



IPUG

Sharing Knowledge, Improving Skills, Influencing Vendors

DORA for Market Data Special Interest Group

October 10th 2024

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DORA What is it ?

In your market data role, you may be responsible for market data spend or cost optimization, contracts and compliance, inventory management, procurement or feed delivery, but is any role you notice certain industry trend. One of the trend is continuous evolvement of the market data policies, changes in licenses, vendor cost pressure and regulatory changes.

Two main goals have been identified by the European Banking Authority EBA :

- 1- Strengthen the digital operational resilience of financial entities relying on **critical ICT third-party service providers (CTPPs)** to preserve the financial stability and the integrity of the internal market for financial services.
- 2- Promote convergence and efficiency on supervisory approaches when addressing ICT third-party risks in the financial sector

Timeline:

Jan. 16th 2023 -> DORA Entered into force

Development of Consultation

Dec. 8th 2023 -> Mar. 4th 2024 Public Consultation

Assessment of responses, development of final drafts

Jul. 17th 2024 -> Publication / Submission of final draft to the EC

And at the end...

Jan 17th 2025 -> Start of compliance period

What is this all about?



The EU Digital Operational Resilience Act (DORA) sets out a regulatory framework designed to ensure the operational resilience of the financial industry in Europe. The new rules are set to become **effective from 17 January 2025** and will require EU financial entities, as well as the **Information and Communication Technology (ICT)** third-party providers that serve them, to comply with enhanced operational risk management requirements.

2024 started with the joint ESA public hearing with EIOPA and ESMA

See the Jan 23rd 2024 ESA document

https://www.eiopa.europa.eu/system/files/2024-01/2024-01-23_DORA%20public%20hearing.pdf

IPUG review of DORA with a focus on Market Data

- ▶ IPUG reviewed the different articles of the RTS with a focus on the mandate (Art 41(1) requiring the Regulatory Technical Standards (RTS) to specify 4 (four) specific items



DORA impact for Financial Entities (FE) and for our Market Data providers

- ▶ What are the 4 (four) topics of the DORA RTS ?
 - 1- the information to be provided by an ICT third-party service provider in the application for a voluntary request to be designated as critical
 - 2- the information to be submitted by the ICT third-party service providers that is necessary for the Lead Overseer (LO) to carry out its duties
 - 3- the criteria for determining the composition of the joint examination team, their designation, tasks, and working arrangements;
 - 4- the details of the competent authorities' assessment of the measures taken by CTPPs based on the recommendations of the LO.

DORA impact for Financial Entities (FE) and for our Market Data providers

► **ESA decision to divide the mandate in two separate RTS :**

– The first focusing on the areas of the mandate having a direct impact on financial entities and ICT third party service providers:

-> Points (1), (2) and (4) on the previous slide.

– The second one on the requirements to be followed by the competent authorities in relation to the joint examination team:

-> Point (3) on the previous slide.

DORA impact for Financial Entities (FE) and for our Market Data providers

► What is important for IPUG members as most relevant topics of the RTS ?

- 1- Information to be provided by CTPPs (Article 3.2)
- 2- Remediation plan and progress reports (Article 4)
- 3- Structure and format of the information (Article 5)
- 4- Information on subcontracting (Article 6 and Annex I)

The regulator will update the DORA Regulation via the support of **Guidelines**

But this is only an introduction to DORA for IPUG members as many more articles are relevant to our Market Data activities....

DORA impact for Financial Entities (FE) and for our Market Data providers on major incident reporting

- ▶ DORA has introduced a harmonised and streamlined framework for reporting of major ICT-related incidents where FEs have to:
 - ▶ - establish and implement an ICT-related incident management process to detect, manage and notify ICT-related incidents.
 - ▶ - report major ICT-related incidents to the competent authority by way of initial notification, intermediate report and final report.
 - ▶ - report, on voluntary basis and depending on the criticality of the services at risk, significant cyber threats to the relevant competent authority under DORA.

DORA impact for Financial Entities (FE) and for our Market Data providers on major incident reporting

► Major ICT-related incidents are classified based on **six criteria** set out in DORA

- 1- Clients, financial counterparts or transactions affected and reputational impact
- 2- Duration and service downtime
- 3- Geographical spread
- 4- Data losses
- 5- Criticality of the services affected
- 6- Economic impact

RTS on criteria for classification of major ICT-related incidents and significant cyber threats (under Art. 18(3) DORA)

DORA impact for Financial Entities (FE) and for our Market Data providers

EBA (ESMA/EIOPA) will update the DORA Regulation via the support of Guidelines

But the market data vendors are also already trying to “transpose” the regulation so that it creates the least interference with their existing licensing and revenue stream...

One of the main alteration under DORA is the soon to be introduced enhanced operational risk management requirements for FEs when procuring or using ICT services. As a result this requirement on IPUG Members legacy contractual arrangements with ICT TPSP can be found in Article 30 of DORA.

Some IPUG member shave already identified that this aligns with the European Banking Authority's 2019 guidelines on outsourcing.

IMPORTANT: IPUG Members have already reported that a number of market data vendors / ICT TPSP in some of the services they deliver to us, are already formatting an answer by reviewing their client agreements content to optimize the DORA's implementation requirements once finalized via their own “process”.

As there already is no incentive for any kind of licensing and contractual standardization in our market data industry, how consistent will such an initiative be across market data vendors / ICT TPSP ?

DORA impact for Financial Entities (FE) and for our Market Data providers and **the contracts we put in place**

- ▶ Subcontracting requirement through contract life cycle with Third Party Service Providers TPSP (*market data vendors...*)
- ▶ *Four steps have been created: Pre-Phase / Contractual Phase / Monitoring / Exit*
- ▶ *Pre phase*
 - Risk assessment by FE before subcontracting:*
 - *Due diligence by TPSP*
 - *Compliance with FE's legal requirements under DORA*
 - *Impact of failure*
 - *Concentration risks*
- ▶ *Periodical assessment against material changes are to be scheduled*

DORA impact for Financial Entities (FE) and for our Market Data providers and **the contracts we put in place**

▶ Contractual phase

Conditions for subcontracting:

- *Monitoring and reporting by TPSP*
- *Subcontractor reporting towards TPSP, and FE if appropriate*
- *Risk assessment of location by TPSP*
- *BCP*
- *ICT security*
- *Audit and access rights*

DORA impact for Financial Entities (FE) and for our Market Data providers and **the contracts we put in place**

▶ Monitoring Phase

- *FE to document full subcontracting chain (RTS on register)*
- *Monitoring of full subcontracting chain by FE*
- *Assessment of KPIs against contractual conditions*
- *Material changes lead to information and reassessment*

DORA impact for Financial Entities (FE) and for our Market Data providers and **the contracts we put in place**

▶ Exit Phase

- *FE has right to terminate agreement with TPSP in case of*
- *Subcontracting not permitted by agreement*
- *Material changes despite objection or without information*

Fallback actions fall under the scope of the RTS in ICT policy

DORA impact for Financial Entities (FE) and for our Market Data providers

- ▶ The draft RTS require the identification of Financial Entities in line with the 3 (three) DORA criteria:
 - Impact on Financial Sector
 - Financial Stability Concerns
 - ICT Risk-related

- ▶ As a result 7 (seven) by default FE are identified with opt out possible on a case by case basis...

DORA impact for Financial Entities (FE) and for our Market Data providers

► And these seven FEs are:

- 1- Significant credit institutions above certain thresholds
- 2- Payment institutions above certain thresholds
- 3- Electronic money institutions above certain thresholds
- 4- CSDs
- 5- CCPs
- 6- Trading venues above certain thresholds
- 7- Insurance/reinsurance undertakings above certain thresholds

DORA impact for Financial Entities (FE) and for our Market Data providers

► Initial Feedback on these seven FEs are:

1- S&P / Markit, Broadridge, Six will send a document stating they are not impacted by DORA

- Document to be supplied when released

2- LSEG has ran 3 sessions with clients (most recently on Oct 8th)

Introduction of a DORA portal

3- BBRG has published an initial document

A DORA addendum is expected for mid November from the US legal office

4- A number of Custodians and CCP (Post Trade Providers) published an “Open Letter” via FESE stating that since they already are regulated, they consider they do not fall under DORA

5- An issue between the EC and ISO on the LEI versus EUID has appeared on how to identify each party...

6- No known communication from Trading Venues (At Trade) at this point

IPUG response to DORA changes

DORA review timeline:

- ▶ June 2024 Introduction to IPUG Exec and IPUG members
- ▶ July 2024 Assessment of impact on market data JWG via the creation of a draft questionnaire
- ▶ August 2024 DORA SIG meeting and request for input to consolidate a survey to the European IPUG/BVI membership (before Sep 23rd...)
- ▶ October 15th 2024 Launch of survey to the European IPUG/BVI membership -> Document sent
- ▶ October 29th 2024 Collection of survey replies -> Action ongoing
- ▶ **November 22nd 2024** presentation of survey results and actions to be crystalized with TPSP at the European IPUG event in Banque de France (Paris).
- ▶ December 2024 communication to the wider European IPUG of further steps ahead of Jan 17th 2025...



Next Steps for IPUG members before September 23rd

How can you help 1 ?

1- IPUG & JWG DORA questionnaire for Market Data (TPSP) :

- ▶ As presented during the first DORA SIG session, a draft questionnaire has been presented
- ▶ The aim is to collect more market data relevant questions from IPUG members before **September 23rd**
- ▶ Pls invite your market data **Legal** and **Third Party Risk Management (TPRM)** teams to:
 - 1- contribute a “revised” anonymized version of this DORA questionnaire so that we can create a final one for a wider European IPUG distribution

IPUG has scheduled a DORA Special Interest Group SIG meeting with members to collate updated draft questionnaires ahead of the Nov 22nd Paris Event as shown in the timelines slides.

IPUG members can also contribute directly by involving their FEs Industry Associations and User Groups.

Contact for reception of these DORA questionnaires is admin@ipug.org

Version 3 COMPLETED AND DISTRIBUTED TO MEMBERS
BUT MORE .XLS CONTRIBUTION WELCOME

Next Steps for IPUG members

How can you help 2 ? Partially Completed

2- Market Data Vendors (TPSP) contracts:

- ▶ While many of the detailed requirements are still being finalised, IPUG is already preparing to offer DORA-compliant agreements template addendum letters as we have already issued many times for Credit rating Agencies, Benchmark providers and Exchanges in the past.
- ▶ The aim is to cover the TPSP/ICT services to EU (and UK/SWISS) customers, and to support the compliance needs of clients and other stakeholders under DORA.

Pls invite your market data legal to:

- 1- contribute a “clean” anonymized version of a draft DORA addendum letter
- 2- review the IPUG DORA draft letter and revert with comments for exit strategies and contingency plans, Subcontracting arrangements, Data Centre locations, Access procedures, Risk assessment, Enhanced agreement set up process to start with...

IPUG members can also contribute directly by involving their FEs Industry Associations and User Groups.

Contact for reception of these draft DORA contract addendum letters is admin@ipug.org

A handful of template addendum received and MORE CONTRIBUTION WELCOME !

Next Steps for IPUG members

How can you help 3 ? Partially Completed

3- Market Data Vendors documents and actions to alter their legacy contracts/agreements:

- ▶ A number of TPSP like BBRG, LSEG and Six have issued explanatory documents to detail their approach to operational resilience, and how the TPSPs will help FE's to comply with the new requirements.
- ▶ You can find these on the IPUG Extranet where members have access to all the Library content
- ▶ IPUG members are welcome to:
 - 1- contribute any of these market data vendors public documents
 - 2- Contribute the best contact (name/email) at all these market data vendors/TPSP.
- ▶ **Contact for reception of these market data vendors issued documentation is admin@ipug.org**
 - ▶ **Very small number of documents received yet**

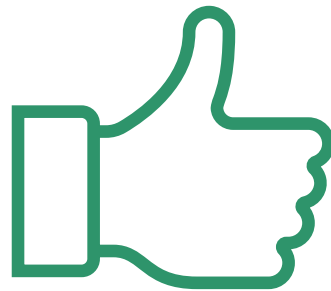
How can IPUG help 1 ?

1- IPUG initial comments on the draft Bloomberg DORA addendum we reviewed during our DORA SIG's (ahead of the review of other Market Data Vendors documents):

- ▶ This addendum has **material gaps** across every aspect of the DORA requirements, with some omitted entirely, but this was better than some BigTech offerings as will be presented in Paris on Nov 22nd ...
- ▶ Positives: BBRG acknowledges that a Lead Overseer might be appointed over them under DORA.
- ▶ Negatives: IPUG RAG colour coding of some topics in the BBRG DORA Addendum:
 - ▶ SLA / Service Description (NB this might be mitigated by other BBRG documents) / Audit / inspection / Subcontractors / Incident Response / Confidentiality / Location / Security Measures / BCP / Exit
 - ▶ The amendment will need adjustment for each IPUG Member profile (AM, IM, IB, WM, HF, Pension Fund, Insurance, etc...), based on which services taken, and their agreements with BBRG

Thank you for your contribution !

**See you all again in Paris on Friday November 22nd for
the European IPUG / Cossiom event hosted by Banque
de France**



Any question?

IPUG Executive: exec@ipug.org

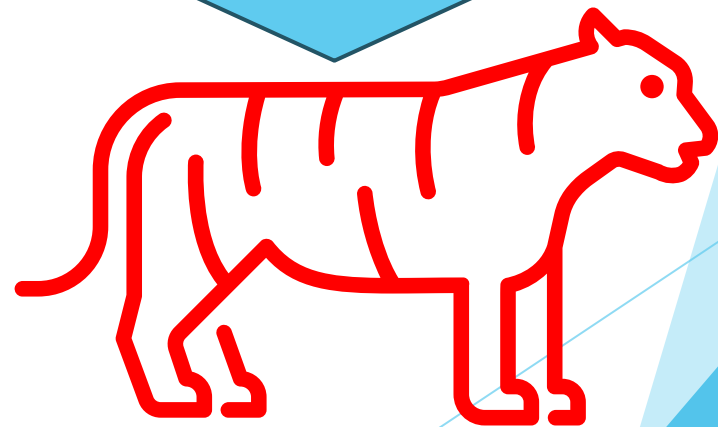
Appendix 1 and 2

Appendix 1 BLG (IPUG Lawyer)

DORA Proportionality – prioritize what’s important

- The principle of proportionality is found in **Articles 4(1) and (2)** and **28(1)(b)** of the DORA legislation:
- Financial entities must take into account their “*size, overall risk profile, nature, scale, complexity... [and] the importance of ICT-related dependencies, taking into account the criticality or importance of the respective service...*”

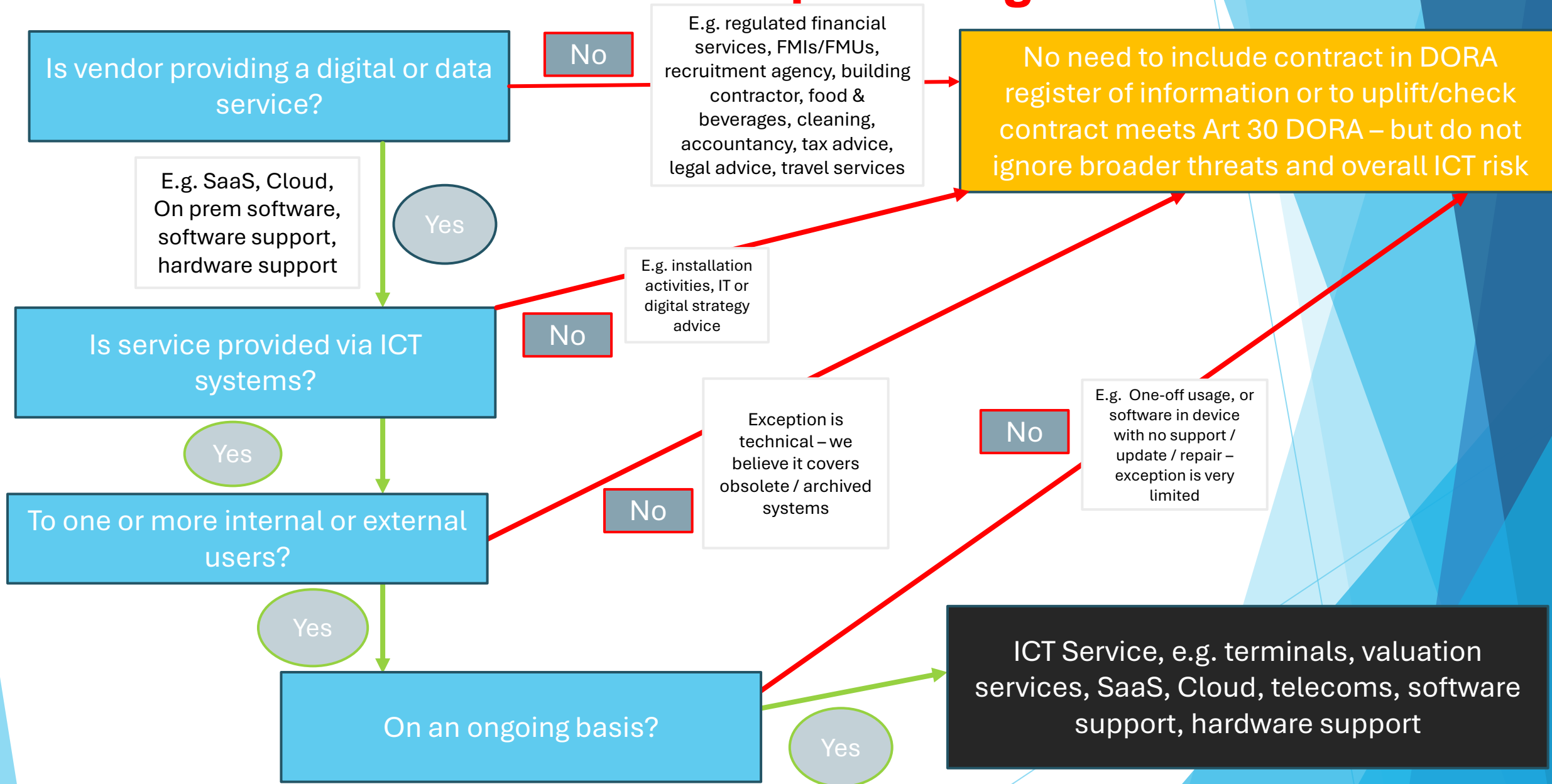
The scope of entities subject to DORA is very broad and their structure, size and business models vary significantly. The approach under DORA may need fine-tuning for entities with a lower dependency on ICT services.



Keep amendment process simple

- ▶ Speak to market data distributors and information services vendors about DORA
- ▶ Prepare amendments for existing provider contracts
- ▶ “Gold plating” contracts can annoy suppliers and cause delay
- ▶ See flow chart on the next slide

Is the market data vendor providing ICT services?



Don't overscope

- ▶ Not every contract is necessarily for ICT services
- ▶ Is contract relevant to EU/UK/SWISS business?
- ▶ Agreements with Financial Market Infrastructures (FMI)?
- ▶ Agreements with regulated financial services firms?

- ▶ **Other notes**
 - ▶ ESA includes ESMA, EIOPA, & EBA
 - ▶ Potential request from the NCA for the DORA (Market Data) register/Inventory copy of these vendors...
 - ▶ ESA Dry Run took place Summer 2023 for a DORA register -> We did not see a lot of understanding, active stance from market data vendors...

BLG/IPUG Appendix

- ▶ Some tips to consider from Bortstein Legal Group
- ▶ Please feel free to contact James Humphrey-Evans (jhumphreyevans@blegalgroup.com)
- ▶ BAFIN -> German NCA
- ▶ Contact James for the official link to the DORA Guidelines issued by the BAFIN as benchmark of what is required....

Appendix 2 LSEG

LSEG communication on Oct 8th

Thank you for registering for, and/or attending our recent LSEG Academy webinar titled [Path to DORA Compliance](#).

If you missed it, or would like to review it again, we invite you to watch the [REPLAY](#).

On the left of the replay player, you'll also see “**View Presentation Slides**”. Click there and you can then select the download button on the right. This will download a pdf of the presentation slides.

Key Resources:

1. [Digital Operational Resilience Act \(DORA\)](#)
2. [LSEG Resilience Portal](#)
3. [MyAccount](#)
 - [Technology Risk Customer Assurance](#)
 - [Disaster Recovery Sites](#)
 - [Information Security](#)
4. [The Register of Information](#)

After reviewing these key resources, if you need further guidance, please reach out to your account team.

Many thanks, best regards – LSEG Academy Team



Path to DORA Compliance (Recorded Webinar)



LSEG

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James Cotton
EU DORA Programme
Manager



James Perkins
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Learning - Data, Feeds, Analytics



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