

SIIA / Financial Information Services Division
Executive Committee – Meeting Notes
September 13, 2006 - London

Attendees: Banerjee (Chair, Telekurs), Siekerka (Vice-Chair, Reuters), Lee (Morgan Stanley), Burch (Interactive Data), Bartashus (Bloomberg), Pons (Thomson), Roche (Thomson), Pike (Wellington), Gross (Deutsche Bourse), Hillman (London Stock Exchange), Frederick (Schwab), Kennedy (GoldenSource), Trempe (Montreal Exchange), Jones (Merrill Lynch), Dearie (Reuters), Bassfield (Telekurs), Brookfield (CME), Sabo (NYBOT), Michaud (Capital Group), McCrea (TSX), Hardy (Lehman)

FISD/SIIA Staff: Cummings, Davin, Hartley, and Wasch,

Operations Advisory Committee (Chair: Claire Pons):

FISD Financials – The EC reviewed the FISD’s FY 2006 final financials and the revised FY 2007 Forecast. In FY 2006, approximately \$125,000 was added to the FISD’s operating reserve and the revised FY 2007 forecast projected that an additional \$84,000 will be added to the reserve in FY 2007.

Staffing Recommendation – The EC approved the recommendation from the staff and the OAC that FISD add a professional level staff person to focus on the management of FISD committees and working groups and the development of content for its events. The expense for this position in FY 2007 is expected to absorb the entire amount of reserve that was to be added in FY 2007 but should not draw into the reserve carried into FY 2007 from FY 2006. The position is envisioned being based in Washington, DC, New York City, or London.

2007 World Financial Information Conference – The staff provided an update on the progress for WFIC 2007 in Newport, RI.

Membership Development – The staff reported on membership issues. FISD added five new members since the last meeting of the EC.

Membership Services – The EC discussed the potential ways to utilize the SIIA’s survey capabilities. Among the potential research subjects identified were a salary survey and a survey to gauge members’ knowledge of and interest in FISD best practice recommendations.

Follow-up on Executive Committee Planning Meeting – The staff presented preliminary drafts of two documents that follow-up on the June planning meeting: (1) A Template for managing introduction of Best Practice Recommendations and (2) An FISD Philosophy on Standards. The staff will set up a conference call for the EC to continue this discussion. Members of the Securities Model Working Group will also be invited.

Governance Advisory Committee (GAC Chair: Jack Sabo):

The EC discussed the recent FISD activities related to MiFID and its sponsorship of the Real-time Market Data Subject Group.

Business Issues Advisory Committee (Co-chairs: Jeannie Merritt and Leo Vozel):

The EC discussed the recent activities in several areas related to Business Issues agenda:

- BIPPS
 - Unit-of-Count – Exchange and Consumer Constituent Groups are discussing issues. CCG is drafting alternative policy recommendation.
 - Derived Data and Non-display Usage – White Paper with competing version of issues published in July. FISD seeking further comment.
 - Potential next topic – Revision of the consolidated exchange Datafeed Control Questionnaire for internal data distribution
- Audits - Exchange and Consumer Constituent Groups are discussing issues.
- Billing and Invoice Working Group – B&IWG to approach a broader group of consumer firms seeking further input and endorsement. The EC requested that a copy of the latest B&I recommendations be distributed.

Securities Processing Automation Advisory Committee (Co-chairs: John Bottega and John White):

New SPA Issues - The EC discussed potential additional areas of activity in the SPA space. The staff will send a list that it developed of potential topics for further FISD action to get the EC's reaction.

Securities Model Working Group - It was noted that Securities Model Working Group has requested to be disbanded as their role in identifying the scope of MDDL is completed.

**SIIA / Financial Information Services Division
Operations Advisory Committee
Meeting Notes and Report
September 6, 2006**

Attendees: Pons (Chair, Thomson Financial), Banerjee (Telekurs), Siekerka (Reuters), Pike (Wellington Management), Wasch, Davin, Cummings (FISD/SIIA)

Financials:

2006 Final: FISD will carry a reserve of \$124,779 into FY 2007 from FY 2006. This is higher than previous forecasts for a number of reasons: (1) higher membership revenues, (2) only one of the two MDDL documentation vendors was paid in FY 2006, and (3) conference and sponsorship revenues were slightly higher than previously anticipated. On the expense side, “Salaries, Staffing, and Benefits” were significantly higher than budget as a result of larger than anticipated incentive compensation payouts for membership development, sponsorship sales, and conference profitability.

2007 Forecast: The revenue forecast for FY 2007 has been increased significantly over budget. This is due to continued growth in new members and success in renewing those large members whose memberships expired in the spring of 2006. The new forecast estimates that FISD will increase the reserve by \$83,928 in FY 2007.

Staffing:

FISD/SIIA management proposes to add one additional professional-level staff position that would primarily focus on the management of FISD’s committee and working group activities and program development for its events. These are both very active areas that demand increasing attention from the staff. The recent growth in membership makes the need for this additional position particularly acute.

It is anticipated that the cost of this new position in FY 2007 would be roughly equivalent to the amount that is currently forecast to be *added* to the reserve in FY 2007. FISD would continue to carry a reserve of approximately \$125,000. Management would be seeking a candidate with experience in the financial (and preferably financial information) industry. Association experience would also be valuable. The position could be located in Washington, DC, New York City, or London.

The OAC recommends that the Executive Committee approve this proposal.

Events:

World Financial Information Conference (Newport, RI)

1) *Logistics* - After several rounds of negotiations with the 2 hotel properties, FISD/SIIA signed a contract with the Hyatt Regency Hotel. We will be offering a pre-meeting destination tour of Newport, similar to the tour provided in Rome.

2) *Program Content* - There will be a call for program committee volunteers beginning with the September newsletter. We plan to schedule the first committee meeting for November. It is a goal to include a balance of the 3 constituencies on this committee with a focus on recruiting new members or members not typically involved in FISD.

3) *Marketing* - The first official announcements will go out in September – one year out. The SIIA marketing staff is currently developing a marketing plan/schedule.

4) *Sponsorships* - SIIA Vice President Brian Rosenberg will be providing the FISD membership and previous WFIC sponsors the 2007 information prior to the official announcements in late September. As in previous years the sponsor options include a variety of activities. The sponsor benefits will be upgraded but it is anticipated that the pricing will be within the same range as the 2005 event.

5) *Market Data Lifetime Achievement Award* - We will be pulling together a group of volunteers to head up this activity later this year. The conference website will dedicate a section to the award.

Asia Financial Information Summit: FISD will conduct its Asia event on October 19 in Singapore in conjunction with Inside Market Data's *IMD Asia* event on October 18. The two events have been marketed jointly as the *Asia Financial Information Summit 2006*. The Singapore Exchange will be the host and lead sponsor for this event.

Membership Development:

FISD added four new members in the past quarter.

Membership Services:

While the indications from members are that FISD is delivering good value to members, the staff continues to identify additional member benefits/services. There is an SIIA resource might be more fully utilized. Anne Griffith, SIIA's vice-president, communications & research. Anne has 25 years experience in association research/surveys and can help FISD construct and field anything from quick topic surveys to very complex research. The EC is asked to contemplate potential needs that FISD may have related to research and surveys.

Executive Committee Planning Meeting Follow-up:

Template for Managing the Development and Communication of New FISD Best Practice Recommendations – A generic approach for FISD to vet, approve, and promote best practice recommendations that are developed by working groups and committees.

FISD Philosophy on Standards – A broad perspective for FISD's approach to its activities in the standards space.

These are only preliminary drafts. The EC can begin initial discussions at its meeting. Further meetings or calls can be scheduled to continue this discussion.

The staff also is committed to these additional follow-up activities from the Planning Meeting:

- Continue to promote/encourage the adoption of MDDL through the Fall of 2006 utilizing SIIA resources. This is underway.
- Explore options for the future management of MDDL – this analysis is in its preliminary stages. A detailed presentation, including the results of the Fall promotion of MDDL, will be presented to the EC at its Q4 meeting.
- Continue to provide educational programs and roundtable opportunities on reference data topics. Work with members in this space to develop of list of potential initiatives. First meeting of Consumers' reference data discussion group scheduled for the end of September.
- Constituent groups
 - Develop tools/processes for more continuity from meeting to meeting
 - Increase the schedule of meetings as needed and desired by group – e.g., Consumer group seems to interested in more regular meetings

- Create password protected area on new website for constituencies

**SIIA / Financial Information Services Division
Governance Advisory Committee
Staff Report on MiFID Activities
September 5, 2006**

There have been a number of developments related to FISD's involvement in issues that surround the European Markets in Financial Instruments Directive (MiFID):

Expansion of White Paper on Real-time Transparency to include Pre-trade Data:

The Real-time Market Data Subject group (RTMDSG) expects to complete the revised white paper (Version 2.0) in September. At its last meeting, the RTMDSG focused on the recommendations that the RTMDSG is asking to be made binding by European regulators at Level 3 stage of MiFID's implementation. The following is an excerpt from the current draft of v. 2.0:

1. *Ideally each trade report should only be published to the market (by which we mean a Data Aggregator) once. Duplications are difficult for downstream consumer to identify and remove. If an Investment Firm chooses to publish trades more than once (through multiple Data Aggregators), it is the IF's responsibility to provide a mechanism of identifying trade reports to ensure their downstream uniqueness.*
2. *Exclusive arrangements for real-time data publication between an Investment Firm and a Data Distributor (or a limited number of DDs) or a Data Aggregator and Data Distributor (or a limited number of DDs) should not be considered sufficient to meet the MiFID requirements to publish data on a non-discriminatory basis.*
3. *Publishing trade reports to a web site is considered to be acceptable provided that the data is send in an electronically readable format.*
4. *Data which is required to be made available by Systematic Internalisers and Regulatory Authorities (such as lists of regulated markets, SIs and MTFs from regulators, lists of stocks admitted to trading from regulated markets, lists of liquid shares and lists of liquid shares in which SIs are quoting) need to be available on a timely basis in an electronically readable format so that downstream consumers of the data can use this information without the requirement for human intervention.*
5. *UTC timestamps on quotes and trade reports need to be synchronised with the atomic clock with a mandatory requirement to minimise clock-drift on all individual infrastructure components to no more than 1 millisecond using industry-standard techniques. These timestamps need to be applied by the SIs.*
6. *The model used to publish pre- and post-trade data needs to be the same in all the participating countries in order to achieve consistency.*

Creation of Dutch MiFID Group:

Market participants in the Netherlands are creating a national MiFID working group. This group would be independent, but participants in the MiFID Joint Working Group (which FISD already supports) would offer their support in whatever way they feel they can.

Screen Consultants, and FISD member based in the Netherlands, will be taking part in this national MiFID working group. Screen has offered to act as a "liaison representative" on behalf

of FISD, communicating back to FISD any relevant information and also communicating from FISD any matters that FISD may want to bring across to the national MiFID working group.

This should benefit FISD by increasing its visibility in continental Europe. FISD will provide only nominal support (nothing financial, no FISD human resources or administration).

MiFID Joint Working Group (JWG) Administration:

FISD took on two new responsibilities in support of the MiFID Joint Working Group: (1) Management of the notices and meeting registration for the RTMDSG which it chairs and sponsors and (2) Notices and registration for the plenary Joint Working Group meetings which occur approximately every six weeks. FISD utilized SIIA's existing database and online registration facilities to handle the upcoming September meeting of the MiFID JWG.

FISD Business Issues Advisory Committee
Meeting Notes and Report
August 29, 2006

Attendees: Merritt (Co-Chair, Nasdaq), Vozel (Co-Chair, Jordan & Jordan), Lee (Morgan Stanley), Hardy (Lehman Brothers), McLean (Reuters), Michaud (Capital Group), Gross (DeutscheBoerse), Banerjee (Telekurs)

BIPPS Working Group:

Unit-of-Count Discussions:

At the instruction of the Exchange Constituent Group's (ECG) and the BIPPS working group, the staff polled FISD member exchanges to see whether their current Unit-of-Count policies are consistent with either the BIPPS recommendation or the ECG recommendation. To date, out of approximately 25 member exchanges, 15 have indicated that their policy is fundamentally the same as the ECG recommendation and one has indicated that its policy is consistent with the BIPPS recommendation.

Consumer members have expressed their concerns with the ECG's recommendation on Unit-of-Count especially in light of new contracts that have been distributed, or are being contemplated by a few exchanges. The consumer members believe that new generation of exchange contracts that are being drafted based on the ECG's Unit-of-Count recommendation are fundamentally flawed. The policies are such that consumer firms would have difficulty complying with the proposed terms of the contracts with regard to unit of count.

The CCG is contemplating the development of an alternative unit-of-count recommendation that would incorporate unit-of-count based on End-users (human beings), netting of entitlement counts for exchange data across vendors, and explicit exemption of product and customer support staff from fee liability. The Consumer Constituent Group (CCG) members will put together their case and concerns with the ECG's Unit-of-Count policy. The CCG's case may be discussed in the BIPPS meeting on September 12.

Derived Data and Non-display Usage:

On July 27, FISD published the DD&ND definitions and white paper. The standardized definitions provide a common language for further discussion of these two types of data usage while the "white paper" lays out the various contentious issues related to Derived Data and Non-display usage and describes the different, and sometimes opposing, views on these issues. FISD is seeking further industry comment on the document so that it can be enhanced. The staff plans to try to raise the profile of the document and the associated issues through communications to members and a press release.

Next Topics for BIPPS Group:

The BIPPS Working Group discussed potential upcoming topics. There was general agreement it is desirable to revise the standard Data Feed Control Questionnaire that exchanges use for internal distributors of data feed information.

The staff has reviewed the situation and found at least minor divergences among the versions of the DCQ that are posted on FISD.net and used by the six exchanges that currently employ the DCQ. The staff sent an inquiry to the six exchanges to gauge their interest in collaborating on a revision and harmonization of the DCQ. If the six exchanges agree on a consolidated version of the DCQ, the staff could expose the document to the broader membership seeking two types of response: (1) feedback on the

updated document with respect to its clarity, lay-out, and wording and (2) call for additional exchanges that may wish to use the standard DCQ.

Audits:

The Consumer Constituent Group made the following proposal to the Exchange Constituency Group related to audit practice:

Many exchange and vendor contracts allow them an audit right with data consumers. Over the last two years the number of data providers seeking to review Consumers' systems and procedures has become onerous.

The FISS Consumer Constituent Group (CCG) proposes that data providers recognize a list of external auditors from which consumers can select to perform an audit of their processes. The audit would be at the consumer's expense. The auditor will issue a report to the consumer of its findings and the consumer would correct any deficiencies and provide the affirmation of compliance to the exchanges. For any deficiency found, the consumer would correct the matter going forward.

This specific recommendation and the broader issue of audits were discussed by the Exchange Constituency Group in their conference call on August 31. The ECG has proposed that some sort of joint meeting of the CCG and ECG be scheduled to discuss the exchange members' thoughts on the recommendation and the overall issue of exchange audits.

Billing and Invoice Working Group:

The B&I Working Group has been meeting monthly since its inception on December 15. The main focus of the group has been on issues that would support best practice standards for invoicing. The group has completed a preliminary set of recommendations that consist of policy/practice recommendations, a Billing Data Model that identifies all the invoice data elements that the members desire, and sample invoices that demonstrate how the data elements would be used. The members of the working group will be launching an outreach program in September whereby the recommendations will be shared with a broader group of consumer firms seeking their comment and buy-in.

SIIA • Financial Information Services Division
Securities Processing Automation Advisory Committee Report
07 September 2006

Items to Report

The following are the principal activities and concerns since the last meeting on 14 June 2006 (in no particular order):

1. ISO/TC68/SC4/WG8
2. ISO/TC68/WG4
3. ISO/TC68/SC4/WG11
4. MDDL Educational Tour
5. MDDL Documentation Set
6. Other Open Issues
7. Upcoming Events

ISO/TC68/SC4/WG8

The International Business Entity Identifier standard – ISO 16372 – has hit a bit of a stumbling block in that SWIFT (the convener of the working group and servicing agent for many financial institutions) has received negative feedback. Some of the feedback echoes FISD's statements regarding the necessity for relationships and a convincing proposition for participation by the industry rather than a commercial enterprise. Most of the strongest feedback regards the form of the identifier – original proponents of the standard were expecting an encapsulated identifier made by a national organization (like an ISIN). The working group had found that this method wouldn't work (for technical, financial, and legal reasons) and found a better way. Debate is still active on how to proceed in bringing the standard to an official vote.

ISO/TC68/WG4

The WG4 group has worked at a dizzying pace covering a large range of technical and implementation related issues surrounding ISO 20022 (UNiversal Fincancial Industry message scheme). FISD is a Category D liaison to this group so James Hartley has been observing and participating as his other duties allow. Work should progress through the end of the year resulting in formal recommendations for change to the ISO 20022 RMG (Requirements Management Group)

ISO/TC68/SC4/WG11

The Securities Data Model standard – ISO 19312 – has mostly been on hiatus since the last meeting in Boston on June 7-9. The next meeting is

October 30-31 in Paris where it is expected the group will focus on formal plans to finalize the standard and bring it to vote. James Hartley will be presenting an overview of the standard and moderating a panel discussing the new model at the SIBOS Standards Forum on 11 October 2006 in Sydney.

MDDL Educational Tour

With the completion of the primary MDDL content, the new documentation set, and the new website, FISD is embarking on an "MDDL Educational Tour" to meet with members. These private sessions will involve a semi-formal presentation of the new materials, discussions about how MDDL affects the member, and conversations about adoption of MDDL. A report will be made summarizing findings to date for the 14 December 2005 Executive Committee Meeting (in New York).

MDDL Documentation Set

The documentation set has progressed steadily after initial issues with contract signing and staff assignment. The first deliverables have been made and integrated into the new MDDL.org website. As deliverables are made over the next month they will be integrated into the website and the Educational Tour.

Other Open Issues

- FISD has drafted an outline of FISD's position on standards. This should serve as a guide for FISD's involvement in SPA (and other) related standards. The SPA-AC, via the EC, should review and confirm this proposition.

Upcoming Related Events

The following meetings or events related to the SPA agenda are scheduled:

14-14 SEP 2006: FISD GM (London)
19-19 SEP 2006: WG11 Pricing Subgroup (Brussels)
11-12 OCT 2006: SIBOS "Standards Forum" (Sydney)
11-11 OCT 2006: FISD Meet with Sydney Constituents
17-18 OCT 2006: ISO/TC68/SC4 (Beijing)
18-19 OCT 2006: IMD/FISD Event (Singapore)
30-31 OCT 2006: ISO/TC68/SC4/WG11 (Paris) JAMES UNABLE TO ATTEND
09-09 NOV 2006: FISD Issue Brief (Boston)