

DERIVATIVES SERVICE BUREAU – GOVERNANCE ADVISORY COMMITTEE (GAC) CHARTER

INTRODUCTION

The Derivatives Service Bureau (DSB) is a fully automated and official generator of International Securities Identification Numbers - ISO 6166 (ISINs) and Unique Product Identifier – ISO 4914 (UPI) for OTC derivatives as well as the Classification of Financial Instruments - ISO 10962 (CFI) and Financial Instrument Short Name - ISO 18774 (FISN) codes. The DSB operates on a global basis and currently provides near-real time generation of ISINs, CFI & FISN through a web interface and API connectivity providing direct integration to trading and trade-management systems.

The DSB supports global regulatory requirements and use cases, as well as voluntary adoption use cases by the industry. Industry representation groups are key to shaping the evolution of the DSB services. The GAC will complement the DSB's existing two committees: the [Product Committee \(PC\)](#), which supports the evolution of the DSB's product definitions, and the [Technology Advisory Committee \(TAC\)](#), which supports the evolution of the DSB's technology and operations.

The role of the GAC is to enable industry participants to provide advice and make recommendations to the DSB Board on matters related to governance, risk and compliance to ensure the continued success of the DSB in providing the best possible service to the industry as a whole.

The GAC Charter aims to define the objectives, procedures and operations of the GAC including any related Subcommittees.

CHARTER OF THE GOVERNANCE ADVISORY COMMITTEE (GAC)

(1) Committee's Official Designation

The advisory committee's official designation is the DSB Governance Advisory Committee ("GAC").

(2) Authority

The GAC is a discretionary advisory committee established by the authority of the Board of the Derivatives Service Bureau (DSB) Ltd ("DSB").

(3) Objectives and Scope of Activities

The GAC's objectives and scope of activities shall be to conduct meetings, to submit reports and recommendations to the DSB Management, DSB Board and, where required, for broader industry consultation.

It is important to recognise that recommendations linked to ISIN, CFI, UPI and FISN service provisions must consider the ISO Registration Authority principles, such as adherence to cost recovery and reasonable and non-discriminatory access to data and services, and the terms of the Memorandum of Understanding between the DSB and the Regulatory Oversight Committee (ROC) in respect of the UPI Service.

In all activities, the GAC will be guided by the key principles of the DSB Service, notably:

- Maintenance of a fair and reasonable model of cost recovery given the changing landscape of market structure, of regulatory regimes, changes to the types of industry participants and the related workflows.
- Adherence to reasonable and non-discriminatory access to data and services.

The GAC will be asked for comment and to make recommendations on proposals put forward by the DSB Board, DSB Management, Authorities, and other industry participants. The GAC should also consider the changing landscape of the OTC derivatives ecosystem and the associated regulatory environment and consider how this may impact the DSB UPI & ISIN Services in the future.

The GAC may, in the course of its duties make its own proposals for subsequent review and comment by the DSB and where required, for broader industry consultation. The areas on which the GAC will advise include, but is not limited to (for both the UPI and ISIN Services where appropriate):

- User Subscription terms and Policies
- Cost Recovery Fee Model Structures
- Strategic positioning of the DSB
- Control frameworks used by the DSB e.g. threshold monitoring, breach handling.

The GAC must also consider in all discussions and recommendations that the DSB manages a range of OTC Identifiers according to ISO standards (CFI, FISN, ISIN, UPI) and that the integrity and relationships between these identifiers must be maintained.

The work of the GAC is intended to represent and balance the interests of market participants, policy makers and regulators and be sensitive to financial market and geographic considerations.

(4) Description of Duties

The duties of the GAC shall be solely advisory.

The GAC may call for reports and/or recommendations by the GAC or GAC Subcommittees, adopt reports and/or recommendations, transmit reports to the DSB Board, and make recommendations to the DSB Board.

The GAC will review, comment on, and advise on proposals or matters such as those listed in section 3 in the form of reports for submission to the DSB Board. Reports and/or recommendations shall be developed in consultation with all members of the GAC and any transmission to the DSB Board shall include dissenting or minority views.

As the purpose of the GAC is to advise on significant or structural decisions, members will be requested from senior level positions within the respective organisations with experience in the prevailing Regulatory Regimes, OTC Derivatives & Market Structure. Membership to the GAC will be approved by the DSB Board.

Determinations of actions to be taken and policy to be expressed with respect to the reports and/or recommendations of the GAC shall be made solely by the DSB Board.

Members are expected to attend and participate in meetings and contribute to discussions and to review and comment on any reasonable amount of correspondence between meetings including responding to documents and emails.

The GAC shall, where further expertise is required, establish Subcommittees that will be mandated to address specific issues.

The GAC shall maintain minutes and records of its meetings, deliberations and analyses including records of all decisions made by the GAC and any disagreements in respect of such decisions.

(5) Official to Whom the Committee Reports

The GAC shall submit its reports and recommendations to the DSB Board.

The GAC will have a "Sponsor," who may be a DSB Board member, or a designee of the DSB Board, and who will be responsible for ensuring that the advice and recommendations are provided to the DSB Board.

(6) Support

The DSB shall provide necessary support services for the GAC.

(7) Estimated Annual Operating Costs and Resourcing

The estimated annual operating costs for supporting the GAC (including costs associated with meeting expenses and any DSB Management Services Provider ("MSP") employees needed to support the GAC on a continuing basis) will be covered by the existing DSB Stakeholder Engagement budget.

Additional costs and expenses of work that falls outside the basic scope of the GAC must be approved by the DSB Board.

GAC members will not be compensated by the DSB for their services and will not be reimbursed or receive per diem from the DSB for travel-related expenses to attend GAC meetings.

In order to reduce the expenses of GAC members, meetings will be held virtually whenever practicable.

(8) Designated DSB Officer

The DSB Board shall appoint a DSB Management Services Provider ("MSP") resource to serve as the Designated DSB Officer ("DDO") of the GAC and any established GAC Subcommittees.

The DSB may appoint one or more MSP resource(s) to serve as an alternate DDO for any established Subcommittees.

The DDO or alternate DDOs shall -

- Prepare and seek approval from Sponsor, Chair and Members for all meeting agendas
- Establish and call all GAC or Subcommittee meetings
- Attend all GAC and Subcommittee meetings
- Adjourn any meeting when the DDO or alternate DDO or Chair determines adjournment to be in the interest of the Industry
- Chair meetings when directed to do so by the GAC Chair, or Subcommittee Chair
- Assist in the preparation, agreement and certification of meeting minutes, any other meeting material and general recordkeeping.

(9) Estimated Number and Frequency of Meetings

Meetings will be held on a quarterly basis. Documents for review, consideration and comment will be distributed in the intervening quarter to members. Meetings will be held for discussion or clarification of specific matters within the documents and to record agreements and alternate points of view.

An ad hoc meeting of the GAC may be convened at any time by the DDO, upon a request by any member, provided that every member is notified in writing about the meeting and the contents of the agenda 24hrs before the meeting is convened.

(10) Duration & Termination

Duration: The GAC will continue for a period of two years from the date of renewal. The DSB Board will undertake a review of the GAC Charter and GAC Membership towards the end of the two year period.

Termination: The DSB Board will determine the termination date of the GAC.

(11) Membership and Designation

Members of the GAC shall be appointed and removed by the vote of the DSB Board.

Members of the GAC can be appointed or removed at any time.

In addition to the appointed members of the GAC, the DSB Board shall designate a Chair (or co-Chairs) from the appointed members to serve for a term of indefinite length that is not longer than the duration of the GAC existence.

Each member of the GAC and its Chair shall serve until their successor is appointed or until the earlier of their resignation or removal.

The DSB Board has the authority to reconstitute the GAC if it considers that the level of participation by members of the GAC is not sufficient for it to function in accordance with the objectives detailed in the GAC Charter.

Members of the GAC are expected to attend and participate in meetings and actively engage in the procedures of the GAC (contribute to discussions, responding to emails etc.).

Members who are not able to attend a GAC meeting are expected to send their apologies to the DDO with at least one day's notice. Under such circumstances, the GAC member is able to transfer voting responsibility to the DDO or another member of the GAC (from the same Functional Category) – who will cast a proxy vote in accordance with the member's instructions.

Absence (with or without apology), late attendance and/or a lack of active participation, such as failure to contribute to meeting discussions, for two consecutive GAC meetings will be recorded and included in the monthly report sent to the DSB Board.

If a GAC member expects to be unavailable for a significant period (e.g.: parental leave, long-term sickness/injury, temporary relocation etc.) the DSB Board has the authority to appoint a substitute member of the GAC for a fixed term in order to maintain the balance of the committee. The substitute member with equivalent experience and subject matter expertise will be nominated by the represented institution and will, if appointed, serve in the same capacity as the original member.

The DSB has the authority to appoint special DSB agents ("SDA") as temporary members of the GAC who are able to provide specific advice to the GAC based on their expertise. The Board shall only appoint an SDA on the basis of their ability to provide relevant and independent expertise.

The GAC shall consist of no more than 40 voting members (excluding the Chair) who are appointed at the discretion of the DSB Board to ensure a balanced representation of institutions across function, size, geographic region and asset class is maintained. Recognizing that what constitutes a balanced geographic representation will evolve over time as jurisdictions implement the UPI Technical

Guidance, the DSB Board will seek to balance the number of voting members over time among regions with jurisdictions implementing the UPI Technical Guidance.¹

Nominations for membership of the GAC are to include the functional category that will be represented by the nominee. Each institution can only be nominated to represent one of the following functional categories.

i. Voting Members (able to attend meetings, contribute to the meeting and vote). Representation numbers are indicative and adjustable by the DSB Board based on appropriate representational balance being achieved.

- Banks (3)
- Brokerages (3)
- Clearing Houses (3)
- Commodity Trading Advisors (3)
- Corporates (3)
- Custodians (3)
- Data Management Vendors & Technology Service Providers (3)
- Institutional Asset Management Services (3)
- Pension Fund Managers (3)
- Trade Execution Platforms that include trading of OTC Derivatives (3)
- Trade Repositories (3)
- Wealth Management Services (3)
- Other (4)

ii. Non-Voting Members (able to attend meetings and contribute but not vote).

- Trade Associations (Max. 5: representing a broad constituency of asset classes and member roles)

iii. Observing Members (able to attend meetings and contribute but not vote).

Authorities and / or Policy Makers

Each member who is not a DSB Board member or an MSP resource shall be appointed and removed by the DSB Board and serve on the GAC either as the representative of an organization or identifiable group of persons with interests affected by the work of the GAC and are expected to convey to the DSB Board and to the GAC the views and interests of the functional category that they represent. Where the member is employed by a separate institution, as may be the case for some Trade Association members, the member is expected to represent the views and interests of their nominated functional category.

Authorities from jurisdictions that require or have stated that they will require the reporting of the OTC ISIN and/or UPI may request to become Observing Members. Recognizing that authorities' needs remain the primary use case which the OTC ISIN and UPI addresses, comments made by Authorities at meetings shall be duly noted in meeting minutes.

¹ The regions with jurisdictions that are expected to implement the UPI include North America; Europe and Asia.

All participants and contributors to the GAC are expected to adhere to the provisions of the Competition Law Protocol (see Appendix 1). This will be provided to members on application to join the group.

Members of the MSP are not considered to be members of the GAC but will attend (and can contribute to) all meetings and assist in the process of record keeping and meeting management (see DDO).

(12) Subcommittees

The GAC will have the authority to establish and dissolve working groups where additional time outside of regular meetings is required to formulate a recommendation or where expertise outside that of the members of the GAC is required. The terms of reference and composition of a working group and its operation will be agreed by the GAC in accordance with voting procedures in this Charter.

GAC Subcommittees may include as members individuals who are members of the full GAC and/or other individuals. Members of Subcommittees (including the GAC Subcommittee Chair) shall be appointed and removed by the GAC in order to address the specific nature of the issue in question.

Each Subcommittee shall have a documented mandate (including its scope and purpose) and working procedures defined by the GAC. The GAC will be responsible for defining the terms of reference, scope, duration and membership of any Subcommittee.

Any Subcommittees shall report to the GAC and may not provide reports and/or recommendations directly to the DSB Board or to any DSB officer or employee.

GAC Subcommittees may, by simple majority vote, adopt reports and/or recommendations of the GAC Subcommittee, transmit reports to the GAC, and make recommendations to the GAC.

Reports and/or recommendations shall be developed in consultation with all members of the GAC Subcommittees and any transmission to the GAC shall include dissenting or minority views.

GAC Subcommittees shall not have authority to make decisions on behalf of the GAC.

The output of the GAC Subcommittees shall be presented to the GAC – including a final report on its findings and recommendations before its termination.

(13) Meeting Procedures

Meetings will take place on a virtual basis as the intention is to be global in nature, a suitable time will be agreed to enable all participants to be present but given the broad range of potential participants, this may not always be within normal working hours of any one jurisdiction.

During meetings of the GAC, the Chair is responsible for ensuring that the meeting functions effectively and according to the Charter including:

- Ensuring that the appropriate agenda, and other relevant documentation are in place
- Establishing a quorum and that appropriate personnel have attended
- Ensuring that decisions are taken on a sound and well informed basis
- Encouraging and promoting open and critical discussion
- Ensuring that the meeting holds to the agenda
- To co-ordinate any voting that is required
- Prioritising and managing AOB
- Reviewing the performance of the group and proposing any changes required

If the appointed Chair is expected to be unavailable for a significant period (e.g.: parental leave, long-term sickness/injury, temporary relocation etc.) the Chair has the authority to appoint the DDO or alternate DDO(s) as interim Chair. The interim Chair will serve in the same capacity as the appointed Chair but will not have the authority to cast a deciding vote.

A simple majority of the appointed GAC voting members (including substitute voting members) shall constitute a quorum for the transaction of business. The Chair, non-voting members, observers, DSB board members and MSP resources are excluded from the calculation of quorum.

If the meeting is not quorate 15 minutes after the scheduled start and at least 5 Voting and Non-Voting GAC Members are in attendance, a written summary of the discussion (including recommendations made) will be shared with all GAC Members, feedback solicited in response and ratified by a quorate meeting of the subsequent GAC, and the written summary treated as the minutes of the meeting. In all other cases, the meeting will be cancelled. Confirmation of the cancellation will be recorded by the MSP and included in the monthly report to the DSB Board.

The MSP will ensure that the agenda for each GAC meeting is distributed to all members of the GAC at least two weeks before the scheduled start of the meeting.

The DDO (or alternate DDOs) shall maintain a log of GAC meeting attendances – including absence without apology, late attendance and a lack of participation. This log will be maintained regardless of whether quorum is achieved and will be made available in the monthly progress report that is sent to the DSB Board.

The GAC shall aim to find consensus amongst its members but if no agreement is reached, the chair may call for vote.

Each voting member of the GAC (excluding the Chair) shall have one vote in all matters requiring a vote by the GAC and the act of the GAC will be based on a simple majority of the voting members present at the meeting.

In the event that the votes of the GAC members do not constitute a majority due to a tie, the tie-breaking vote will be cast by the Chair. If the meetings conducted by an interim Chair, any tied votes will not be decided by a deciding vote and will be held over until the next meeting.

In the event that a GAC meeting is cancelled, the DDO or alternate DDO are able to request a vote on key agenda items by email. The email will be sent to all members of the GAC and will contain a clear statement of the agenda item for consideration, all relevant supporting material and an expected response deadline. Votes received by the response date will be used to determine the course of action and all members of the GAC will be notified of the decision by email. Repeat non-responsiveness to email communication will also be considered lack of participation.

Key decisions made by the GAC will be published in the meeting minutes and will be subject to Chatham House (non-attributable) rules. Any advice, report, data or recommendations will be for the use of the DSB Management, DSB Board and where required for broader industry consultation.

Minutes are to be distributed to and approved by the GAC voting members before being made available to the non-voting members, observing members, MSP resource and the DSB Board Sponsor. Minutes from the GAC shall be made public through the DSB website within one month of the meeting taking place.

(14) Recordkeeping

GAC conclusions and recommendations will be provided in writing by email to designated email addresses of all members for review and agreement following GAC meetings or any working groups that are established. After a two-week period for members to agree or dispute, all documentation circulated will be deemed to represent the views of the GAC both those that were agreed along with notes of the alternate views recorded.

The GAC, supported by the DDO, shall maintain accurate records of matters that are addressed as part of GAC activities.

With the exception of meeting minutes (see above), the GAC has the discretion to determine the publication of any collateral that has been created as part of the analysis or approval process.

APPENDIX 1: Competition Law Protocol

The purpose of this protocol is to remind attendees of Derivatives Service Bureau (DSB) Limited (“DSB”) meetings, including the Board, that all discussions at such meetings are subject to the application of EU, UK and other applicable national competition law (“Competition Law”).

Individual attendees are responsible for observing the requirements of Competition Law and should make themselves familiar with their legal obligations and their own organization policies.

DSB is committed to compliance with Competition Law, so to ensure that all meetings remain in compliance with Competition Law, we advise that all attendees follow the guidance set out below.

- A meeting agenda will be circulated in advance of a meeting. Any objections to, or potential concerns about, the proposed agenda in relation to Competition Law compliance should be raised prior to the meeting if practicable
- Attendees must stick to the prepared agenda during the meeting and avoid discussion about other topics
- Attendees must not seek, discuss, communicate or exchange any commercially or other business sensitive information about their organization or relating to competitors (whether before, during or after meetings). This includes, for example, any non-public information relating to prices, costs, revenues, business plans/marketing activities, individual terms and conditions, risk appetite or any other information which is likely to reduce strategic uncertainty in the market (i.e. which might result in less intensive competition than would normally occur)
- Attendees must not reach any sort of agreement or understanding that is unlawful due to competition law (e.g. unlawful horizontal agreement, unlawful vertical agreement)
- The Management Services Partner (“MSP”) will take minutes of the meeting, and supply these to each attendee in due course. Where discussions directly concern the MSP, the Chair will take minutes or appoint an attendee as proxy
- If the Chair considers that a discussion at the meeting may be inappropriate from a Competition Law perspective, he or she shall raise an objection and promptly bring that part of the discussion to an end. If another attendee, or the MSP, is concerned about a discussion from a Competition Law perspective, he or she shall bring it to the attention of the Chair, who will promptly bring that part of the discussion to an end. If other attendees attempt to continue that discussion, the Chair

shall bring the meeting to an end. Every attendee is allowed to immediately leave the meeting in such situations. All these situations must be properly recorded in the minutes

- The minutes of the meeting must subsequently be read and approved by the attendees. If any matter discussed is not recorded in the minutes, or is recorded incorrectly, any attendee may raise an objection in writing and request an amendment.
- Similar principles should be observed for any group email exchanges or other online group discussions operated by DSB.

We remind attendees that breaching Competition Law has serious potential consequences for them as individuals and their organizations. Such consequences may include heavy fines, liability to pay compensation to affected individuals and businesses and, in certain cases, the imposition of criminal penalties, director disqualification orders and disciplinary action.

About the Derivatives Service Bureau (DSB) Ltd.

The Derivatives Service Bureau is a global numbering agency for OTC derivatives serving the needs of market participants through the allocation of International Securities Identification Numbers (ISINs), the Classification of Financial Instruments (CFI) and Financial Instrument Short Name (FISN), all globally recognised and adopted ISO standards for identifying, classifying and describing financial instruments.

The DSB has also been designated as the sole provider of the Unique Product Identifier (UPI) by the Financial Stability Board (FSB) and is working with stakeholders to make the UPI globally available.

Serving almost 500 institutions (70% free of cost), with an underlying technology platform that is built to support multiple taxonomies of definitions and descriptive data, as well as numbering in near-real-time, the DSB is motivated to bring greater transparency and integration within the OTC derivatives market, enabling institutional investors to standardise data and better control operational risk. Users can access the DSB through a web interface, by accessing data in daily update files or by direct integration to front-office systems for trading and order management.

The DSB is a legal subsidiary of the Association of National Numbering Agencies (ANNA). With widespread industry representation, expertise and collaboration at its core, the DSB's history, pedigree and expertise are rooted in ANNA, with its broad experience and overview of handling both on and off-exchange ISINs for all asset classes. If you would like to use the Derivatives Service Bureau please visit the DSB [website](#).

An overview of the DSB's activities is available here: <https://lnkd.in/dN4Z7Up>