

DSB TAC SSC MEETING MINUTES

Date: 20 January 2021 **Time:** 13.00 – 15.00 UTC **Location:** WebEx/Teleconference

Chairperson: Simon Wiltshire

In attendance:	TAC Members Felix Ertl, BVI Amit Bairagi, Deutsche Bank AG Lisa Taikitsadaporn, FIX David Broadway, Investment Association Karel Engelen, ISDA Nadav Krispin, JP Morgan Abhinav Koul, Morgan Stanley Kamel Singh, SIX Group Services AG Rocky Martinez, SmartStream Anthony Brennan, Standard Chartered Bank Jefferson Braswell, Tahoe Blue Ltd Elodie Cany, Tradeweb	Regulatory Observer Robert Stowsky, CFTC & ROC DSB Marc Honegger, DSB Board Sponsor Andy Hughes (Designated DSB Officer - DDO) Sassan Danesh (DSB Management Team) Will Palmer (DSB CISO) Will Braithwaite (TAC Secretariat) Yuval Cohen (TAC Secretariat)
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Apologies

Absences: Souvik Deb, Citigroup

No Topics

1 Welcome

AH (DDO) introduced the meeting and described Competition Law expectations and responsibilities of TAC SSC members and noted that all members had reviewed and accepted the Competition Law Protocol as defined in the Charter. The members were reminded of the 2021 meeting schedule and should have all received invites in December for the 2021 meetings.

2 Update from the Sponsor

MH (Sponsor) introduced the new TAC SSC Charter term and thanked the outgoing members and Chair for their participating during the first term. He welcomed the new TAC SSC members, Robert Stowsky as regulatory observer and Simon Wiltshire as the new Chair. MH then provided a summary of the contribution the TAC SSC has previously made in producing the interim report and framed the future ask of the TAC SSC members for the next phase of the UPI project.

3 Roll Call

AH undertook the roll call.

4 Interim Report Review

Slide 7

AH advised that one of the aims of the meetings this year was to move the interim report to its final state. The initial focus was on the UPI as a standalone service, the ISIN structure changes to support UPI and the initial go live considerations.

5.2 Proposed Workflows

AH advised that section 5.2 in the documents had not been changed and we are looking to consider this final, noting that section 5.1 would be covered later. The members were invited for any further comments on this section:

DB (Investment Association) was happy with section 5.2 but advised that we may need to revisit the document with respect to the outcome of the Industry Fee Model Consultation which refers to a third ISIN only service.

SD (DSB) advised that the DSB wanted to ask the broader DSB user base to validate the assumption that an ISIN only service would not be required.

There were no other questions raised.

6.2 UPI Structure

AH advised that section 6.2 had been amended and took the members through the changes that had been made to the document. The members were invited for any further comments on this section:

DB advised that the original "ISIN" reference was intended but agreed this was a more elegant solution.

There were no other questions raised.

Slide 8 - 6.3 Linking the ISIN to the UPI

AH advised that section 6.3 was originally left with two possible options. This section now proposes a solution. YC (TAC Secretariat) advised that the solution proposed allows for multiple ancestors. The members were invited for any further comments on this section:

EC (TradeWeb) raised a concern about the many-many relationship this solution introduces.

AH advised that this ties in with a later topic in the pack but that this is about possible future enhancement and the current plan is to maintain a hierarchy with an ISIN having a single UPI parent.

There were no other questions raised.

7 Initial Go Live Considerations

AH described the changes that had been made to section 7 noting that two PC questions had been removed after feedback from the PC. The paragraph regarding further consultation would be revisited later. The members were invited for any further comments on this section:

DB asked if both expired and current ISINs would be assigned a UPI.

AH confirmed this and clarified that ISIN status changes would adhere to the existing documented approach.

AK (Morgan Stanley) asked if there was a reason why we want to assign a UPI to expired products?

AH advised that the DSB felt it was important to ensure that every ISIN had a corresponding UPI ensuring the system was in a consistent state.

AK then asked if it would make sense to have the ISIN to UPI mapping available prior to go live?

AH advised that this is something that would be considered and took an action to note this for future consideration.

There were no other questions raised.

Assumptions, Recommendations and Questions

AH advised that the Assumptions, Recommendations would remain in the pack with a view to validating the assumptions and recommendations with the aim of addressing the questions over time.

Slide 9 – Assumptions

No changes have been made in this version

Slides 10 & 11 – Recommendations

It was noted that "subject to PC approval" was removed from the recommendation (27 7.2) after consultation with the PC.

Slide 13 – Questions

It was noted that Question 3 was now being considered by the CDIDE instead of the PC, however, the PC would still be appraised of any recommendation arriving out of these discussions.

It was noted that Questions 4, 5 and 6 have now been removed after consideration by the PC.

The members were invited for any further comments on this section:

SD asked if the committee was aware of the CDIDE?

RS (CFTC & ROC) advised that the CDIDE stand for the Committee on Derivative Identifiers and Data Elements and it is a committee within the Regulatory Oversight Committee (ROC) which also oversees the LEI.

The Chair asked what the next steps were and how we move the interim report to being approved.

AH reminded the forum that the TAC SSC does not make recommendations directly to the DSB Board, these need to go via the TAC. Once the document is finalised, we can seek the TAC's agreement to take the document to the Board. However, the DSB would be looking to provide regular updates to the TAC.

SD advised that the DSB is targeting 12 months before go-live (~Q2 2021) to finalise the technical specification for industry to use for connecting to the DSB service.

AH advised that the DSB will share an initial draft of the updated Rules of Engagement document for DSB services with the members prior to the next meeting.

5 Potential Additional Requirements

Slide 13

AH provided an update on two additional items which had been raised with the DSB Board at the October 2020 meeting. The DSB Board had asked for the TAC SCC's view on both items.

Slides 14 & 15 - New Automated User Onboarding

The Chair explained the model that had been used to arrive at the figures in the table which shows the projected number of organisations and GUI users. The Chair noted that more details regarding the proposed organisation figures are available in the Industry Consultation paper.

KE (ISDA) asked if the figures represent the start or end state?

The Chair advised that these are end state figures which would be spread over a period.

KE asked if there was any sense of the day 1 volume?

The Chair advised that further work would be required including discussion with the regulators to arrive at this.

SD added that regulators have recommended that all G20 jurisdictions implement the rules by end of Q3 2022. Assuming this gives a window of 6 months this would not be viable with the current process. This is part of wider piece of analysis being undertaken to understand any operational bottlenecks.

RS advised that the CFTC would most likely designate use of the UPI only after the DSB has implemented the system.

SD added that the DSB given the large increase in user numbers, the DSB is investigating the changes to systems /operational processes required to provide scalability to ensure that the DSB is able to service the larger number of users efficiently.

FE (BVI) asked if more buy side clients are expected to use the UPI?

The Chair advised that we do not have that breakdown at this time.

SD asked if the question related to the possible fees, then the industry consultation fee model is intending to progress this, however, the starting point is the existing fee model where buy-side users are mostly exempt from paying fees.

RM (SmartStream) asked if there has been any thought regarding third party processors or utilities that may act on behalf of a number of buy side clients, so the buy side client pays a fee to allow the other party to do the processing for them?

SD advised that the fee model consultation is out with industry and welcomed feedback via this process.

RM asked if the infrastructure is ready to handle this type of volume?

AH advised that the DSB plans to undertake the necessary capacity management review once the volumes are firmed up prior to system go live.

There were no further questions, so we moved on to slide 15.

Slide 15

AH advised that initial analysis has provided initial high-level costings for work to automate the onboarding of GUI users. The alternative of doing nothing to the system would require scaling of the current manual processes which would impact future operating costs.

The members were then asked if the new on-boarding design is something that should be considered for day 1 go live?

EC supported the proposal based on the numbers provided and recommended that onboarding should happen prior to actual go live.

AH said that this is what happened with the original launch of the ISIN system.

EC asked if there were costs of the do-nothing option – experience has shown that temporary staff are often employed to meet the initial on-boarding demands

AH clarified that do nothing was in terms of additional build costs but would likely increase operating resource costs.

KE was also supportive but required the alternative indicative resource costs before confirming.

AH provided a verbal update that assuming a conservative increase in resources then the build cost is roughly the same as the yearly resource cost implying the return would be achieved in the first year of operation.

SD asked if the DSB could have a decision from the TAC SSC on this matter in the next two weeks? This is to ensure this reaches the DSB Board in time for the February meeting.

There were no further questions.

Slides 16 & 17 New Hierarchy Design

AH described the existing system design which supports a strict hierarchy and this is the design on which the UPI would be built. Regulatory feedback received suggested that the ability to diverge from this model should be a future consideration.

Slide 17

AH described the risk associated with this design change, and further recent regulatory feedback that suggested that the design should stay as-is until the technical guidance changes to request an alternative approach.

The forum was asked if the new design should be deferred to a later date and if so, should the DSB perform additional analysis in 2021 to better understand the risks and mitigations in case of future implementation?

JB (Tahoe Blue Ltd) suggested that having alternative hierarchies should be considered and suggested ways of associating a UPI with a particular hierarchy.

SD suggested in undertaking further analysis involving the TAC SSC.

DB suggested that undertaking the analysis sooner rather than later might help inform future discussions among regulators as to the risk in expanding their views on the hierarchy. DB asked if there is a simple pre-emptive move that could be made now that would require less work in the future.

JB felt this was a good idea, possibly with some type of hierarchy identifier or context.

DB referenced section 6.3 and suggested adding parents to the UPI as a possible way of future proofing.

SD suggested that the impact may be more in the ISIN component than the UPI and asked if there was any way we can do the analysis earlier?

JB suggested adding a single data element, the domain of the hierarchy, would support future alternatives.

The Chair advised that enabling a broken hierarchy was complicated and asked what the parent of the ISIN would be if you added contract type to the UPI? How would this be presented back to the ISIN/UIP user?

SD summarised that there appears to be consensus on the first question that we should not be undertaking any development at this time and suggested obtaining feedback via the bulletin board which may drive the need for further discussion. Members were requested to use this to provide initial feedback within two weeks.

JB, DB and EC agreed with the proposed approach. SD confirmed this will be available to all members.

AH took an action to set this up and email the link to the BB article.

AH advised the members to contact the TAC Secretariat if they have any issues accessing the bulletin board.

6 Additional Discussion Items

Slide 18 – Notification Protocol

Note: AH was disconnected while introducing the topic, the Chair handed over to SD to cover the topic.

SD introduced the Notification Protocol between the ROC and the DSB and were looking to obtain the TAC SSC's feedback with a view to feeding into the finalisation of the protocol.

JB advised that he had already been through this process already with the GLEIF.

SD asked members to provide any feedback.

EC had not identified any information that could not be made public but would recommend checking with the relevant legal team. EC did have feedback on the risks of over communication of minor issues.

SD advised that members can create topics on the TAC and TAC SSC bulletin boards, so asked EC to do this but to advise the TAC Secretariat if any issues were encountered.

The Chair asked if there were any further comments on the Notification Protocol? There were none received.

7 AOB

The Chair asked the members if there was any other business?

No items were raised, the Chair thanked the members for attending and their contribution to the forum and thanked the Sponsor for his introduction. The meeting ending at 14:53.

8 Actions

The following new actions were recorded:

- 2101-001 DSB to consider as part of the go-live considerations if the ISIN to UPI mapping can be made available prior to go live?
 - 2101-002 TAC Secretariat to create a new bulletin board topic to discuss the hierarchy design and to notify members of the link
 - 2101-003 TAC SSC Members to provide feedback regarding alternative hierarchy design via the Bulletin Board by cob Wednesday 3rd February 2021.
 - 2101-004 EC to raise feedback on the notification protocol via the TAC SSC bulletin board.
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Respectfully submitted,
DSB Designated Officer.