

Software & Information Industry Association ? Financial Information Services Division  
**Redistribution Action Plan (Phase One)**  
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**Present**

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**Overview**

The members of FISD (with approval of the Executive Committee) have initiated a FISD project around the core issues associated with market data usage and redistribution. The scope of the project has not yet been fully defined – and all FISD members will be invited to participate in its design. As part of the development cycle, the US futures exchanges have been meeting to outline areas of potential activity. Their initial focus is on the control and management of market data usage by financial institutions.

The hypothesis of the exchanges is that financial institutions -- which are authorized to receive and distribute market data within datafeed environments and have executed market data agreements -- fully intend to comply with market data policies. Instances of under-reporting or unauthorized redistribution are assumed to be the result of either a misinterpretation of contractual obligations as applied to specific application areas or a breakdown in communication about compliance requirements among the myriad of parties involved in market data dissemination. The exchanges view the redistributors and consumers of market data as partners in this initiative and are prepared to work with them to develop reasonable ways to address instances of unauthorized or under-reported redistribution.

**Approach**

The initial compliance approach depends on the establishment of a constructive dialogue between exchanges and financial institutions – starting with the recognition of market data as proprietary information – and focusing on ways to clarify compliance requirements and improve internal/external communication. The core components are:

1. **[Issue Letter]** The creation of a carefully worded letter from the exchanges (as a group) to individual financial institutions. The goal of the letter is to outline the exchanges concerns about compliance with market data usage policies and suggest a series of proactive steps to identify problem areas and bring organizations into compliance with their contractual obligations.
  - (Task) – write letter with the appropriate tone
  
2. **[Contact List]** The development and maintenance of an accurate list of contacts (at a minimum to include the compliance officer and head of market data) to ensure that the issue of contractual compliance is understood at the right levels within the financial institutions.
  - (Task) – create and verify contact list

3. **[Internal Market Data Audit]** The development of a market data toolkit to help financial institutions audit their use of market data and create/implement policies and procedures (both technical and administrative) for the effective control of market data.
  - (Task) – develop checklist (or other tool) for use by firm in conducting internal audit
  - (Task) – collect and publish a series of best practices on policies and procedures for the effective control of market data
4. **[Amnesty]** The creation of a series of “safe haven” incentives designed to alleviate concerns about significant financial penalties that might prevent a financial institution from admitting its past errors and starting on the path toward improving its market data compliance approach.
  - (Task) – design scope and limits of “safe haven” program
  - (Task) – determine if “safe haven” program could be extended to vendors to encourage the identification of specific downstream points of under-reporting or unauthorized redistribution
5. **[Education]** The creation of other “awareness” materials such as posters and booklets designed to make sure that everyone involved in the information distribution chain understand the importance of fully understanding and complying with the market data usage policies of data originators

### **Other Activities**

The development of an education-based action plan targeted toward financial institutions is only one component of the overall FISD data usage activity. The overall strategy will also address issues related to web site distribution and derived data. A complete project statement will be developed by FISD members as this activity unfolds.