

## DERIVATIVES SERVICE BUREAU – TECHNOLOGY ADVISORY COMMITTEE

### INTRODUCTION

The financial industry is historically at the forefront of the adoption of innovative technology. The advances may represent significant developments in current thinking or be disruptive in nature, causing fundamental changes in core technology or specific areas of application technology. The Derivatives Service Bureau has been developed on software and system architecture that supports both rapid evolutionary change in broad market infrastructure and flexibility to the requirements of a base of users engaged in a common revolutionary technology change.

The general objective of the Technology Advisory Committee will be to provide advisory support to the DSB in recognition of required enhancements and adaptations of its technology base and its services to address the changes in a timely fashion.

The Technology Advisory Committee along with the Product Committee<sup>1</sup> and Governance Advisory Committee<sup>2</sup> form the three Industry Representation Groups and work in an advisory capacity to the DSB Board, in alignment with the ISO Registration Authority the Regulatory Oversight Committee<sup>3</sup> principles (as set out by the FSB in its Governance arrangements for the UPI<sup>4</sup>). The Technology Advisory Committee advises on both the OTC ISIN and UPI identifier generation services offered by the DSB.

The details of establishing the TAC and its operations are below.

### RENEWAL CHARTER OF THE TECHNOLOGY ADVISORY COMMITTEE

#### (1) Committee's Official Designation

The advisory committee's official designation is the Technology Advisory Committee ("TAC").

#### (2) Authority

The TAC 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 TAC's objectives and scope of activities shall be to conduct public meetings, to submit reports and recommendations to the DSB Board, and to otherwise assist the DSB in identifying and understanding the impact and implications of technological innovation for the DSB and industry participants. The TAC will provide advice on the application and utilization of new and existing technologies used by the DSB. The TAC will provide advice to the DSB Board on the appropriate level of investment in technology to meet its responsibilities and advise the DSB Board on the need for strategies to implement services to support the DSB's responsibility to ensure the integrity of a critical market infrastructure for providing financial instrument identifiers.

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<sup>1</sup> <https://www.anna-dsb.com/product-committee/>

<sup>2</sup> <https://www.anna-dsb.com/governance-advisory-committee/>

<sup>3</sup> <https://www.leiroc.org/>

<sup>4</sup> <https://www.fsb.org/2019/10/fsb-publishes-upi-governance-arrangements/>

(4) Description of Duties

The duties of the TAC shall be solely advisory. The TAC may, by simple majority vote, call for reports and/or recommendations by the TAC or TAC subcommittee(s), adopt reports and/or recommendations, transmit reports to the DSB Board, and make recommendations to the DSB Board. Reports and/or recommendations shall be developed in consultation with all members of the TAC and any transmission to the DSB Board shall include dissenting or minority views, if any. No determination of fact or policy shall be made by the TAC on behalf of the DSB. Determinations of actions to be taken and policy to be expressed with respect to the reports and/or recommendations of the TAC shall be made solely by the DSB Board.

(5) Official to Whom the Committee Reports

The TAC shall submit its reports and recommendations to the DSB Board. The TAC will also 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 of the TAC are provided to the DSB Board.

(6) Support

The DSB shall provide necessary support services for the TAC.

(7) Estimated Annual Operating Costs and Staff Years

The estimated annual operating costs for supporting the TAC are approximately €87,000. This cost estimate includes costs associated with meeting expenses as well as the cost of .25 of one full-time DSB Management Services Provider ("MSP") employee needed to support the TAC on a continuing basis. TAC 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 TAC meetings. In order to reduce TAC member expenses, meetings will be held virtually whenever practicable.

(8) Designated DSB Officer

The DSB shall appoint a full- or permanent part-time MSP employee to serve as the Designated DSB Officer ("DDO") of the TAC and any established TAC subcommittees. The DSB may appoint one or more full-time or permanent part-time MSP employee to serve as an alternate DDO for any established subcommittees. The DDO or alternate DDO shall prepare and approve all meeting agendas; approve or call all TAC or subcommittee meetings; attend all TAC and subcommittee meetings; adjourn any meeting when the DDO or alternate DDO determines adjournment to be in the public interest; chair meetings when directed to do so by the Sponsor, TAC Chair, or TAC subcommittee Chair; and assist in the preparation and certification of meeting minutes.

(9) Estimated Number and Frequency of Meetings

The TAC shall meet at such intervals as are necessary to carry out its functions. It is estimated that meetings of the TAC will occur from three to six times per year or as required; meetings of subcommittees of the full TAC may occur more frequently.

(10) Duration

The TAC will continue for a period of two years from the date of renewal at which point the DSB Board will undertake a review of the charter with a view to renewing the charter for a further term.

(11) Termination

The DSB Board will decide when to terminate the TAC.

#### (12) Membership and Designation

Members shall be appointed and removed by vote of the DSB Board. Members may be appointed or removed at any time. The Sponsor shall designate a member of the TAC or TAC subcommittee to serve as the Chair absent the objection of a majority of the DSB Board. The TAC shall consist of no more than 30 total members. Each member who is not a DSB Board member or an MSP member shall serve on the TAC either as the representative of an organization or identifiable group of persons with interests affected by the work of the TAC or as a special DSB agent ("SDA").

Representative members serve on the TAC primarily to convey to the DSB Board and to the TAC the views and interests of the organizations and/or groups that they represent. SDA members provide advice to the DSB Board on the basis of their expertise and best independent judgment in a manner free from conflicts of interest. The DSB Board shall not appoint any registered lobbyist to serve as an SDA on the TAC.

Representative members are also designated by the DSB to represent one of the viewpoint categories listed below. Though the precise number of representative members in any category may vary over time, the DSB anticipates that the TAC will have at most 30 members representing the following viewpoint categories:

**i. Voting Members** (able to attend meetings, contribute to the meeting and vote).

- Trading venues (4-8)
- Industry (15-20)
- Other (1-2)

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

- Regulators and / or Policy Makers

Additionally, the DSB Board will seek to ensure a balanced representation of representative members across geographic regions. 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 representative members over time among regions with jurisdictions implementing the UPI Technical Guidance.<sup>5</sup>

In addition to voting members, regulators from jurisdictions that require the reporting of the UPI shall be permitted to become Observing Members (able to attend meetings and contribute but not vote). Recognizing that authorities' needs remain the primary use case which the UPI addresses, comments made by Regulators at meetings shall be duly noted in meeting minutes.

In the event of a renewal of the charter, the DSB will undertake a further outreach to industry to invite any new applications for TAC membership. Where new membership application requests are received the DSB will consider those requests and will look to ensure a turnover of the existing membership to a maximum level of 25% of the current membership. This process will maintain the diversity across the different viewpoint categories represented by the members.

Members of the TAC are expected to:

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<sup>5</sup> The regions with jurisdictions that are expected to implement the UPI include North America, Europe and Asia.

- Attend scheduled meetings
- Advise the TAC Secretariat if they are unable to attend a meeting
- Contribute to the topics being discussed within meetings or those being shared with the TAC members via the bulletin board

Members of the TAC should contact the TAC secretariat if they become unable to participate actively in the TAC in order to find an acceptable solution. The DSB reserves the right to replace members who are not attending the TAC meetings and who are not deemed to be participating in the TAC discussion topics.

TAC membership is personal to the individual concerned. Alternates are not expected to participate in the event that a TAC member is unavailable. In the event that a TAC member wishes to nominate an alternate in exceptional circumstances, this should be arranged with the DDO.

All participants and contributors to the TAC are expected to adhere to the provisions of the Competition Law Protocol (see Appendix 1) and must provide their acceptance to the TAC Secretariat via email prior to joining the TAC.

#### (13) Subcommittees

The DSB may establish and dissolve TAC subcommittees. Subcommittees may include as members individuals who are members of the full TAC and/or other individuals. Members of subcommittees (including the TAC Subcommittee Chair) shall be appointed and removed by the TAC in order to address the specific nature of the issue in question. Any subcommittees shall report to the TAC and may not provide reports and/or recommendations directly to the DSB Board or to any DSB officer or employee. TAC subcommittees may, by simple majority vote, adopt reports and/or recommendations of the TAC subcommittee, transmit reports to the TAC, and make recommendations to the TAC. Reports and/or recommendations shall be developed in consultation with all members of the TAC subcommittee and any transmission to the TAC shall include dissenting or minority views, if any. TAC subcommittees shall have no authority to make decisions on behalf of the TAC. No determination of fact or policy shall be made by any TAC subcommittee on behalf of the DSB.

#### (14) Recordkeeping

Records of the TAC and any subcommittee will be made available to the public on the DSB's website. Minutes will be on an attributable basis in order to provide appropriate transparency. TAC members will have the opportunity to opine on the accuracy of the minutes before public distribution.

#### (15) Meeting Procedures

The TAC will require a minimum quorum of twelve Voting members to be present, however, the Chair and DDO will ensure that there is suitable representation from the different TAC viewpoint categories represented by the attending members with respect to the topics being discussed.

### **APPENDIX 1: Competition Law Protocol**

The purpose of this protocol is to remind attendees of Derivatives Service Bureau (DSB) Limited ("DSB") Technology Advisory Committee, 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.

The DSB is committed to compliance with Competition Law and advises that TAC participants follow the guidance set out below in order to ensure that all meetings remain in compliance with Competition Law.

1. 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
2. Attendees must stick to the prepared agenda during the meeting and avoid discussion about other topics
3. 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)
4. 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)
5. The TAC Secretariat will take minutes of the meeting, and supply these to each attendee in due course
6. 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 DDO, 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 such situations must be properly recorded in the minutes
7. 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
8. Similar principles should be observed for any group email exchanges or other online group discussions operated by DSB, including those pertaining to TAC matters

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.

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### **About The Derivatives Service Bureau (DSB) Ltd**

Headquartered in London, the DSB is a legal subsidiary of the Association of National Numbering Agencies. Its core purpose is to serve as a global numbering agency, providing unique identification of OTC derivatives to serve the needs of market participants and regulators through allocation of the International Securities Identification Number (ISIN), as well as the Classification of Financial Instruments (CFI) and Financial Instrument Short Name (FISN), as OTC products are created. The

ISIN, CFI and FISN are globally recognized and adopted ISO standards for identifying and classifying financial instruments.

Please visit the DSB website, [anna-dsb.com](http://anna-dsb.com), for more information about the DSB's role and activities in meeting the identification requirements of financial markets.