DSB TAC MEETING MINUTES

Date: 18 June 2019	**Time:** 13.00 – 15.00 UTC	**Location:** WebEx/Teleconference

Chairperson:	David Broadway	

1			
In attendance:	**TAC Members** David Broadway, The IA (Chair) Lisa Taikitsadaporn, FIX Andrew Poulter, Standard Chartered Bank Chris Pulsifer, Bloomberg LP Zintis Rullis, Thomson Reuters MTF James Cowie, HSBC Stephan Schaub, SIX Group Services AG Karel Engelen, ISDA Elodie Cany, Tradeweb James Brown, Rabobank Shari Lines, Morgan Stanley	**DSB** Sassan Danesh (Designated DSB Officer – DDO) Andy Hughes (TAC Secretariat) **Regulatory Observers** Paul Everson, FCA Eiichiro Fukase, JSDA	
Apologies	Marc Honegger (Sponsor) Rocky Martinez, SmartStream	Kimberly Cohen, State Street Bank	
Absences:	Felix Ertl, BVI Tony Chau, UBS Ziv Yankowitz, Nex David Bull, Thomson Reuters Data Henrik Martensson, SEB Eugene Eltsufin, JP Morgan Tony Flamand, State Street FX Connect Souvik Deb, Citigroup	Prem Ananthakrishnan, Credit Suisse Stephen Pond, Lloyds Bank Jimmy Chen, BGC Partners Martijn Groot, Asset Control Aanya Madhani, Simplitium Vincent Dessard, EFAMA Jim Northey, Independent Expert	

No	Topics (recording time)

1 Welcome (n/a)

The chair welcomed the TAC members and wider industry participants to the TAC.

[TAC Secretariat] Please note that the recording commenced at the start of the functionality discussion so "n/a" against the recording time means that section was not recoded.

2 Roll Call (n/a)

The TAC Secretariat undertook the roll call.

3 Introduction (n/a)

The Chair explained the purpose of the meeting, being the first of two additional TAC meetings scheduled for 2019 to focus on the technology related items raised during the 2020 industry consultation exercise.

4 2020 Consultation Topics under Consideration (n/a)

Overview Slide 5 (n/a)

The DDO covered the overview slide which described the key areas and summarised the responses. There was an error on the list of technical questions, the subsequent sections in the pack cover:

- 3 Functional Questions
- 1 Service Availability Question
- 5 Cyber Security Question

The DDO advised that the DSB had received 15 responses from organisations representing 19 industry categories. The DDO advised that, where an organisation had multiple responses across their different categories, the DSB had followed the same approach as the previous year's consultation by representing them in the pack as a single entry recorded against the most relevant category for that organisation.

Slides 6 – 11 – Functionality (00:00)

The DDO introduced the 3 questions in the Functionality section, noting that at this stage the DSB is not looking for firm decision from industry, but focusing on whether the item under consideration was worthy of further analysis. The final decision would be made after the subsequent consultation, to include relevant cost / benefit information.

Q1.1 CFI Generation Service

The DDO provided a brief overview of the service, and the two options being considered:

1. An Independent CFI service for just the DSB product set (subset of the EMIR product set)
2. An Independent CFI service for the DSB to support the entire EMIR product set

The DDO noted that the sell-side were generally in favour of further analysis and trading venues were generally against, based on their focus on not increasing costs.

The Chair proposed that the next steps could be to provide additional information into the second consultation, so the TAC members/industry can make an informed decision.

There was general consensus to follow this approach.

Action: DSB to take forward the two analysis options/costings into CP2 for Q1.1.

Q1.5 GUI Functionality

The DDO provided a summary of the responses received and explained the DSB's proposal to take forward some of the feedback into the second consultation with cost / benefit information to allow industry to make an informed decision on implementation.

The Chair asked if one approach might be to consider specific cost levels where a certain amount of functionality could be delivered. The DDO agreed that any analysis needed to balance the level of functionality against the effort required.

SL (Morgan Stanley) – Noted that the potential scope was huge and asked whether there was clarity as to the purpose of the GUI vs API.

The DDO advised that the GUI target audience was primarily those users who access the DSB occasionally and hence find it hard to justify a large investment in the existing GUI search language. For example, the proposed simplified search functionality may be beneficial for these less frequent users, while the bulk download functionality may better fit the larger users.

CP (Bloomberg) – Asked where do we draw the line, so we don't make the GUI too advanced, noting that the API already provided the best model for implementing advanced functionality.

The DDO suggested that one approach might be to consider APIs for high volume activities and GUI for occasional ad/hoc activities. If he TAC were to agree, then the GUI functionality could be focused on the occasional user.

The Chair noted that based on personal experience, the ability to return the ISIN record itself (and not the records of derivatives on that ISIN) would be useful.

The DDO explained that the existing query language provides the flexibility to return the ISIN records, but this functionality is not exposed in a user-friendly manner to allow the typical GUI user to take advantage of it. The proposal in this area is to consider simplifying the GUI search interface, to make such functionality available to everyone without having to invest the time to understand the query language.

SL (Morgan Stanley) Agreed. A few of the comments allude to the same thing – it's almost as if there is a cry for an advanced search. The users appear to know what they are looking for and want the advanced accurate search.

The DDO asked if the DSB should focus on an advanced search.

The Chair suggested a limited number of criteria as we don't want to make this too sophisticated.

The DDO noted that if the TAC were to agree with the Chair's approach, then it would bound the scope of the subsequent analysis quite nicely which would assist with the analysis/estimate.

Action: DSB to analyse the provision of an advanced search facility with a limited set of criteria to take into CP2.

Q1.6 Additional Enhancements

The DDO reviewed a few of the key comments, with a couple of actions being taken:

- *Backward compatibility* – the DSB would like to approach the sell-side raiser of this to understand the backward compatibility point further.
  Action: DSB to ask the raiser of this point for further details help understand this issue.
- *Consistent tracking of schema versions* – we feel there is more work we can do, advice received in the past on what can/can't be done. We will therefore try to understand this feedback.
  Action: DSB to ask the raiser of this point for further details help understand the schema version issue.

Slides 12 & 13 – Service Availability (30:11)

Q4.1 Change of Operating Hours

The DDO noted that this proposal was a continuation of an earlier TAC discussion and reminded the TAC that the purpose of the proposed time change was to resolve a defect without the need for incurring any further costs.

The DDO stated that most feedback was OK with the proposed change, with only one negative comment. The DSB has discussed this with the provider of the negative feedback and this is not a show stopper for them. On this basis, the DSB plans to take this option into CP2.

SL (Morgan Stanley) A lot of systems reboot Sunday morning, in readiness for Asia opening, typically Sunday morning is good downtime industry window.

Slides 14 – 19 – Cybersecurity (34:30)

Q5.1 GUI Multifactor Authentication

The DDO noted that there was general consensus that implementation of cyber-security best practices was something that should be explored, subject to appropriate cost-effectiveness. Given that the cost/ benefit

information would be provided in the second consultation, the DSB's general approach to section 5, was to propose to move most of the proposals forward into the second consultation, in order to provide industry with the information needed to make an informed decision.

KE (ISDA) Proposed that the analysis should consider the level of risk being run

The DDO agreed.

CP (Bloomberg) noted that whilst the GUI itself did not contain personally identifiable information or other sensitive data, it is still a doorway into the system, and therefore robust cyber-security approaches should be considered.

The Chair advised that this links to KE's observation about risk. May not be a frequent activity but it is a potential vulnerability.

The DDO advised we will articulate this in the manner in which KE has described.

There was general consensus that the DSB should progress this proposal into the second consultation.

Action: DSB to undertake the analysis in relation to Question 5.1

Q5.2 Secure SDLC

The DDO noted that historically security has been an afterthought in software development. Current best practice is to embed security into every step of the software development lifecycle.

There was general consensus that the DSB should progress this proposal into the second consultation.

Action: DSB to undertake the analysis for Q5.2 and include this in CP2.

Q5.3 IS2700X – cyber-security

The DDO advised that the DSB follows a proprietary methodology for hardening its system against cyber-threats and this proposal is to understand whether the DSB should adopt an existing cyber-security standard instead and to consider annual re-certification.

KE (ISDA) – Makes sense to do the analysis but this as much a governance question around auditing etc. as it is a technical question.

The DDO advised that the question can be split into two: (a) migrate to the ISO standard; (b) provide annual re-certification of conformance to the standard.

There was general consensus that the DSB should progress this proposal into the second consultation.

Action: DSB to undertake the analysis for Q5.3 and include this in CP2.

Q5.4 ISO 27018 – PII data security

The DDO noted the mixed responses on this topic and in particular, the feedback that highlighted the minimal amount of personally identifiable data held by the DSB.

Given the feedback, the DDO proposed that the DSB not take this matter any further.

CP (Bloomberg) Agreed, noting that the DSB has to be compliant with GDPR in any case, and following a specific framework is not that critical.

There was general consensus that the DSB should not progress this proposal into the second consultation.

Action: DSB will remove Q5.4 from CP2.

Q5.5 Chief Information Security Officer

The DDO advised that the proposal to create a new role of CISO was based on good practice around having a separate management structure for cybersecurity.

The DDO elaborated on the DSB's thoughts on resourcing, proposing that the role not be full-time, but possibly 2 days per week for oversight and governance, coupled with a full-time IT security engineer for implementation.

The DDO noted that this resource mix would also allow the DSB to provide more timely and more tailored feedback to DSB users when they provide request the DSB to complete their technology risk questionnaires. Currently such requests are unable to be serviced adequately due to a lack of resource, with the DSB relying on occasional updates to its generic cyber-security FAQ document.

This 1.4 FTE would be separate from the core management function. This is the suggestion for CP2.

EC (TradeWeb) Agreed with the 2 days and the engineer and highlighted the importance of the segregation of this duty from the business-as-usual operation function in order to provide a 2nd pair of eyes to question the DSB's security strategy.

There was general consensus that the DSB should progress this proposal into the second consultation.

Action: DSB will provide costs estimates for the resource profile for Q5.5.

5	**AOB**

No points were raised.

6	**Meeting Summary**

The Chair recapped on the timelines. Over the next two weeks, the DSB will prepare the second consultation to firm up the proposals and provide costs. This is due to be published on the 5th July, it will then go out to industry for three weeks, the TAC will then reconvene on the 7th August with a view to publishing the final outcomes on the 19th August.

The Chair thanked people for their comments, the TAC members, and the industry participants for listening in.

7	**Actions**

The following new actions were recorded during the meeting:

- DSB to take forward the two analysis options/costings into CP2 for Q1.1
- DSB to analysis the provision of an advanced search facility with limited criteria to take into CP2
- DSB to ask the raiser of this point for further details help understand this issue
- DSB to ask the raiser of this point for further details help understand the schema version issue
- DSB to undertake the analysis in relation to Question 5.1
- DSB to undertake the analysis for Q5.2 and include this in CP2
- DSB to undertake the analysis for Q5.3 and include this in CP2
- DSB will remove Q5.4 from CP2
- DSB will provide costs estimates for the resource profile for Q5.5

Respectfully submitted,

DSB Designated Officer.