

**Gesendet:** Mittwoch, 31. Mai 2017 15:46  
**An:** ANNA-Secretariat  
**Cc:** RTAN  
**Betreff:** RE: DSB Consultation Paper - Fee Model 2

Dear ANNA Team,

On behalf of Slawek Zajac we send our feedback to the DSB Consultation Paper - Fee Model 2. Please find our comments in blue below.

***Q1: Do you agree that 4 years is an appropriate time frame to amortize the start-up costs? Please provide any relevant evidence to support your answer.***

In our opinion, 4 years is an appropriate time frame to amortize the costs.

***Q2: Do you agree with the proposal to create a contingency fund of €750K to cover unplanned costs during the initial few years of operation? If not, please suggest alternative approaches to financial risk management in a cost-recovery construct.***

We agree with the proposal to create a contingency fund, however, the amount seems excessively high. It represents ca. 20% of the planned Technology & Operations expenses. In our opinion, €400K would be sufficient. In the event that some of the resources are used, will the fund need to be replenished? How can the fund be used in the absence of resources? What if the fund is short of resources?

***Q3: Do you agree with the proposal to simplify the fee model by eliminating the differentiation between users requiring access to a single asset class vs multiple asset classes? Please provide details and any relevant evidence to support your answer.***

We agree with the proposal to eliminate the differentiation of fees between users requiring access to a single asset class vs multiple asset classes.

***Q4: Do you agree with the proposal to provide the full database archive to Registered Users (at no charge), in addition to the paid user categories? Please provide details and any relevant evidence to support your answer.***

We agree with the proposal to provide the full database archive to Registered Users. However, the archive should first be defined.

***Q5: Do you agree with using 3 as the ratio of fees between Power Users and Standard Users? If not, please provide details and any relevant evidence to support your suggested ratio.***

In our opinion, the ratio of fees between Power Users and Standard Users should be different. The ratio should be equal to 5 in view of the much more extensive rights granted in the fee model. Furthermore, in our opinion, the proposed three user groups are insufficient considering the specificity of many European markets. Some OTC market players may not execute many trades but the trades they do make are critical in terms of market impact. DSB has nothing to offer them. The proposed Power User and Standard User groups are evidently too costly as they are dedicated to other clients of DSB. In our opinion, we should create additional user groups. In particular, clients who need a small number of ISIN codes should be addressed. There are two options. Option 1 would be to charge a very low start-up fee and a very low subscription fee with a limited number of codes

that may be issued to the entity. Option 2 could revisit the idea of issuing ISIN codes at a higher unit price but no fixed start-up fee.

Moreover, the implementation of MiFID II and MiFIR already involves extensive obligations. Such high fees would spark market expectations that the existing NNAs will be a natural partner to ask for OTC ISIN codes. Such expectations would be understandable and could be voiced expressly. At the same time, however, from the marketing perspective, such high fees would trigger an adverse market reaction and cause a negative perception of ANNA, NNAs and DSB. Considering that the NNAs will be the face of DSB and ANNA, in our opinion, the proposed user groups should additionally include one dedicated to NNAs. In our view, this would facilitate a better response to market needs while maintaining the image of NNAs and ANNA as institutions which support the development of the market. Hence, the natural question: what benefits could DSB offer to NNAs in the service?

Furthermore, in our opinion, clients are not being given enough practical details which would allow them to evaluate the proposal thoroughly. As an NNA, we are getting many questions, including the frequent question: how can we talk about fees in the absence of details including definitions and formats of the proposed services.

***Q6: Are there any specific challenges you will face meeting the contract execution and payment deadlines stipulated above? Please provide details.***

In view of the recognition of DSB on the part of market participants, it would be premature to launch DSB on 1 September 2017. The launch date should be no earlier than 1 November 2017 to give all market participants the chance to review the DSB proposal. The current recognition of DSB and the awareness of the OTC ISIN service are scarce.

***Q7: Do you agree with the principle of using excess revenue to reduce the subsequent year's fees? If not, please explain your reasoning and provide industry examples to support your view.***

The proposal to use excess revenue to reduce the fees is reasonable; however, we should consider whether to implement it over a one-year or two-year period.