

Name		Karel Engelen
Email Address		kengelen@isda.org
Company		ISDA
Company Type		Trade Association
User Type		
Select if response should be anonymous		<input type="checkbox"/>
#	Question for Consultation	Participant's Response
Section 1: User Categorization and Fees		
1	<p>What specific and objectively verifiable models (if any) are you able to propose that reasonably address the needs of multi-segment and/or multi-market trading venues, whilst not placing an adverse cost on new or smaller market participants (refer to 2.2.1 Error! Reference source not found.? It is important to note that the proposed MIC level fee model is designed to set fees at a level that can be objectively validated against a publicly available dataset (FIRDS – which contains segment level MICs), whilst ensuring that new and/or smaller institutions are not required to fulfil the same fee requirements as trading venues who, because of regulatory requirements, must separate their business amongst numerous entities.</p> <p>The proposed model aims to ensure that a small credit institution or retail bank is not required to pay the same fees as a large derivatives market maker or similarly, that a small, single market trading venue is not required to pay the same fees as a multi-market trading venue. It is likely that a LEI level model (as proposed by some respondents) will place smaller users of the DSB at a significant cost disadvantage.</p>	<p>We provide below a number of principles that should be applied to improve the model:</p> <ul style="list-style-type: none"> - The cost attributed to the different user categories needs to take message volume into account. - The higher volume user categories fee structure should contain a fixed component and a message volume based component. - The enterprise license category should be maintained, allowing organizations with multiple entities and roles to negotiate their fee and have a capped amount. An updated version of the enterprise license agreement should be made available as soon as possible. - Cost per message should decrease as the message volume increases. - The per-message starting cost for power users should be lower than the per message starting cost of other categories. - DSB needs to consider the type of messages, not all messages should be treated equal. <p>While we believe adding a message based component to the fee structure will benefit the fairness and allow to right-size the cost allocation, we stress the overall guiding principle of simplicity and encourage DSB to</p>

		<p>add a message based component in such a way that the complexity does not increase considerably.</p> <p>We suggest to quantify the cost of the proposed models against 2017 data volume and DSB expenses and share the results with DSB users.</p>
2	<p>What specific and objectively verifiable models (if any) are you able to propose that reasonably address the needs of complex, multi-faceted organizations) whilst ensuring that new and smaller market participants can continue to access the services they currently utilize without being economically disadvantaged at a higher price point. (refer to 2.2.1 Error! Reference source not found. above)?</p> <p>The proposed model aims to ensure that a small credit institution or retail bank is not required to pay the same fees as a large derivatives market maker or similarly, that a small, single market trading venue is not required to pay the same fees as a multi-market trading venue.</p>	<p>See the principles above</p>
<p>Section 2: Functionality</p>		
3.i	<p>Do you support the creation of a dedicated user driven forum to investigate appetite for the design, deployment, maintenance and funding of functionality including whether this should be outside the communal cost recovery ring-fence for general users? Core changes required to meet regulatory requirements would remain within the existing communal cost recovery ring-fences</p>	<p>We strongly support a mechanism to get direct user input on future functionality. ISDA has advocated for better engagement between DSB and its users for some time now, and this is a good step in that direction. This type of user forum should be formally organized within the DSB governance framework and the terms of reference of the forum vetted between the users and the DSB. At the same time, DSB should make it clear how the PC and TAC interact and align with such a new, industry advisory forum.</p> <p>The roles of the forum and the existing PC and TAC need to be clear. The creation of the forum does not negate the need for broader</p>

		<p>industry representation in the existing governance, in particular the Product committee and the DSB board.</p> <p>The user forum should not lead to additional cost. On the contrary, we believe the DSB will benefit from the expertise provided as it will help streamline its operations.</p>
3.ii	If yes, do you agree with the goals of the suggested forum? Please provide your rationale.	Yes
3.iii	If yes, do you agree with the proposed composition, structure and format? Please provide your rationale.	<p>The forum should be broadly seated with representation from all categories of users, and regions. Also, draft terms of reference should be shared with users for feedback as this will lay out in more detail the expectations and obligations of all the parties. The forum should have the ability to opine on the commercial terms for services offered by the DSB, as part of the core functionality or as services for specific groups.</p>
3.iv	If yes, which of the three skill sets (proposed above) do you believe is required to support the user forum's goals? Please provide your rationale.	<p>With respect to the proposed support costs described in the consultation, we are of the view that the DSB can and should support this new forum within the existing infrastructure. It is unclear why DSB should incur additional cost and required additional staff for this initiative. We see the required skill set as being primarily administrative (minutes, calendar maintenance) and should be able to be absorbed by the current staff. Between this new forum, the PC and the TAC, the DSB would have the OTC derivatives markets expertise needed to make good decisions. The DSB should not need to fund resources for such expertise. On the contrary, we believe the DSB will benefit from the expertise provided as it will help streamline its operations.</p>
3.v	If yes, please supply any other views you may have about any specific model you wish to see implemented.	<p>This new forum should have direct access to the DSB Board. For example, the chair (and perhaps a vice chair) could be a representative(s) of the users (as opposed to DSB staff) and this chair should have the</p>

		opportunity to provide updates directly to the DSB Board.
3.vi	If not, what model do you propose instead (if any)?	
4.i	<p>Responsive enumeration management: The DSB can enable support for faster changes to product definition templates by enabling changes to enumeration lists during availability hours and without the need for industry to engage in a full cycle of redevelopment and testing efforts.</p> <p>The cumulative benefit for the DSB’s programmatic users is non-trivial with five recent market changes requiring updates to approximately 1,200 templates in a three-month period. With each programmatic user spending on average two days developing and regression testing each enumeration change and a total of 78 Power Users having to make changes, this translates to approximately 156 days of “lost” time per change, i.e. 780 “lost” days per quarter across all DSB programmatic users. Given that the current pace of industry change looks set to continue considering both benchmark related evolutions and ad-hoc currency re-denominations (based on feedback received from users and regulators), proceeding with the proposed change would result in industry saving approximately 3,120 days of work effort each year.</p> <p>The DSB anticipates that the DSB Product Committee (PC) and TAC respectively will be involved in the design of the required product template and technology implementations, to ensure an optimal implementation approach that meets industry needs.</p> <p>The proposed solution requires the DSB to implement product template changes whilst the system is live and operational and without incurring any downtime. This requires significant architectural changes to the ISIN engine as well as changes to deployment and monitoring systems and processes.</p>	<p>Yes, DSB should urgently move forward to rework the templates in such a way that, for example, floating rate indexes can be added as reference data without the need to do development and regression testing. We question whether in the case of floating rate indexes the number of impacted templates is as high as indicated in the DSB estimate.</p> <p>ANNA DSB should ensure that changes are backward compatible where possible when a new change are deployed.</p> <p>We would like to understand more about the costs for each user category. Especially for enterprise license users as they are bearing a large portion of DSB costs and should have the opportunity to weigh in on the relative cost vs. benefits for this change. Specific details of the cost breakdown should be shared, including how the DSB came up with the estimates from its recent five market changes.</p> <p>We suggest the DSB provides more detail to the TAC regarding the different types of reference data contemplated and the templates impacted.</p>

	<p>The DSB estimates this will require re-working of the template structure across appx 180 templates to allow for dynamic enumerations. Let's discuss what you're expecting to see in terms of additional detail. The cost is driven by design, documentation, development, QA and deployment effort</p> <p>The DSB estimates build costs within the communal cost recovery ring-fence of €500K - €750K depending on the implementation approach adopted, but does not anticipate any change to on-going run costs. The financial impact is an increase in annualised fees of €125K - €187.5K for 4 years, whilst the build cost is amortized over a 4-year period, as per the existing accounting provision for the amortization of build costs.</p> <p>Do you concur with the implementation of this functionality in 2019, in particular given the significant amount of effort (and cumulative cost) saved by the industry?</p>	
4.ii	<p>If the DSB implements this functionality, do you agree that the PC and TAC should be involved in the design of the product and technology solutions respectively? If not, please propose your alternative industry engagement model.</p>	Yes.
5.i	<p>The DSB received feedback to provide ISIN analytics in machine-downloadable format. Based on this feedback, the DSB proposes to provide the following analytics on a monthly basis:</p> <ul style="list-style-type: none"> ○ # of ISIN creates per product template ○ # of ISIN retrievals per product template (where ISIN is supplied) ○ # of ISIN searches across all product templates (search by metadata) ○ # of ISIN creates per user fee category ○ # of ISIN retrievals per user fee category (where ISIN is supplied) ○ # of ISIN searches per user fee category (search by metadata) 	<p>The proposed list is a good starting point. It provides more transparency without an additional cost. We propose a number of additions below. We encourage the DSB to continue to develop the analytics over time.</p> <p>Proposed additions:</p> <p># of lookups per given ISIN.</p> <p># of look-ups for any ISIN referencing a given underlying ISIN – e.g. look-ups for ISINs referencing US0378331005.</p> <p># of look-ups for any ISIN referencing a given underlying LEI – e.g. look-ups for ISINs referencing HWUPKR0MPOU8FGXBT394.</p>

	<ul style="list-style-type: none"> ○ # of ISINs submitted to FIRDS per product template <p>DSB expectation is that such analytics can be provided at no incremental build or run cost, as long as the information is placed on the DSB website once a month, for user download in a csv file format.</p> <p>Is the proposed list of analytics appropriate? Please provide an explanation of your reasoning for any changes you would like to see.</p>	# of look-ups for any ISIN referencing a given underlying index – e.g. look-ups for ISINs referencing 6M EONIA.
5.ii	Is the proposed monthly frequency of update appropriate? If not, please provide your reasoning, bearing in mind that more frequent updates may result in an incremental uplift in resource requirements	Yes, for now.
5.iii	Is the proposed delivery model of csv file download from the DSB website appropriate? If not, please provide an alternative alongside your reasoning.	Yes, for now.
Section 3: Service Levels		
6	Several requests were made to enable broader industry representation in the PC to enable improved integration with industry. As a reminder, the PC is currently comprised of an equal number of representatives from the buy-side, sell-side and trading venues	We agree with the expansion of the PC. More industry expertise should be directly involved in the PC. Also, Trade Associations should be allowed as members of the PC, they can bring consolidated views from market constituents. In addition Trade Associations have the ability to solicit broad feedback.

7	<p>A recommendation was also made that the DSB not become a member of trade associations but instead reach out to the various bodies asking if the DSB can monitor the output of deliberations of various derivatives working groups on an ongoing basis</p> <p>Which specific industry working groups should the DSB reach out to in order to ensure it is able to monitor the output of various discussion fora and thus feed into the product roadmap and Product Committee deliberations on a proactive basis?</p>	<p>Direct participation from the TA's in the DSB committees is the most efficient way, from a timing and cost perspective, for the DSB to stay abreast of relevant developments in the OTC markets for its services.</p>
8.i	<p>General consensus was that holiday downtime should be eliminated and that the DSB should look to move to a 24/6.5 or 7/7 model to facilitate a global trading environment.</p> <p>The DSB anticipates that supporting the additional coverage and services would require the following marginal resource increase. Note that the figures below are provided on both an isolated service and combined package basis, with isolated costs over-estimating the actual resource requirements given the synergies across the individual items.</p> <p><u>Isolated service costs</u> – if any given service was to be implanted on a stand-alone basis:</p> <ul style="list-style-type: none"> ○ Remain operational across all holidays (0.2 FTE technical support uplift) ○ Increase availability hours from 24x6 to 24x6.5 by reducing weekly downtime to between Saturday 20:00 UTC and Sunday 08:00 UTC (0.6 FTE technical support uplift) ○ Improve email response times for Power Users (2 FTE technical 24 x 6.5 coverage: 2 x additional technical support) ○ Instigate on-call rota for technical support during unavailability hours for addressing system failures (0.5 FTE technical support uplift) ○ Move to a monthly release schedule for all Business-as-Usual functionality changes, with the aim of moving to quarterly release 	<p>Can the DSB provide data and statistics regarding the current support utilization? For example, what has been the number of e-mail inquiries to date, what is the response time to the e-mail inquiries so far and how is the trend in number of inquiries and turn-around time evolving since the beginning of the year?</p> <p>Since Enterprise Users already have 24/6.5 support, that there should be no additional costs to expand this service to enterprise users. If DSB doesn't believe they can do this without cost, then non-enterprise users who wish to get extended support, should pay for the expanded service.</p>

	<p>cycles by the end of the 2019 (no impact on resourcing)</p> <p><u>Packaged service costs</u> - implementing the service level improvements in I through V above as a synergistic package will result in the following resource uplifts:</p> <ul style="list-style-type: none"> ○ Technical Support uplift from 6.5 FTE to 10 FTE ○ Secretariat / Product Management uplift from 2 FTE to 3 FTE ○ Implementing this service is expected to cost €700k p.a. which includes resource, office, infrastructure and related administrative costs. <p>Do you concur that the DSB should be implementing the proposed service level improvements as outlined above? Please explain your reasoning.</p>	<p>No immediate move is required but DSB should plan for this to be implemented in the future when the DSB is operating in a BAU environment. We expect costs to go down at that point and the expanded service can be provided at that time without any cost increases.</p>
8.ii	<p>If not, which of the individual service level improvements outlined above would you wish to see implemented, if any? Please explain your reasoning.</p>	
8.iii	<p>Telephone access to technical support during availability hours requires an additional 4.5 x FTE technical Support uplift. Implementing this service is expected to cost €610k p.a. which includes</p>	<p>Not an immediate requirement.</p>

	<p>resource, office, infrastructure and related administrative and financing costs.</p> <p>Do you believe telephone access to technical support is required within the cost-recovery ring-fence? If yes, what availability hours do you require?</p>	
8.iv	<p>Telephone access to product support during London hours requires an additional 1x FTE secretariat / product management uplift. The expectation is that this resource would be able to respond to the more complex questions typically requested by Power Users. Implementing this service is expected to cost €360k p.a. which includes resource, office, infrastructure and related administrative and financing costs.</p>	
8.v	<p>Do you believe telephone access to technical support is required within the cost-recovery ring-fence? If yes, what availability hours do you require?</p>	
9	<p>Performance SLA – The DSB proposes to implement the following changes to its performance metrics</p> <ul style="list-style-type: none"> ○ 500ms latency for 99% of workflows related to ISIN Record retrieval ○ 1,000ms latency for 99% of workflows related to ISIN Create Requests ○ 5,000ms latency for 99% of workflows related to ISIN Search (by metadata) ○ Implementation of this change has no impact on DSB build or run costs. <p>Are there any other latency metrics that should be part of the DSB performance SLA?</p>	<p>OK to implement as there is no additional cost. We reiterate that, in our view, there is too much focus on latency (see also our response to the first fee consultation).</p>

10.i	<p>Acceptable Use Throughput – The DSB has two possible approaches to modify the throughput caps:</p> <ul style="list-style-type: none"> ○ Modify the throughput caps to allow occasional bursts above the permitted caps of 60 REST APIs per connection and one simultaneous FIX message in flight. Such a change requires a one-off €120K build cost to the monitoring and reporting systems to allow automated tracking of such burst behaviour. There is also the need for some additional system resources, dependent on the amount and duration of the burst period. As an example, the DSB estimates that allowing bursts of one hour in any 24-hour period at double the throughput caps will likely increase the DSB run costs by €75K. In this scenario, the overall result will be an increase in DSB costs of €75K on a recurring basis, plus an additional €30K per annum amortization of the build cost, time-limited to 4 years. ○ Double the throughput caps to allow constant higher levels of throughput without regard to the concept of any ‘burst mode’. Such an approach requires increased system resources, increasing the run-costs of the DSB by an estimated €420K per annum. There is no build cost for this option. <p>Should the DSB implement the ‘burst mode’ approach highlighted above? If yes, is a burst duration of one hour every 24 hours an appropriate initial implementation?</p>	<p>Current levels of through-put are acceptable. We don’t see a need for a change/additional cost.</p>
10.ii	<p>Should the DSB implement an increase in the throughput caps? If so, is a doubling of the existing cap level an appropriate initial implementation?</p>	<p>Today’s levels are acceptable.</p>
<p>Section 4: Service Resiliency</p>		

11	<p>Some respondents concurred with the need for the DSB to institute multiple primary based disaster recovery architecture. The DSB expects such an approach will reduce industry downtime during a disaster from 4 hours to between 1-2 hours.</p> <p>The implementation of such a solution requires a significant change to the DR architecture. The DSB estimates build cost of a primary / primary model at between €1m and €1.5m, with no additional run-cost implications. The resulting annual increase in costs within the communal cost recovery ring-fence would be between €250K and €375K per annum for the 4 years of build cost amortization.</p> <p>If approved, the DSB proposes to implement this approach by working with the TAC to agree the detailed design.</p> <p>Do you concur with implementation of this approach?</p>	<p>The DSB needs to ensure that the existing DR is tested and results should be shared with the committees that are part of the DSB governance and with the regulators.</p> <p>The risk associated with downtime should be clearly articulated to the regulators and the DSB TAC to help make an informed decision. The cost seems very high to gain 2 hours of “uptime”. If the regulators are comfortable with current downtime of 4 hours, no change would be required.</p>
----	--	--

Section 5: Usage and Access Agreement

12.i	<p>There has been mixed response on the desire for differentiated agreement terms for intermediaries (e.g. data vendors or other institutions providing enhancement, storage or distribution of DSB Power User Data. Note that DSB Registered User Data (i.e. data drawn exclusively from end of day file downloads) is free to use and/or distribute, subject to third party terms.) vs. End Users.</p> <p>Do you believe audit rights should be incorporated within the agreement terms for such institutions?</p>	
12.ii	<p>Do you have a view on the specific terms you wish to see excluded/included within the user agreement for intermediaries? Please specify exact language and rationale for your proposal.</p>	

Section 6: AOB

13	Please insert any other comments you wish to provide	<p>We notice that in evaluating the responses, DSB takes a simple numerical average of the responses in favour or against. This approach does not take into account that for example ISDA’s response reflects the view of a larger constituency and has received input from multiple parties.</p> <p>In multiple instances, the DSB is proposing additional services at an additional cost. As we pointed out throughout the response, we expect the DSB costs to decrease in a BAU environment and the DSB should work to use the lower cost to provide additional services without a cost increase. This is in particular the case for services that require ongoing support rather than incurring a one-time development cost.</p> <p>In our response to the first consultation we urged the DSB to develop a 3 year strategic plan. Among other things we are particularly keen to understand the DSB thinking and planning around the coverage of non-regulatory use cases for product identifiers, as specified in the ISO SG2 recommendations.</p>
----	--	---