



# **DSB Product Committee Framework**

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## PREAMBLE

The Association of National Numbering Agencies (“ANNA”), a corporation organized under the laws of Belgium, the founder of the Derivatives Service Bureau (DSB), for the issuance and maintenance of International Securities Identification Numbers (ISINs), and the Derivatives Service Bureau, a Company incorporated in the United Kingdom.

Taking into account the core values and the role of the DSB to oversee the issuance of ISINs for OTC derivatives and the designation by ANNA of the DSB, the issuance and administration of ISINs for OTC derivatives if necessary, the termination by ANNA of such designation;

Having regard to the operating principles of the DSB, established with the purpose of the issuance and administration of ISINs for OTC derivatives, in accordance with the Governance Principles of the ISO 6166 Standards for ISIN;

Recognizing the need to memorialize the relationship between ANNA and the DSB, including the implementation process of their respective duties in order to fulfil its function of generating and administering ISINs for OTC derivatives according to the defined governance principles of the ISO 6166 Standard.

Acknowledging the need to memorialize the relationship between DSB and the DSB Product Committee, and the implementation process of their respective duties related to the generation and administration of ISINs for OTC derivatives, defined by the Governance Principles of the DSB;

Affirming and supporting the independence of the DSB in the process of exercising its function of overseeing the operational aspects of the issuance of ISINs for OTC derivatives and the independence of ANNA in its function of overseeing the DSB and upholding the Governance Principles of ISO;

This framework document describes the supervisory function of the DSB Product Committee related to the issuance and administration of ISINs for OTC derivatives and defines the guidelines for the relationship between the DSB Product Committee and DSB, including predefined communication channels, notice periods, and procedures for the resolution of disagreements. This framework aims to clarify the implementation of the provisions of the DSB Product Committee, the oversight of the issuance and administration of ISINs for OTC derivatives as well as the taxonomies utilized by the DSB. Operational changes within the DSB Board are outside of the scope of the DSB Product Committee.

**The purpose of this document is to define the role of the members of the DSB Product Committee and to establish governance policies and procedures to assist the Members fulfilling their duties.**

## 1. Governance

The DSB Product Committee (previously called DSB Product Governance Body) is established by the Derivatives Service Bureau (DSB) as part of ANNA's responsibilities as the Registration Authority for ISO 6166 and will bring together industry and regulatory representatives to achieve and carry out product governance, to ensure the maintenance of data specifications for ISINs for OTC derivatives, including addressing emerging market products.

The DSB is incorporated as a separate legal subsidiary of ANNA, alongside minority investors who commit to provide the start-up funding. ANNA retains a controlling stake to guarantee full compliance with ANNA's ISO obligations, including appropriate cost-recovery and governance models.

The diagram below illustrates the proposed structure of the DSB as well as eligibility of the OTC derivatives market players in the DSB Product Committee.

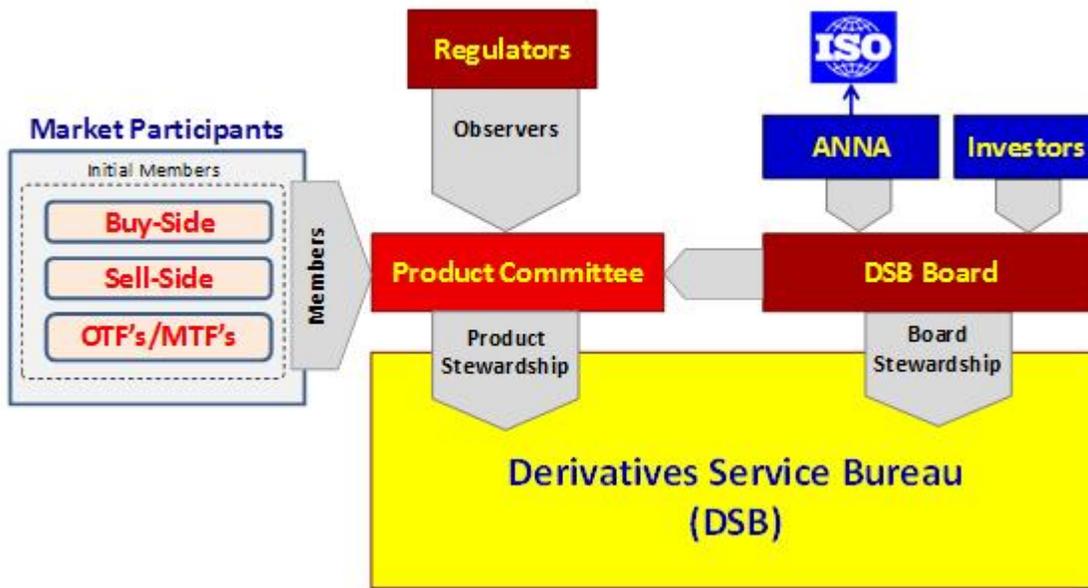


Diagramm: Structure of the Derivatives Service Bureau (DSB)

The DSB Product Committee will be focused on the product creation, product-descriptors and taxonomies maintenance and product governance. As such, in its first two year incarnation, its composition will reflect the obligation placed on European trading venues and systematic internalisers, as well as the need to minimise cross-jurisdiction challenges.

## 2. Mission

The DSB Product Committee has an overall responsibility to oversee the generation and maintenance of data specifications for ISINs for OTC derivatives, the integrity of the product-descriptors and quality of all new items in the data dictionary which effectively meets its objectives and mission.

Within the OTC derivatives environment, it is recommended that specific asset class and product experts known as the DSB Product Committee advise on the creation of definitions for products and attributes part of the permanent OTC derivatives ISIN Solution to ensure that new ISINs for OTC derivatives and attributes are appropriately defined, maintained and governed.

The DSB Product Committee shall have the responsibility for defining the OTC derivative descriptors, the taxonomies based on which they are derived from and shall validate and ensure the integrity of these products.

## 3. Objectives

Both the ISO 6166 ISIN standard and the DSB Product Committee Framework are key critical success factors for the legitimacy and adoption of an uniform and global OTC derivatives identification standard. The framework must properly represent and balance the interests of market participants, policymakers, regulators as well as be sensitive to financial market and geographic considerations.

It was agreed by the ISO TC68/SC4 Study Group 2 that a DSB Product Committee will be setup as part of the DSB. The DSB Product Committee has been setup to incorporate membership from ANNA, the solution provider, regulators and industry experts. The DSB Product Committee will be responsible for representing the interests of the market participants in defining and ensuring continuance of the product definitions in the context of the OTC derivatives ISINs generation solution.

## 4. Membership

ANNA as the Registration Authority (RA) will make a call for applications for members of the DSB Product Committee.

The initial membership of the DSB Product Committee will include participants of the global financial services industry, such as:

- buy-side participants (e.g., asset managers, hedge funds insurers)
- sell-side participants (e.g., broker dealers, futures brokers, swaps dealers)
- trading venues (OTF / MTF)

Additionally, space will be reserved for global regulators and policy makers to observe and participate as appropriate in the proceedings.

The initial selection exercise will be supported by an independent consultancy appointed by ANNA. Eligible to be members of the DSB Product Committee are professionals with relevant experience in the OTC derivatives industry and data architecture from institutions which constitute relevant participants in the OTC derivatives market.

ANNA will exercise objective and independent judgement, which will include, recruiting members from a sufficiently broad number of candidates and choosing a majority of non-executive members in the committee. Even though the members of the DSB Board performing the supervisory function are formally separated from the DSB Product Committee fulfilling product management function, objectivity and independence of the DSB Product Committee while exercising its product management function still need to be assured by appropriate selection of independent members.

## 5. Role and Responsibilities

*The DSB Product Committee:*

- A. provides recommendations to the DSB to refine the mission, principles, strategy and charter of the DSB Product Committee;
- B. provides recommendations to DSB on OTC derivatives ISIN creation priorities;
- C. oversees the continued development and extensibility of the data model for the issuance of ISINs for OTC derivatives (e.g., additional attributes);
- D. works with the DSB to refine and/or approve the roles, responsibilities of the sub-working groups/task forces;
- E. provides recommendations to the DSB to review and approve directives relating to data standards for taxonomies and processes/procedures according to which these data attributes are brought into the DSB;
- F. ensures that channels of communication exist for addressing any issues and concerns related to its mandate;
- G. ensures clear and complete criteria and methods to monitor and control data quality in order to ensure accurate definitions of the product descriptors for all ISINs for OTC derivatives;
- H. provides recommendations to the DSB with the purpose of promoting transparency in the context of any intellectual property issues related to the OTC derivatives ISIN allocation solution;
- I. assists the DSB to recruit members on the DSB Product Committee;
- J. ensures that the code of conduct and ethical principles adopted by the DSB Product Committee conform to those appropriate to a public body

- K. ensures good public standing and good reputation of the DSB Product Committee, and builds industry support for the DSB Product Committee and the OTC-derivatives ISIN generation solution;

## 6. Reporting

### *The DSB Product Committee:*

- A. reports to the board of directors of the DSB;
- B. circulates the minutes of the meetings of the DSB Product Committee to all members of the DSB Board;
- C. maintains accurate records of all the received and processed product requests;
- D. drafts a monthly progress report that will describe the work of the DSB Product Committee. The report will include:
  - the significant issues that have been discovered and/or analysed in relation to the product descriptors, taxonomies and data quality;
  - a description of the assessment methods used to determine the effectiveness of the product validation process, the approach used to identify the existing issues, remediation measures and escalation process;
  - the documentation of the issues and conflicts that arose and their resolution steps.

## 7. Organisational Functioning

- A. The DSB Board, after consultation with the DSB Product Committee, shall define appropriate governance practices and procedures for the DSB Product Committee. The DSB Product Committee shall have in place the means to ensure that such practices are followed and periodically reviewed for improvement.
- B. The DSB Product Committee should meet regularly in order to carry out its responsibilities adequately and effectively. The members of the DSB Product Committee should devote enough time to the preparation of the meeting. This preparation includes the setting of an agenda. The minutes of the meeting should set out the items on the agenda and clearly state the decisions taken and actions agreed.
- C. These practices and procedures, together with the rights, responsibilities and key activities of the DSB Product Committee, will be documented and periodically reviewed by the DSB Board and the DSB Product Committee.
- D. The DSB Product Committee should evaluate the efficiency and effectiveness of its activities, governance, practices and procedures, as well as the

functioning of committees, on a regular basis and propose changes to the DSB Board as appropriate.

## 8. Meeting Arrangements

- A. Meetings of the committee will be organised at a minimum of once every fortnight (once every two weeks), whilst the DSB is being set up and is undergoing the industry user acceptance testing.
- B. A quorum of a simple majority (more than 50% of members) of the DSB Product Committee members is needed in order for the DSB Product Committee to hold a meeting.
- C. Meetings of the DSB Product Committee members may be convened at any time by the Secretary to the DSB Product Committee, upon a request by any member, provided that every member will be informed in written form about the meeting and the contents of the agenda not less than 5 days in advance.
- D. In the event that the chairperson is not present at a meeting, the DSB Product Committee Members shall appoint a person to act as chairperson for the meeting.

## 9. Structure and Member Roles

The DSB Board has the authority to define the mission, principles, strategy and charter of the DSB Product Committee. It also holds the mandate to choose the chair and the secretary of the DSB Product Committee for an indefinite term and define their roles and responsibilities.

### 9.1. Product Experts Group

The Committee is organised in expert groups consolidated according to a specific asset class ("Product Experts Group"). Each group will advise on the creation and continuity maintenance of the definitions of OTC derivatives and their attributes which are part of the OTC derivatives ISIN generation solution, which will ensure that new ISINs, OTC derivatives and their attributes are appropriately defined, maintained and administered.

### 9.2. Specialized Working Groups or Task Forces

Specialised working groups and task forces will be mandated to tackle incoming issues related to regulation, standardisation and market changes. The newly created groups will:

- A. be constituted from DSB Board members and invited professionals, whose expertise is relevant for that particular issue;

- B. be constituted based on a mix of expertise, competencies and experience that will allow a thorough understanding, an objective evaluation and will bring new approaches for analysing and solving relevant issues;
- C. have a sufficient number of independent members;
- D. have a documented mandate (including its scope) and established working procedures defined by the DSB Board;
- E. be constituted of members and a chair that will be rotated occasionally
- F. report back regularly to the DSB Product Committee;
- G. interact with each other as appropriate in order to ensure consistency and avoid any gaps. This could be done through cross-participation: the chair or a member of one specialised working-group or task-force might also be a member of another.

### *9.3. Chair*

- A. The chair should ensure that DSB Product Committee decisions are taken on a sound and well-informed basis. He or she should encourage and promote open and critical discussion and ensure that dissenting views can be expressed and discussed within the decision-making process.
- B. The chair of the DSB Product Committee plays a crucial role in the proper functioning of the DSB Product Committee. He or she provides leadership to the DSB Product Committee and is responsible for its effective overall functioning.

### *9.4. Secretary*

*The Secretary to the DSB Product Committee will:*

- A. take minutes at every meeting
- B. send a copy of those minutes to each of the DSB Product Committee members after each meeting. These minutes shall be approved by the DSB Product Committee Members and will be signed by the chairperson or designate.
- C. Convene regular or extraordinary meetings (at the request of a DSB Product Committee member)

## 10. Independence and Managing Conflicts of Interest

- A. DSB Product Committee Members shall actively engage in the creation and maintenance of data specifications for ISINs for OTC derivatives and shall be able to make their own sound, objective and independent decisions and judgements.

- B. The selection of members of the DSB Product Committee should ensure that there is sufficient expertise and independence within the DSB Product Committee.
- C. The following guidelines for managing conflicts of interests for DSB Product Committee Members are binding:
- It is a DSB Product Committee Member's duty to disclose conflicts of interest that exist during the recruitment phase or membership period. The DSB Product Committee will recommend to the DSB Board whether the disclosed conflict of interest will affect their independence and whether membership will be terminated or suspended for a specific period.
  - DSB Product Committee Members will have to go through a review and approval process before they engage in certain activities (such as serving on another Product Committee or representing an organisation whose commercial interests are at odds with the aims of the DSB and the OTC-ISIN Solution) to ensure that the new engagement would not create a conflict of interest.
  - It is a member's duty to inform the DSB of any matter that may result, or has already resulted, in a conflict of interest.
  - It is a member's responsibility to abstain from participating in the decision-making or voting on any matter where the member may have a conflict of interest or where the member's objectivity or ability to properly fulfil his/her duties to the institution may be otherwise compromised.

## 11. Decision Making Rules

- A. The DSB Product Committee would aim to find consensus. If all necessary efforts by the board and the chair have not led to an agreement on the issue, the chair may call for a vote;
- B. In order to be approved, and unless otherwise provided for, votes and resolutions require a simple majority of all committee members participating in the meeting;
- C. Each member shall have one vote. In case of a tie, the chair shall have a deciding vote. A quorum is established if a simple majority of the board members is present;
- D. Representation of a board member is not admissible.