

DSB TAC MEETING MINUTES

Date: 21 June 2022 **Time:** 13.00 – 15.00 UTC **Location:** WebEx/Teleconference

Chairperson: Chris Pulsifer

In attendance:	TAC Members	Regulatory Observers
	Chris Pulsifer, Bloomberg (Chair) Amit Bairagi, Deutsche Bank AG Warren Rubin, DTCC Lisa Taikitsadaporn, FIX James Cowie, HSBC Ian Sloyan, ISDA Atara Sender-Stein, JP Morgan Bharat Kanase, Morgan Stanley Zintis Rullis, Refinitiv MTF Richard Gee, SIX Group Services AG James Colquhoun, UBS Jimmy Chen, BGC Partners Elodie Cany, Tradeweb	Paul Everson, FCA Eiichiro Fukase, JSDA Grzegorz Skrzypczynski, ECB

DSB

Marc Honegger, DSB Board Sponsor
Andy Hughes, Designated DSB Officer – DDO
David Lane, MSP Chief Technical Officer
Cristina Scurr, DSB Project Manager
Simon Wiltshire, DSB Lead BA
Yuval Cohen, TAC Secretariat
Christiane Baetz, CISO

+ Registered attendees from Industry

Apologies Robert Stowsky, CFTC

Absences:		
Olga Petrenko, ESMA Martijn Groot, Asset Control Felix Ertl, BVI Yan Hui, CFETS Huang Lu, CFMMC Souvik Deb, Citigroup Billy Chen, CSIS James McGovern, Independent Expert Jim Northey, Independent Expert Niteen Shastri, LSEG Rajkamal Roka, State Street FX Connect		James Brown, Rabobank Torbjörn Cronblad, SEB Anthony Brennan, Standard Chartered Bank William Rodiger, State Street Bank Rocky Martinez, SmartStream Jefferson Braswell, Tahoe Blue Ltd

No Topics (recording time)

1 Governance (00:00:00)¹

Slides 1 through 4 – Welcome

CP (Chair) introduced the meeting and described Competition Law expectations and responsibilities of TAC members.

CP thanked Richard Gee for acting as Chair during the March meeting.

Slide 5 - Roll Call (00:01:42)

AH (DDO) undertook the roll call.

AH introduced Christiane Baetz as the new DSB CISO.

Apologies from Robert Stowsky, CFTC Regulatory Observer who was unable to attend.

2 Industry Consultation (00:03:55)

¹ <https://www.anna-dsb.com/wp-content/uploads/2023/06/DSB-TAC-2023-IC-Meeting-20230621.mp4>

Slide 6 – Introduction

AH introduced the 2023 Industry Consultation process for the 2024 service proposition. The focus will be around reviewing industry feedback to the three technical questions with a view to agreeing the TAC's recommendations to be taken forward to the DSB Board.

AH advised that time permitting there will be two items under AOB that need to be address.

AH explained that the DSB had received six responses before the due date, two being from trade associations. The responses have been published on the DSB website², anonymity being preserved where requested. (link available in the footnote on this slide).

Slide 7 – Industry Consultation - Milestones (00:05:39)

AH reminded the members of the key milestones related to this year's consultation process.

Slide 8 – Technology Topics under Consideration I of X – Overview (00:06:42)

AH summarised of the three questions from the 2023 Industry Consultation:

1. Security Operation Centre – the DSB is requesting the TAC's guidance on how best to proceed due to the mixed responses received.
2. Proprietary Index Workflow - looking to continue under BAU but address the problems which are causing the SLA to be tested.
3. DSB Release Process - discussed by the TAC in March. AH noted the positive feedback from industry regarding adoption of the proposed changes.

AH advised the same three-slide format has been adopted for each question:

1. Reminder of the question in detail
2. Summary of the feedback received
3. Proposed next steps

The aim was to reach an agreement on the recommendation to take to the DSB Board.

Slides 9 through 11 – 2023 Industry Consultation Question 1 – Security Operation Centre (00:08:48)

AH presented the original question along with the supporting information and described the two options presented in the question.

AH summarised the responses received which were that generally industry was supportive of tightening security however this was offset against concerns raised regarding a 10% increase in costs.

AH presented the next steps, which for this question are to reach a recommendation to take to the DSB Board. The TAC were presented with a table showing the indicative fee increases for 2024 and 2025, beyond this there is a potential to share costs between the OTC ISIN and UPI services. AH drew attention to industry and regulators expecting more to alleviate exposure to cyber security and increase resiliency. AH invited the members to provide their feedback.

JC (HSBC) thanked industry members who gave feedback. Agreed with the SOC option to be added to the DSB, disappointing that there was only one quote, however, this could be done under the DSB. Understand the concern on the size of costs. The number of UPI participants and cost per user are unknown and uncomfortable from not knowing what the cost per participant might be.

AH advised that the fee calculation process needs to complete to arrive at the OTC ISIN user fees for 2024 – this will not be completed until the 2nd October (with or without the SOC costs). The best indication we can give today is in the table on slide 11.

² <https://www.anna-dsb.com/2024-otc-isin-and-cfi-service-provision-consultation/>

CP asked how the cost will be apportioned across UPI and ISIN? Will it be split 50% for ISIN and 50% for UPI and then divided by the number of users. Or if the cost will be equally apportioned across all users.

AH confirmed that this analysis has not yet been undertaken. Also, the size and scale of UPI user base is not clear yet.

CP highlighted there have been a lot of government agencies and companies being hacked, so there is a legitimate security concern. CP agreed that the DSB is a critical service. CP requested that a review of SOC costs should be undertaken as they are at a very high level.

JC (UBS) was surprised at the costs, 10% being a material increase and asked if there were alternatives to a SOC that could be undertaken to harden the DSB's cyber security position and wondered if this has been considered?

DL advised that this is something that could be considered and that engagement with additional third-party vendors for alternate quotations is ongoing. The DSB is open to looking at the different opportunities with a smaller budget. DL said that the decision for today was to agree if we should do something, with the TAC to opine further on the detail.

JC (UBS) agreed with the summary that defining other options and the costs levels associated with them would be helpful.

DL agreed and said that we should continue to move the [cybersecurity] needle in the right direction but if these costs are prohibitive then we should consider something else.

EC (Tradeweb) asked if we should delay the decision until guidance from DORA becomes clearer?

DL replied that there were a lot of subjective points under DORA and the outcome to DSB was unknown. We expect that to comply with the DORA regulations would also increase cost.

EC (Tradeweb) highlighted that cost is a concern.

CP summarised that there is no hesitation to pursue SOC in the general sense, however, analysis in different pricing options should continue. The DORA regulations may become clearer and show more guidance. CP asked if it would be possible to complete the additional analysis by the October meeting?

DL suggested that proposals should be sent out within a month of this meeting.

Slides 12 through 14 – 2023 Industry Consultation Question 2 – Proprietary Index Workflow (00:29:41)

AH presented the background information relating to the Proprietary Index Workflow question and referred back to previous consultation items related to this from past years.

AH introduced the summary of the feedback received from industry.

Regarding the proposed next steps, AH proposed that it was still hard to justify significant investment given the low number of users accessing the service. However, in an attempt to alleviate the SLA problems being experienced by users today the DSB is proposing to undertake a further BAU activity to review the existing process to identify what improvements can be made. This can be discussed again with the TAC at a future meeting. AH invited the TAC members for their views.

CP agrees with the proposal and likened this to the previous discussion re: VPN, especially as service benefits a small percentage of clientele.

JC (HSBC) asked if the users of the workflow happy with the proposition and if it adds value to these particular users.

AH advised that the users would be content with proposal if it improves the turnaround time.

Development of a new interface would also require development by the users. Hence, this is a

sensible initial step, which can of course be revisited if it does not deliver the required improvements.

There were no further comments on this question.

Slides 15 through 17 – 2023 Industry Consultation Question 3 – DSB Release Process (00:35:26)

AH presented third and final question along with the supporting information. The general feedback received was in agreement to the proposed improvements – there were no negative comments.

The recommendation is to introduce the proposed changes around the release process as soon as possible.

AH invited the members to comment on the recommendation.

There were no objections from the members, so the DSB will take this recommendation forward to the DSB Board

AH emphasised a response from question 3.2, that proposed a moratorium on any last-minute deferral requests after a defined cut off point to be stated in the user terms. AH asked if the TAC agreed that a moratorium should be implemented, and if so, to address some other questions which were what the cutoff point would be and how long should the moratorium last. AH invited the members to provide their views:

JC (UBS) inquired what the meaning of the proposed moratorium would be, e.g.: would it be possible to raise an exception to the moratorium?

AH advised that his interpretation of this was that a change would be made to the DSB policies and procedures so that after a certain point, a request to delay release will not be accepted.

Currently, the release deferral requests have been raised by an individual user – it is therefore hard to react when all of the other users are ready. Putting this in place would lose sight of an issue with a release that affected a larger proportion of the user base – in which case the DSB would want to do the right thing and defer the request. Hence, this proposal raises many additional questions.

JC (UBS) asked if the new policy raises the bar to agree to these exceptions – as it wasn't clear how you forbid someone from making a request?

AH agreed and concluded that the intent of the question is acknowledged and a review of the policy wording will be carried out, but this does not feel like the right approach to adopt for the DSB.

EC agreed with AH and highlighted the increase of problems implementing a moratorium could create for the users and the DSB.

AB (Deutsche Bank AG) asked if the approach to keep the previous version available e.g.: for one month if that had been discussed internally?

AH advised that previous feedback from one of the TAC members that the DSB should make releases non-breaking. E.g.: when adding a new mandatory field, one could add this initially as an optional field, to give people time to adopt, then have a second release to change the field from optional to mandatory. As a rule, the DSB tries to not have breaking changes in the system. Recently changes were made to the security header and backward compatibility was supported for several months to allow users to adapt before enforcing the new header format.

CP advised that if we had to put a number on how many people have to ask for a delay – this will always be wrong, but important to reiterate what is expected and set the bar accordingly. We want to be open to legitimate concerns of a need to delay, we will get to a point where it is very hard to not go forward. So, we need to reiterate the message of customers being ready [to agree to proceed with the release] by a certain point in time.

AH agreed with principle.

AH summarised that going forward a moratorium will not be imposed however further consideration around how we can change the release process will be undertaken and brought back to the TAC at a future meeting.

3 **AOB (00:47:36)**

CP opened the floor to AOB.

EC requested the DSB to give the TAC an update on the UPI testing and onboarding?

AH informed the TAC since launching in UAT in April, the UPI service is going well. A number of users have been onboarded via the Client Onboarding & Support Platform (COSP) and a number of test UPI's have been created. The DSB is now turning its attention into integrating the UPI into the OTC ISIN service – this is on track for the 17th July 2023. There are some further updates to come, one of the requests from the regulators to include an underlier name will be going in soon.

AS (JP Morgan) inquired if it was possible for their architecture in the cloud, to access the DSB cloud to go into PROD.

AH confirmed this is possible and took an action to set up a call and discuss further.

WR (DTCC) inquired on the number of users already actively testing against the UPI.

AH took an action to reply offline with the number.

As there were no further items from the members, CP invited AH to raise the additional AOB items.

ISDA Request for August Enumeration Release (00:52:00)

AH reminded the users of the impacts on users of integrating the UPI into the OTC ISIN service. One of the reasons why a separate UAT environment was provided for the UPI service was to minimise the impact on the OTC ISIN users. However, when the UAT environment is changed on the 17th July, the DSB is, in effect, in a change freeze until the production release on the 16th October. There is no other environment for users to test another release candidate against.

The DSB has received a request from ISDA to make a change to the system in August in the middle of this period to add a large number (139) enumerations to a single code set. This would not be considered a breaking change as users are not obliged to adopt the new values.

AH reminded the members about the dynamic enumerations change.

Working with the PC the enumeration changes have been made with little or even no UAT, but usually a smaller number of enumerations. This also becomes easier with the decommissioning of the denormalised templates at the end of June 2023.

ISDA have asked if the DSB can commit to the August date.

Given the level of change that is already going ahead for users adopting the UPI, the DSB wanted to seek the TAC's views on whether this can be supported or not.

To be clear, there is no way for users to test against this in the UAT environment, users do not need to make changes, the changes will be applied to the UAT2 (as-prod) environment – which can then be used to test, should users wish to do so.

AH invited the members to supply their view:

JC (HSBC) asked if there were more details regarding the ISDA release but has no objection to the inclusion of dynamic enumeration changes.

SW (DSB) informed TAC that ISDA are going through the process of reviewing the commodity reference price enumerated list. Last review was 2003/5 therefore a lot of items highlighted by regulators are missing. This is a major undertaking which also imposes a naming convention on the list. ISDA are starting with agriculture as it is one of smaller asset classes then they will be moving through the list of enumerations, the next one being energy. Their aim is to finalise list by/around August and once the FPML is updated then the DSB will introduce

through dynamic enumeration against the UPI and ISIN. This is a similar task to the FRO reference rate from two years ago.

JC (HSBC) queried when the new ones are added, will the old enumerations be removed?

SW (DSB) confirmed any changes to the enumeration list is additive.

CP asked that if the addition of new enumerations is not possible to do at this time, given the original aims of the dynamic enumeration changes, we need to ask what else needs to be done to get us to a point where this would be acceptable? CP did not see a problem with accepting this request.

AH agreed, the only difference here is the volume of enumerations.

JC (UBS) asked if this was in the test environment at the moment?

AH confirmed this is not in the environment at the moment. The challenge that the next release candidate from the 17th July will be UPI release – so this will become a new candidate on top of that but will go in before the UPI changes - so the issue here is that there is no opportunity for users to test just the enumeration change.

JC (UBS) agrees with process and suggested to complete in two stages if unsure.

AB queried if list would become available prior to production?

JC (UBS) questioned why this would be a problem.

AB this is the first time DB have adopted the dynamic enumeration version.

AH had reservation as sharing list prior to the reconciliation step against the FPML list, may cause further issues as the list shared may have to change.

AB advised this would not be a problem.

SW (DSB) highlighted issue with making the list public prior to the changes in FPML and reminded the members of the FRO release where there was coordination with ISDA. We do not want to tell the user community with incorrect information.

AB Understood the list would be tentative, would prefer having an example to sanity test the system.

SW advised that ISDA would be a good source information if your organisation is a member of that group.

AB asked about the details of the change.

SW confirmed that we know which codeset is being changed.

CP asked what the expectation of the time window from when FPML publish and when the changes are expected to be made available.

AH established that the Product Committee (PC) agreed to the FPML document timeline. PC are keen for the DSB to react quickly (days) of the FPML publication. Only hesitation is the differences seen in the version shared prior to the FPML release and the FPML list when published.

CP wanted to understand expectations from all players in this scenario. The point of dynamic enumerations was to be able to do this quickly.

AH summarised that support is given by the TAC and will be passed on to ISDA.

SW added that currently the August deadline is the ISDA timeline, and this may change. If this timeline is delayed, the DSB will communicate with ISDA about availability around certain release windows.

AH advised that once the timelines are confirmed then this will be communicated to TAC and users.

OTC ISIN Pre-Population with the UPI Identifier (01:14:13)

AH introduced a new pack which covers the pre-population process which will be run against the existing OTC ISIN population to associate them with their single UPI parent.

Unfortunately, due to extenuating circumstances, the TAC meeting ended prematurely. All TAC members were asked to review the additional presentation which will be made available on the DSB website and to raise any questions they have from the pack with the TAC Secretariat.

4 Actions

The following new actions were recorded:

2306-001 AH to coordinate a call with AS (JP Morgan) around the possibility of accessing the DSB services in production directly from their cloud architecture

2306-02 AH to inform TAC of the number of UPI users currently testing in the UPI UAT environment

2306-03 TAC Secretariat to advise the TAC of the ISDA release dates

Respectfully submitted,
DSB Designated Officer.