



# **Derivatives Service Bureau**

## UPI Fee Model Variables and Annual User Fee Update

September 2023

## Contents

1	Executive Summary .....	3
2	UPI User Fee Model structure .....	4
2.1	Invoicing Periods.....	4
2.2	UPI Fee Model Variables.....	4
2.2.1	UPI Forecast Total DSB Cost .....	5
2.2.2	Number of UPI Users and User Type Allocation .....	6
2.3	Annual UPI User Fees for 2023 and 2024 .....	7
3	Appendices .....	8
3.1	Appendix 1 – Financial Forecast Tables.....	8
3.2	Appendix 2 – Contingency .....	14
3.2.1	Capex Contingency .....	14
3.2.2	Opex Contingency.....	14
3.3	Appendix 3 – Financing Costs .....	15

# 1 Executive Summary

Following the [UPI Fee Model Final Report – Update March 2023](#)<sup>1</sup>, this paper provides an update on the two UPI Fee Model Variables and the resulting Annual User Fee determination for the UPI Service for 2023 and 2024.

Updates to the UPI Fee Model Variables highlight:

- **UPI Forecast Total DSB Cost** – The latest forecast is €9.3m, which is a 4% reduction from the indicative costs provided in March 2023. The reduction is primarily due to a reduction in forecast technology costs and reference data costs, alongside a reduction of the contingency amount.
- **Number of Users** – The latest forecast remains the 300 user figure stated in the March 2023 report and with the same breakdown across User Types. The DSB engaged an independent consultant to undertake a market sizing exercise to estimate user numbers for the UPI Service. The conclusion of the analysis is that the DSB believes 300 users remains a reasonable estimate for the determination of the UPI fees for 2023 and 2024.

The UPI Annual User Fees have been calculated based on these UPI Fee Model Variables. The main difference between the indicative Annual User Fees published in March 2023 and the Annual User Fees are:

- Reduction in User Fees due to the reduction in the UPI Forecast Total DSB Cost.
- Fee adjustment to the Search Only API User Type based on industry consultation.

The table below provides the 2023 and 2024 Annual User Fee for each User Type and the variance to the indicative figures stated in the March 2023 report:

User Type	User #	Indicative Annual User Fees (Mar 23)	Annual User Fees (Sep 23)	Variance
Power	120	€ 66,660	€ 63,491	-4.8%
Standard	60	€ 22,220	€ 21,164	-4.8%
Infrequent	102	€ 1,000	€ 1,000	0.0%
UAT only	3	€ 22,220	€ 21,164	-4.8%
Search only	15	€ 11,110	€ 15,873	42.9%
<b>UPI Forecast Total DSB Cost</b>	<b>300</b>	<b>€ 9,667,642</b>	<b>€ 9,292,265</b>	<b>-3.9%</b>

<sup>1</sup> <https://www.anna-dsb.com/download/dsb-upi-fee-model-final-report-update-2023/>

## 2 UPI User Fee Model structure

The cost recovery fee model structure for the UPI Service is similar in principle to that currently utilised by the DSB's OTC ISIN Service and differentiates between the six fee-paying User Types with corresponding fee levels.

To ensure that the fee model remains fit-for-purpose, the DSB has committed to conducting a further industry consultation approximately two years after the UPI Service launch which will allow for user interactions to be factored into the approach to be taken forward.

### 2.1 Invoicing Periods

The standard contractual Invoicing Period<sup>2</sup> follows the Gregorian calendar year running from 1 January to 31 December each year. User fees are calculated annually in advance and are published exclusive of VAT (where applicable).

Given the year-end production launch of the UPI Service on 16 October 2023, the first invoicing period will end on 31 December 2024, a maximum period of 14.5 months for those users subscribing to the UPI Service in Q4 2023.

Following the 2023 and 2024 Invoicing Period which ends 31 December 2024, contract terms shall renew by a period of twelve (12) months, a calendar year, with the first annual Invoicing Period being 1 January 2025 to 31 December 2025.

Based on each User Type, annual user fees will be applied as follows:

- Infrequent users are applied a fixed fee for each Invoicing Period.
- Standard, UAT-only, Search Only API and Power users are applied a pro-rated user fee for the Invoicing Period based on the quarter in which they subscribe to the UPI Service as outlined in the [DSB Charges Policy](#)<sup>3</sup>.
- Intermediaries, who are also considered an End User of the DSB Service as per the [User Policy](#)<sup>4</sup> paragraph 7.7, will have pro-rated user fees for the Invoicing Period based on the quarter in which they subscribe to the UPI Service.

Users can access the UAT environment for 6 months without charge, which has been available from 17 April 2023.

User fees will only apply to users in the UPI Production environment from 16 October 2023, or those users wishing to remain in UAT-only for beyond 6 months.

A fee adjustment to the Search Only API User Type has been made based on industry consultation. The Search Only API user fee equates to 1/4 of the Power User fee for 2023 and 2024, and 1/3 of the Power User fee for 2025, as per the [DSB Charges Policy](#)<sup>5</sup>.

### 2.2 UPI Fee Model Variables

The Fee Model Variables used to determine the user fees comprise the

- UPI Forecast Total DSB Cost and
- Projected number of users per fee paying User Type.

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<sup>2</sup> 'Invoicing Period' and 'Initial Invoicing Period' are defined terms in the [DSB Charges Policy](#).

<sup>3</sup> [https://www.anna-dsb.com/download/dsb-charges-policy\\_v7-1\\_2023\\_final\\_redline/](https://www.anna-dsb.com/download/dsb-charges-policy_v7-1_2023_final_redline/)

<sup>4</sup> [https://www.anna-dsb.com/download/dsb-user-policy\\_v7-2\\_2023\\_final-redline/](https://www.anna-dsb.com/download/dsb-user-policy_v7-2_2023_final-redline/)

<sup>5</sup> Refer to Footnote 3

Based on this cost recovery model, the higher the number of users, the lower the fee per user.

The following two sections provide the detail behind the Fee Model Variables.

### 2.2.1 UPI Forecast Total DSB Cost

The UPI Forecast Total DSB Cost is established in the same manner as for the OTC ISIN Service, outlined in the [DSB Charges Policy](#)<sup>6</sup>. It is the forecast (estimate) of the costs for each invoicing period taking into account:

- a) Any adjustment related to the audited financial accounts from the previous years' UPI Actual Total DSB Cost including Excess Fee Income. Note: An adjustment is not applicable for the 2023 and 2024 Invoicing Period due to it being the launch of a new service, but details of the adjustment mechanism are included below in this section for reference.
- b) The amortisation of capital expenditure (Capex) over 4 years commencing the year after the charge has been incurred (a Time-Limited Cost).
- c) Financing costs (a Time-Limited Cost).
- d) Forecast Annualised Operating Expenditure (Opex).

For the 2023 and 2024 Invoicing Period, the amortisation of operational expenditure (Opex) incurred up to 31 December 2023 is also included in the UPI Forecast Total DSB Cost, for the same amortisation period as for Capex (2024-2027). This is to ensure a fair distribution of cost across the broadest user base, and to not disadvantage early adopters.

The following financial forecast tables, including an explanation of any delta against previously published forecasts, are provided in 'Appendix 1 – Financial Forecast Tables':

- Table 1: Forecast Capital Expenditure (Capex) – UPI Build Costs for the period 2020-2023.
- Table 2: Forecast Time-Limited Costs (amortisation of Capex, 2022-2023 Opex and Financing costs).
- Table 3: 2022 and 2023 Operating Expenditure (Opex) for 300 users.
- Table 4: Forecast Annualised Operating Expenditure (Opex) (from 2024) for 300 users.
- Table 5: Summary of UPI Forecast Total DSB Cost for 300 users.

As stated above, the fees are based on an estimation of costs. In line with the DSB's standard approach, following the end of 2024 and based on the DSB's annual statutory audited financial accounts, the UPI Actual Total DSB Cost will be established. A reconciliation between the UPI Forecast Total DSB Cost and UPI Actual Total DSB Cost will identify the need for any adjustment related to operational savings or overspend for the Invoicing Period.

UPI user fees received within the scope of the cost recovery service that are in excess of the UPI Forecast Total DSB Cost, referred to as Excess Fee Income, will be used to reduce the UPI Forecast Total DSB Cost for the year following the audited financial accounts. Conversely, where the level of UPI User fees does not allow full cost recovery for the period, this will also be reflected in the UPI Forecast Total DSB Cost for the year following the audited financial accounts.

#### 2.2.1.1 Financial Sustainability Margin

The DSB uses a funding model that helps to ensure the economic sustainability of the UPI System over time, as per the [UPI governance criteria](#)<sup>7</sup>, which includes efficiency, reliability and prudent financial management. As such, a Financial Sustainability Margin (FSM) of 20% is added to the total cost for

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<sup>6</sup> Refer to Footnote 3

<sup>7</sup> <https://www.fsb.org/wp-content/uploads/P091019.pdf>

provision of the UPI Service, including finance costs during the capital repayment period. The FSM will be used to cover the costs of the UPI Service, build financial reserves, reinvest in the UPI Service and reduce costs for users.

### 2.2.1.2 Contingency

The UPI Forecast Total DSB Cost initially included a 20% contingency fund to cover unplanned expenditure needs during the implementation and operation of the service, in keeping with industry practice for projects of this scale and complexity. Any use of contingency requires prior approval from the DSB Board.

Tables 1, 3 and 4 in 'Appendix 1 – Financial Forecast Tables' show the remaining contingency across Capex and Opex. Any unused UPI contingency funds will feed into the cost adjustment mechanism as it falls within the UPI Forecast Total DSB Cost and will be audited as part of the annual statutory financial accounts.

[Appendix 2 – Contingency](#) contains further information about contingency adjustments.

### 2.2.1.3 Inflation

The cost figures shown in the [UPI Fee Model Final Report - Update March 2023<sup>8</sup>](#) were based on the UPI build and operate costs calculated in 2021. This Final Report includes updated figures incorporating inflation in 2022. In addition, fee projections for 2023 and 2024 have incorporated estimated inflation for 2023 and 2024.

The DSB will utilise the mechanism described in Section 2.2.1 UPI Forecast Total DSB Cost to reconcile between forecast and actual costs resulting from inflation and other factors during the Invoicing Period.

## 2.2.2 Number of UPI Users and User Type Allocation

The [UPI Fee Model Final Report - Update March 2023<sup>9</sup>](#) used a projection of 300 UPI users as the basis for outlining Indicative UPI user fees for 2023 and 2024. As committed to in that paper, the DSB has continued stakeholder outreach and analysis to project user numbers for determination of the UPI annual user fees for 2023 and 2024.

To finalise the user number projections for the 2023 and 2024 Invoicing Period, the DSB engaged an independent consultant to undertake a market sizing exercise to estimate user numbers for the UPI Service. The analysis utilised multiple data points, including data from the Bank of International Settlements (BIS) related to the number of reporting dealers, as well as membership lists from the principal clearing houses and ISDA, segmented by organisation jurisdiction. These details were further cross-referenced against the existing DSB OTC ISIN user list and against the list of organisations who have signed up to the UPI UAT Service to divide the prospective user list into the appropriate DSB User Type categories. The dataset was further evaluated using data points from some regulatory authorities, trade repositories and third-party reporting service providers.

Based on the analysis, it is estimated that by the end of December 2024, when the majority of the G20 regulatory reporting mandates requiring the UPI are anticipated to be in force, there are expected to be approximately 430 fee-paying UPI users. Note that given the nature of the Registered (non-paying) User base, the analysis did not include how many other organisations may sign up as non fee-paying Registered users. e.g., consultancies, fintechs, academics.

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<sup>8</sup> Refer to footnote 1

<sup>9</sup> Refer to footnote 1

Whilst 430 represents an estimate of UPI fee paying users by the end of 2024, due to the phased jurisdictional implementation of UPI, not all users will subscribe and contribute to the cost recovery for the full 2023 and 2024 Invoicing Period (14.5 months from 16 October 2023 to 31 December 2024). This is because users are anticipated to onboard part way through the period based on the applicable reporting compliance date(s).

The conclusion of the analysis is that the DSB believes 300 users remains a reasonable estimate to use for the determination of the UPI fees for 2023 and 2024.

## 2.3 Annual UPI User Fees for 2023 and 2024

User fees are calculated using a ratio which includes user numbers by User Type as per the [DSB Charges policy](#)<sup>10</sup>.

In order to determine the Annual UPI User Fees, the Infrequent User has been set as €1,000. The rationale for this fixed fee level is that it is high enough not to disadvantage Standard or Power Users but low enough to be acceptable to infrequent and small volume UPI creators. Infrequent Users will be required to pre-pay these fees in full via debit or credit card in the self-service Client Onboarding & Support Platform (COSP) as condition for access to the UPI Service. The rationale for pre-payment is to ensure operational efficiencies on payment of fees below a certain level. All other fee-paying users will be invoiced with 30 days payment terms, as per the [DSB Charges policy](#)<sup>11</sup>. Further details on charges and their rationale can be found in the [DSB UPI Fee Model Consultation Final Report](#)<sup>12</sup>.

### Annual UPI User Fees for 2023 and 2024 based on 300 Users

Based on 300 users, the table below shows:

1. The Annual User Fees for the period 1 January 2024 to 31 December 2024 (the column titled 'Annual User Fees 1 Jan 2024 – 31 Dec 2024')
2. The User Fees for the period 16 October 2023 to 31 December 2024 (the column titled 'User Fees for period 16 Oct 2023 – 31 Dec 2024')

Estimated User numbers	User Type	Annual User Fees	
		1 Jan 2024 – 31 Dec 2024	User Fees for period 16 Oct 2023 – 31 Dec 2024
120	Power	€ 63,491	€ 79,363
60	Standard	€ 21,164	€ 26,454
102	Infrequent	€ 1,000	€ 1,000
3	UAT only	€ 21,164	€ 26,454
15	Search only	€ 15,873	€ 19,841
300	Total cost (Incl. FSM)	€ 9,292,265	€ 11,615,331

<sup>10</sup> Refer to footnote 3

<sup>11</sup> Refer to footnote 3

<sup>12</sup> <https://www.anna-dsb.com/download/dsb-upi-fee-model-final-report/>

## 3 Appendices

### 3.1 Appendix 1 – Financial Forecast Tables

For clarity, the tables follow on the next page.



**Table 1: Forecast Capital Expenditure (Capex) – UPI Build Costs for the period 2020-2023.**

Forecast Capex represents the expected build cost for the UPI Service which commenced in 2020.

The material changes since the March 2023 update can be categorized as follows:

1. Reduction in use of external consultants
2. Reduction in contingency
3. Reduction in infra opex costs

Table 1 below includes a high-level reconciliation and narrative on how costs have evolved since the figures that fed into the [UPI Fee Model Final Report - Update March 2023](#)<sup>13</sup>.

All costs include the Financial Sustainability Margin (FSM) of 20%.

Forecast Capex	Description	€k (Mar 23)	€k (Sep 23)	€k Delta	Explanation of Delta
<b>Technology and Operations</b>	Design, build & test of the DSB UPI Service platform and Onboarding system (COSP), infra and software license costs	8,948	8,857	-91	Reduction in infra opex costs, after taking into account inflation
<b>Management</b>	Senior management team including MD, Managed Service Provider (MSP) management team and CFO	1,375	1,439	63	Increased management oversight during the Build phase, also incorporating inflation
<b>Administration</b>	Administrative costs and overheads such as office space, and administrative support functions	558	552	-6	Reduction in administration costs during Build phase
<b>External Consultants</b>	External oversight and legal, professional and communication	577	328	-249	Reduced spend during the Build phase and deferral of some market education budget to the Run Phase
<b>Third-party data</b>	Provision of third-party reference data	400	428	28	Increase following finalisation of contracts/costs with reference data vendors
<b>Contingency</b>	Contingency to cover unplanned costs during the build & test of the service	509	145	-365	Reduction of contingency linked to finalised reference data/infra opex contracts and due to proximity to Production launch
<b>Forecast Total Capex</b>		<b>12,368</b>	<b>11,747</b>	<b>-621</b>	

<sup>13</sup> <https://www.anna-dsb.com/download/dsb-upi-fee-model-final-report-update-2023/>

**Table 2: Forecast Time-Limited Costs (amortisation of Capex, 2022-2023 Opex and Financing costs)**

Time-limited costs are those that are not incurred for the lifetime of the UPI Service (unlike the annualised operating expenditure in Table 4) but are time-bound for a defined period. These costs include the amortisation over four years of the build costs (Capex) as itemised in Table 1, the associated financing costs, and the amortisation over the same period as the Capex (2024-2027) of operational expenditure (Opex) incurred up to 31 December 2023 as itemised in Table 3. This is to ensure a fair distribution of cost across the broadest user base, and to not disadvantage early adopters.

Table 2 below includes a high-level reconciliation and narrative on how time-limited costs have evolved since the publication of the [UPI Fee Model Final Report – Update March 2023](#)<sup>14</sup>.

Capex, Opex and Financing costs that are amortised include the Financial Sustainability Margin (FSM) of 20%.

Forecast Time Limited Costs	Description	€k (Mar 23)	€k (Sep 23)	Explanation of Delta
<b>Forecast Capex</b>	Amortisation of Capex over the first 4 complete years (2024 – 2027) including remaining contingency (to cover unplanned costs as Build is finalized in 2023)	3,093 (annualised)	2,938 (annualised)	Reflects forecast capex as detailed in Table 1.
<b>Opex incurred in 2022/23</b>	Amortisation of Operational Expenditure incurred in 2022-23 (including contingency) over the first 4 complete years (2024 – 2027)	1,020 (annualised)	868 (annualised)	Opex incurred in 2022 and 2023 forecast as detailed in Table 3
<b>Financing costs</b>	Costs of financing the Capex (Build Costs), to be repaid over 4 years (2024 – 2027)	3,586 (897 annualised*)	3,270 (818 annualised)	Annualised interest represents the total interest from the start of build phase to the date these costs are fully repaid (2027). The total has been split over 4 years, as per DSB amortisation policy. A detailed description of the financing costs is in Appendix 3.3 – Financing Costs.

\*Typo in the [UPI Fee Model Final Report – Update March 2023](#)<sup>15</sup> annualised financing cost has been corrected (€887k to €897k).

<sup>14</sup> Refer to footnote 13

<sup>15</sup> Refer to footnote 13

**Table 3: 2022 and 2023 Operating Expenditure (Opex) for 300 users**

As outlined in Section 2.2.2, the DSB has performed detailed analysis to confirm the projected number of UPI users for the 2023 and 2024 Invoicing Period (from 16 October 2023 to 31 December 2024) to be estimated at 300 users. The Opex costs are estimated to support this level of users. The Opex incurred in 2022-2023 includes costs to ensure operational readiness of the Client Onboarding and Support Platform (COSP) from 1 December 2022, support costs for the COSP from UPI Service launch in UAT on 17 April 2023 and UPI Service support costs in Production from 16 October 2023.

Table 3 below provides a reconciliation between 2022 and 2023 Opex costs for 300 users as of March 2023 and the 2022 and 2023 Opex costs for 300 users as of September 2023. The material changes since the March 2023 update can be categorized as follows:

1. Lower third-party data costs.
2. Reduction of contingency.
3. Incorporation of 2022 inflation and projected 2023 inflation based on contract terms.

Forecast Annualised Opex	Description	€k (Mar 23)*	€k (Sep 23)	Delta	Explanation of Delta
<b>Technology and Operations</b>	Operation of the UPI Service through the DSB platform including technical and asset-class support	2,479	2,558	79	Increase due to inflation
<b>Management</b>	Senior management team including MD, Managed Service Provider (MSP) management team and CFO	155	128	-27	Adjustment of management oversight once Build phase is complete
<b>Administration</b>	Administrative costs and overheads such as office space, and administrative support functions	156	194	38	Increase in administrative support for global UPI rollout
<b>External Consultants</b>	External oversight and legal, professional and communication	85	149	64	Deferred stakeholder engagement spend from the Build phase to the Run Phase
<b>Third-party data</b>	Provision of third-party reference data	594	216	-378	Savings following finalisation of contracts with reference data vendors
<b>Contingency</b>	Contingency to cover unplanned costs to support the service once rolled out	703	223	-480	Reduced contingency following finalisation of projected user numbers
<b>Forecast Total 2022-2023 Opex</b>		<b>4,172</b>	<b>3,469</b>	<b>-703</b>	

\* The Technology and Operations cost in the [UPI Fee Model Final Report – Update March 2023](#)<sup>16</sup> was understated by €91K.

<sup>16</sup> Refer to footnote 13

**Table 4: Forecast Annualised Operating Expenditure (Opex) (from 2024) for 300 users**

Forecast Annualised Opex represents the expected cost for operating the UPI Service on an annual basis. Since the publication of the [UPI Fee Model Final Report – Update March 2023](#)<sup>17</sup>, the DSB has revised the expected Opex to run and support the UPI Service, including the Client Onboarding and Support Platform.

As explained in Section 2.2.2, the DSB has performed detailed analysis to confirm the projected number of UPI users for the 2023 and 2024 Invoicing Period (from 16 October 2023 to 31 December 2024) to be estimated at 300 users. The Opex costs are estimated to support this level of users.

Table 4 below provides a reconciliation between the Forecast Annualised Opex as of March 2023 and the Forecast Annualised Opex costs as of September 2023. The material changes since the March 2023 update can be categorized as follows:

1. Lower third-party data costs
2. Reduction of contingency
3. Incorporation of inflation

Forecast Annualised Opex	Description	€k (Mar 23)	€k (Sep 23)	€k Delta	Explanation of Delta
<b>Technology and Operations</b>	Operation of the UPI Service through the DSB platform including technical and asset-class support	3,731	4,374	643	Increase due to higher software license and support costs, and also incorporating inflation
<b>Management</b>	Senior management team including MD, Managed Service Provider management team and CFO	369	504	135	Increase in management and third party oversight on UPI activities following global rollout, plus incorporation of inflation
<b>Administration</b>	Administrative costs and overheads such as office space, and administrative support functions	476	524	48	Increase incorporating inflation
<b>External Consultants</b>	External oversight and legal, professional and communication	288	288	-1	No change
<b>Third-party data</b>	Provision of third-party reference data	1,189	823	-366	Savings following finalisation of contracts with reference data vendors
<b>Contingency</b>	Contingency to cover unplanned costs to support the service once rolled out	1,209	481	-728	Reduced contingency following finalisation of projected user numbers
<b>Forecast Total Annualised Opex</b>		<b>7,261</b>	<b>6,993</b>	<b>-269</b>	

<sup>17</sup> Refer to footnote 13

**Table 5: Summary of UPI Forecast Total DSB Cost for 300 users**

Table 5 below provides a summary of the UPI Forecast Total DSB Cost for 300 users.

UPI Forecast Total DSB Cost	1 Jan 2024 – 31 Dec 2024	16 Oct 2023 – 31 Dec 2024
	€k	€k
Forecast 2024 Opex	5,595	6,993
Amortised 2022-23 Opex	694	867
Forecast Capex Amortisation	2,350	2,937
Financing Costs	654	818
<b>Total</b>	<b>9,292</b>	<b>11,615</b>

## 3.2 Appendix 2 – Contingency

As part of the determination for final UPI User Fees, the amount of remaining contingency and future contingency needs has been revisited.

Where contingency funds are carried into the UPI User Fee determination, any unused UPI contingency funds will feed into the cost adjustment mechanism for the next invoicing period, as detailed in section 2.2.1.

### 3.2.1 Capex Contingency

The starting point for Forecast Total Annualised Capex included 20% contingency for unplanned costs. Some contingency has been used with DSB Board approval to fund new requirements in Technology and Operations, as detailed in [UPI Fee Model Final Report – Update March 2023<sup>18</sup>](#).

This has been offset in part by return of unused contingency relating to a number of key implementation milestones, including:

- Completion of build of the Client Onboarding and Support Platform (COSP).
- Finalisation of contracts (and associated costs) with reference data vendors and other key third-party providers.

There has also been a reduction in contingency held (from 20% to 10%) on the resource and office costs related to the remaining build of the UPI service in the run up to the 16 October 2023 launch in Production. Remaining contingency is held for any further unplanned expenditure prior to the end of the build of the UPI Service. Examples may include unexpected issues uncovered in the UAT Service which require resolution in both UAT and Production environments. The DSB considers this as low risk given the proximity of the Production launch.

### 3.2.2 Opex Contingency

The starting point for Forecast Total Annualised Opex included 20% contingency for unplanned costs, for example following the launch of the UPI Service in Production or related to a level of user queries and issues far in excess of the assumptions that underpinned the original support cost estimates.

The DSB has performed a detailed review of the contingency being held against the Forecast Total Annualised Opex, in order to strike a prudent balance between impact on user fees and ability to manage unexpected issues during the operation of the UPI service.

Contingency has been removed for certain cost line items, including:

- Reference data costs where contracts (and associated costs) have been finalised with reference data vendors.
- Infrastructure and software costs where contracts (and associated costs) have been finalised with third-party solution providers.

The DSB has reduced the resource and office contingency from 20% to 10%. This is primarily to reduce the total cost of the UPI Service. There is however a medium level risk of unexpected issues and high user query volumes following the launch of the UPI service in Production and linked to the phased

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<sup>18</sup> Refer to footnote 13

onboarding of a global user base, many of whom are new to the DSB, using new workflows related to automated generation of UPI subscription forms and invoices for example.

Risk mitigation includes continued focus on automation of COSP features, intuitive COSP workflows and easy-to-navigate user-facing materials e.g., FAQs and User Guides. Should it not be possible to mitigate such eventualities using the 10% retained contingency, the DSB Board would be asked to approve additional funding. If approved, this would be reflected in the annual reconciliation between the UPI Forecast Total DSB Cost and UPI Actual Total DSB Cost which accounts for any adjustment related to operational savings or overspend for the Invoicing Period.

### 3.3 Appendix 3 – Financing Costs

Based on the original financing model, a rate of return of 16% was to be applied on the Capex costs until the Capex is fully repaid by 2027. The 16% rate was based on the risks and lack of certainty related to regulatory mandates at the time of the start of the build of the UPI Service and independently reviewed to confirm appropriateness by a third-party.

The DSB reviewed the risk profile of the UPI project following the first UPI mandate announcement in October 2022. As a result of this review, an adjusted rate of return of 4.59% will be applied from October 2022 until the end of the repayment period (December 2026). The DSB obtained an independent third-party view to confirm the appropriateness of this rate. Applying 4.59% from October 2022 (compounded monthly) results in a total interest charge of €3,270k (including FSM) which is split evenly over the 4-year repayment period. The Financing Cost is an approximation as the level of interest accrued will depend on the actual cost incurred per month until the initial Capex expenditure is repaid.