.
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The committee concluded that the best approach would be to start evaluating and collating issues, but to wait until there is a clearer picture of the final number of Users, UPIs etc before starting a review, after the UPI roll out in the APAC region.

13 AOB

No other business was tabled.
