

## Second Consultation Questions for Industry - ISDA 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](mailto: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
- Where applicable, responses should include specific and actionable alternative solution(s) that would be acceptable to the respondent 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 Monday 29<sup>th</sup> July 2019
- A webinar to address consultation related queries will take place on Thursday 11<sup>th</sup> July 2019. Register for the webinar [here](#).
- All consultation related queries should be directed to [industry\\_consultation@anna-dsb.com](mailto:industry_consultation@anna-dsb.com)

### Respondent Details

<b>Name</b>	Karel Engelen
<b>Email Address</b>	<a href="mailto:kengelen@isda.org">kengelen@isda.org</a>
<b>Company</b>	ISDA
<b>Country</b>	
<b>Company Type</b>	Trade Association
<b>User Type</b>	Select Type
<b>Select if response should be anonymous</b>	<input type="checkbox"/>

CP2 Q#	QUESTION FOR CONSULTATION	PARTICIPANT'S RESPONSE
FUNCTIONALITY		
	<p><u>General comment</u></p>	<p>In the analysis of CP1 responses, views are consolidated typically in “support/ no support” and all responses are given equal weighting (1 response = 1 “vote”). DSB does list the responses of Trade Associations separately, which we welcome, but it does not change the weighting. Trade Association responses reflect the view of a larger constituency and we would like to see this taken into account in future analysis.</p>
1	<p><u>CFI Codes for EMIR</u></p> <p>Given the approach set out above, the cost estimates provided by the DSB in this consultation, and bearing in mind that these costs would be shared across the DSB’s user base as per the DSB’s existing fee model, do you believe it is appropriate for the DSB to provide a CFI service to act as the golden source of CFI codes for all EMIR Level III products, or should such a service be left to commercial operators?</p>	<p>As we indicated in our response to the first CP, we do not see this service as a core part of DSB’s mission of providing ISINs for OTC derivatives.</p> <p>We indicated that DSB should ensure, if considering a CFI service, to develop this as a separate service, funded completely independently.</p> <p>DSB has indicated that it is not in a position to operate at this stage a standalone fee model for such a service. Furthermore, the costs of providing the service are not negligible (Euro 360k build and yearly running cost of Euro 160k).</p> <p>We therefore do not support the DSB providing this service at this point in time.</p>
2	<p><u>Mapping to MiFID II Taxonomy</u></p> <p><b>2(a):</b> Do you concur with the DSB’s proposal to perform the analysis for MiFID II Taxonomy mapping?</p>	<p>In our response to CP1 we indicated that there is value in this mapping but that more clarity on cost is required.</p> <p>We support the approach proposed to do the analysis with an estimated cost of Euro 30k</p>

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	<p><b>2(b):</b> If you answered “yes” to the question above, do you want the DSB analysis to address all products under MiFID II RTS-2 scope or just OTC derivatives in scope of the DSB?</p>	<p>All products</p>
3	<p><u>Default values in ISIN Templates</u></p> <p>Do you concur with the DSB’s proposal to utilise the DSB Challenge Process and existing PC secretariat resourcing to manage default value population within the product templates?</p>	<p>The approach seems reasonable and has our support.</p>
4	<p><u>Underlying Identifiers</u></p> <p>Do you concur with the DSB’s proposal to utilise existing PC secretariat resources to manage requests for additional underlying data such as US equities?</p>	<p>We support the proposal.</p>
5	<p><u>GUI Enhancements</u></p> <p>Do you concur with the DSB’s proposal to implement a minimal set of search filters targeting occasional users?</p>	<p>While we support certain enhancements to the GUI search functionality, the current DSB proposal outlined in the analysis to question 5 is not acceptable.</p> <p>In particular, we are concerned about the cost, which will primarily be carried by the power users, who are least likely to use the service. The overall build cost is high and we do not understand the need for an ongoing annual run cost once the improved search functionality is implemented.</p> <p>We propose an alternative approach whereby only the analysis is approved and done at this point in time, with further consultation following the analysis or a decision by TAC/PC. This will allow a better assessment of the costs and benefits. Careful consideration needs to be given to ongoing run cost beyond the build cost.</p>
6	<p><u>Other Technical Enhancements</u></p>	<p>We agree with the proposal to utilize existing resources.</p>

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	Do you concur with the DSB's proposal to utilise existing TAC resources to address the identified concerns as part of the DSB's business as usual resourcing?	
<b>DATA SUBMISSION ENHANCEMENTS</b>		
7	<p><u>Tool for Proprietary Index Submissions</u></p> <p>Do you concur with the DSB's proposal to take no further action on a tool to enhance the proprietary index submission process?</p>	<p>The questions on proprietary index submission should be considered together, and an appropriate solution should be worked out. The 24 hour turn-around time for the submission of new proprietary indexes is the maximum allowable turn-around time. The 2 to 4 weeks for any corrections is not acceptable and should be reduced. Changes should ideally be reflected instantaneously on the ISIN record and in no case later than 24 hours after the change request.</p> <p>As we explain in our response to CP2 Question 10, the long turn-around times for the proprietary index submission and correction process is similar to the issue regarding creation of new floating rate indexes. A similar approach as being developed for the floating rate indexes should be applied to the proprietary indexes and more generally to all reference data that is subject to periodic change.</p> <p>Whether or not a tool is required to automate the existing manual spreadsheet process depends on the number of new proprietary indexes created and the number and type of changes that are required. It would be good if the DSB can provide statistics on this. It is further unclear what the benefits of a tool are on top of the automated user submission process (CP2 Q9).</p> <p>Lastly we point out that although the number of firms that submit proprietary indexes is likely small, it is the volume of submissions and the time savings that can be achieved by</p>

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		<p>an automated process or tool that should drive the benefit versus cost analysis.</p>
8	<p><u>SLA for Proprietary Index Submissions</u></p> <p>Do you concur with the DSB's proposal to keep unchanged the SLA for proprietary index submissions?</p>	<p>We reiterate that the submission SLA is acceptable but should be reduced if this can happen without a cost impact. The SLA for changes is not acceptable.</p> <p>The 2 to 4 weeks period for any changes is too long. Changes should ideally be reflected instantaneously on the ISIN record and in no case later than 24 hours after the change request.</p> <p>See also our response to Q7 and Q10.</p>
9	<p><u>Automated User Submission Process for Proprietary Indices</u></p> <p>Do you concur with the DSB's proposal to investigate the provision of an automated user submissions process as part of the DSB's business as usual resourcing and prioritisation?</p>	<p>As we discussed in Q7, the issue should be looked at holistically. An automated user submission process is part of the overall solution to improve the quality and SLA of proprietary index creation and modification.</p>
10	<p><u>Machine-Readable Format for Proprietary Indices</u></p> <p>Do you concur with the DSB's proposal to investigate the automated provision of the full of list proprietary indices in a machine-readable format as part of the DSB's business as usual resourcing and prioritisation?</p>	<p>The provision of the list of proprietary indices in machine readable format is similar to the issue encountered for floating rate indexes. Currently these lists are part of the template (JSON schema) itself, which makes changes cumbersome and costly. The approach to put the list of floating rate indexes outside of the template as reference data, in machine readable format should be applied throughout the DSB to all reference data lists that are subject to regular change. Rather than tackle these on an individual basis, we suggest DSB defines and addresses this issue as one project.</p>

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11	<p><u>LEI for CDS Single Name</u></p> <p>Do you concur with the DSB's proposal for the build of the LEI-ISIN mapping service for CDS single names?</p>	<p>As we indicated in our response to CP1, we support in principle the mapping of a submitted ISIN to the LEI using the ISIN-LEI mapping service and with the specific goal of increasing the data quality. However this should not lead to a requirement to use ISINs/LEI to identify reference obligations.</p> <p>The costs as proposed are high, in particular the ongoing annual run cost, and the direct benefits are unclear.</p> <p>We therefore propose an initial analysis that outlines in more detail the approach and work needed, the costs and the benefits of integrating the LEI-ISIN mapping. The cost benefit analysis can be used as a basis for a further decision on the actual build.</p>
12	<p><u>Validation of CDS Single Name</u></p> <p>Do you concur with the DSB's proposal to examine the number of CDS SN ISINs that have been incorrectly created and work with the PC to determine next steps, if any?</p>	<p>Yes, we support this approach.</p>
13	<p><u>Supplemental Data for ISIN-LEI Mapping</u></p> <p>Do you concur with the DSB's proposal to perform initial analysis to further explore the supplemental data examples cited by users as part of the DSB's business as usual resourcing and prioritisation?</p>	<p>Yes, we support an initial analysis as part of the business as usual resourcing.</p>

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14	<p><u>Mapping of Index Names to Underlying Identifiers</u></p> <p>Do you concur with the DSB's proposal to perform the business and technical analysis on the mapping of index names to underlying identifiers?</p>	<p>Yes, we support for the DSB to do an initial business and technical analysis to look at solutions to improve the data quality. DSB needs to leverage the European Benchmarking Regulation and its implementation, to determine indexes and aliases for the indexes to map to.</p>
15	<p><u>Data Review Process</u></p> <p>Do you concur with the DSB's proposal to work with the PC to review each of the requests for additional underlying data made above on a case by case basis as part of its business as usual operations?</p>	
<b>SERVICE LEVELS</b>		
16	<p><u>Bulk ISIN Creation</u></p> <p>Do you concur with the DSB's proposal to drop further analysis on bulk ISIN creation?</p>	<p>We agree to drop further analysis on bulk ISIN creation.</p>
17	<p><u>Searchable On-Line Utility</u></p> <p>Do you concur with the DSB's proposal to work with the TAC and PC to agree an appropriate design and functionality as part of its business as usual operations?</p>	<p>We agree to cover this as part of the business as usual operations.</p> <p>A general note of caution: we want to be careful not to overload the TAC and PC.</p>
18	<p><u>Phone-Based Support</u></p> <p>Do you concur with the DSB's proposal to drop further investigation on phone support?</p>	<p>As we stated in our consultation response last year and in our CP1 response this year, phone support should become an integral part of the escalation process. This is a mere reconfiguring of the existing escalation process and as such should not require additional resources. We agree to drop if the DSB does not see a way to implement this without a cost increase.</p>
19	<p><u>Proactive AUP Monitoring</u></p> <p><b>19(a):</b> Do you concur with the DSB's proposal to implement the core functionality?</p>	<p>We favour a proactive monitoring system of the UAP limits, however the current proposed cost is too high compared to the functionality provided. If the DSB cannot provide this</p>

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		functionality as part of the BAU environment without a cost increase, this should be dropped.
	<b>19(b):</b> Do you concur with the implementation of the API functionality?	See response to 19(a)
<b>SERVICE AVAILABILITY</b>		
20	<u>Downtime Window</u> Do you concur with the DSB's proposal to change the DSB's downtime hours to between 00:30AM Sunday UTC and 12:30PM Sunday UTC?	We support the TAC recommendation on this.
<b>CYBERSECURITY</b>		
21	<u>GUI Multi-Factor Authentication</u> Do you concur with the DSB's proposal to implement a minimal MFA solution for the GUI?	<p>MFA and the proposed cost that comes with it, might not be the best solution for the 4 specific risks identified that the DSB is looking to mitigate.</p> <p>With regards to the risks, we note the following: the core system should be isolated and protected at any access point, not just the GUI access. Internal support functions should be clearly separated from the core functionality and require their own protection. An attacker impersonating a more privileged user to not pay its fair share is highly unlikely because of the reputational risk associated with it and in the GUI environment in any case this is unlikely to have much impact.</p>
22	<u>Secure SDLC</u> Do you concur with the DSB's proposal to move forward with analysis of Secure SDLC?	We support moving forward with the analysis.



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23	<p><u>ISO 27001/2 for Cyber Breach Risk</u></p> <p>Do you concur with the DSB's proposal to move forward with the analysis phase for the implementation of the ISO27001/27002 framework?</p>	<p>We support DSB further looking into this and doing the initial analysis. The analysis should include a cost benefit comparison and an evaluation of whether the proposed ISO 27001/27002 framework is the right framework for the size and activity of the DSB.</p>														
24	<p><u>ISO 27018 for PII Breach Risk</u></p> <p>Do you concur with the DSB's proposal to take no further action?</p>	<p>Yes, we agree with the analysis and DSB's proposal to not take further action.</p>														
25	<p><u>On-Boarding of CISO</u></p> <p>Do you concur with the DSB's proposal to on-board a part-time CISO with a full-time security engineer?</p>	<p>We suggest for the DSB to initially cover this function through consultancy to get a better handle on the long term need.</p>														
<b>FEES AND USER AGREEMENT</b>																
26	<p>The current timeline for determination of annual fees is the first working day of December (DSB Charges Policy – paragraph 2.4<sup>1</sup>). Communication of the fees is published two days following the fee determination i.e. within the first week of December.</p> <p>When do you need the annual fees for the following year to be communicated?</p>	<table border="1"> <tr><td>July</td><td></td></tr> <tr><td>August</td><td></td></tr> <tr><td>September</td><td></td></tr> <tr><td>October</td><td></td></tr> <tr><td>November</td><td></td></tr> <tr><td>December (unchanged)</td><td></td></tr> <tr><td>No opinion</td><td></td></tr> </table>	July		August		September		October		November		December (unchanged)		No opinion	
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27	<p>The current cost recovery model results in DSB fees being set in way that incorporates adjustments related to the following year's service provision, based on industry consultation feedback and input from both industry committees.</p> <p>By bringing the fee determination period forward, the DSB may need to allow for some</p>	<table border="1"> <tr><td>0-4%</td><td></td></tr> <tr><td>4-8%,</td><td></td></tr> <tr><td>8-12%,</td><td></td></tr> <tr><td>No opinion</td><td></td></tr> </table>	0-4%		4-8%,		8-12%,		No opinion							
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<sup>1</sup> [https://www.anna-dsb.com/download/dsb-charges-policy\\_v3-1\\_2019\\_final/](https://www.anna-dsb.com/download/dsb-charges-policy_v3-1_2019_final/)

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	<p>level of build &amp; run related uplift. This is because the outcome of industry consultation may not be known at the time of fee determination if the timeline is brought forward.</p> <p>What level of cost adjustment should be accommodated?</p>		
28	<p>Industry consensus in 2018 resulted in the DSB making no changes to the way in which user fees were determined for 2019.</p> <p>Do you believe this should remain the case?</p>	Yes	
		No	
		No opinion	
29	<p>The current fee model is designed to ensure that all users of the service, irrespective of size or whether a multi-faceted organisation, can reasonably access the services under fair and equitable terms. Based on this model, the applicable annual fee is applied to each user who executes the DSB Access and Usage Agreement regardless if they have an existing agreement/s in place. Please note, any amendment to the fee model including discounted fees for those users with multiple agreements means the revenue reduction will need to be recovered by the user base to ensure cost recovery of the service.</p> <p>Do you believe a fee discount should be made available for entities requesting multiple or group wide agreements?</p> <p>If yes, above, what level of discount should be applicable?</p>	No	
		Yes, 15%	
		Yes, 20%	
		Yes, 25%	
		Yes, 50%	
		No opinion	
		Other	

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30	Please provide any additional user fee related feedback you wish to provide.	
31	Do you concur with the DSB's proposal to form the DSB Agreement Forum and present its findings within the annual DSB consultation in 2020? If not, what is your specific alternate proposal (if any)?	
AOB		
32	Please use this space for any other comments you wish to provide	