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**Derivatives Service Bureau**

**Unique Product Identifier (UPI)**

**Legal Terms and Conditions**

**Consultation Paper**

2nd November 2021

Contents

[1 Executive Summary 3](#_Toc86680463)

[2 UPI Overview 5](#_Toc86680464)

[3 UPI Governance Arrangements 6](#_Toc86680465)

[3.1 Governance Components 6](#_Toc86680466)

[3.2 Governance Criteria 10](#_Toc86680467)

[4 Assumptions 12](#_Toc86680468)

[4.1 Leveraging the DSB’s Existing Service Provision and Common Agreement 12](#_Toc86680469)

[4.2 DSB’s UPI Implementation Timeline 16](#_Toc86680470)

[4.3 UPI Adoption Expectations 16](#_Toc86680471)

[4.4 DSB Principles 17](#_Toc86680472)

[5 Consultation Proposals and Questions 19](#_Toc86680473)

[5.1 Q1 – Client Onboarding and Support Platform (COSP) 20](#_Toc86680474)

[5.2 Q2 - Common Agreement 23](#_Toc86680475)

[5.3 Q3 – UPI Service Onboarding and User Experience 32](#_Toc86680476)

[5.4 Q4 – LEI for Entity Identity Verification 37](#_Toc86680477)

[5.5 Q5 - Pre-payment 40](#_Toc86680478)

[5.6 Q6 – Service Activation 41](#_Toc86680479)

[5.7 Q7 – Termination, Suspension and Renewals 43](#_Toc86680480)

[5.8 Q8 – In-Life Events 45](#_Toc86680481)

[5.9 Q9 - Service Level Agreements 47](#_Toc86680482)

[5.10 Q10 – DSB Governance Policy Dispute Resolution Mechanism 48](#_Toc86680483)

[5.11 Q11 – Fee Model Variables 50](#_Toc86680484)

[5.12 Q12 – Intellectual Property & Limitation of Liability 51](#_Toc86680485)

[5.13 Q13 - Contingency Arrangements 53](#_Toc86680486)

[6 Consultation Response Form 54](#_Toc86680487)

# Executive Summary

The Association of National Numbering Agencies (“ANNA”) founded the Derivatives Service Bureau (DSB) for the allocation and maintenance of International Securities Identification Numbers (ISINs), Classification of Financial Instrument (CFI) codes and Financial Instrument Short Names (FISNs) for OTC derivatives.

The Financial Stability Board (FSB) announced on May 2, 2019, the designation of the DSB as the sole service provider for the future Unique Product Identifier (UPI) system[[1]](#footnote-2), performing the function of issuer of UPIs as well as operator of the UPI reference data library. The DSB is working towards providing UPIs for OTC derivatives in July 2022, to help enable Users strengthen risk data aggregation capabilities and internal risk reporting practices and assist regulatory authorities to aggregate data on OTC derivatives transactions to help assess systemic risk as outlined in the 2014 [FSB feasibility study on approaches to aggregate OTC derivatives data](https://www.fsb.org/wp-content/uploads/r_140919.pdf)[[2]](#footnote-3).

In October 2020, the [Regulatory Oversight Committee (ROC) expanded its mandate](https://www.leiroc.org/publications/gls/roc_20201001-2.pdf)[[3]](#footnote-4) to become the International Governance Body of the UPI system and [the FSB transferred to the ROC all governance and oversight responsibilities](https://www.fsb.org/wp-content/uploads/P250920.pdf)[[4]](#footnote-5) in relation to the UPI. Since then, the ROC has taken forward the FSB’s work to set up appropriately rigorous oversight arrangements.

In August 2021, the DSB announced that the ROC, and the DSB had finalised a Memorandum of Understanding (MOU), on the implementation of governance arrangements for the globally harmonised UPI. The DSB, as the designated UPI Service provider, has worked in close cooperation with the ROC to reach a common understanding of the expected division of responsibilities for overseeing the UPI system. A copy of the [MoU is available on the DSB website](https://www.anna-dsb.com/download/roc-dsb-mou/)[[5]](#footnote-6), and information about the [ROC-DSB Notification Protocol is also available on the DSB website](https://www.anna-dsb.com/download/roc-dsb-notifications-protocol/)[[6]](#footnote-7).

The DSB has sought to design, deploy, and operate an efficient UPI Service that leverages the capabilities of the existing services (e.g., CFI and OTC ISIN provision) to the extent practicable. Market feedback in the course of the earlier UPI fee model consultations[[7]](#footnote-8) and via each of the two industry representation groups has determined the target operating model required for the UPI Service launch, which in turn has had a direct impact on the overall build and operational costs of the UPI Service.

This consultation paper therefore focuses on the legal provisions and associated mechanisms to facilitate execution of the legal agreement that will enable access to paid-for UPI Services[[8]](#footnote-9). Proposals in this paper are expected to impact:

1. Users of the UPI only service – who will be new to the DSB
2. Users of the combined UPI + OTC ISIN Service – who will be familiar with the DSB’s existing legal agreement (Access and Usage Agreement and accompanying policies for the OTC ISIN Service) and may incur some evolution of legal provisions to facilitate access to both services (subject to industry feedback in response to this consultation paper)
3. Users of the OTC ISIN only service – who will be familiar with the DSB’s existing legal agreement (Access and Usage Agreement and accompanying policies) and are likely to experience more limited changes to legal provisions associated with launch of the UPI Service (subject to industry feedback in response to this consultation paper)[[9]](#footnote-10)

As some readers may be less familiar with information about the UPI Service, this consultation paper seeks to provide a reminder of UPI governance arrangements and the UPI purpose in sections 2 and 3. In summary, the key governance criteria were specified by the FSB and are outlined in the [FSB Governance arrangements for the UPI](https://www.fsb.org/2019/10/governance-arrangements-for-the-upi/)[[10]](#footnote-11). The governance criteria have been referenced within this paper where related to the principles underpinning the UPI Service, and note that governance arrangements should be in the public interest, lean, change only as needed, include a consultative change process, ensure the economic sustainability of the UPI System over time, ensure open access, target fair cost allocation to stakeholders, ensure that the UPI standard and the use of any UPI Code should be free of licensing restrictions, have policies that reasonably detect and effectively manage any potential conflict of interest, be fit for purpose, take into consideration other governance frameworks, and ensure the operational viability and continuity of UPI Service Provider operations.

It should also be noted that following two rounds of industry consultation, the DSB is proceeding on the basis that it will leverage core components of the DSB’s OTC ISIN existing service to reduce both the UPI User fee burden by minimizing implementation and run costs for the DSB, and minimize User’s own technology burden so institutions already connected to the DSB can overlay their UPI related workflows in a manner that is more integrated with their other OTC derivative reference data needs.

The consultation paper will be shared with approximately 2,600 individuals (including at trade associations) as well as widely circulated in the trade press. In keeping with standard DSB practice, the DSB will send reminders to interested parties outlining the goal of the consultation and the deadline for responses. At the end of the UPI legal consultation period, the DSB will publish all responses received on its website, as is standard practice for all DSB industry consultations – with respondents able to indicate in the response form if they wish their submission to remain anonymous when placed on the DSB’s website.

Readers seeking to remain abreast of DSB notifications on the topic of the UPI, or other matters, can [subscribe by clicking here](https://www.anna-dsb.com/subscribe-to-notifications/), via the DSB website[[11]](#footnote-12) or by emailing [otc.data@anna-dsb.com](mailto:otc.data@anna-dsb.com). Readers can also visit the UPI section of the DSB’ website[[12]](#footnote-13) to access the most up to date FAQs, information about timelines, and other relevant items.

# UPI Overview

Group of 20 national leaders (G20) agreed at the 2009 Pittsburgh Summit that all OTC derivatives transactions should be reported to trade repositories (TRs) as part of a package of reforms to the OTC derivatives markets. The key driver for establishing the UPI, [ISO/WD 4914](https://www.iso.org/standard/80506.html)[[13]](#footnote-14) – which is under development, Unique Transaction Identifiers (UTI), [ISO 23897](https://www.iso.org/standard/77308.html)[[14]](#footnote-15), Critical Data Elements (CDE) which will be included in [ISO 20022](https://www.iso20022.org/)[[15]](#footnote-16), and Legal Entity Identifier (LEI), [ISO 17442](https://www.iso.org/standard/78829.html)[[16]](#footnote-17), was to increase transparency in financial markets, mitigate systemic risk, and protect against market abuse following the financial crisis that began in 2007–08. The development of standards for these data elements was in response to a request from the G20 to achieve these objectives.

The Committee on Payments and Market Infrastructures (CPMI) and the International Organization of Securities Commissions (IOSCO) published their finalised UPI technical guidance[[17]](#footnote-18) in September 2017. Under the guidance, a unique UPI code would be assigned to each distinct OTC derivatives product and be mapped to reference data elements with specific values that describe the product. The collection of reference data elements and their values for each product would reside in a UPI reference data library administered by the UPI Service provider.

UPIs are being introduced as a mechanism to identify OTC derivatives products to strengthen banks' risk data aggregation capabilities and internal risk reporting practices and assist G20 regulators to aggregate global OTC derivatives data by either product or UPI reference data element, together with the CDE and UTI. This will provide Users, such as banks, with their risk analysis and assist regulators with an improved, consistent view and common understanding of systemic OTC derivative risks.

In the first instance, the role of the UPI is to uniquely identify the product involved in an OTC derivatives transaction and to identify the product in reports that an authority requires, or may require in the future, to be reported to a TR. The UPI will work in conjunction with UTIs and CDEs, which are also expected to be reportable to regulatory authorities.

Working alongside the UPI and CDE, the UTI is intended to uniquely identify individual OTC derivatives transactions and when required by authorities to be reported to TRs. The UTI will enable aggregation and analysis of these transactions by Users, such as banks, and so authorities can use reported information to fulfil their legal obligations and prudential requirements. Further details about the UTI can be found in the UTI technical guidance document[[18]](#footnote-19) published in February 2017.

CPMI and IOSCO also published a guidance document on the harmonisation of critical OTC derivatives data elements other than those in the UPI and UTI. The CDE technical guidance document[[19]](#footnote-20), published in April 2018, provides information about the definition, format and allowable values of CDEs, other than UTI and UPI, reported to TRs that are important to facilitate consistent global aggregation by authorities.

Although the UPI has been developed with this core purpose, it is recognised the UPI could also serve other purposes, such as other forms of regulatory reporting and market transparency specific to particular jurisdictions or pre- and post-trade processes, with primary use of the UPI contemplated for strengthening banks' risk aggregation capabilities and practices and for the reporting of OTC derivatives transactions to a TR or for regulatory use. It is anticipated that broader use cases for the UPI system – especially in relation to internal business functions – could increase its adoption and usefulness.

# UPI Governance Arrangements

## Governance Components

The FSB, an international body that monitors and makes recommendations about the global financial system, has been responsible for defining the governance arrangements for the UPI. To that end, the FSB designated the DSB as the sole service provider for the future UPI system. The term ‘UPI system’ refers to the UPI code, the UPI reference data library, and the process of assigning a UPI to a set of reference data elements. Accordingly, the DSB will perform the functions of issuance of UPI and maintenance of their associated reference data consistent with the CPMI-IOSCO UPI technical guidance. This is a key step in completing the governance framework for the UPI.

In October 2019, the FSB published the Governance arrangements for the UPI[[20]](#footnote-21), outlining its conclusions, implementation plan and next steps to establish the International Governance Body (IGB). In co‑ordination with CPMI and IOSCO, the FSB identified the Regulatory Oversight Committee[[21]](#footnote-22) (ROC) of the Global Legal Entity Identifier System as best positioned to become the future IGB for the UPI, UTI and CDE in addition to its existing oversight of LEI, provided it made the necessary adjustments to its existing governance to be fit for purpose for these additional identifiers. In September 2020, the FSB announced the transfer of all governance and oversight responsibilities[[22]](#footnote-23) in relation to the harmonised derivatives identifiers and data elements to the ROC as of October 1, 2020. On the same date, ROC announced and published its revised Charter[[23]](#footnote-24).

Furthermore, the FSB has determined that the UPI Code and the UPI Reference Data Elements should be set as international data standards and has identified ISO as the International Standardisation Body for the development of the UPI standard.[[24]](#footnote-25)

In addition to oversight functions, the governance arrangements also include the need for ongoing coordination between the IGB, the UPI Service provider and industry stakeholders. On this basis, the DSB Product Committee[[25]](#footnote-26) and Technology Advisory Committee[[26]](#footnote-27) will function as industry representation groups comprising reporting entities, derivatives infrastructure providers and market data providers.

The UPI Service and reference data library operated by the DSB is founded on interactions with five major parties, as set out in the diagram below.

Diagram

Description automatically generated

Taking each in turn, these comprise the:

* **IGB:** an international regulatory oversight body that should provide overall oversight and coordinate between the UPI Service Provider(s), the International Standardisation Body, and other elements of the UPI Governance Arrangements, as well as to coordinate among the various stakeholders, and other international standard-setting bodies (including the CPMI, IOSCO and FSB).[[27]](#footnote-28)

The ROC is a group of 67 public authorities with full membership and 18 observers from more than 50 countries.[[28]](#footnote-29) The ROC was set up to oversee the LEI and announced an expanded mandate to become the IGB of the globally harmonised UTI, the UPI and the CDE. As IGB of the UTI, UPI and CDE, the ROC becomes the overseer of the designated UPI Service provider, The Derivatives Service Bureau (DSB).

The Committee on Derivative Identifiers and Data Elements (CDIDE) is a sub-committee of the ROC with the purpose of supporting the ROC on the ROC’s oversight of the implementation of the UPI Service and the UPI Reference Data Library by the DSB. CDIDE co-chairs may participate in each of the DSB Product Committee and DSB Technology Advisory Committee (see below) which committees are the Industry Representation Groups described below.

* **Authorities (as members of the ROC) and standard-setting bodies:** will continue to work on implementation, in coordination with the IGB. Authorities of each jurisdiction where the UPI will be reportable (as members of the ROC), and standard setting bodies such as the CPMI and IOSCO also may choose to participate in the Industry Representation Groups described below.
* **Industry Representation Group (IRG):** with representatives of, inter alia, reporting entities, derivatives infrastructure providers, and/or market data providers, to consult with other parts of the Governance Arrangements, including the IGB and the UPI Service Provider. The functions of an IRG are expected to be carried out by two existing DSB advisory committees, whose charters have been expanded to encompass the UPI initiative.

Within the DSB, the two existing advisory committees of the DSB Board of Directors are the Product Committee[[29]](#footnote-30) (PC), and the Technology Advisory Committee[[30]](#footnote-31) (TAC). Both committees comprise a broad range of representatives of entity types and geographical representation.

The DSB PC is an industry group that supports the DSB Board through continuing the work of the ISO study group tasked with defining the ISIN for OTC derivatives. The PC oversees the definitions of a broad range of OTC derivatives and how they translate into data requirements for allocation of these identifiers.  They also support the development and inclusion of descriptive taxonomies used to identify OTC derivatives.

The DSB TAC is an industry group that supports the DSB Board on technology issues to ensure that the DSB’s technology strategy is aligned with the needs of the markets it serves. The TAC oversees proposed technology changes related to the DSB’s services which includes any technical changes identified during the stakeholder consultation process as well as consideration of the workflows and integration needs of the UPI Service provision.

* **International Standardisation Body:**  The ISO has been nominated as the International Standardisation Body for the UPI. ISO’s work on development of the UPI standard began in June 2020 with the aim of publishing a final ISO standard in early 2022. The standard will include the format and computation of the UPI code, as well as the minimum data elements driven by the UPI Technical Guidance.

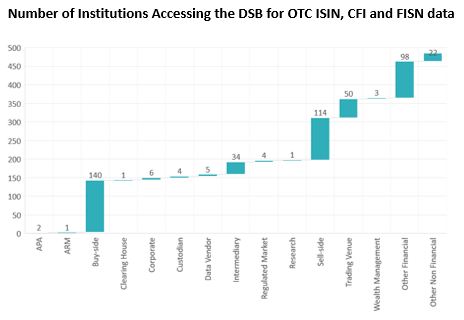
ISO provides the framework allowing for a unique UPI Code to be assigned to each distinct OTC derivative product that is reportable to trade repositories.  The standard defines the UPI code structure and the minimum set of reference data elements that will describe the product. Reference data element values as well as possible reference data elements in addition to the ISO standard will be determined by the DSB Product Committee working in conjunction with the ISB.

* **UPI Users:** UPI Users comprise organizations that will connect to the DSB to create, search for, or download files – on either a fee paying or non-fee-paying basis. Based on the DSB’s experience with the OTC ISIN Service, in the three-year period since the service was launched, the DSB expects to continue to see a marked difference between the number and types of firms that will create OTC derivatives reference data records in the DSB (be they for OTC ISIN, UPI, CFI or FISN purposes), and those that consume the data.

A review of current activity levels shows that an at aggregate level, the sell-side has created 75% of all OTC derivative records in the DSB, with execution platforms, the larger buy-side and some data vendors responsible for creating the remainder. In total, 124 entities pay the DSB to create data and/or search for records, with 60% of this group accessing the DSB in a programmatic manner.

When looking at the full list of organizations that access the DSB today across both fee paying and free of cost users, 470 organizations, almost 70% do so free of cost to download free to use data files. A further 25% access the DSB to create records, search for records, and download data files, with 3% exclusively creating data, and a further 3% exclusively searching for data.

In addition, the data of DSB existing Users to date shows that in contrast to the creation of data which is driven by the sell-side and execution platforms, consumers of the OTC derivative reference data generated at the DSB represent a substantively broader composition as set out in the following diagram. It is a reasonable expectation that while the specific numbers of each type of organisation that accesses the DSB for UPI data will vary from current practice, the overall composition of each organisation type is likely to continue given the divergent reasons that users cite in discussions with the DSB.



* **UPI Service Provider(s):** This entity or these entities should provide for timely issuance of UPI Codes and maintenance of their associated reference data consistent with the UPI Technical Guidance.
* **Operator of the UPI Reference Data Library (RDL):** an entity that should record all existing UPI Codes and their associated UPI Reference Data. Most respondents to the FSB’s UPI governance consultations did not favour a split between the UPI Service Provider and the Operator of the UPI RDL. On this basis, the DSB is both the UPI Service Provider and the UPI Reference Data Library operator.

## Governance Criteria

In relation to the governance arrangements, key criteria have been specified by the FSB to guide the choices made. These governance criteria, detailed throughout the FSB governance arrangements consultation process and outlined in the FSB Governance arrangements for the UPI[[31]](#footnote-32), are provided below.

The governance criteria have been referenced within this paper where related to the UPI legal terms and conditions.

* **Public interest**

Governance should be driven by the public and regulatory interest.

* **Lean**

The UPI Governance Arrangements should not be unnecessarily complex or costly.

* **Change only as needed**

Revisions to the UPI Governance Arrangements, the UPI Technical Guidance and UPI System should be managed on a need-only basis and consider benefits and costs of such revisions to minimise impacts on various stakeholders.

* **Consultative change process**

Changes to the UPI Governance Arrangements, UPI Technical Guidance, and UPI System (except for the day-to-day process of updating the data held in the UPI Reference Data Library) should allow for direct or indirect involvement of stakeholders and should be made after public consultation where appropriate.

* **Economic sustainability**

The UPI Governance Arrangements should be consistent with the need to help ensure the economic sustainability of the UPI System over time.

* **Open access**

Access to, and use of, UPI Codes and the UPI Data Standard should be unrestricted. Authorities should have access to, and use of, the UPI Reference Data Library that is similarly unrestricted. Entities with reporting obligations and TRs should have access to, and use of, the UPI Reference Data Library in a manner that is sufficient to at least allow them to associate a specific OTC derivative product to its UPI Code in a timely manner and facilitate the discharge of reporting obligations for OTC derivatives transactions.

* **Cost**

Any fees charged by the UPI Service Provider(s) should be based on cost recovery and should be allocated among stakeholders fairly. For Authorities, use of the UPI System should be free.

* **Intellectual property**

The UPI Data Standard should not be subject to any intellectual property restriction. Consistent with this, the use of any UPI Code should be free of licensing restrictions. As to the UPI Reference Data Library, intellectual property restrictions should be applied in a manner consistent with the rules applicable in each jurisdiction.

* **Conflicts of interest**

The UPI Service Provider(s) should have policies and procedures that are reasonably designed to detect and effectively manage any potential conflict of interest. Access to the UPI should not be tied or bundled with any other services offered by a UPI Service Provider.

* **Fit for purpose**

UPI Governance Arrangements should be able to perform the relevant functions identified in a timely and efficient manner and should have reasonable access to the necessary resources and information to do this. UPI Governance Arrangements should maintain the fitness of the UPI System and UPI Technical Guidance for the needs of Authorities.

* **Consideration of other Governance Frameworks**

Governance Frameworks for the UPI should take into consideration other Governance Frameworks that impact other data elements, such as the LEI, the UTI, and other critical data elements for OTC derivatives.

* **Operational viability and continuity of UPI Service Provider operations**

Governance of the UPI System should be such that any UPI Service Provider should be required to have adequate resources, legal authorities, and reasonable policies and procedures in place designated or adequate to ensure operational viability, system security, and business and system continuity and succession, to enable it to operate securely and effectively as a UPI Service Provider.

# Assumptions

The DSB assumptions set out below underpin the core approach for the UPI Service implementation, and thus impact the legal terms and conditions that apply to the cost recovery[[32]](#footnote-33) service. Estimated costs will be included in the next consultation, including a breakdown of the key cost components subject to the feedback received in this paper.

This section includes DSB expectations about jurisdictions’ existing or proposed regulatory adoption of rules implementing UPI as a product identifier, the estimated number of UPIs to be created (based on the data elements specified in the UPI Technical Guidance document and available to the DSB via an existing service, the OTC ISIN Service provision), DSB expectations regarding alignment of the UPI with other international standards, and the existing service model that the DSB seeks to leverage in application of the Lean governance criteria, described in section3.2*,* in order to minimize delivery and implementation costs accrued by clients.

The DSB recognises the need for revaluation of the scope and structure of the legal documentation following initial adoption of the UPI Service to ensure that that it remains fit for purpose. As such, the DSB intends to consult on the key aspects underlying the legal documentation 2 years after launch of the UPI Service.

## Leveraging the DSB’s Existing Service Provision and Common Agreement

Leveraging the DSB’s existing service provision seeks to provide two primary benefits – the first is a reduction of the UPI User fee burden by minimizing implementation and run costs for the DSB, and the second is a reduction of the User’s own technology burden so that the several hundred institutions already connected to the DSB can overlay their UPI related workflows in a manner that is more integrated with their other OTC derivative reference data needs.

The DSB is the golden source of the OTC ISIN, CFI and FISN for OTC derivative instruments, for institutions located in or trading with counterparties in the European Union (EU) and the United Kingdom (UK).

The allocation of ISINs, CFI and FISNs for OTC derivatives as well as the provision of access to the OTC ISIN archive and associated reference data, comprise the numbering agency function of the DSB. This function is overseen by ANNA as the Registration Authority for ISIN and FISN standards under contract with the ISO requiring strict adherence to principles over business and technical operations. This includes limiting User fees to cost recovery and requiring reasonable and non-discriminatory (RAND) access to data. With these principles aligning with the UPI Governance Criteria of Cost Recovery and Open Access described in section3.2.

Implementation of OTC ISIN, FISN and CFI codes for OTC derivatives has been achieved through ongoing, collaborative work with market participants, regulators and other standards bodies. The DSB utilises a Consultative Change Process, also specified within the UPI Governance Criteria described in section3.2, to allow for stakeholder input to shape the evolution of the service.

In addition to the application of the cost recovery and RAND (unrestricted data and open access) principles, the DSB also ensures equal treatment of all Users through utilisation of a common agreement, and the levy of User fees through annual contracts that require payment in advance. These principles aim to secure the financial sustainability of the DSB as well as provide parity and efficiency in delivery of service.

The current level of OTC ISIN, CFI and FISN generated by the DSB is designed to enable Users to satisfy obligations under the European Regulations MiFID[[33]](#footnote-34) II and MiFIR[[34]](#footnote-35), with the capability of an identification hierarchy to be introduced as required by industry, such as UPI. This hierarchical framework, with specific consideration of the UPI, was developed as part of the DSB core design following the recommendations from an ISO study group when defining the OTC ISIN. In addition, the CFI codes for OTC derivatives generated by the DSB assist industry’s regulatory reporting needs, demonstrating the value of consistently generated identifiers and classification codes that can be efficiently consumed by all Users of DSB data.

The DSB currently facilitates access for a broad spectrum of Users, including credit institutions, small brokerages, private wealth management firms, boutique asset managers, large, multi-segment and/or multi-market trading venues, derivatives houses from across the buy and sell-sides and universal-bank style sell-side institutions with multiple business segments within a single group holding structure.

Within the DSB existing service provision, access is provided to Users on the following basis:

* Power User: programmatic connectivity for high volume creation and search services (paid usage)[[35]](#footnote-36)
* Search-only API User: low volume programmatic search services (paid usage)
* Standard User: manual creation and search services for lower volume Users, using [a web-front end](https://prod.anna-dsb.com/) (paid usage)
* Infrequent User: manual creation and limited search services using [a web-front end](https://prod.anna-dsb.com/) – targeted towards very low volume Users, with a limit on the number of search results returned and an unlimited number of searches[[36]](#footnote-37) (paid usage)
* Registered User: manual search services using [a web-front end](https://prod.anna-dsb.com/), with a limit on the number of search results returned and an unlimited number of searches (free to use)

Irrespective of User Type, all DSB Users can search for OTC derivative data in near real-time by logging on to the DSB’s web front end, conducting a manual search, and downloading the specific record of interest in machine readable format. Market participants are also able to obtain the OTC derivative identifier from their counterparty, or from their trade execution platform and use the identifier as part of their trading workflows.

In addition, to the User services listed above, all DSB Users of the CFI, FISN and OTC ISIN Service can download machine readable records and have free of cost access to (London) end of day files containing a list of all new OTC ISIN records created or updated that day.

Following DSB User feedback in response to the OTC ISIN Service industry consultation conducted in 2020[[37]](#footnote-38), the DSB will also be introducing an additional User service in 2021, the search-only Application Programming Interface (API) User to enable lower volume Users requiring systematic access for search-only on a paid basis.

The DSB’s TAC set up a TAC Strategy Sub-Committee[[38]](#footnote-39) (TAC SSC) which reviews workflow and infrastructure related elements of the DSB’s UPI implementation. TAC SSC meeting minutes are available on the DSB [website](https://www.anna-dsb.com/knowledge-centre/?wpdmc=tac-sc-minutes). The TAC SSC, which is comprised of both DSB and external stakeholders, has produced an interim report that made recommendations to the broader TAC on a range of UPI technology integration related topics, to enable broader discussion of the subject.

The interim report and associated proposals and assumptions continue to be discussed at a series of TAC SSC meetings in 2021, to enable the TAC SSC membership to review progress with respect to the findings of the interim report, the assumptions, recommendations, and questions that were raised in the document. The findings of the TAC SSC will be presented to the broader TAC and the final recommendations and any associated cost implications will be taken forward for review by the DSB Board for final review and decision making.

The DSB serves 70% of its Users at no charge, and the remainder on a cost recovery basis, with User numbers having direct input into the primary fee variables. All DSB Users can contribute directly to the service evolution via both an annual consultation process and two industry driven User forums – the PC and TAC.

DSB Users can obtain the required OTC derivative identifier via several channels and use the record as part of their trade workflow, with more sophisticated Users obtaining data via several means and others focusing on a single channel as best suited to the organization’s commercial, strategic and tactical needs.

Some ways in which Users will obtain the OTC derivative CFI, UPI and/or OTC ISIN include:

* from their counterparty
* from the execution platform on which the trade was done
* connect directly to the DSB (via an API, the web-front end, or download data)
* from an intermediary – either a data or technology vendor

Experience with the OTC ISIN thus far indicates that many Users have over time sought to connect directly to the DSB to supplement their reference data workflows for a variety of reasons, which include but are not limited to timeliness, efficiency, cost, etc.

Given the synergies between the DSB’s existing service and the forthcoming UPI Service, leveraging the existing staff, systems, controls and processes as far as practicable, allows for strong application of the Lean Governance Criteria, described in section3.2.

This consultation focuses on the proposed updates to existing legal agreement and policies to extend their scope to cover the UPI Service. The changes proposed by the DSB within this paper are largely structural and process-related, impacting the mechanisms by which the DSB interacts with its clients i.e., the move to an online onboarding platform, as summarized in section 5.1 below.

The changes also affect the way in which Users contract with the DSB and the way in which the resulting agreements are documented rather than impacting their legal rights and obligations that are encapsulated in the current Access and Usage Agreement. For example, fundamental terms around User engagement, connectivity, termination rights and compliance with necessary laws remain unchanged.

This consultation requesting feedback to help shape the DSB’s legal documentation has been made publicly available on the [DSB website](https://www.anna-dsb.com/upi-legal-terms-and-conditions-consultation/)[[39]](#footnote-40) and promoted globally via press release, as well as sent to the DSB’s existing User community, comprising more than 4,100 individuals across 470 organizations. In addition, it has been shared with the regulatory community for onward distribution to each jurisdiction’s market participants that will be required to submit UPIs as part of their regulatory reporting requirements. The DSB has also worked with major trade associations and participants in each of its industry forums to raise awareness of the consultation, its purpose and intended timelines.

## DSB’s UPI Implementation Timeline

The DSB has sought to provide information about key [implementation milestones](https://www.anna-dsb.com/upi-implementation-timeline/)[[40]](#footnote-41) in the period through to July 2022 – the target date for DSB UPI go-live. Further information to be made available [on the DSB website](https://www.anna-dsb.com/upi/)[[41]](#footnote-42) in due course.

As part of its Governance arrangements for the UPI, the FSB outlined high-level expectations for global UPI implementation planning. It was recognised that jurisdictional implementation is likely to be staggered, occurring at varying speeds because of the independent decision-making processes and prioritisation of initiatives.

Allowing for legal changes to be made and for TRs and reporting entities to adapt, the FSB recommendation is that jurisdictions undertake the necessary actions relevant to their situation to implement the UPI technical guidance no later than the third quarter of 2022.

Based on the FSB recommendation, the DSB is targeting launch of UPI User Acceptance Testing (UAT) in April 2022 with launch of the UPI production environment following three months later, in July 2022. This approach provides six months of industry readiness in advance of anticipated regulatory adoption timelines.

In preparation for UPI adoption and implementation by supervisory authorities, the DSB continues to work with ROC, and industry stakeholders to refine the requirements and framework for the UPI.

## UPI Adoption Expectations

This section serves as a reminder of regulatory adoption expectations. The DSB has revised the data presented in the previous consultation papers to reflect the most current information, as the subject remains of interest to most industry participants.

Regulatory insight from thirteen G20 jurisdictions - including those that dominate the capital markets landscape across North America, Europe, Africa, and Asia - indicates that rules to support UPI reporting are expected to be in place by late 2022 to 2023, with final adoption timelines subject to availability of the UPI Service by the DSB, and market consultation by regulators. Regulators, in the main, note their expectation that all asset classes will be reportable via a “big bang” approach.

Several regulators have noted that they are either actively consulting with, or intend to consult with, the market on the specific timing of implementation; as well as whether UPI adoption should be phased by size of the reporting institution - such that larger institutions are in the first phase. In addition, some jurisdictions are in the processes of finalising their trade reporting infrastructure, while others have noted their intention to proceed with introduction of the UPI in a manner that aligns with other regional regulators.

Timeliness of reporting largely converges around T+1 expectations, with the spectrum spanning from as soon as technologically practicable following trade execution, to T+2. In addition, it is expected that several jurisdictions rely on dual-sided reporting, such that both parties in the transaction would /may need access to the UPI reference data record generated by the DSB (either directly from the DSB or via a data or technology vendor).

The DSB continues to engage with authorities on regulatory adoption expectations to ensure DSB UPI implementation planning is aligned with the needs and priorities of stakeholders.

## DSB Principles

Below is a table with a brief statement on the five key principles relied on by the DSB in relation to the existing legal terms (Access and Usage Agreement and accompanying policies) and fee model. These principles underpin the considerations and rationale behind the proposals contained within this Consultation Paper, as part of the planning for the launch of the UPI Service in 2022.

| Principle | Brief Description |
| --- | --- |
| Cost Recovery | The DSB will provide the UPI Service on a cost recovery basis. This means that the revenues must be sufficient to ensure that the numbering agency has the financial viability to meet its continuing obligation to provide these services.  Furthermore, the funding model needs to be sustainable, which includes the need to be efficient and reliable. |
| Unrestricted Data | As for the OTC ISIN Service, the DSB intends that no data associated with the definition of a UPI will have licensing restrictions dictating usage or distribution.  If the DSB Product Committee (<http://www.anna-web.org/dsb-product-committee/>) determines that there is no viable alternative to the use of licensed or restricted data in a product definition, the DSB will review the impact to its Unrestricted Data policy at that time, taking into account the specific products and attributes that are impacted by the incorporation of licensed or restricted data in the product definitions. |
| Open Access | Access to the DSB archive for consumption of UPIs and data associated with the definition of a UPI will be available to all organizations and Users. |
| Payment in Advance | To the extent possible, the DSB will levy fees through annual contracts that require payment in advance.  This advance yearly commitment offers the DSB more clarity in aligning fee levels with cost recovery.  For the Users, it provides improved ability to forecast their costs for utilising UPI Services. |
| Equal Treatment | As an industry utility, the DSB aims to ensure parity and efficiency in delivery of our service. This includes following standardised processes and procedures for all Users of the DSB within a User Type, operating under the cost recovery framework-based service.  The DSB has a common agreement in place ensuring equal treatment across all Users within a User Type. Any exceptions to the terms are only introduced on the basis that they can be consistently applied across all Users without imposing a risk on the service. |

# Consultation Proposals and Questions

This consultation paper focuses on the legal provisions and associated mechanisms to facilitate execution of the legal agreement that will enable access to paid-for UPI Services[[42]](#footnote-43). Proposals in this paper are expected to impact:

1. Users of the UPI only service – who will be new to the DSB
   * All the sections and associated questions below are directly relevant to users who plan to subscribe to the UPI Service.
2. Users of the OTC ISIN only service – who will be familiar with the DSB’s existing legal agreement (Access and Usage Agreement and accompanying policies) and are likely to experience more limited changes to legal provisions associated with launch of the UPI Service (subject to industry feedback in response to this consultation paper)[[43]](#footnote-44)
   * All the sections and associated questions are expected to also be of interest to existing OTC ISIN clients as a number of the legal provisions and associated mechanisms will apply to the OTC ISIN Service given industry feedback for alignment across services as far as practicable or, are expected to be extended to the OTC ISIN Service in future. As such, the DSB welcomes feedback on these proposals from the existing OTC ISIN community.
3. Users of the combined UPI + OTC ISIN Service – who will be familiar with the DSB’s existing legal agreement (Access and Usage Agreement and accompanying policies for the OTC ISIN Service) and may incur some evolution of legal provisions to facilitate access to both services (subject to industry feedback in response to this consultation paper)
   * Further to the above points, clients of both the UPI and OTC ISIN Service will be interested in this consultation. There will be different operational processes for the two services at the point of launching the UPI Service, as further explained in this paper. The DSB will propose a roadmap to potentially align the two approaches at a future point.

Please note, references to ‘client(s)’ in this paper are synonymous with the term ‘User(s)’.

## Q1 – Client Onboarding and Support Platform (COSP)

**Summary:**

Given the G20 mandate for the introduction of a UPI, it is expected that there will be global demand for the UPI Service, the DSB is therefore in the process of implementing a scalable online platform to allow fee-paying UPI Users to perform the administrative steps to onboard to the service, and then perform ‘in-life management’ processes (e.g. upgrade/downgrade, terminations, renewals, the addition of new users within their organization, etc). The online system is referred to as the Client Onboarding and Support Platform (COSP).

When the COSP and UPI Service are launched, new and existing Users of the OTC ISIN Service will continue to use the existing manual OTC ISIN processes to onboard and manage their relationship with the DSB. The COSP will initially only be available to UPI Service Users.

A roadmap to roll-out the COSP to OTC ISIN Users will be subject to further analysis and stakeholder engagement.

**Question 1a: *Do you concur with the DSB’s proposed approach to move the onboarding and in-life management processes to an online platform for the UPI Service?***

**Question 1b: *If not, what specific alternate approach do you recommend? Please provide a clear and objective rationale for each alternate approach you recommend.***

**Supporting Information:**

As stated in the [UPI Fee Model Consultation Final Report](https://www.anna-dsb.com/download/dsb-upi-fee-model-final-report/), compared to the DSB’s current EU and UK focused service offering for OTC ISIN, the DSB expects to onboard a significant number of new Users to accommodate the introduction of the global UPI Service. The UPI Fee Model Consultation Final Report, outlines the anticipated number of organizations currently expected to use the DSB’s UPI Service is as follows:

* Approximately 500 organizations representing approximately 3.5k legal entities will pay to connect programmatically to create and/or search for UPI records
* Approximately 2,500 organizations representing approximately 16k legal entities will pay to connect manually to create UPI records
* Approximately 17,200 organizations representing approximately 115k legal entities will connect free of cost to search for and/or download UPI records

In summary, approximately 20,000 entity groups representing approximately 135,000 organizations anticipated to report data to trade repositories.

**DSB Proposal:**

In response to the scale of this expected global demand for UPI, the DSB will implement an online system to allow fee-paying UPI Users to perform the administrative steps to firstly onboard to the service, and then perform ‘in-life management’ processes. This approach will ensure scalability and efficiency of the service through automation of key aspects of the onboarding process. The online system is referred to as the Client Onboarding and Support Platform (COSP), which is built on a number of integrated, hosted off-the-shelf solutions to provide the client relationship management, payment and billing, identity and access management, as well as FIX certification capabilities.

At the predicted volumes of client demand for the UPI Service, this will be a leaner, more effective model than the current manual processing approach underpinning the existing OTC ISIN Service. This aligns with the FSB Governance criteria of Lean and Fit for Purpose as outlined in section 3.2.

‘In-life management’ processes include service upgrades/downgrades, terminations, the ability to raise technical support tickets, with manual support available from the DSB where necessary. The estimated costs of the build and run of COSP were incorporated into the DSB UPI Fee Model Consultation, and the resulting DSB UPI Fee Model Consultation Final Report.

As stated earlier in this document, it is planned that Users will be able to participate in User Acceptance Testing (UAT) for the UPI Service from April 2022 to test connection to the UPI Service. Go Live of the UPI Service in Production is planned for July 2022. Production is the point at which Users of the UPI Service will be able to search for, retrieve and create UPIs dependent upon the access levels and thresholds associated with the User Type subscribed to (Infrequent, Standard, Search Only API, Power)[[44]](#footnote-45).

The COSP will launch at the same time as UAT to enable Users to commence the onboarding process (e.g., set-up their GUI permissions) to be able to take part in UAT and ensure readiness for Go Live of the UPI Service in Production from July 2022.

The onboarding process on the COSP consists of a series of steps in which the User will be asked to input data into the online system. Key steps in the process include:

* Identification of the User entity and creation of the User entity profile (LEI, company name, company number, address etc.)
* Assignment of permissions to User entity staff for use of the COSP to the undertake administrative activities to set-up and manage subscription(s) to the DSB (capturing and storing basic contact details of client staff, in the capacity of their roles as employees)
* Assignment of permissions to User entity staff to access the UPI Service via the GUI (web-based) and API (programmatic) connections (dependent on User Type selected)
* Population of the required data elements for the contractual documentation with the DSB (for example, legal and service threshold breach contact details for notices, affiliate information), and then review and approve the document, using a digital signature as the default approach for acceptance
* Dependent on the selected User Type and associated fees, provision of pre-payment information may be required (e.g., debit & card details, which will be for one-time use only and not stored in the system) and/or billing information (e.g., billing contact details, VAT number, Purchase Order Number, which will be stored in the COSP). See section 5.5 for further detail on pre-payment methods.

When the COSP and UPI Service are launched, new and existing Users of the OTC ISIN Service will continue to use the existing manual OTC ISIN processes to onboard and manage their relationship with the DSB. The COSP will initially only be available to UPI Service Users.

As a result, Users of a combined OTC ISIN and UPI Service will use the existing OTC ISIN processes to manage their OTC ISIN Service, and the COSP to manage their UPI Service. Questions about the UPI Service will thus need to be submitted via COSP, and queries about the OTC ISIN Service will continue to be received via email.

The DSB acknowledges that there will be different processes for the two services at the point of launching the UPI Service. However, the DSB expects that a roadmap will be proposed to align the two approaches, and further details of such a proposal will be made available to stakeholders via further consultation in due course (timelines yet to be determined). Where the two aspects dovetail, the DSB will seek to communicate early and often to ensure clients are aware of the target timelines and principles so that they can prepare accordingly.

## Q2 - Common Agreement

**Summary:**

Industry feedback has been that legal provisions to support the UPI Service should be incorporated into the existing DSB legal framework that is utilized for the OTC ISIN Service, such that there is a Common Agreement. The DSB has considered a number of options to facilitate this objective in a cost effective and streamlined manner and proposes the introduction of the concept of a “Subscription”, through which a User accesses a DSB Service by reference to both the service-type(s) (i.e., OTC ISIN and/or UPI) and User Type(s) (e.g., Infrequent, Standard, Search-only API, Power).

The DSB’s proposal is that each Subscription Form is a distinct legal component of the overarching Access and Usage Agreement executed between the User and the DSB, consisting of the Subscription details, and reference to the Main Terms and the Policies. The proposed model would result in Users having where applicable, one OTC ISIN Subscription Form, including details of all subscriptions for the OTC ISIN Service, and one UPI Subscription Form including details of all subscriptions for the UPI Service. The Main Terms and Policies referenced would remain common across all Subscription Forms and contain cross-subscription provisions.

The detailed information that follows this section sets out some alternatives considered by the DSB, to provide users with insight into the DSB’s rationale for the proposed approach. The changes proposed by the DSB are largely structural and process related. They affect the way in which Users contract with the DSB and the way in which the resulting agreements are documented rather than impacting their legal rights and obligations.

The revised legal documentation structure would initially only apply to new UPI Users upon the launch of the UPI Service. It is proposed that existing Users of the OTC ISIN Service will be transitioned to the new document structure via a Variation Notice. Aligned with the Variation Notice provision within the existing DSB Access and Usage Agreement, section 1.2, “The DSB may amend…. the Main Terms by giving ninety (90) days’ notice in writing to the User at any time provided that the same or equivalent amendments are also made to all other agreements governing access to, and use of, the DSB Service”. As such all OTC ISIN agreements will be transitioned to the new structure simultaneously. Communication regarding plans and timelines for transition to the new document structure will follow in due course. The DSB’s proposed approach would mean that Users will not need to counter-sign these as it is simply a record of the existing agreement.

**Question 2a: *Do you concur with the proposed structure of the DSB’s contractual documentation – to have separate Subscription Forms for the OTC ISIN and UPI Services respectively referencing common Main Terms and Policies?***

**Question 2b: *If not, what specific alternate approach do you recommend? Please provide a clear rationale for any recommendations you make to incorporate into the DSB’s approach.***

**Question 2c: *Do you concur with the outlined approach for transition of existing OTC ISIN Users to the new document structure?***

**Question 2d: *If not, what specific alternate approach do you recommend? Please provide a clear rationale for any recommendations you make to incorporate into the DSB’s approach.***

**Supporting Information:**

The DSB currently caters for Users that only need access to the existing OTC ISIN Service and will need to evolve to cater for three different types of Users following launch of the DSB’s UPI Service:

* OTC ISIN Service only (cost recovery and optional services\*)
* UPI Service only (cost recovery and optional services)
* Both OTC ISIN + UPI Services (cost recovery and optional services)

\*[Optional Services](https://www.anna-dsb.com/optional-services/)[[45]](#footnote-46) are not required for general access and connectivity to the DSB. Optional Services provided by the DSB include for example (a) private hosting and connectivity facilities supported by a hotline of specialised financial technology and business professionals, and (b) a managed hosting service with a bespoke infrastructure stack designed for end users with a requirement for substantively higher throughput rates & lower and/or consistent latency, and on-call technical support services. The range of Optional Services for UPI is under consideration and details will be available via the DSB website in due course, with users seeking such services able to contact [otc.data@anna-dsb.com](mailto:otc.data@anna-dsb.com) with requests or queries.

Industry feedback in response to two rounds of earlier consultation on the topic of the UPI Fee Model noted that legal provisions to support the UPI Service should be incorporated as far as possible into the existing DSB legal framework, the DSB Access and Usage Agreement[[46]](#footnote-47) (that is utilized for the OTC ISIN Service), with each User entity able to select which services they are subscribing to, based on a single User agreement, with fees set accordingly for each service and not tied or bundled as outlined in the Conflicts of Interest Governance Criteria described in section3.2 .

The changes proposed by the DSB are largely structural and process-related for example, introducing the concept of pre-payment for certain User Types as per section 5.5.They affect the way in which Users contract with the DSB and the way in which the resulting agreements are documented rather than impacting their legal rights and obligations. As such, existing terms remain relevant unless stated otherwise in this paper.

A new agreement structure is designed to meet the following objectives:

1. Alignment with the aforementioned industry feedback, through retention of a common agreement
2. Consistency of terms applicable to the OTC ISIN and UPI Services
3. Minimising the number of documents executed by Users (and maintained by the DSB)
4. Catering for a separate manual onboarding and contracting process (for OTC ISIN) and online onboarding and contracting process on COSP (for UPI)
5. Future-proofing the structure for the eventual transition of OTC ISIN Service to the COSP.
6. Continue to enable clients to subscribe to multiple Service and User Type combinations, should they wish to do so
7. Continue to support intermediaries that act on behalf of DSB End-Users

**DSB Proposal:**

The DSB proposes the introduction of the concept of a “Subscription”, through which a User accesses a DSB Service by reference to both the Service Type (i.e., OTC ISIN and/or UPI) and any sub-categories of User Type (e.g., Infrequent, Standard, Power Subscriptions). A User can have multiple Subscriptions for the same or different services in certain combinations. It is proposed that there will be one Subscription Form for all User Types and services associated with the OTC ISIN Service, and a separate Subscription Form for all User Types and services associated with the UPI Service.

For example, a User could have the following four subscriptions with the DSB under two Subscription Forms:

* Subscription Form 1:
  + 1. OTC ISIN Standard User subscription **and**
    2. OTC ISIN Search Only API subscription **and**
* Subscription Form 2:
  + 1. UPI Infrequent User subscription **and**
    2. UPI Search Only User subscription

The DSB has considered three key options for an agreement structure catering for multiple Subscriptions:

1. **One legal agreement between the User and the DSB, including all Subscriptions for both OTC ISIN and UPI.** This approach is a single master agreement with a schedule of services. For a User accessing both services, until there is convergence of the contracting processes for OTC ISIN (on the existing manual process) and COSP based contracting processes for UPI, this option is problematic. Processes would need to be in place to cross-check and update both sets of information each time the User interacts with the DSB to make a change (e.g., changes of address). There is a risk of errors/inconsistencies between the information generated by each process (resulting in possible conflicts in the agreement itself) and defeats the efficiencies sought by the introduction by the new COSP process set out in section 5.1 of this document. As such the DSB believes that this option should not be taken further.
2. **Each Subscriptions for the OTC ISIN Service forms a single agreement (consisting of the Subscription details, and Main Terms and Policies included in the agreement), and each Subscription for the UPI Service forms a separate agreement on the same basis.** This option is included for completeness but there is no benefit from a legal perspective in having two agreements versus multiple agreements given the request to align the legal terms across both services as far as practicable. Also, this approach would not make practical sense if all services were available via COSP in the future. As such this option has been discounted.
3. **All Subscriptions for the OTC ISIN Service form one single short-form agreement (consisting of the Subscription details, and Main Terms and Policies referenced in the agreement), and all Subscriptions for the UPI Service form a separate, single short-form agreement (on the same basis) i.e., the User would have a single overarching Access and Usage Agreement executed between the User and the DSB, with two distinct components – one each for OTC ISIN and UPI Services.** This is the simplest option to document and efficiently support from a DSB perspective. The proposal seeks to concurrently utilize manual and COSP based contracting processes and aims to support transition to a single self-service based support platform, if the OTC ISIN Service is moved to the COSP in the future. It also aligns with the contracting approach of most platform operators and will be familiar to Users and other industry participants. The Main Terms and Policies would remain common across all Subscriptions and contain cross-subscription provisions. This is the DSB’s preferred option and proposed approach.

**For the preferred Option 3 above, the intended document structure is as follows** (illustrated in the diagram below the summary):

DSB Access and Usage Agreement*[[47]](#footnote-48)* (i.e., Main Terms). Currently the full set of Main Terms forms part of the document executed by the User and the DSB. These would instead be incorporated into the agreement by reference (see the Subscription Form section below), which will streamline the documents presented to the User on execution.

* + The Main Terms will be service-neutral. As mentioned above, the proposal introduces the concept of a “Subscription”.
  + Any terms which are specific to the OTC ISIN Service would be moved to the relevant Policy and replaced in the Main Terms with a service-neutral reference to the Policy (including where the UPI Service may have different renewal options, payment terms and on-boarding processes).
  + The User specific details currently indicated in the Main Terms and the execution blocks would be included on the Subscription Form instead.
  + The Main Terms would be available on the DSB website as they are currently. Amendments to the Main Terms would be done by a Variation Notice whereby the DSB in accordance with clause 1.2 of the existing Main Terms gives ninety (90) days’ notice in writing to the User at any time provided that the same or equivalent amendments are also made to all other agreements governing access to, and use of, the DSB Service. This approach is to ensure a common agreement is maintained and is generally undertaken only after industry consultation or where in the DSB’s reasonable opinion the safety or sustainability of the Service is in doubt.

Policies: Accompanying Policies would be incorporated into the agreement by reference in both the Main Terms and on Subscription Forms. As an example, the following Policies are currently incorporated into the Main Terms of the existing DSB services:

1. DSB Acceptable Use Policy
2. DSB Business Continuity Policy
3. DSB Charges Policy
4. DSB Connectivity Policy
5. DSB Governance Policy
6. DSB Security Policy
7. DSB Product Policy
8. DSB Service Level Policy
9. DSB User Policy

The fundamental obligations for the DSB and User housed in these existing Policies[[48]](#footnote-49) are not intended to change, barring feedback from industry during DSB consultations. Anticipated amendments are primarily to reflect the differences between the OTC ISIN and UPI Service procedures e.g., acceptable use thresholds, payment methods, on-boarding processes. These differences are proposed to be addressed through a combination of impacted Policies having service-specific sections and references, and other sections will be completely service-neutral.

The Policies would be available on the DSB website as they are currently. Amendments to the Policies would also be done by a Variation Notice issued by the DSB pursuant to clause 1.2 of the Main Terms of the existing Agreement.

Subscription Form:This will be the document executed by a fee-paying User on signing up with the DSB for a combination of DSB service-type (i.e., OTC ISIN and/or UPI) and User Type (e.g., Infrequent, Standard, Search-only API, Power Subscriptions).

Separate Subscription Forms would be maintained for each service provision. The Subscription Form for the OTC ISIN Service would be executed via the current manual signature process, and for the UPI Service via COSP. The User would remain subject to a single set of Main Terms and Policies that would apply to all fee-paying DSB Services they might utilize. The Subscription Form has three primary functions:

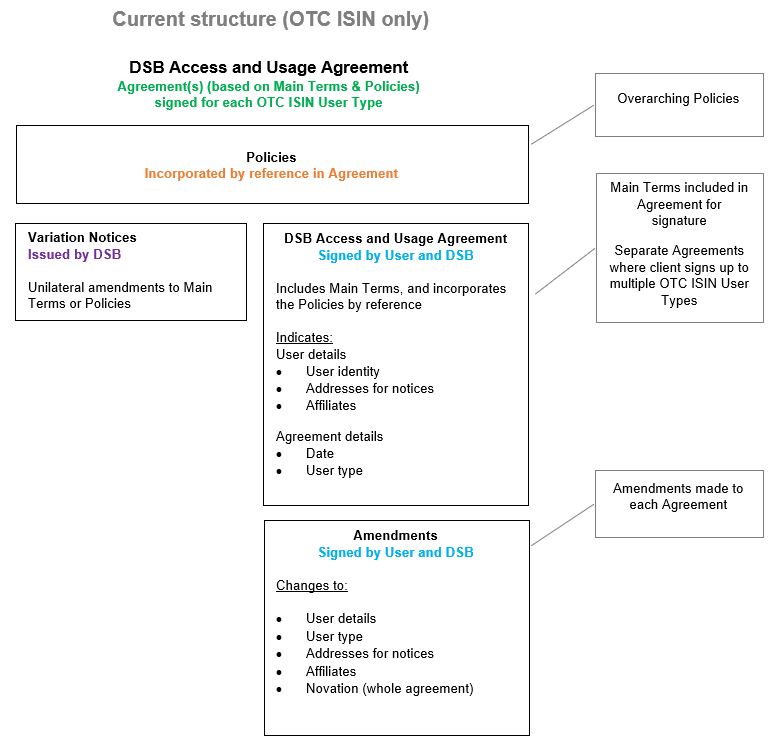
1. Record of DSB Service and User Type combination, making up the specific subscription
2. Inputting User details (e.g., LEI, company number, address, affiliate list)
3. Creation of a legal agreement between the User and the DSB, incorporating the Subscription details, the Main Terms and the Policies (to which references and links are included on the Subscription Form).

The proposed approach set out above would align with the DSB’s UPI related Governance Criteria described in section 3.2related to Conflicts of Interest, by ensuring Services are not tied or bundled so that users could independently select the services and User Types they wish to subscribe to.

At launch of the UPI Service, OTC ISIN only users would not be required to execute any new agreements with the DSB. The proposal for OTC ISIN Users transition to the revised document structure is outlined at the end of this section.

There is no anticipated change to the legal documentation structure if DSB moves to the COSP for OTC ISIN in the future, only a change to the way in which the Subscription Forms for this service are executed.

**Summary of the Current vs. Proposed document structure:**



Text

Description automatically generated with medium confidence

Other features of the proposed Subscription Form structure proposed in option 3 above:

Termination rights – These would be revised in the Main Terms to cater for circumstances in which either party can terminate individual Subscriptions versus multiple Subscriptions. Further detail is provided below in section 5.7.

Liability caps – Liability limitations will be applicable to an individual Subscription rather than all Subscriptions (see section 5.12)

Affiliates[[49]](#footnote-50) – Most DSB Users have a single list of Affiliates where the Organisation Type entitles the User to list the Affiliates to be covered under the Agreement (see section 5.4). These Affiliates will be entitled to benefit from all Subscriptions. There will be a process in place to handle any variations arising in relation to this approach.

Novations – The DSB assumes that for the majority of novations, all Subscriptions would need to be moved to a different entity simultaneously. There will be a process in place to handle the transfer of only a subset of the Subscriptions to a new entity.

Proposal for transition of existing OTC ISIN Users to the proposed documentation structure

For the avoidance of doubt, this new documentation structure would be used for new UPI Users upon the launch of the UPI Service.

In line with Section 1.2 of the DSB Access and Usage Agreement, “The DSB may amend…. the Main Terms by giving ninety (90) days’ notice in writing to the User at any time provided that the same or equivalent amendments are also made to all other agreements governing access to, and use of, the DSB Service”. As such all OTC ISIN agreements will be transitioned to the new structure simultaneously. Communication regarding plans and timelines for transition to the new document structure will follow in due course. The DSB’s proposed approach would mean that Users will not need to counter-sign these as it is simply a record of the existing agreement.

## Q3 – UPI Service Onboarding and User Experience

**Summary:**

The default onboarding approach for prospective fee-paying UPI clients is proposed to be the use of the DSB's Client Onboarding and Support Platform (COSP) - set out in section 5.1 of this consultation - to select the User Type(s) to which the legal entity wishes to subscribe and complete the administrative onboarding steps. If the proposal is endorsed by industry, clients of the UPI Service will be asked to accept a set of COSP Platform Terms (aligned to the Main Terms and Policies) upon starting the UPI onboarding process as they will be interacting with the onboarding system prior to reaching the step of signing the Subscription Form.

As part of an effective cost control framework, the DSB proposes to limit the number of client staff per fee-paying entity who can be granted role-based access to use the COSP free-of-charge (i.e., included in the User fees) as part of the core cost recovery framework. Subject to industry feedback, the DSB will evaluate whether it should also facilitate staff access for additional employees as an optional service. These steps may be completed by a single or multiple client member(s) of staff with the necessary authority. The onus is on the member of staff acting on the behalf of a given User entity to have the necessary authority to do so when, for example they register for use of the COSP, use the platform, accepts Terms & Conditions and execute Subscription Form.

New OTC ISIN Users will continue to follow the existing manual approach until such a point that there is agreement to a roadmap to roll-out the COSP to OTC ISIN Users. Such a roadmap will be subject to further analysis and stakeholder engagement.

The DSB expects that Registered Users (who do not pay a fee to use the DSB’s services) will manage their own login to access the UPI Service via the web-based manual (GUI) mechanism. As such, should for example a UPI Registered User change firms, and therefore their email address changes, Registered Users will be required to re-register and create a new account. This approach relates to new UPI clients upon launch of the platform. A roadmap to transition to the same approach for new OTC ISIN Registered Users will be subject to further analysis and stakeholder engagement.

**Question 3a: *Does industry agree with the scope of the Platform terms and conditions at the point of starting the registration process on the COSP, to cover use of the platform prior to signing the Access & Usage agreement?***

**Question 3b: *Are there other terms you would expect to see reflected? Please provide a clear rational for any proposed additions or amendments.***

**Question 3c: *Does you think that a fair approach would be to cap the number roles made available to fee-paying clients to use the COSP, and to tier these limits of how many can be assigned per client entity based on User Type?***

**Question 3d: *If not, please outline an alternative approach, including clear rationale for your proposal.***

**Fee-paying clients**

**Supporting Information:**

Further to the introduction in section 5.1, the default onboarding approach for prospective fee-paying UPI clients will be to use the DSB's Client Onboarding and Support Platform (COSP) to select the User Type(s) to which they wish to subscribe and complete the onboarding process.

To use the COSP, before the client reviews and signs the Subscription Form online, the client must first register for the system and provide client entity and individual information (in the capacity of their employment within the firm), that will be retained securely on the platform.

As part of the client registration process and identity verification, COSP Users will each be sent a request via email to validate their email address within a defined window (e.g., 24 hours). If email validation is not performed, client access to the COSP will not be activated and the User will need to initiate the onboarding process again.

Upon access to the COSP, the onboarding process consists of a series of steps in which the client will be asked to input data into the system, as laid out in section 5.1.

These steps may be completed by a single or multiple client member(s) of staff with the necessary authority. UPI clients will access DSB's COSP via administrative role-based access (which grant role-specific permissions to complete onboarding and in-life management processes on the platform).

The individual who registers via the COSP on behalf of the client entity will have a default role as the client administrator, which grants access to all onboarding and in-life processes on the platform. The client administrator will be responsible for managing additional staff access to the COSP, as necessary based on how to client decides to manage the onboarding and in-life processes.

Aside from the client administrator role, which can be given to multiple staff members, there will be other roles that can be assigned to client staff. Role-based access will allow clients to give their staff the ability to fulfil one or more aspect of the onboarding and in-life processes e.g., legal related, billing related or technical support related functions.

As client staff are permissioned with a role, a license is automatically assigned to that individual to allow them to access the platform. The license is a third-party cost incurred by the DSB related to the software solutions underpinning the COSP.

**DSB Proposal:**

The DSB proposes that Users of the UPI Service will be asked to accept a set of COSP Platform Terms (and conditions) upon starting the UPI onboarding process. This is because the client will be interacting with the onboarding system prior to reaching the step of signing the Subscription Form and the DSB will have terms which they will need to be aware of for initial interaction with the platform. The DSB proposes that these terms would be entered into on a “click to accept” basis within the COSP. The terms would be aligned to the Main Terms and Policies where necessary that the client would accept upon executing the Subscription Form (which reference the Main Terms and Policies).

Key expected clauses in the COSP - Platform Terms:

* The intention to become a fee-paying User.
* The client has an obligation to manage any changes through the COSP. This would also be reflected in the relevant Policy for how Subscriptions are expected to be managed via the COSP.
* The storage and use of data. The DSB’s existing Privacy Policy specifically references the OTC ISIN Service and the DSB GUI and will be updated to make it service-neutral or with explicit service references where required.
* Conditions relating to the client’s account remaining active or conditions under which access to the COSP may be inactivated and /or deleted (see section 5.8 below for more detail).
* Acceptable use provisions and corresponding suspension rights e.g., a subset of key provisions of the current DSB Acceptable Use Policy e.g., not using COSP for unlawful purposes.
* Authority required or assumed of the individual registering on behalf of a User entity.
* Number of client logins provided as part of the User Type fees on the COSP until the Subscription Form is executed (see further detail below in this section).
* Terms relating to availability, disaster recovery and security. The COSP is built upon on a number of integrated, hosted off-the-shelf solutions to provide the client relationship management, payment and billing, identity and access management, and FIX certification capabilities. The DSB will not be liable for the performance and security of the platform on the basis it has a dependency on third parties.

For the avoidance of doubt, these COSP terms will only apply to UPI Users until such a point that the COSP is made available to clients of the existing OTC ISIN Service.

On the COSP, the default functionality will be for UPI Users to review and approve online a Subscription Form when they onboard to the service. The Subscription Form will be pre-populated with data entered into the system by the User (e.g., the data derived from the LEI (Legal Entity name, company number, legal address), the list of any affiliates to be covered under the subscription). The Subscription Form will have the DSB's digital signature already included on the signature block when the Subscription Form are presented for online review by the User.

The User will have the opportunity to review and approve the document, at which point the User will be able to apply a digital signature. The User signature(s) will be the final signature on the Subscription Form, given the pre-population of the DSB’s digital signature.

There will be an option for Users to download the Subscription Form for a 'wet signature', or where multiple signatures are required.

New OTC ISIN Users will continue to follow the existing manual approach until such a point that there is agreement to a roadmap to roll-out the COSP to OTC ISIN Users. Such a roadmap will be subject to further analysis and stakeholder engagement.

To align with the terms of the DSB’s existing agreement, Users will be required to have implementation and maintenance of adequate procedures designed to promote and achieve compliance with applicable laws, including Anti-Bribery Laws, Anti-Money Laundering Laws, Anti-Modern Slavery Laws and Sanctions Laws.

The onus is on the member of staff acting on the behalf of a given User entity to have the necessary authority to do so when, for example they register for use of the COSP, use the platform, accepts Terms & Conditions and execute the Subscription Form.

The DSB expects to determine a maximum number of client staff per fee-paying entity who can be granted roles to access to use the COSP free-of-charge (i.e., included in the UPI Service annual User fees). The rationale for this is to appropriately manage the operational run cost of the platform, and to encourage efficient access management by clients.

Until the Subscription Form is executed, the DSB expects that the number of logins will be the same for all prospective clients. Once a particular User Type has been selected, the number of logins may be tiered based on User Type (given the fee differential between User Types). The appropriate limit for logins per User Type and the impact on fee levels is currently being considered by the DSB, and whether to make available to clients an additional number of COSP logins for an additional charge where requested.

The DSB is in the process of defining an approach to managing client inactivity on the COSP up until the onboarding process is complete (i.e., to address the scenario of the onboarding process potentially being aborted by a prospective client). This approach will outline the notifications sent after a certain period of inactivity and stipulating the usage conditions required to be met before client logins are inactivated or deleted. For example, between the point of initial registration of the client profile, and the point of executing the Subscription Form, if a period of 30 days elapses with no activity, then a notification could be sent to advise the COSP User that access will be removed if there is no further activity within a further 30 days. Once the client is onboarded and legal documentation executed, there will be a process to review COSP usage, and to manage joiners and leavers. This will allow the DSB to effectively monitor and manage system usage, and the associated cost of unused licenses.

These measures will be reflected in the COSP Platform Terms, but also in the Charges Policy (and potentially cross-referenced in other Policies if appropriate upon document revision).

**Registered Users**

**Supporting Information:**

For the UPI Service, Registered Users (non-fee paying) will be required to complete a simplified online registration process via the DSB website (compared to the current OTC ISIN paper-based registration process). They will be required to accept the DSB’s terms & conditions for use of the UPI Service.

This will provide the Registered User with a login and password with which to access the UPI Service via the GUI mechanism (that is, the UPI equivalent of the [current OTC ISIN GUI login screen](https://prod.anna-dsb.com/)). Registration is required for security reasons and for User analytics and metrics to assist with evolution of the service.

UPI Registered Users will not require access to the COSP like fee-paying clients, as there is no legal agreement to sign or payment details to provide. Registered Users will have access to a broad suite of information on the DSB website to assist with understanding UPI Service functionality and to troubleshoot any queries they have.

**DSB Proposal:**

The DSB expects that Registered Users will manage their own login to access the UPI Service via the GUI mechanism. As such, should for example a UPI Registered User change firms, and therefore their email address changes, Registered Users will be required to re-register and create a new account. Registered Users should expect that if their accounts are unused for three months, after a notification to prompt the User to log in to retain access, their account will be deleted if it is still inactive. After this point, the User will be required to repeat the simple registration process should access be required going forward. The rationale for this approach is to keep the process as simple as possible for the non-fee paying User, and to adopt a process that represents a low operational overhead for the DSB.

Should Registered Users require a higher level of access and/or support, they will have the option of upgrading their service to one of the fee-paying User Types.

The approach outlined above relates to new UPI clients upon launch of the platform. A roadmap to transition to the same approach for new OTC ISIN Registered Users will be subject to further analysis and stakeholder engagement.

## Q4 – LEI for Entity Identity Verification

**Summary:**

To register for the UPI Service, the DSB will require UPI Users to provide an active Legal Entity Identifier (LEI) to enable the DSB to verify the identity of the User entity against the central record held by the Global Legal Entity Identifier Foundation (GLEIF).

There may be a lead time to obtain an LEI with the respective Local Operating Unit (LOU) (an organization authorized to issue LEIs to legal entities). As such, entities who do not already have an LEI are encouraged to prepare in advance. Clients who are not able to obtain an LEI will be handled on a case-by-case basis.

New fee-paying OTC ISIN Users will not be required to provide an LEI until such time that the COSP is extended to cater for OTC ISIN Users. Existing fee-paying OTC ISIN Users will not need to provide an LEI until they either sign-up to the UPI Service or are transitioned to the new document structure (per the proposal in section 5.2).

In keeping with current practice, eligible Affiliates under the DSB agreement are based on Organisation Type and must have the same Organisation Type as the User entity entering into a contractual agreement with the DSB (signing the Subscription Form).

**Question 4a: *Do you think it is prudent and reasonable to mandate the use of the LEI for users of the UPI Service?***

**Question 4b: *If not, please advise of your concerns including a clear statement of your rationale, and any alternative approach.***

**Question 4c: *Do you concur that the list of Organisation Types adequately coverages the breadth of real-world organisational units, or are other Organisational Types required?***

**Question 4d: *Do stakeholders agree with the proposed list of Organisational Types where Affiliates are eligible to benefit from the terms of the Agreement?***

**Supporting Information:**

The DSB identifies a unique client relationship as a combination of Legal Entity name and Organisation Type. The Legal Entity name constitutes the contracting entity and as such, the identity of the Legal Entity must be verifiable as part of a streamlined, online process whereby the DSB enters into a contractual agreement.

**DSB Proposal:**

Upon initiation of the UPI onboarding process in the COSP for fee-paying Users, the DSB will require UPI Users to provide an active and up-to-date Legal Entity Identifier (LEI) to enable the DSB to validate the identity of the User entity against the central record held by the Global Legal Entity Identifier Foundation (GLEIF). This enables the DSB to leverage the business registry validation that is performed when an LEI is issued, thereby streamlining the DSB’s identity verification process.

There may be a lead time to obtain an LEI with the respective Local Operating Unit (LOU) (an organization authorized to issue LEIs to legal entities). As such, entities who do not already have an LEI are encouraged to prepare in advance. Details of how to obtain and LEI can be found on the GLEIF website[[50]](#footnote-51).

Clients who are not able to obtain an LEI will be handled on a case-by-case basis although the general expectation is that there will be no obstacle in obtaining an LEI for firms with trade repository reporting obligations.

New fee-paying OTC ISIN Users will not be required to provide an LEI until such time that the COSP is extended to cater for OTC ISIN Users, although it can be provided where available, to assist with transition readiness. Existing fee-paying OTC ISIN Users will not need to provide an LEI until they either sign-up to the UPI Service or are transitioned to the new document structure (per the proposal in section 5.2).

Eligible Affiliates under the DSB agreement are based on Organisation Type and must have the same Organisation Type as the User entity entering into a contractual agreement with the DSB (signing the Subscription Form). A process will be available to assist clients who wish to specify a large number of Affiliates.

The below table outlines the proposed set of Organisation Types and the eligibility to extend their agreement to Affiliates. The objective is to achieve as much fairness as possible in terms of organisations of different sizes subject to fees for the DSB Service.

It differs slightly from the list in section 3 ‘Affiliates And Single User Entities’ of the [DSB User Policy](https://www.anna-dsb.com/download/dsb-user-policy_v5_2021_final/) to reflect the expected, broader client base for the UPI Service, and will be leveraged for the OTC ISIN Service.

| Organisation Type | Ability to extend Agreement to Affiliates? |
| --- | --- |
| Bank | Y |
| Clearing House | Y |
| Commodity Trading Advisor (CTA) | Y |
| Custodian | Y |
| Data Management Provider | Y |
| Institutional Asset Management Services | Y |
| Non-financial | Y |
| Other Financial | Y |
| Pension Fund Manager | Y |
| Technology Service Provider | Y |
| Trade Association | Y |
| Wealth Management Services | Y |
| Brokerage | N |
| Trade Execution Platform – MTF | N |
| Trade Execution Platform – OTF | N |
| Trade Execution Platform – Other | N |
| Trade Execution Platform – SEF | N |
| Trade Repository | N |

Note that the list of Organisation Types and their eligibility to cover Affiliates is subject to change, aligned to evolution of the DSB Service and subject to industry consultation.

On the COSP, identification of Affiliates and Third-Party entities (e.g., Intermediaries, Software Vendors/Technology Service Providers) will also be through provision of a Legal Entity Identifier (LEI).

## Q5 - Pre-payment

**Summary:**

Within the existing payment in advance principle, the DSB also intends to introduce online pre-payment for the UPI Service for certain UPI User Types (based on the associated fee levels).

The key driver for introducing pre-payment is to reduce operational cost and inefficiency in the payment handling process related to overdue invoices, particularly for outstanding fees of low monetary value. Pre-payment will only be possible by debit or credit card.

A roadmap to transition to the same approach for OTC ISIN users will be subject to further analysis and stakeholder engagement.

**Question 5a: *Do you agree that it is reasonable for pre-payment by debit or credit card for certain User types to be mandated during the Onboarding process, to allow the DSB to achieve increased operational efficiency and reduce costs of payment handling?***

**Question 5b: *If not, please articulate your concerns with clear rationale, and a specific alternate approach.***

**Supporting Information:**

The DSB currently operates under the principle of payment in advance and will follow the same approach for the UPI Service. This means, to the extent possible, the DSB will levy fees through annual contracts that require payment in advance. This advance yearly commitment offers the DSB more clarity in aligning fee levels with cost recovery. For the Users, it provides improved ability to forecast their costs for utilising DSB services.

Experience with the OTC ISIN Service has highlighted that significant effort and resource is associated with collection of payment for invoices of low monetary value. Given the anticipated increase in user numbers for the UPI Service, and the aim to maintain Lean operations as specified in the Governance Criteria, the DSB is aiming to mitigate the need for payment handling of this nature.

**DSB Proposal:**

Within the payment in advance principle, depending on the UPI User Type(s) to which the client wishes to subscribe and the associated fee levels, the DSB also intends to introduce online pre-payment for the UPI Service.

Where pre-payment is required, an invoice will be presented online, and the UPI Service will be activated in the Production system once pre-payment has been made. Pre-payment is not required for usage of the UPI Service in the UAT environment (notwithstanding the restrictions on connecting to UAT programmatically free-of-charge for 3 months only).

The key driver for this move to pre-payment is to reduce operational cost and inefficiency in the chasing of overdue invoices, particularly for outstanding fees of low monetary value.

Pre-payment will only be possible by debit or credit card. Pre-payment methods other than debit or credit card (e.g., bank transfer) results in considerable administrative overhead to match payments, which would incur additional cost of administrative support.

A roadmap to transition to the same approach for OTC ISIN users will be subject to further analysis and stakeholder engagement. For UPI User Type(s), indicatively where the associated fee level is higher, the existing ISIN process of invoice issuance 14 days after signature of the Access and Usage agreement will be maintained - both at the point of onboarding, and at renewal. At the point of onboarding, clients subject to this billing mechanism will be required to provide their billing details via the COSP before the service is activated. Payment of the invoice can follow service activation, within the standard 30-day payment terms.

This approach will apply to the UPI Service too and is expected to be reflected in the drafting of updates to the Main Terms, Charges Policy and Connectivity Policy.

The determination of which UPI User Types will be subject to pre-payment will be confirmed closer to service launch.

## Q6 – Service Activation

**Summary:**

UPI clients required to pre-pay will not be activated on the UPI Service in Production until the relevant Subscription Form is signed and pre-payment is received via the, and any other technical prerequisites are completed.

Clients who will be invoiced with 30-day payment terms will not be activated on the UPI Service in Production until the relevant Subscription Form is signed, and billing details have been provided via the COSP. The invoice will be issued 14 days after signature of the agreement, with payment required 30 days thereafter.

There is no impact on the current approach to payment and activation for OTC ISIN clients at this time.

**Question 6a: *Do you agree with the activation pre-requisites laid out in this section, relating to clients paying via pre-payment and via 30-day payment terms?***

**Question 6b: *If not, what specific alternate approach do you recommend? Please provide a clear and objective rationale for each alternate approach you recommend.***

**DSB Proposal:**

Use of the DSB Service is currently conditional upon the User’s signed acceptance of the Access and Usage Agreement.

In the new model, UPI clients required to pre-pay[[51]](#footnote-52) will not be activated on the UPI Service in Production until the relevant Subscription Form is signed and pre-payment is received via the COSP.

Clients who will be invoiced with 30-day payment terms will not be activated on the UPI Service in Production until the relevant Subscription Form is signed, and billing details have been provided via the COSP. The invoice will be issued 14 days after signature of the agreement, with payment required 30 days thereafter.

This approach is aligned to the Governance Criteria of Operational Viability and Continuity of UPI Service Provider Operations.

For the OTC ISIN Service, the existing approach will remain where access to the service is granted following signature of the agreement.

## Q7 – Termination, Suspension and Renewals

**Summary:**

The existing legal terms underpinning Termination, Suspension and Renewals will persist for the UPI Service. These processes for the UPI Service will be managed by default on the COSP.

In line with the existing OTC ISIN Service, UPI contracts will auto-renew on an annual basis. Clients will continue to be given a 90-day notice period in which they are able to terminate their contract before auto-renewal.

For certain User Type(s) and fee levels, as for initial UPI onboarding, the DSB intends to require online pre-payment by debit or credit card at the point of renewal to the UPI Service.

There will no change to the existing approach to Terminations, Suspension and Renewals for OTC ISIN clients at the time of the launch of the UPI Service.

**Question 7a: *Do you agree that it is reasonable for pre-payment by debit or credit card for certain User types to be mandated during the Renewals process?***

**Question 7b: *If not, please articulate your concerns with clear rationale, and a specific alternate approach.***

**Supporting Information:**

As outlined in the UPI Fee Model Consultation Final Report, the UPI contractual period will be aligned with the Gregorian calendar. Given the anticipated intra-year start to the UPI Service, the duration of the first contractual period will be shorter than the standard 12 months, to align all subsequent contractual periods with the Gregorian calendar year. This is expected to result in a proportional reduction in the initial fee to compensate for the shorter duration. Users who wish to continue to utilise UPI Services at the end of the initial contractual period will roll into a renewal period of a full Gregorian calendar year.

In line with the existing OTC ISIN Service, UPI contracts will auto-renew on an annual basis. Clients will continue to be given a 90-day notice period in which they are able to terminate their contract before auto-renewal.

If there is no response from the client, it will be assumed that the client wishes to renew as no termination notice has been provided, and an invoice will be issued.

**DSB Proposal:**

As previously stated, changes proposed by the DSB are largely structural and process related. They affect the way in which Users contract with the DSB and the way in which the resulting agreements are documented rather than impacting their legal rights and obligations.

The main provisions of the existing DSB Access and Usage Agreement[[52]](#footnote-53) will persist:

* The principle of payment in advance is unchanged, as per clause 9 ‘Fees’ of the existing DSB Access and Usage Agreement.
* The existing Termination provisions also remain relevant, as per clause 16 ‘Termination and Suspension’ of the existing DSB Access and Usage Agreement.

For certain User Type(s) and fee levels, as for initial UPI onboarding, the DSB intends to require online pre-payment by debit or credit card at the point of renewal to the UPI Service.

An online invoice will be provided to all clients with the relevant payment deadline (based on User Type), with notifications sent in advance.

Indicatively the sequence in a given annual cycle would be as follows:

* Termination deadline
  + Existing clients are required to provide 90-day notice of termination if they do not wish to renew for the following annual contractual period
* Annual fee determination and publication
  + Fees are set for the following annual contractual period and Users are notified
* Invoice issuance and payment
  + Pre-payment clients are sent invoices requesting payment (30 days payment terms), including a link to the pre-payment page on the COSP
    - If payment is not received, access to the UPI Service will be suspended
  + Clients on invoicing terms are sent invoices (30 days payment terms with an additional 30-day extension)
    - If payment is not received by the 30-day extension, access to the UPI Service may be suspended

In line with the DSB Charges Policy, fees for the OTC ISIN Service are determined based on known entities rolling into a renewal period following the closure of termination period each year.

The fees collected from additional Users who subscribe following the fee determination date will generate Excess Fee Income which is be factored into the fee model calculation process for the subsequent year following the statutory audit (see section 5.11).

This approach will also apply to the UPI Service and is expected to be reflected in the drafting of updates to the Main Terms, Charges Policy and Connectivity Policy.

There will no change to the existing approach to Terminations, Suspension and Renewals for OTC ISIN clients at the time of the launch of the UPI Service.

## Q8 – In-Life Events

**Summary:**

In-life events include Upgrades/Downgrades (User Type amendments), Novation, update to User notification details and the ability to raise Support Tickets for any queries or issues about the UPI Service or the COSP.

These events will be primarily managed on the COSP for UPI clients, with assistance provided by the DSB Support teams where required. Until such a time that OTC ISIN clients are transitioned onto the COSP, they will continue to use the existing email channel as the default approach for raising requests for support.

Where these events necessitate amendment to existing paperwork, or generate a new Subscription Form, data entered by the client online via the COSP will be used to pre-populate the relevant document template for client review and approval.

Each subscription is a separate legal agreement comprising the Subscription details, Main Terms and Policies. As such, action can be taken in-life on any subscription in isolation or on multiple subscriptions in parallel.

For a combined User of both OTC ISIN and UPI Services, where there is a breach of the Acceptable Use Policy or for non-payment on one service, the DSB will have the discretion to suspend subscriptions across both services via cross-subscription provisions.

There is no change to the existing mechanism for handling in-life events for OTC ISIN Users.

**Question 8a: *Do you agree with the proposed approach for managing in-life events via the online platform?***

**Question 8b: *If not, please articulate your concerns and provide details on any specific alternate approach that you would advocate.***

**Supporting Information:**

In-life events are the actions triggered by either the client or the DSB during the life of the relationship (following initial Onboarding). They include:

* Terminations
* Upgrades/downgrades (User Type amendments)
* Novation
* Update to User notification details (Clause 18 Amendments)
* Breach notifications (Clause 18 Amendments)
* Amendment to Affiliates (Appendix B)
* Support Ticket Management (raising queries and issues for support that cannot be resolved through the information made available on the ANNA DSB website)

**DSB Proposal:**

In principle, the scope of these events for the UPI Service will mirror that for the OTC ISIN Service.

In line with the approach to the initial UPI Onboarding process, and principles outlined above:

* There will be a range of online content to allow UPI clients to find answers to common questions relating to the UPI Service and COSP.
* These events will be primarily managed on the COSP for UPI clients, with assistance provided by the DSB Support teams where required.
* Where these events necessitate amendment to existing paperwork, or generate a new Subscription Form, data entered by the client online via the COSP will be used to pre-populate the relevant document template for client review and approval.
* Client digital signature(s) will be applied to the documentation upon client approval (with the DSB signature having already been added to the execution block digitally before being presented to the client for review and acceptance).
* Notifications and updates to clients will be primarily system driven from within the COSP.

There is no change to the existing mechanism for handling in-life events for OTC clients.

For support issues and queries, the default approach for UPI fee-paying clients will be to raise a support ticket for queries and issues (that cannot be self-diagnosed via information available on the DSB website) via the COSP. Until such a time that OTC ISIN clients are transitioned onto the COSP, they will continue to use the existing email channel as the default approach for raising requests for support.

As outlined in section 5.2, each subscription is a separate legal agreement comprising the Subscription details, Main Terms and Policies. As such, action can be taken in-life on any subscription in isolation or on multiple subscriptions in parallel.

Clients may wish in-life to add a subscription, which can be for the same combination of DSB Service and User Type as an existing subscription.

For a combined User of both OTC ISIN and UPI Services, it will be possible for a client to terminate subscription related to one service, but not the other; or both.

In terms of the Acceptable Use Policy, for a combined User of both OTC ISIN and UPI Services, if there is a breach of the policy for the UPI Service, the DSB will have the discretion to suspend subscriptions across both services via cross-subscription provisions.

In terms of non-payment for a combined User of both OTC ISIN and UPI Services, if there is non-payment for subscriptions related to one service which lead to service suspension, subscriptions related to both services would be suspended.

## Q9 - Service Level Agreements

**Summary:**

Analysis is underway in consultation with the DSB’s Technical Advisory Committee on the potential impact on latency for the existing OTC ISIN Service given that the UPI Parent will be required to be created in addition to the OTC ISIN. This may result in a revision of the existing OTC ISIN SLA for latency.

Notwithstanding impact analysis on the existing OTC ISIN SLAs, the design principle for the UPI Service is that at a minimum the OTC ISIN SLAs will apply, such that there is consistency across the services.

The SLOs (Service Level Objectives) for the new COSP will also be to match at a minimum the SLAs for the current OTC ISIN Service.

**Question 9a: *Do you think it is reasonable to apply in principle to extend the OTC ISIN SLAs to the UPI Service and COSP platform?***

**Question 9b: *If not, what expectations do you have for the SLAs for the UPI Service and COSP platform?***

**Supporting Information:**

SLAs for the OTC ISIN Service are currently contained within the [DSB Service Level Policy](https://www.anna-dsb.com/download/dsb-service-level-policy_v5_2021_final/) and [DSB Connectivity Policy](https://www.anna-dsb.com/download/dsb-connectivity-policy_v4_2021_final/) for example relating to availability, incident management, latency and throughput.

Analysis is underway in consultation with the DSB’s Technical Advisory Committee on the potential impact on latency for the existing OTC ISIN Service given that the UPI Parent will be required to be created in addition to the ISIN. This may result in a revision of the existing OTC ISIN SLA for latency. OTC ISIN clients will be advised of any changes through the existing notification processes.

**DSB Proposal:**

Notwithstanding impact analysis on the existing OTC ISIN SLAs, the design principle for the UPI Service is that at a minimum the OTC ISIN SLAs will apply, such that there is consistency across the services.

The SLOs (Service Level Objectives) for the new COSP will be to match at a minimum the SLAs for the current OTC ISIN Service.

The specific SLAs relating to, for example, availability and incident management for the COSP have yet to be fully determined given that the implementation of the service is in progress and will be communicated via the DSB closer to the launch of the service once they have been incorporated into the service level policies.

## Q10 – DSB Governance Policy Dispute Resolution Mechanism

**Summary:**

As a result of prior industry consultation, the DSB Disputes and Resolution process for the existing OTC ISIN Service is arbitration (referring disputes to the London Court of International Arbitration (LCIA) and incorporating a small claims procedure). For alignment in how the Services are governed, the DSB proposes to apply the same arbitration approach to the UPI Service upon its launch.

**Question 10a: *Do you concur that the Dispute Resolution Mechanism should be extended to the UPI Service?***

**Question 10b: *If not, what specific alternate approach do you recommend? Please provide a clear and objective rationale for each alternate approach you recommend.***

**Supporting Information:**

The DSB’s role as an industry utility means that it needs to ensure the principle of Equal Treatment and that it does not give beneficial terms to individual users unless these terms can be imposed across the user base without placing a risk on the service. Following the 2020 DSB Annual Industry Consultation[[53]](#footnote-54), the DSB updated the dispute resolution mechanism in the Governance Policy to arbitration, referring disputes to the London Court of International Arbitration (LCIA) and incorporating a small claims procedure. An arbitration process removes the potential application of preferential treatment resulting from negotiation, as the outcome will be made by the arbitrator as an independent party.

A small claims procedure is aimed to encourage an efficient and cost-effective process for dispute resolution. Examples of the features that can be included are having only a single arbitrator to hear the case and the default position to be for the arbitrator to make a decision by reviewing the evidence on paper with no hearing required unless the arbitrator considers it necessary, amongst others.

The DSB also included a variation to the arbitration default confidentiality requirements to ensure adequate transparency can be provided with respect to dispute resolution handling. With respect to cost of the arbitration, costs shall be shared equally between the parties.

As part of the industry consultation, the DSB considered two well-known and respected arbitral institutions - London Court of International Arbitration[[54]](#footnote-55) (LCIA) and the International Chamber of Commerce[[55]](#footnote-56) (ICC). To ensure appropriate governance of the process, the DSB discounted the use of ad-hoc arbitration which does not require an arbitration to proceed under the auspices of an arbitral institution, such as the LCIA or ICC. Of the two arbitral institutions, LCIA and ICC, comparison of key aspects such as flexibility, speed, small claims procedure and costs, indicated that the LCIA as the most cost effective and efficient process for the likely monetary value of cases.

**DSB Proposal:**

The existing dispute resolution mechanism will be extended to include the UPI Service as well as the OTC ISIN Service.

## Q11 – Fee Model Variables

**Summary:**

Based on the existing DSB fee model structure, the variables to calculate the user fees comprise the Estimated Total UPI Cost and number of users per fee paying user type.

In keeping with existing practice for the OTC ISIN Service, for a given contractual period, the fee determination is therefore based on an estimation of costs. Following the audited annual statutory accounts, any operational overspend within the UPI Service is netted off by any excess revenue or operational savings, to set the Estimated Total UPI Cost for the following contract year.

**Question 11a: *Do you agree that it is appropriate to apply the same approach to the Fee Model Variables as used for the OTC ISIN service for the UPI Service?***

**Question 11b: *If not, what specific alternate approach do you recommend? Please provide a clear and objective rationale for each alternate approach you recommend.***

**DSB Proposal:**

As further detailed in the DSB UPI Fee Model Consultation [Final Report](https://www.anna-dsb.com/upi-fee-model-consultation-2021/), UPI user fees will be charged on a cost recovery basis, with Fee Model Variables[[56]](#footnote-57) used to determine the annual user fee per User Type. This approach aligns with the FSB Governance Criteria for Cost where any fees charged should be based on cost recovery and should be allocated among stakeholders fairly.

Based on the existing DSB fee model structure, the Fee Model Variables used to determine the user fees will comprise the Estimated Total UPI Cost and number of users per fee paying User Type. Based on this model, the higher the number of users, the lower the fee per user.

It is proposed that the Estimated Total UPI Cost will be established in the same manner as for the OTC ISIN Service, outlined in section 2.2 of the existing Charges Policy, as follows:

The Estimated Total UPI Cost is a forecast of the operational costs (Opex) of the DSB Service for each calendar year which takes into account:

(a) any adjustment related to the audited financial accounts from the previous years’ Total DSB Cost including Excess Fee Income.

(b) the amortization of capital expenditure over 4 years commencing the year after the charge has been incurred (a Time-Limited Cost); and

(c) any financing costs (a Time-Limited Cost), where applicable.

The Opex and Time-Limited Costs are combined to establish the annual Estimated Total UPI Cost.

For a given contractual period, the annual fees are based on an estimation of costs. Following the end of each calendar year, based on the DSB’s annual statutory audited financial accounts[[57]](#footnote-58), the Actual Total UPI Cost will be established. The reconciliation between the Estimated Total UPI Cost and Actual Total UPI Cost for a given annual period will identify any adjustment related to operational savings or overspend for the relevant year. User fees received within the scope of the cost recovery service that are in excess of the Actual Total UPI Cost, referred to as Excess Fee Income, will be used to reduce the Estimated Total UPI Cost for the year following the audited financial accounts.

Additionally, any unused UPI contingency funds will also feed into the cost adjustment mechanism as it falls within the Estimated Total UPI Cost and will be audited as part of the annual statutory financial accounts.

## Q12 – Intellectual Property & Limitation of Liability

**Summary:**

The existing protections relating to Intellectual Property and Limitation of Liability will be extended to cover the UPI Service, and an equivalent set of measures included in the contractual information for the COSP.

**Question 12a: *Do you agree that it is appropriate to extend the clauses relating to Intellectual Property and Limitation of Liability to* *the UPI Service, in the appropriate documentation?***

**Question 12b: *If not, what specific alternate approach do you recommend? Please provide a clear and objective rationale for each alternate approach you recommend.***

**Supporting information:**

In terms of Intellectual Property, the current DSB Access and Usage Agreement states that:

“All Intellectual Property Rights relating to the DSB Service (including the Data) or made available by the DSB to enable access to the DSB Service as well as any data and information in any form whatsoever made available by the DSB in connection with this Agreement will remain vested in the DSB or its licensors (the “DSB Intellectual Property”) and the User, Affiliates or End Users shall not acquire any Intellectual Property Rights in or to the DSB Intellectual Property” and that “Subject to the other provisions of this clause 8, the User Policy and Acceptable Use Policy, the DSB grants the User and its Affiliates a revocable, non-exclusive licence to access, copy, reproduce, store, distribute, disclose or otherwise communicate the Data.”

Specifically:

* The current DSB User Policy states that “A User and its Affiliates and any End Users, may distribute the Data, including Power User Data, to any third party to the extent necessary to trade, clear, settle, administer or report the User’s or its Affiliates Over-the-Counter Derivatives transactions.”.
* The current DSB Acceptable Use Policy (AUP) notes that the DSB Service and Data may include third-party data, with reference to the specific data elements that are subject to additional provisions relating to such third-party data. Further, the policy notes that “Each User may access and use Third Party Data contained within the DSB Service solely and exclusively as part of the Data in this Agreement and may not use such Third-Party Data for any purpose other than for the identification of any associated ISIN. Users who wish to: (a) manipulate, extract or strip-out the Third-Party Data from the Data; (b) use the Third-Party Data for any purpose other than the identification of any associated ISIN or to identify or map non-ISIN identifiers must, in each case, have in place direct licence with the relevant third-party provider before such use.” The AUP also notes that “The DSB shall update paragraph 3 from time to time and shall notify the User of any updates in accordance with clause 1.2(b) of the Main Terms. Breach of the Third-Party Data provisions in this document will be treated as a severe breach of this AUP.”

The DSB is working with data vendors to source alternate underlying identifiers in the creation and search of UPIs (to fulfil regulatory requirements) following a well-publicized RFI undertaken in 2021. The DSB will present the results of the RFI to the industry representation groups, the regulators and the DSB Board and an update will be provided in due course, as additional information becomes available.

The current DSB Access and Usage Agreement also includes multiple clauses relating to the ‘Limitation of Liability’, for example relating to any Losses arising out of or in connection with the DSB Service. There are further references to this subject housed within other policies, including the DSB GUI General Terms.

**DSB Proposal:**

These existing protections relating to Intellectual Property and Limitation of Liability will be extended to cover the UPI Service, and an equivalent set of measures included in the contractual information for the COSP. This is to ensure the Operational Viability and Continuity of UPI Service Provider Operations as specified in the Governance Criteria.

## Q13 - Contingency Arrangements

**Summary:**

The DSB recognises the need for contingency arrangements to cater for the exceptional scenario of transfer of the UPI Service to another Service Provider e.g., linked to de-designation of the DSB.

The DSB’s legal documentation will be updated to include explicit provision(s) that give the DSB permission to transfer this client data to a new UPI Service Provider in a contingency scenario.

**Question 13a: *Do you agree that it is appropriate to include new clause(s) to permit the DSB to transfer client data in the case of a contingency scenario?***

**Question 13b: *If not, what specific alternate approach do you recommend? Please provide a clear and objective rationale for each alternate approach you recommend.***

**Supporting information:**

In accordance with Articles VIII and XI of the Memorandum of Understanding[[58]](#footnote-59) between the ROC and the DSB, the DSB recognises the need for contingency arrangements to cater for the exceptional scenario of the transfer of the UPI Service to another Service Provider. This could occur where there is de-designation of the DSB as Service Provider, another planned migration, or a migration in an emergency situation.

On the basis of ensuring UPI business continuity in the scenario where the UPI Service will be transferred to another Service Provider, it is essential that during the onboarding process users provide their explicit consent to the transfer of their personal data in a case of a contingency. The aim is to avoid undue market or regulatory disruption as well as protect intellectual property rights that are held for the public benefit.

The DSB will continue to work with the ROC to ensure appropriate contingency arrangements are implemented to ensure no loss of service to the UPI user community, and no impact to the creation or use of UPIs.

**DSB Proposal:**

The DSB’s legal documentation will be updated where appropriate to include explicit provision(s) that give the DSB permission to transfer client data to a new UPI Service Provider in a contingency scenario.

# Consultation Response Form

**Proposed Format for Industry Responses to the DSB Consultations:**

* Consultation responses should be completed using the form below and emailed to [industry\_consultation@anna-dsb.com](mailto:industry_consultation@anna-dsb.com)
* Respondents can indicate whether the response is to be treated as anonymous. Note that all responses are published on the DSB website and are not anonymized unless a specific request is made.
* Respondents are requested to state whether they concur with the assumptions and principles set out in the document, or propose alternate evidence driven considerations that they believe should be utilized instead and/or alongside the proposals set out in this paper.
* Respondents also can also provide any general comments in the final section of the response form provided at the end of this paper.
* The consultation enables the DSB to ensure that the DSB can work to reflect the best target solution sought by industry (within the governance framework of the utility).
* As with prior consultations, each organization is permitted a single response.
* Responses should include details of the type of organization responding to the consultation and its current User category to enable the DSB to analyse client needs in more detail and include anonymized statistics as part of the second consultation report.
* Responses must be received by 5pm UTC on Wednesday 19th January 2021.
* Two webinars to address consultation related queries will take place, with timings to suit market participants around the globe.
  + Register for the webinar at 6am UTC[[59]](#footnote-60) on Tuesday 9th November 2021
  + Register for the webinar at 1pm UTC[[60]](#footnote-61) on Wednesday 10th November 2021

Respondent Details

|  |  |
| --- | --- |
| **Name** |  |
| **Email Address** |  |
| **Company** |  |
| **Country** |  |
| **Company Type** | Select Type |
| **User Type** | Select Type |
| **Select if response should be anonymous** | ☐ |
| **Please indicate which DSB service you expect to use in the future** | ☐ UPI Service only  ☐ OTC ISIN + UPI Service  ☐ OTC ISIN Service only  ☐ Not sure  ☐ None of the above |

| **Q#** | Summary / Question | **Response** |
| --- | --- | --- |
| 1 | **Client Onboarding and Support Platform (COSP)**  Given the G20 mandate for the introduction of a UPI, it is expected that there will be global demand for the UPI Service, the DSB is therefore in the process of implementing a scalable online platform to allow fee-paying UPI Users to perform the administrative steps to onboard to the service, and then perform ‘in-life management’ processes (e.g. upgrade/downgrade, terminations, renewals, the addition of new users within their organization, etc). The online system is referred to as the Client Onboarding and Support Platform (COSP).  When the COSP and UPI Service are launched, new and existing Users of the OTC ISIN Service will continue to use the existing manual OTC ISIN processes to onboard and manage their relationship with the DSB. The COSP will initially only be available to UPI Service Users.  A roadmap to roll-out the COSP to OTC ISIN Users will be subject to further analysis and stakeholder engagement. |  |
| 1a | Do you concur with the DSB’s proposed approach to move the onboarding and in-life management processes to an online platform for the UPI Service? |  |
| 1b | If not, what specific alternate approach do you recommend? Please provide a clear and objective rationale for each alternate approach you recommend. |  |
| 2 | **Common Agreement**  Industry feedback has been that legal provisions to support the UPI Service should be incorporated into the existing DSB legal framework that is utilized for the OTC ISIN Service, such that there is a Common Agreement. The DSB has considered a number of options to facilitate this objective in a cost effective and streamlined manner and proposes the introduction of the concept of a “Subscription”, through which a User accesses a DSB Service by reference to both the service-type(s) (i.e., OTC ISIN and/or UPI) and User Type(s) (e.g., Infrequent, Standard, Search-only API, Power).  The DSB’s proposal is that each Subscription Form is a distinct legal component of the overarching Access and Usage Agreement executed between the User and the DSB, consisting of the Subscription details, and reference to the Main Terms and the Policies. The proposed model would result in Users having where applicable, one OTC ISIN Subscription Form, including details of all subscriptions for the OTC ISIN Service, and one UPI Subscription Form including details of all subscriptions for the UPI Service. The Main Terms and Policies referenced would remain common across all Subscription Forms, and contain cross-subscription provisions.  The detailed information that follows this section sets out some alternatives considered by the DSB, to provide users with insight into the DSB’s rationale for the proposed approach. The changes proposed by the DSB are largely structural and process related. They affect the way in which Users contract with the DSB and the way in which the resulting agreements are documented rather than impacting their legal rights and obligations.  The revised legal documentation structure would initially only apply to new UPI Users upon the launch of the UPI Service. It is proposed that existing Users of the OTC ISIN Service will be transitioned to the new document structure via a Variation Notice. Aligned with the Variation Notice provision within the existing DSB Access and Usage Agreement, section 1.2 , “The DSB may amend…. the Main Terms by giving ninety (90) days’ notice in writing to the User at any time provided that the same or equivalent amendments are also made to all other agreements governing access to, and use of, the DSB Service”. As such all OTC ISIN agreements will be transitioned to the new structure simultaneously. Communication regarding plans and timelines for transition to the new document structure will follow in due course. The DSB’s proposed approach would mean that Users will not need to counter-sign these as it is simply a record of the existing agreement. |  |
| 2a | Do you concur with the proposed structure of the DSB’s contractual documentation – to have separate Subscriptions Form for the OTC ISIN and UPI Services respectively referencing common Main Terms and Policies? |  |
| 2b | If not, what specific alternate approach do you recommend? Please provide a clear rationale for any recommendations you make to incorporate into the DSB’s approach. |  |
| 2c | Do you concur with the outlined approach for transition of existing OTC ISIN Users to the new document structure? |  |
| 2d | If not, what specific alternate approach do you recommend? Please provide a clear rationale for any recommendations you make to incorporate into the DSB’s approach. |  |
| 3 | **UPI Service Onboarding and User Experience**  The default onboarding approach for prospective fee-paying UPI clients is proposed to be the use of the DSB's Client Onboarding and Support Platform (COSP) - set out in section 5.1 of this consultation - to select the User Type(s) to which the legal entity wishes to subscribe and complete the administrative onboarding steps.  If the proposal is endorsed by industry, clients of the UPI Service will be asked to accept a set of COSP Platform Terms (aligned to the Main Terms and Policies) upon starting the UPI onboarding process as they will be interacting with the onboarding system prior to reaching the step of signing the Subscription Form.  As part of an effective cost control framework, the DSB proposes to limit the number of client staff per fee-paying entity who can be granted role-based access to use the COSP free-of-charge (i.e., included in the User fees) as part of the core cost recovery framework. Subject to industry feedback, the DSB will evaluate whether it should also facilitate staff access for additional employees as an optional service.  These steps may be completed by a single or multiple client member(s) of staff with the necessary authority. The onus is on the member of staff acting on the behalf of a given User entity to have the necessary authority to do so when, for example they register for use of the COSP, use the platform, accepts Terms & Conditions and execute Subscription Form.  New OTC ISIN Users will continue to follow the existing manual approach until such a point that there is agreement to a potential roadmap to roll-out the COSP to OTC ISIN Users. Such a roadmap will be subject to further analysis and stakeholder engagement.  The DSB expects that Registered Users (who do not pay a fee to use the DSB’s services) will manage their own login to access the UPI Service via the web-based manual (GUI) mechanism. As such, should for example a UPI Registered User change firms, and therefore their email address changes, Registered Users will be required to re-register and create a new account. This approach relates to new UPI clients upon launch of the platform. A roadmap to transition to the same approach for new OTC ISIN Registered Users will be subject to further analysis and stakeholder engagement. |  |
| 3a | Does industry agree with the scope of the Platform terms and conditions at the point of starting the registration process on the COSP, to cover use of the platform prior to signing the Access and Usage agreement? |  |
| 3b | Are there other terms you would expect to see reflected? Please provide a clear rational for any proposed additions or amendments. |  |
| 3c | Does you think that a fair approach would be to cap the number roles made available to fee-paying clients to use the COSP, and to tier these limits of how many can be assigned per client entity based on User Type? |  |
| 3d | If not, please outline an alternative approach, including clear rationale for your proposal. |  |
| 4 | **LEI for Entity Identity Verification**  To register for the UPI Service, the DSB will require UPI Users to provide an active Legal Entity Identifier (LEI) to enable the DSB to verify the identity of the User entity against the central record held by the Global Legal Entity Identifier Foundation (GLEIF).  There may be a lead time to obtain an LEI with the respective Local Operating Unit (LOU) (an organization authorized to issue LEIs to legal entities). As such, entities who do not already have an LEI are encouraged to prepare in advance. Clients who are not able to obtain an LEI will be handled on a case-by-case basis.  New fee-paying OTC ISIN Users will not be required to provide an LEI until such time that the COSP is extended to cater for OTC ISIN Users. Existing fee-paying OTC ISIN Users will not need to provide an LEI until they either sign-up to the UPI Service or are transitioned to the new document structure (per the proposal in section 5.2).  In keeping with current practice, eligible Affiliates under the DSB agreement are based on Organisation Type and must have the same Organisation Type as the User entity entering into a contractual agreement with the DSB (signing the Subscription Form). |  |
| 4a | Do you think it is prudent and reasonable to mandate the use of the LEI for users of the UPI Service? |  |
| 4b | If not, please advise of your concerns including a clear statement of your rationale, and any alternative approach. |  |
| 4c | Do you concur that the list of Organisation Types adequately coverages the breadth of real-world organisational units, or are other Organisational Types required? |  |
| 4d | Do stakeholders agree with the proposed list of Organisational Types where Affiliates are eligible to benefit from the terms of the Agreement? |  |
| 5 | **Pre-payment**  Within the existing payment in advance principle, the DSB also intends to introduce online pre-payment for the UPI Service for certain UPI User Types (based on the associated fee levels).  The key driver for introducing pre-payment is to reduce operational cost and inefficiency in the payment handling process related to overdue invoices, particularly for outstanding fees of low monetary value. Pre-payment will only be possible by debit or credit card.  A roadmap to transition to the same approach for OTC ISIN users will be subject to further analysis and stakeholder engagement. |  |
| 5a | Do you agree that it is reasonable for pre-payment by debit or credit card for certain User types to be mandated during the Onboarding process, to allow the DSB to achieve increased operational efficiency and reduce costs of payment handling? |  |
| 5b | If not, please articulate your concerns with clear rationale, and a specific alternate approach. |  |
| 6 | **Service Activation**  UPI clients required to pre-pay will not be activated on the UPI Service in Production until the relevant Subscription Form is signed and pre-payment is received via the, and any other technical prerequisites are completed.  Clients who will be invoiced with 30-day payment terms will not be activated on the UPI Service in Production until the relevant Subscription Form is signed, and billing details have been provided via the COSP. The invoice will be issued 14 days after signature of the agreement, with payment required 30 days thereafter.  There is no impact on the current approach to payment and activation for OTC ISIN clients at this time. |  |
| 6a | Do you agree with the activation pre-requisites laid out in this section, relating to clients paying via pre-payment and via 30-day payment terms? |  |
| 6b | If not, what specific alternate approach do you recommend? Please provide a clear and objective rationale for each alternate approach you recommend. |  |
| 7 | **Termination, Suspension and Renewals**  The existing legal terms underpinning Termination, Suspension and Renewals will persist for the UPI Service. These processes for the UPI Service will be managed by default on the COSP.  In line with the existing OTC ISIN Service, UPI contracts will auto-renew on an annual basis. Clients will continue to be given a 90-day notice period in which they are able to terminate their contract before auto-renewal.  For certain User Type(s) and fee levels, as for initial UPI onboarding, the DSB intends to require online pre-payment by debit or credit card at the point of renewal to the UPI Service.  There will no change to the existing approach to Terminations, Suspension and Renewals for OTC ISIN clients at the time of the launch of the UPI Service. |  |
| 7a | Do you agree that it is reasonable for pre-payment by debit or credit card for certain User types to be mandated during the Renewals process? |  |
| 7b | If not, please articulate your concerns with clear rationale, and a specific alternate approach. |  |
| 8 | **In-Life Events**  In-life events include Upgrades/downgrades (User Type amendments), Novation, update to User notification details and the ability to raise Support Tickets for any queries or issues about the UPI Service or the COSP.  These events will be primarily managed on the COSP for UPI clients, with assistance provided by the DSB Support teams where required. Until such a time that OTC ISIN clients are transitioned onto the COSP, they will continue to use the existing email channel as the default approach for raising requests for support.  Where these events necessitate amendment to existing paperwork, or generate a new Subscription Form, data entered by the client online via the COSP will be used to pre-populate the relevant document template for client review and approval.  Each subscription is a separate legal agreement comprising the Subscription details, Main Terms and Policies. As such, action can be taken in-life on any subscription in isolation or on multiple subscriptions in parallel.  For a combined User of both OTC ISIN and UPI Services, where there is a breach of the Acceptable Use Policy or for non-payment on one service, the DSB will have the discretion to suspend subscriptions across both services via cross-subscription provisions.  There is no change to the existing mechanism for handling in-life events for OTC ISIN Users. |  |
| 8a | Do you agree with the proposed approach for managing in-life events via the online platform? |  |
| 8b | If not, please articulate your concerns and provide details on any specific alternate approach that you would advocate. |  |
| 9 | **Service Level Agreements**  Analysis is underway in consultation with the DSB’s Technical Advisory Committee on the potential impact on latency for the existing OTC ISIN Service given that the UPI Parent will be required to be created in addition to the OTC ISIN. This may result in a revision of the existing OTC ISIN SLA for latency.  Notwithstanding impact analysis on the existing OTC ISIN SLAs, the design principle for the UPI Service is that at a minimum the OTC ISIN SLAs will apply, such that there is consistency across the services.  The SLOs (Service Level Objectives) for the new COSP will also be to match at a minimum the SLAs for the current OTC ISIN Service. |  |
| 9a | Do you think it is reasonable to apply in principle to extend the OTC ISIN SLAs to the UPI Service and COSP platform? |  |
| 9b | If not, what expectations do you have for the SLAs for the UPI Service and COSP platform? |  |
| 10 | **DSB Governance Policy Dispute Resolution Mechanism**  As a result of prior industry consultation, the DSB Disputes and Resolution process for the existing OTC ISIN Service is arbitration (referring disputes to the London Court of International Arbitration (LCIA) and incorporating a small claims procedure). For alignment in how the Services are governed, the DSB proposes to apply the same arbitration approach to the UPI Service upon its launch. |  |
| 10a | Do you concur that the Dispute Resolution Mechanism should be extended to the UPI Service? |  |
| 10b | If not, what specific alternate approach do you recommend? Please provide a clear and objective rationale for each alternate approach you recommend. |  |
| 11 | **Fee Model Variables**  Based on the existing DSB fee model structure, the variables to calculate the user fees comprise the Estimated Total UPI Cost and number of users per fee paying User Type.  In keeping with existing practice for the OTC ISIN Service, for a given contractual period, the fee determination is therefore based on an estimation of costs. Following the audited annual statutory accounts, any operational overspend within the UPI Service is netted off by any excess revenue or operational savings, to set the Estimated Total UPI Cost for the following contract year. |  |
| 11a | Do you agree that it is appropriate to apply the same approach to the Fee Model Variables as used for the OTC ISIN Service for the UPI Service? |  |
| 11b | If not, what specific alternate approach do you recommend? Please provide a clear and objective rationale for each alternate approach you recommend. |  |
| 12 | **Intellectual Property & Limitation of Liability**  The existing protections relating to Intellectual Property and Limitation of Liability will be extended to cover the UPI Service, and an equivalent set of measures included in the contractual information for the COSP. |  |
| 12a | Do you agree that it is appropriate to extend the clauses relating to Intellectual Property and Limitation of Liability to the UPI Service, in the appropriate documentation? |  |
| 12b | If not, what specific alternate approach do you recommend? Please provide a clear and objective rationale for each alternate approach you recommend. |  |
| 13 | **Contingency Arrangements**  The DSB recognises the need for contingency arrangements to cater for the exceptional scenario of transfer of the UPI Service to another Service Provider e.g., linked to de-designation of the DSB.  The DSB’s legal documentation will be updated to include explicit provision(s) that give the DSB permission to transfer this client data to a new UPI Service Provider in a contingency scenario. |  |
| 13a | Do you agree that it is appropriate to include new clause(s) to permit the DSB to transfer client data in the case of a contingency scenario? |  |
| 13b | If not, what specific alternate approach do you recommend? Please provide a clear and objective rationale for each alternate approach you recommend. |  |
|  | Please use this space for any other comments you wish to provide. |  |

1. <https://www.fsb.org/2019/05/fsb-designates-dsb-as-unique-product-identifier-upi-service-provider/> [↑](#footnote-ref-2)
2. https://www.fsb.org/wp-content/uploads/r\_140919.pdf [↑](#footnote-ref-3)
3. <https://www.leiroc.org/publications/gls/roc_20201001-2.pdf> [↑](#footnote-ref-4)
4. <https://www.fsb.org/wp-content/uploads/P250920.pdf> [↑](#footnote-ref-5)
5. <https://www.anna-dsb.com/download/roc-dsb-mou/> [↑](#footnote-ref-6)
6. [ROC-DSB Notifications protocol - DSB (anna-dsb.com)](https://www.anna-dsb.com/download/roc-dsb-notifications-protocol/) [↑](#footnote-ref-7)
7. <https://www.anna-dsb.com/upi-fee-model-consultation-2021/> [↑](#footnote-ref-8)
8. Services for which fees will be chargeable include the “Infrequent User”, “Standard User”, “Search-only API User”, and “Power User” categories [↑](#footnote-ref-9)
9. Please refer to question 1 [↑](#footnote-ref-10)
10. Please refer to section 3.2 of this paper and https://www.fsb.org/2019/10/governance-arrangements-for-the-upi/ [↑](#footnote-ref-11)
11. <https://www.anna-dsb.com/subscribe-to-notifications/> [↑](#footnote-ref-12)
12. <https://www.anna-dsb.com/upi/> [↑](#footnote-ref-13)
13. <https://www.iso.org/standard/80506.html> [↑](#footnote-ref-14)
14. <https://www.iso.org/standard/77308.html> [↑](#footnote-ref-15)
15. <https://www.iso20022.org/> [↑](#footnote-ref-16)
16. <https://www.iso.org/standard/78829.html> & <https://www.gleif.org/> [↑](#footnote-ref-17)
17. <http://www.bis.org/cpmi/publ/d169.htm> [↑](#footnote-ref-18)
18. <https://www.bis.org/cpmi/publ/d158.pdf> [↑](#footnote-ref-19)
19. <https://www.bis.org/cpmi/publ/d175.pdf> [↑](#footnote-ref-20)
20. <https://www.fsb.org/2019/10/governance-arrangements-for-the-upi/> [↑](#footnote-ref-21)
21. <https://www.leiroc.org/publications/gls/roc_20201001-2.pdf> [↑](#footnote-ref-22)
22. <https://www.fsb.org/2020/09/lei-roc-to-become-governance-body-for-otc-derivatives-identifiers/> [↑](#footnote-ref-23)
23. <https://www.leiroc.org/publications/gls/roc_20201001-1.pdf> [↑](#footnote-ref-24)
24. It shall be note that the FSB has no authority over the ISO, so that development of the UPI standard is subject to the usual ISO process (<https://committee.iso.org/sites/tc68/home/news/content-left-area/news-and-updates/unique-product-identifier-upi-ba.html>) [↑](#footnote-ref-25)
25. <https://www.anna-dsb.com/product-committee/> [↑](#footnote-ref-26)
26. <https://www.anna-dsb.com/technology-advisory-committee/> [↑](#footnote-ref-27)
27. The IGB provides oversight over the UPI Service providers and other elements of the UPI Governance Arrangements, as well coordinate with various stakeholders and other international standard-setting bodies (including CPMI, IOSCO, FSB and ISO). [↑](#footnote-ref-28)
28. <https://www.leiroc.org/about/membersandobservers/index.htm> [↑](#footnote-ref-29)
29. See See footnote 13 [↑](#footnote-ref-30)
30. See See footnote 14 [↑](#footnote-ref-31)
31. [See footnote 9](https://www.fsb.org/2019/10/governance-arrangements-for-the-upi/) [↑](#footnote-ref-32)
32. Cost recovery, which incorporates the DSB’s financial sustainability margin, includes both recurring costs such as technology & operations, management, administration and external consultants as well as time-limited costs such as amortisation of the build costs. [↑](#footnote-ref-33)
33. Markets in Financial Instruments Directive (MiFID) [↑](#footnote-ref-34)
34. Markets in Financial Instruments (MiFIR) [↑](#footnote-ref-35)
35. The DSB’s charges policies for its existing service illustrates how the existing service recovers costs across the differing User categories: <https://www.anna-dsb.com/download/dsb-charges-policy_v5_2021_final/>. The actual fee values are shown here: <https://www.anna-dsb.com/fees-rules-2021/> [↑](#footnote-ref-36)
36. Following User consultation, the DSB has implemented a model where up to 5 results are returned in response to a search by Registered Users and Infrequent Users when using the DSB’s web-interface, and the full compendium of search results are returned to other types of DSB Users. Note that all DSB Users can access the full suite of DSB data by downloading the free to use files and subsequently utilizing the data in the Users’ own systems. [↑](#footnote-ref-37)
37. <https://www.anna-dsb.com/download/2021-industry-consultation-paper/> [↑](#footnote-ref-38)
38. https://www.anna-dsb.com/technology-advisory-sub-committee/ [↑](#footnote-ref-39)
39. https://www.anna-dsb.com/upi-legal-terms-and-conditions-consultation/ [↑](#footnote-ref-40)
40. <https://www.anna-dsb.com/upi-implementation-timeline/> [↑](#footnote-ref-41)
41. <https://www.anna-dsb.com/upi/> [↑](#footnote-ref-42)
42. Services for which fees will be chargeable include the “Infrequent User”, “Standard User”, “Search-only API User”, and “Power User” categories [↑](#footnote-ref-43)
43. Please refer to question 1 [↑](#footnote-ref-44)
44. Please refer to the UPI Fee Model Consultation Final Report for further detail - <https://www.anna-dsb.com/download/dsb-upi-fee-model-final-report/> [↑](#footnote-ref-45)
45. More information about the DSB’s optional services is available here: <https://www.anna-dsb.com/optional-services/> [↑](#footnote-ref-46)
46. DSB Access & Usage Agreement effective 1 January 2022 - https://www.anna-dsb.com/download/dsb-2022-ua-policies-final/ [↑](#footnote-ref-47)
47. Available here for review: <https://www.anna-dsb.com/download/dsb-2022-ua-policies-final/> [↑](#footnote-ref-48)
48. See Footnote 44 [↑](#footnote-ref-49)
49. Affiliates means: (a) any corporation, entity or other business Controlled by, Controlling and under common Control with a party, with “Control” meaning the ownership of more than fifty percent (50%) of outstanding shares or securities, or an equivalent ownership interest, or the power to direct or cause the direction or management of the policies or affairs of an entity whether through ownership of shares, voting rights, control of the board of directors (or equivalent), by contract or otherwise; and (b) for a period of not more than six (6) months from (and including) the effective date of disposal or until the end of the Term (whichever is earlier), each Divestee, based on a specific Organisation Type as outlined in section 5.4. [↑](#footnote-ref-50)
50. https://www.gleif.org/en/about-lei/get-an-lei-find-lei-issuing-organizations [↑](#footnote-ref-51)
51. See section 5.5 for further detail on pre-payment. [↑](#footnote-ref-52)
52. See Footnote 44 [↑](#footnote-ref-53)
53. https://www.anna-dsb.com/download/dsb-2021-consultation-final-report/ [↑](#footnote-ref-54)
54. https://www.lcia.org/Dispute\_Resolution\_Services/LCIA\_Arbitration.aspx [↑](#footnote-ref-55)
55. https://iccwbo.org/dispute-resolution-services/ [↑](#footnote-ref-56)
56. <https://www.anna-dsb.com/fee-model-variables/> [↑](#footnote-ref-57)
57. https://www.anna-dsb.com/financial-accounts/ [↑](#footnote-ref-58)
58. https://www.anna-dsb.com/download/roc-dsb-mou/ [↑](#footnote-ref-59)
59. <https://anna-dsb-events.webex.com/webappng/sites/anna-dsb-events/meeting/register/ee87295c47214e4aa44eaf9ed8116fc8?ticket=4832534b000000052b84e39a0be43a15170e0d0cfcad535d9cc15f2842c8beccf027cff832d454d7&timestamp=1635776647870&locale=en_US> 6am GMT, 5pm Sydney, 3pm Tokyo, 2pm Singapore/Hong Kong [↑](#footnote-ref-60)
60. https://anna-dsb-events.webex.com/webappng/sites/anna-dsb-events/meeting/register/5e75d5702e5047398268ee8ced69c53e?ticket=4832534b0000000540c48c74dc79b8870fa0a69cd8805153d68f01ad804663a1c7428060f3db6d83&timestamp=1635776671585&locale=en\_US 1pm GMT, 2pm CET, 8am EST, 5am PST [↑](#footnote-ref-61)