Feedback Form - Summary of Questions for Industry Response

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
- An option is provided for respondents to stipulate 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 Friday 9th July 2021.

Respondent Details

Name	Andrew Bayley
Email Address	abayley@isda.org
Company	International Swaps and Derivatives Associations (ISDA)
Country	UK
Company Type	Trade Association
User Type	Not Registered
Select if response should be anonymous	☐

Q#	Question	Response
1	**Summary:** The DSB has revised the estimated number of paid users as a result of industry feedback on a query about the target service model, specifically about the timing of free-to-use downloadable delta files, which have been requested at an earlier point in time. The anticipated number of organizations expected to use the DSB's UPI service is expected to lie in the range between those previously forecast, and a lower range that more closely mirrors existing user interaction patterns. The lower threshold therefore shows: • 511 organizations representing 3.4k legal entities will pay to connect programmatically to create and/or search for UPI records • 2,437 organizations representing 16.3k legal entities will pay to connect manually to create UPI records • 17,200 organizations representing 115k legal entities will connect free of cost to search for and/or download UPI records i.e. approximately 20,200 entity groups representing 135,000 organizations that currently report data to trade repositories The upper bound of user estimates as in line with the proposal set out in the earlier prior consultation paper, and with which industry appears to be comfortable: • 12,000 organizations representing 80.5k legal entities will pay to connect programmatically	

Q#	Question	Response
	• 8,000 organizations representing 53k legal entities will pay to connect manually • 20,000 organizations representing 133.5k legal entities will connect free of cost ***Question 1a: Do you concur with the projected user estimates?*** ***Question 1b: If not, what specific alternate approach do you recommend? Please provide a clear rationale and cite publicly available sources for any additional data points you believe should be incorporated into the DSB's assumptions.***	
2	**Summary:** The DSB is evaluating the additional data access mechanisms requested by respondents to the first consultation and proposes to follow up with feedback from the DSB Technology Advisory Committee (TAC) once their review has completed, with an update to be provided in the UPI Consultation Final Report. At this time the DSB believes that users will be able to access the UPI service using one or more of the following mechanisms: Fee Paying: i. Power User - Full Programmatic Access - Programmatically connect to create, search for and download data ii. Search-only API User - Limited Programmatic Access - Programmatically connect to search at a lower volume threshold than permitted for a Power User	

Q#	Question	Response
	iii. Standard User - Manual Access - Manually connect to create, search for and download data iv. Infrequent User - Manual Access - Manually connect to create, search for and download data, at a lower volume threshold than permitted for a Standard User Non-Fee Paying: v. Registered User - Manually connect to search for and download data vi. Registered User - Manually or programmatically connect to download data from the file download service ***Question 2a: Do you concur with the approach related to user access including any additional services to be introduced at the discretion of the TAC?*** **Question 2b: *If not, what specific alternate approach do you recommend? Please provide a clear and objective rationale for each alternate approach you recommend.***	
3	**Summary:** The DSB is proposing to make the OTC ISIN record including the UPI code freely available at T+0 23.55hrs UTC and the full UPI record on T+1 23.55hrs UTC with the primary goals of ensuring financial sustainability and providing a fair service for all jurisdictions. ***Question 3a: Do you concur with this approach to the Registered user file download timing?*** ***Question 3b: If not, what specific alternate approach do you recommend? Please provide a clear rationale and any additional details***	We appreciate that the DSB have considered feedback made regarding the timing of when UPIs will be made freely available. The proposal to make the UPI code freely available on the end of day file on T+0, while the full UPI record will only be freely available on the end of day file on T+1, seems a reasonable solution. We note that while including the UPI code on the end of day file is in line with the timings for when ISIN files are made available, UPIs will have a more global adoption compared to ISINs and as such a single daily publication time will impact global jurisdictions differently. For example, when the end of day file is available, APAC jurisdictions will already be on T+1.

Q#	Question	Response
	you believe should be incorporated into the DSB's approach	For this reason, there may be merit in monitoring any impact there may be to jurisdictions due to the timing of when the end of day UPI files are made available and potentially revisit this at a later date. Fundamentally however, we do not object to this proposal.
4	**Summary:** The UPI fee model will be based on cost recovery, as aligned with the governance criteria, and is proposed to adopt a substantially similar fee model structure to that of the existing OTC ISIN service. The proposed fee model is expected to be applied to four fee-paying user types, which are divided into the UPI total estimated cost, with the fee level varying according to user access type and user numbers. ***Question 4a: Do you concur with this approach to the User Fee Structure?*** ***Question 4b: If not, what specific alternate approach do you recommend? Please provide a clear rationale and any additional details you believe should be incorporated into the DSB's approach***	
5	***Summary:*** Current estimates of the UPI service costs are broken down as Estimate Capital Expenditure (Capex) – Build Costs for the period 2020-H1 2022, Estimate Time-Limited Costs and Estimate Operating Expenditure (Opex) based on an estimate of 3,000 fee-paying users. Costs include the application of a Financial Sustainability Margin, to help to ensure the economic sustainability of the service, and a contingency fund to address unplanned costs during the implementation and first few years of the service. The contingency is proposed at 20% of Capex and Opex costs and cannot be	Incorporating a contingency fund into the UPI fee model and setting this fund at 20% is comparable with the approach taken for the ISIN fee model. We agree that the contingency fund cannot be used without consent of the DSB Board, but request additional clarification as to how the fund will be returned to users of the DSB if it is not used (in full or in part), including the timing of any return of funds.

Q#	Question	Response
	used without the consent of the DSB Board. ***Question 5a: Do you concur with the proposal to apply a 20% contingency fund?*** ***Question 5b: If not, what specific alternate approach do you recommend? Please provide a clear rationale and any additional details you believe should be incorporated into the DSB's approach.***	
6	***Summary:*** The DSB expects the costs for the services it provides to be recovered from the user base of the respective services. Given the high volume of forecast demand for the UPI service as outlined in section 4.1, a dedicated onboarding platform and operating model for the UPI service has been scoped and costed to allow the DSB to provide a scalable UPI service provision. The costs outlined in the previous section all relate solely to the UPI service. Once the UPI service is live and the level of demand is confirmed, there will be the opportunity to conduct analysis on the expected scope for synergies and shared costs between the UPI service and the OTC ISIN service, and what an appropriate cost allocation policy would be. Specifically, the DSB proposes that 100% of the synergies available by leveraging the existing DSB platform are allocated to UPI users in 2022 and 2023, after which there will be determination of the expected synergies to be shared between both OTC ISIN users and UPI users. The shared costs will be	We agree that synergies between OTC ISIN users and UPI users should be leveraged where possible, and the costs shared between types of users appropriately. With UPIs being intrinsically linked to OTC ISIN and CFI, it would seem correct that users of these services should not need to pay the same level of costs as UPI only users; both initial capital expenditure costs and ongoing operational costs. This concern appears to be addressed where the consultation refers to the increasing costs for the period 2022 to 2024 applying to UPI only users. Nonetheless, we take this opportunity to stress that ISIN / CFI users who will also use the UPI service should not be expected to meet the UPI costs to the same level as UPI only users.

Q#	Question	Response
	apportioned via an allocation policy that the DSB will propose and consult with stakeholders in 2023. ***Question 6a: Do you concur with this approach to the cost allocation policy?*** ***Question 6b: If not, what specific alternate approach do you recommend? Please provide a clear rationale and any additional details you believe should be incorporated into the DSB's approach.***	
7	***Summary:*** The DSB proposal remains that fees should be paid in advance, as with the existing service provision. Whilst acknowledging the preference for free data and payment in arrears, the DSB proposes that a payment in advance structure is necessary for effectively supporting the financial sustainability of the UPI service. ***Question 7a: Do you concur with this approach to invoicing?*** ***Question 7b: If not, what specific alternate approach do you recommend? Please provide a clear rationale and any additional details you believe should be incorporated into the DSB's approach.***	
8	**Summary:** The DSB's proposal for treatment of the repayment of capital expenditure (Capex) is to remain consistent with standard industry practice for projects of this size and nature, which is a repayment period of four years. This approach is consistent with the DSB's existing practice for existing services.	A four year amortization repayment period is in line with how the DSB has approached the repayment of capital expenditure for the ISIN fee model. Adopting a similar approach seems reasonable for the UPI fee model. Additional clarification on the breakdown and determination of costs, along with how the calculations were made for the repayment of capital expenditure over the 4 year amortization period, would be welcomed in

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	Question 8a: Do you concur with this approach to amortisation of capital expenditure? ***Question 8b: If not, what specific alternate approach do you recommend? Please provide a clear rationale and any additional details you believe should be incorporated into the DSB's approach.***	order to provide users of the DSB with a clearer understanding of the charges.
9	Please use this space for any other comments you wish to provide.	