

DERIVATIVES SERVICE BUREAU INTRODUCTION TO THE UPI SERVICE

18 April 2023

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BACKGROUND



DSB OVERVIEW

What is the DSB?

- A technology **platform** which generates an identification hierarchy for OTC derivatives
- Within its scope of OTC derivatives, it provides an archive of International Security Identifier Numbers (**ISINs**) and Unique Product Identifiers (**UPIs**) and their associated **instrument reference data**
- It is **global** in design and operation, operated under the ISO principles including on a **cost recovery** basis

What does the DSB do?

- **ISIN, UPI, CFI and FISN generation and retrieval** for OTC derivative products, as required by market participants
- **Distribution of OTC ISINs and UPIs** and their associated reference data to market participants
- Access methods include a **web interface, programmatic connectivity** and **file download**

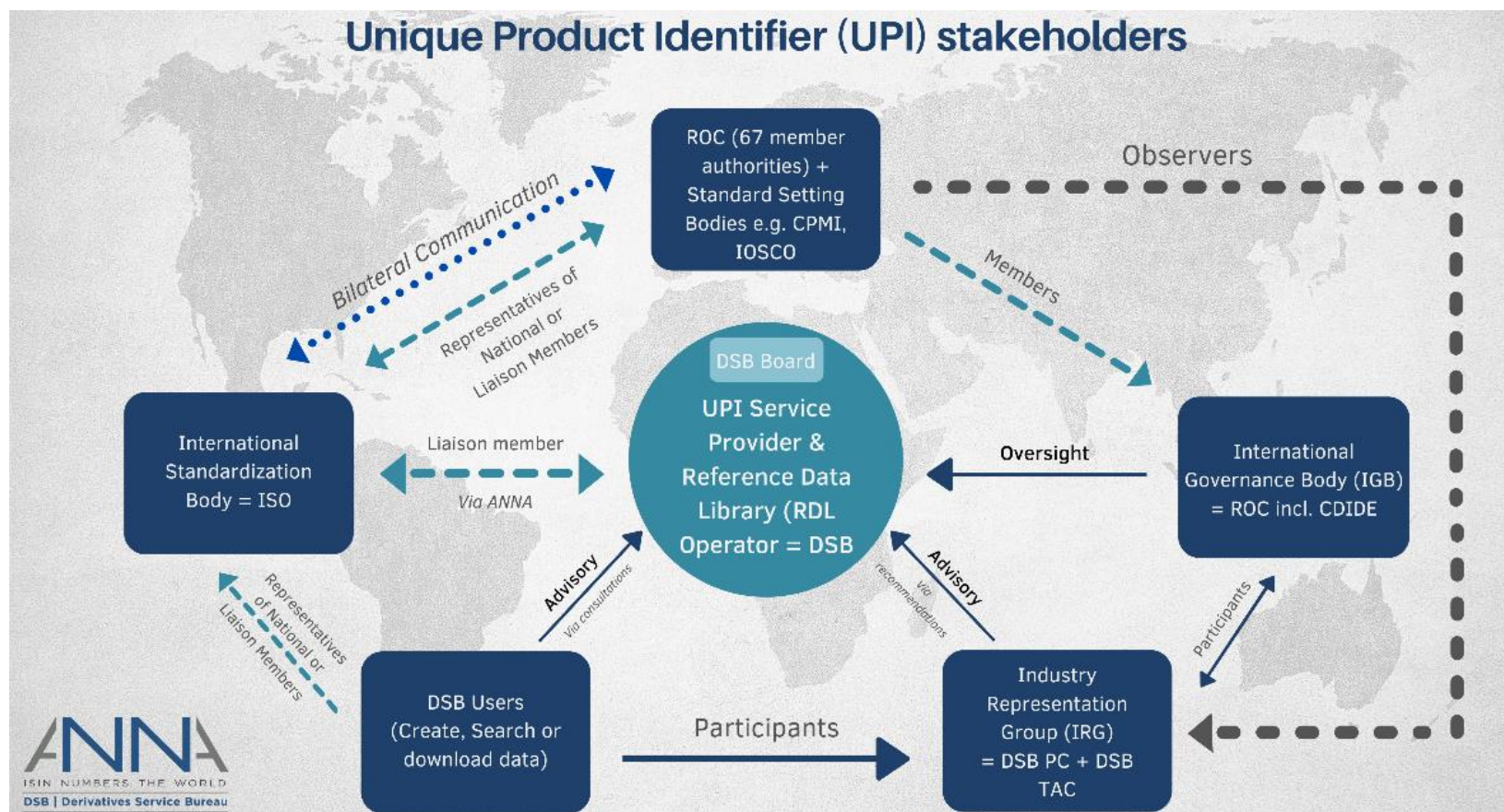
Drivers

- **EU and UK regulators** have **mandated** that ISINs are used to identify some **OTC derivatives** for regulatory reporting
- **Jurisdictional mandates of the EU, US and UK** require the reporting of UPI into firms reporting workflows for submission to trade repositories from 2024
- The **DSB** is the sole source of **ISINs and UPIs for OTC derivatives** and was engineered to serve the needs of regulators and industry participants, to enable fulfilment of supervisory responsibilities and regulatory obligations

PURPOSE AND INTENDED USE OF THE UPI

- The Unique Product Identifier (UPI) is part of the package of G20 reforms aimed to increase transparency in financial markets, mitigate systemic risk, and protect against market abuse following the 2007–08 financial crisis.
- The UPI is designed to facilitate effective aggregation on a global basis of over-the-counter (OTC) derivatives reported to a Trade Repository, to allow for unique identification of the product involved in an OTC derivatives transaction.
- UPI works in conjunction with Unique Transaction Identifiers (UTIs) and Critical Data Elements (CDE) which are also reportable to global regulatory authorities.
- The FSB designated ISO as the international standards body for the development and maintenance of the UPI standard, ISO 4914 - published in November 2021. The standard has been developed based on the Technical Guidance Document published by CPMI-IOSCO.
- The FSB designated the Derivatives Service Bureau (DSB) as the sole service provider for the future UPI System which includes operation of the UPI reference data library.

KEY STAKEHOLDERS



KEY PRINCIPLES OF THE DSB

Industry Stewardship

- Product definitions and maintenance is via industry-led Product Committee of market practitioners
- Technology Advisory Committee formed to advise on future evolutions of the DSB technology platform to address changing market requirements
- Public and transparent Industry Consultation process is open to all users to shape the evolution of the service
- Third Party Assurance Audit - ISAE 3402 Type II Report

Cost Recovery

- The numbering agency services are provided on a cost-recovery basis

Reasonable and Non-Discriminatory (RAND) Access and Use

- DSB UPIs and ISINs and their associated data will have no licensing restrictions on usage and distribution for any purpose as part of the record
- Access to the DSB archive for consumption of OTC derivative UPIs and ISINs and associated reference data will be available for free to all registered organizations and users

KEY PRINCIPLES OF THE DSB

Payment in Advance

- To the extent possible, the DSB will levy fees through annual contracts that require payment in advance. This advance yearly commitment offers the DSB more clarity in aligning fee levels with cost recovery. For the users, it provides improved ability to forecast their costs for utilising DSB Services.

Equal Treatment

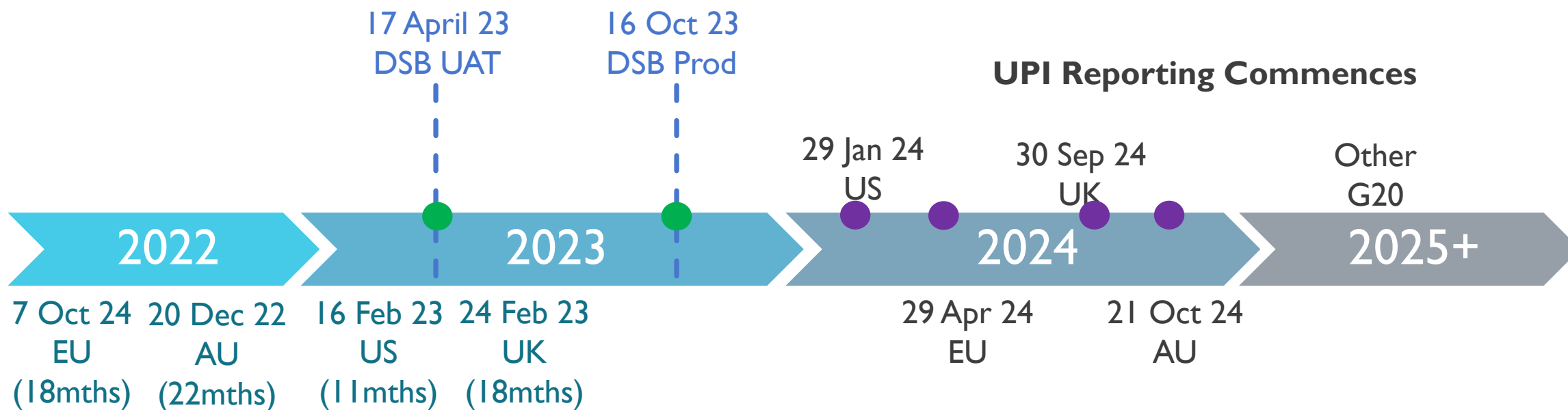
- As an industry utility, the DSB aims to ensure parity and efficiency in delivery of our service. This includes following standardised processes and procedures for all users of the DSB operating under the cost recovery framework-based service.
- The DSB has a common agreement in place ensuring equal treatment across all users. Any exceptions to the terms are only introduced on the basis that they can be consistently applied across all users without imposing a risk on the service.

UPI SERVICE ROLL OUT

#	UPI Implementation Milestones	Date(s)
1	<u>UPI Fee Model Consultation Final Report published</u>	27 th Sep 2021
2	Publication of <u>DSB UPI Legal Terms and Conditions Consultation Final Report</u>	12 th Apr 2022
3	<u>UPI Product Templates finalized and published</u>	7 th Sep 2022
4	<u>UPI Technical Specifications for API connectivity finalized and published</u>	7 th Sep 2022
5	Publication of the final <u>UPI Main Terms and Policies</u>	28 th Sep 2022
6	Publication of the <u>UPI JSON Templates</u>	1 st Feb 2023
7	Internal DSB Quality Assurance Testing of UPI Platform	Completed
8	UPI User Acceptance and Integration Testing Commences + User on-boarding commences	17th Apr 2023
9	UPI Production system available – live UPIs can be created, searched and reported	16th Oct 2023

REGULATORY MANDATE TIMELINES

The Regulatory Use of DSB Identifiers can be found here: <https://www.anna-dsb.com/regulatory-use-identifiers/>



UPI Implementation Timeframe

ONBOARDING



USER TYPE OVERVIEW

Functionality	DSB User Type				
	Registered	Infrequent	Standard	Search-only API	Power
File Download (delayed data)	✓	✓	✓	✓	✓
Manual Search*	✓	✓	✓	✓	✓
Manual OTC ISIN Creation*	✗	Max 100/yr	Max 5k/yr	✗	Max 50k/wk
Programmatic OTC ISIN Creation*	✗	✗	✗	✗	
Programmatic OTC ISIN Search*	✗	✗	✗	Max 2k/wk	Max 100k/wk
Manual UPI Creation*	✗	Max 12/ yr	Max 600/ yr	✗	Max 6k/wk
Programmatic UPI Creation*	✗	✗	✗	✗	
Programmatic UPI Search*	✗	✗	✗	Max 250/wk	Max 12.5k/wk
Cost Basis	Free to use	Paid	Paid	Paid	Paid

INDICATIVE USER FEES

- The DSB operates on a cost recovery basis where annual user fees recover the Total UPI Costs. UPI user fees are derived using a fee model calculation which comprises the Total UPI Costs and number of users. Details are published in the [DSB UPI Fee Model Final Report – Update 2023](#).
- In advance of the final UPI user fee determination, to assist firms with budgetary preparations, a conservative 300 fee-paying users has been used to calculate support costs and to determine Indicative UPI user fees.
- Table shows the indicative annual fees for the period 1 January 2024 to 31 December 2024, and the indicative fees for the period from UPI production launch on 16 October 2023 to 31 December 2024

Estimated User numbers	User Type	Indicative Annual User Fee 1 Jan 2024 – 31 Dec 2024	Indicative User Fee 16 Oct 2023 – 31 Dec 2024
120	Power	€ 66,660	€ 83,324
60	Standard	€ 22,220	€ 27,775
102	Infrequent	€ 1,000	€ 1,250
3	UAT only	€ 22,220	€ 27,775
15	Search only	€ 11,110	€ 13,887
300	Total cost (Incl. FSM)	€ 9,667,642	€ 12,084,552

- Final UPI user fees will be published on 4 September 2023.

CLIENT ONBOARDING AND SUPPORT PLATFORM (COSP)

- The Client Onboarding & Support Platform (COSP) is an online self-service platform enabling users to onboard to the UPI Service and manage their UPI User Type subscription and connectivity requirements.
- The DSB requires users to provide an active LEI to enable the DSB to verify the identity of the user against the central GLEIF record. Entities who do not already have an active LEI are encouraged to prepare in advance.

Sign up for the UPI Service

The Client Onboarding & Support Platform (COSP)

The COSP is an online, self-service platform that allows Users to onboard to the UPI service and manage their UPI subscription

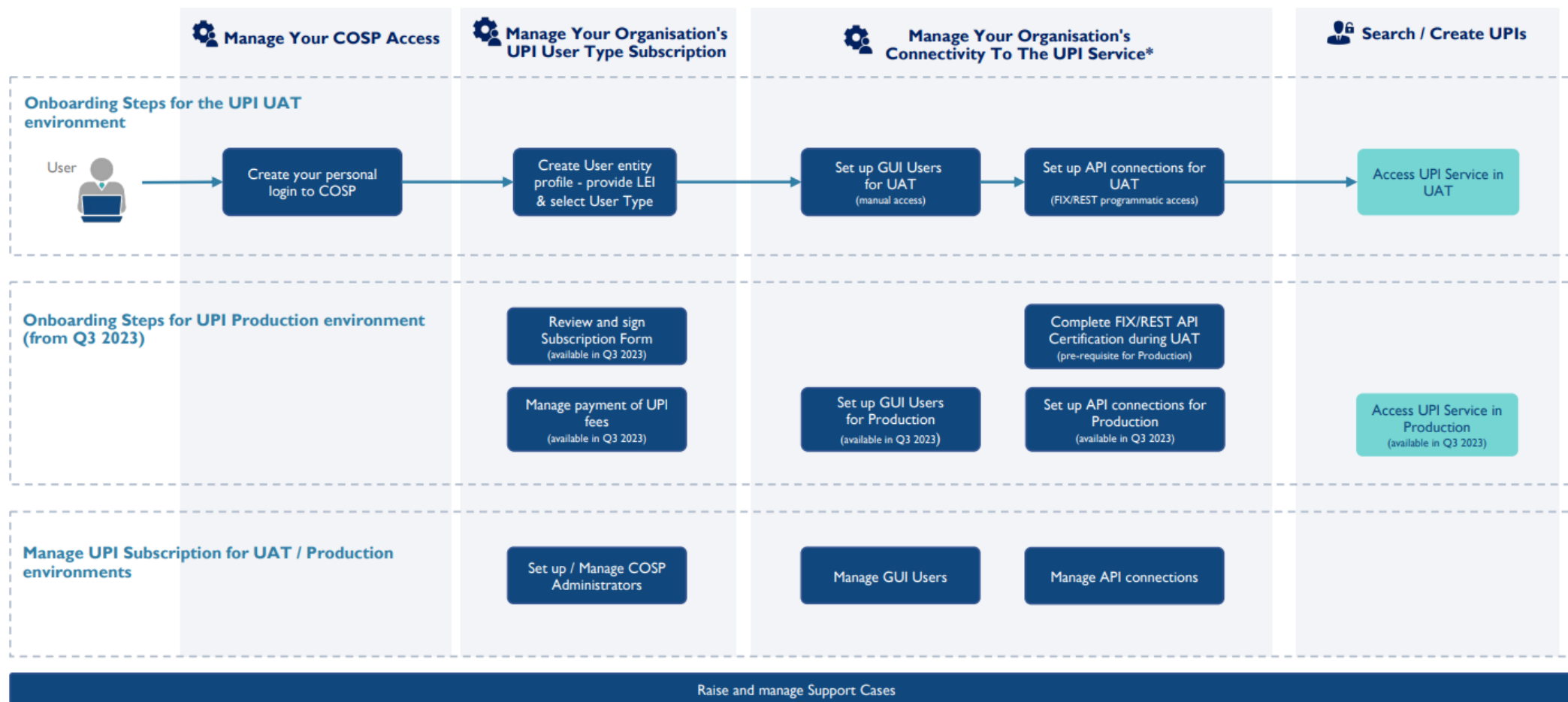
Free access to UPI
(Registered User)

SIGN UP

Fee-paying / Intermediary access to UPI

SIGN UP

Client Onboarding & Support Platform (COSP)



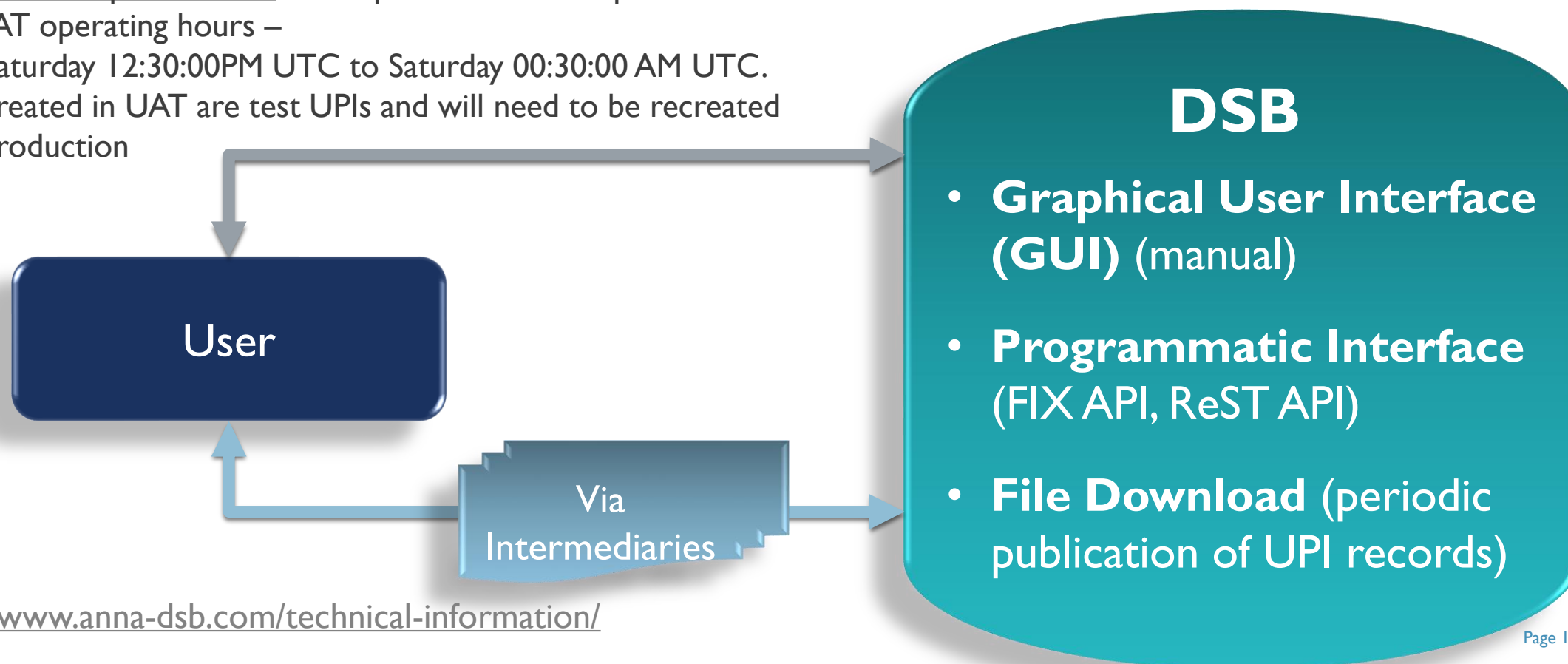
*API connectivity is only applicable for Power and Search-only API User Types



CONNECTIVITY

USER ACCESS TO UAT

- UPI technical specifications¹ were published on 7 September 2022
- UPI UAT operating hours –
 - Saturday 12:30:00PM UTC to Saturday 00:30:00 AM UTC.
- UPIs created in UAT are test UPIs and will need to be recreated in Production



¹<https://www.anna-dsb.com/technical-information/>

INTERMEDIARIES

- Intermediaries will be required to identify and categorize each user for which the intermediary is facilitating access to the DSB numbering agency function.
- Each user will sign the DSB User Agreement and pay their appropriate fee.
- If the intermediary plans to use the data for their own purposes, they will pay a separate fee in the same manner as any other user.
- The full details will be provided in the User Agreement.
- This approach eliminates any cost advantage in DSB fees to connecting to the DSB via an intermediary or directly.

FILE DOWNLOAD

- UPI records are grouped by Date and Asset Class
- Each file contains all the UPIs for that Asset Class created that day
- Example: https://upiat.anna-dsb.com/file-download/Records/OTC-Products/Delta/UPI/2023/20230417/Foreign_Exchange/Foreign_Exchange-20230417.records
- The File Download (FDL) process runs at midnight each night
- The FDL T+0 file will be made available to fee-paying users only.
- Registered Users (non fee-paying users) will have access to the FDL on T+1.

DSB WEBSITE AND UPI GUI

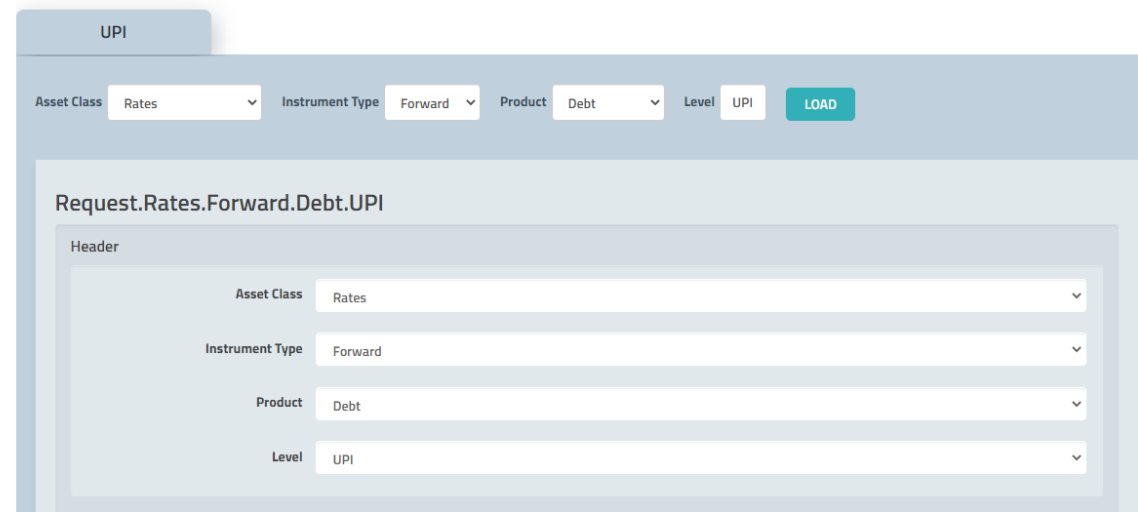
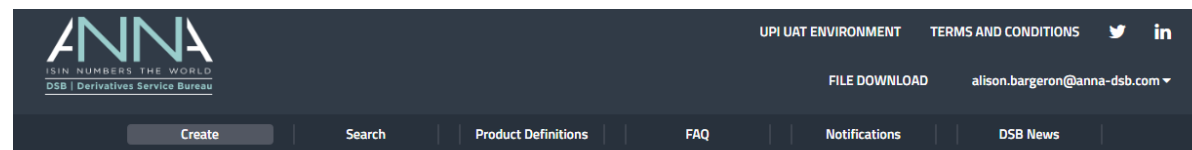


[Sign Up for Notifications](#) |
 [Login to UPI COSP](#) |
 [Search/Create ISINs](#) |
 [Search/Create UPIs](#)

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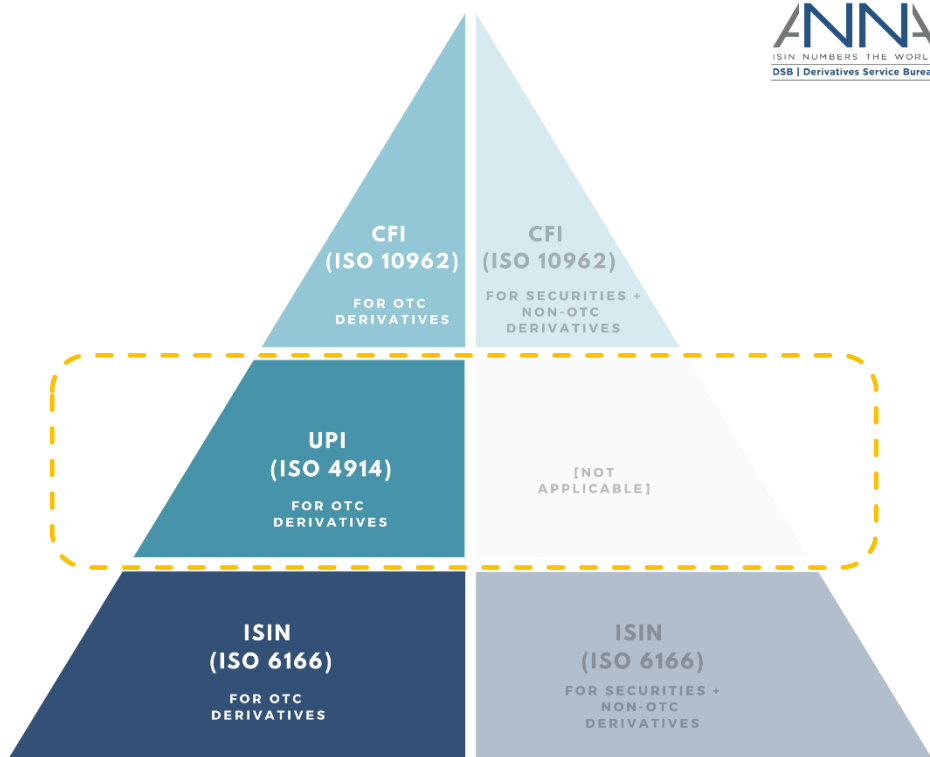
What is UPI



PRODUCT COVERAGE



CFI, UPI & OTC ISIN ALIGNMENT



The DSB is responsible for the generation of the CFI, UPI and ISIN for OTC Derivative Products.

These identifiers based on ISO standards and each serves a different purpose in facilitating relevant reporting obligations across the globe.

- The **CFI** enables a consistent approach to grouping instruments with similar features by providing a common set of classification definitions.
- The **UPI** facilitates effective aggregation of OTC derivatives transaction reports on a global basis to provide regulators with an improved, consistent view and common understanding of systemic OTC derivative risks.
- The **OTC ISIN** is used for market abuse, price manipulation and spot risks to financial stability at national and cross-border levels.

UPI PRODUCT DEFINITIONS

There are over 100 product definitions each of which fit into the following asset classes:

- Rates
 - Credit
 - Equity
 - Foreign Exchange
 - Commodities
 - Non Standard Products
- UPI products are based on OTC ISIN products to ensure hierarchy – sharing attributes and values.
 - UPI products with Equity/Fixed Income underliers will accept other identifiers (e.g.: SEDOL, CUSIP etc.) as an alternative to the ISIN.
 - The Product Committee oversees the definitions of a broad range of OTC derivatives and how they translate into data requirements for allocation of these identifiers. Additional products released from now will be introduced in both services
 - More information about the Product Definitions can be found on the website: <https://www.anna-dsb.com/upi-product-definitions/>
 - UPI JSON templates can be found on GitHub: <https://github.com/ANNA-DSB/Product-Definitions/tree/uat3/OTC-Products>

ANCILLARY SERVICES

ANCILLARY SERVICES FOR OTC ISIN AND UPI

- Ancillary Services are offered in addition to DSB Cost Recovery Services
- The DSB has to date offered the following Ancillary Services to OTC ISIN users:
 - DSB Enterprise - Managed hosting service with private infrastructure stack
 - BT Radianz - Ability to utilize BT Radianz™ connectivity as opposed to Internet (SSL/TLS)
- These existing Ancillary Services are now also available to all Users of the UPI Service (additional fees apply)
- Further Ancillary Services are being offered from the launch of the UPI Service (for both OTC ISIN and UPI users):
 - Connectivity - Other connectivity options e.g., AWS, Google, Azure
 - Premium Support (available to any User Type):
 - DSB Support Hotline (in addition to self-service Support Cases in COSP)
 - Dedicated COSP Onboarding Support (via DSB Support Hotline)
 - Incorporate OTC ISIN / UPI service and COSP access user organization's Single Sign-On
 - Completion of User Risk/Supplier Surveys

INDUSTRY READINESS

CONFIDENTIAL

INDUSTRY READINESS, PREPARATIONS & ROADMAP

- Firms need to consider what kind of connectivity and distribution channels are required
 - to ensure internal planning for technical changes required for UPI implementation and integration
 - to understand what type of DSB user type will be required
- UAT to Production roadmap
 - 17 July:
 - COSP Legal workflow
 - Human Readable Alias of underliers release
 - Authority User Type workflow
 - UPI Service release in OTC ISIN UAT
 - 4 September: COSP Billing workflow release (in conjunction with UPI final user fee publication)
 - 16 October:
 - UPI Production launch
 - Prepopulation of production OTC ISINS with the UPI Parent Identifier commences
- Stakeholders are encouraged to engage with DSB as early as possible

FURTHER INFORMATION

- DSB UPI webpage: <https://www.anna-dsb.com/upi/>
- COSP: <https://www.anna-dsb.com/home#cosp-login>
- Contact us: <https://www.anna-dsb.com/contact-us/>
- UPI FAQ: <https://www.anna-dsb.com/download/upi-faq/>
- Industry consultation reports and feedback: <https://www.anna-dsb.com/industry-consultation/>
- Product Documentation: <https://www.anna-dsb.com/upi-product-definitions/>
- DSB Product Committee: www.anna-dsb.com/product-committee/
- DSB Technology Advisory Committee: www.anna-dsb.com/technology-advisory-committee/
- DSB Financial Accounts: <https://www.anna-dsb.com/financial-accounts/>
- DSB Fee Model Variables: <https://www.anna-dsb.com/fee-model-variables/>
- DSB UPI User Fees: <https://www.anna-dsb.com/upi-fees-rules-2023>
- DSB ISIN User Fees: <https://www.anna-dsb.com/otc-isin-fees-rules/>
- Third Party Assurance Audit: <https://www.anna-dsb.com/third-party-assurance-audit/>
- Technical documentation: <https://github.com/ANNA-DSB/Product-Definitions/tree/uat3>

ISO Standards: The Global Market Language

Recognized and used around the world. Harmonizing the full lifecycle of investments for investors and financial firms. Created and maintained by the industry they serve. ISO financial standards are visible proof of the power of group commitment.

One global language opens a world of possibilities.



Thank you!