



Consumer Reference Data Group
Recommendations
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Version 1.0

Standardization for reference data commercial policies is desired among the FISD market data consumer firms.

Scope: The recommendations in this document reflect the use and redistribution of reference data to clients by Financial Service Providers (FSP) acting as custodial banks or asset servicing institutions. The Consumer Reference Data Group (CRDG) sought to produce clear and concise guidelines addressing the need to provide data to their clients while acknowledging the distinct value of different field groups.

Commercial Model: The Commercial Model for Reference Data shall be based on the value of data elements at the field or field group level. The field groups have been defined as low, medium or high value. Low value data are typically static and/or infrequently change from the time the security is issued; medium value data are those fields that do change during the life of the security and those fields that are not differentiated between data vendors; high value data are those fields that are highly differentiated from vendor to vendor.

Low Value Data: Distribution and redistribution of generic data from the Information Provider should not incur a charge or reporting requirement beyond the license fee already paid by the Financial Service Provider.

Examples:

- Coupon- Current interest rate of the security.
- Coupon Frequency-Number of times per year interest is paid.
- Maturity- Date the principal of a security is due and payable.
- Exchange Code- Code for the exchange on which the security trades.
- Country of Domicile-the ISO code of the country where the company is headquartered.
- Next Sink Amount-The next scheduled amount by which the total outstanding amount of a sinkable bond is to be reduced.

Medium Value: Distribution of data should be covered by the license fees paid by the Financial Service Provider. Redistribution of data, in any format, in support of FSP services would be covered by license fees. Redistribution of data, in an open format, in support of non-FSP services may be subject to percentage premium fee or metering.

Examples:

- Yield To Maturity- The yield of a bond calculated to maturity

- Split Ratio- This number describes the rate at which the company will be dividing their current shares outstanding.

High Value Data: Distribution of data shall be covered by the license fees paid by the Financial Service Provider; redistribution may require a direct contract between the Information Provider and the FSP's client.

Example

- Country of Risk- country of risk of an Issuer

This commercial model guideline was then applied in categorizing data fields into three groupings as outlined in the Content Value Matrix below.

Content Value Matrix

Item	Low Value	Medium Value	High Value
Additional Fees	None	May require a percentage premium or metering	Contract Specific
Reporting Requirement	None	May be required	Contract Specific
Direct FSP's client vendor contract	None	None	Maybe required
FSP's Client Usage in support of service on FSP applications.	Allowed	Allowed	Contract Specific
FSP's client usage in support of service redistribution (including client's clients) from FSP applications.	Allowed	Allowed	Contract Specific
Attribution required	None	May be required but not on individual reports	May be required
Copyright required	None	May be required but not on individual reports	May be required
Delivery method Web/FTP/email	Unrestricted	Unrestricted	Contract specific
Delivery format (Pdf, csv, xml)	Unrestricted	Unrestricted	Contract specific
Specific Field Level/Count reporting by FSP	None	None	None
Vendor Right's to FSP's Derived/ Resultant Data	None	None	None

Contractual Issues: The group sought to address a number of contractual challenges. The table below seeks to outline the issue and offer recommendations.

Topic	Issue	Recommendation
Data Fee Redundancy	Multiple payments for data based on delivery mechanism or location.	FSP should only pay once for data irrespective of the application/product, delivery mechanism, third party agreements or location. Encourage vendors to develop a web-based reference data look-up service for validation purposes.
Support of Service Redistribution	Currently requires approval on too granular a level (e.g.,field-by-field basis).	See reporting requirement in the Content Value Matrix.
	FSP's client must have vendor specified contract terms in place but we are not allowed to share contract terms.	Standardized terms and conditions that can be shared with applicable parties without breaching the confidentiality condition of the contract..
	May restrict redistribution of data to pdf for hard copy reports.	See Delivery format and /or any relevant in Content Value Matrix.
Distribution (internal)	Vendors currently levy additional fees multiple times for the internal distribution of data that has been already purchased.	Once FSP pays for data there shouldn't be additional charges to the FSP for internal use/distribution. No restrictions or additional fees for internal distribution of data.
Termination	Some agreements may require that FSP's to purge data upon termination of agreements.	Termination of contract would only impact future updates. Data previously purchased may continue to be used.
Renewals	Often vendors are not providing reasonable notification with regard to fee increases and or commercial restructuring.	To respect budget cycles vendors need to provide FSP a minimum of six months advance notice for any pricing changes. Where Multi-year contracts are in place the increases should be scheduled to occur on the calendar anniversary date after Jan1st and should not exceed CPI. In addition a cap must be established to protect FSP upon renewal.
Derived Data restraints	Vendor language around derived data is too restrictive.	No restrictions around derived data by vendor.
Third Party access to the data	Vendors are currently charging the FSP and FSP's clients for ASP type situations where data is passed to a third party on behalf of the FSP or client.	FSP to govern and protect vendors for any misuse of data by the ASP. No additional fees for ASP processing beyond what is in the recommended redistribution guidelines.
	Vendors are currently requiring an additional agreement when FSP needs to provide data to an outsourced function(i.e. for analytics or analysis).	Separate (tri-party) agreement between vendor and FSP and FSP's client but not required for outsourced function.
	In situations where the FSP is acting as service provider vendors are currently charging FSP for redistribution of high value data.	Additional charges should not be levied because the FSP is only serving as a processor on behalf of the FSP's client.
Affiliates	Ownership too stringent.	50% or greater
Reporting Obligations	Current reporting obligations are inconsistent and cumbersome.	Industry needs to work toward a standard to focus on efficiency and accuracy with minimal administrative burden.

Standard Contract Language: The group is recommending standard contract language to address issues surrounding data delivery, data quality and termination.

Data Delivery: Vendor agrees to data delivery within the defined delivery time. Vendor agrees to use commercially reasonable efforts to provide timely notification to the subscriber in the event that the Vendor becomes aware in advance of a Late Event (vendor specific interruption or delay) affecting subscriber. If the number of events exceeds an agreed upon quantity in a calendar year, vendor may be required to credit FSP accordingly. Confirmed Late Events may not be carried over from one calendar year to another.

Data Quality: Minimum Requirements Liability: The Services provided by the Vendor are obtained or derived by the Vendor from sources that the Vendor, using commercially reasonable resources, has reason to believe are reliable, such as pricing services, standard financial periodicals or publication, newspapers, brokers, dealers, underwriters and securities exchanges. While the Vendor shall deliver the Services to the Licensee in a commercially reasonable manner, the liability of the Vendor and the suppliers of the Data to the Vendor and Licensee's remedy for any claim of loss or damage arising from or related to the Agreement, shall be reasonable and agreed upon with contracted parties. No limitation of liability for Vendor's grossly negligent or willful or wanton acts; no waiver of any rights existing under applicable law for the protection of investors.

Termination Clause: The FSP may terminate this Agreement or any Schedule(s) for convenience, in whole or in part, at any time without the imposition of any penalty by giving at least 90 days' prior written notice of the termination date. The FSP shall remain liable for fees and expenses incurred for all Deliverables Accepted by the FSP pursuant to the terminated Schedule(s) up to the effective date of termination for convenience. Upon termination of this Agreement or any Schedule, each party shall within a reasonable period return to the other all of the other party's confidential Information; upon the termination effective date the FSP will no longer apply Vendor's data updates to the data previously acquired under this Agreement or any Schedule(s).

This recommendation represents the collaborative work of the members of the working group. It should not be assumed that it represents the contractual or policy approach of any FISD-member Information Provider. This document is an initiative sponsored by the Financial Information Services Division (FISD) of the Software and Information Industry Association (SIIA), whose members include leading participants in all segments of the global market data industry, to improve the creation, use and understanding of reference data among market participants.