

SIIA / Financial Information Services Division
Executive Committee
Meeting Notes - December 16 2008
Credit Suisse, New York,

Participants: Jacobi (Chair - Citi), Banerjee (Vice Chair – SIX Telekurs), Pritchard (Rights Management), Flynn (Fidelity), Gross (Deutsche Boerse), Lenz (Deutsche Boerse), McCrea (TMX Group), Trempe (TMX Group), Killeen (Thomson Reuters), Baker (NYSE Euronext), Reiser (NYSE Euronext), Burch (Interactive Data), Hillman (London Stock Exchange), Mangan (Barclays Capital), Merritt (NASDAQ OMX), Williams (Credit Suisse), Kotovets (Bloomberg), Gritsuk (MICEX), Couch (Capital Group), Pickles (BT), D’Angelo (J.P. Morgan Chase), Schneck (Dow Jones), Juneja (NASDAQ OMX), Wasch (SIIA), Davin (FISD/SIIA), Cummings (FISD/SIIA), Merritt (FISD/SIIA), Nichols (FISD/SIIA), Sawney (FISD/SIIA)

Thanks to Ian Williams and Credit Suisse for hosting this meeting.

Operations and Governance Advisory Committee (Chair: Claire Pons):

- Notes and report from December 9 meeting of the GOAC follow in this document (pages 3 to 6)
- FISD Financials (see attached Excel spreadsheet):
 - The EC reviewed the updated forecast for FY 2009. The forecast projects a slight operating loss.
 - Members dues levels are holding steady but the staff is anticipating a loss of almost \$100,000 to known member consolidations and going-out-of-business situations.
 - Forecast does not include any spending on the Certification Initiative.
- Events
 - 2009 World Financial Information Conference (October 4-7, 2009 in Athens) – The staff reported on the status of the preparations for WFIC. Among the highlights noted:
 - Strong sponsor support already
 - Program committee met on December 15
 - Discount hotel and admission for consumers
 - Asia-Pacific Financial Information Conference – The staff reported that the event was, by all measures, a success. Nearly 300 people attended. Net revenue is expected to exceed budget. The post-review surveys were mostly favorable.
 - CY 2008 Event Calendar – The EC reviewed the CY 2009 event calendar. The staff noted that it plans to add an informal networking activity in London in February. This event would be similar to the “Happy Hour” that was conducted in NYC in October.
- Executive Committee Elections – Members have nominated 15 organizations – five nominees for the four open slots in each of the three constituencies. All incumbent EC members re-nominated themselves. The election began December 1 and is scheduled to run through December 22. The three leading vote-getters in each constituency will be added to the EC. The remaining three slots (one in each constituency) will be chosen by the EC (including the nine newly elected members) in early January.

- **Action Item:** Certification Research Project – The EC approved the funding for Phase 2 of the Professional Certification initiative out of FISD’s financial reserve which will be matched \$1.50/\$1.00 by the SIIA. Phase 2 would include the operational research and creation of the plans, business models, and relationships necessary to launch an FISD Professional Certification facility.
- **Action Item:** Jobs Board – Exec Committee instructed the staff to evaluate the opportunities to enhance the Job Search resources available through FISD.net. These opportunities should include providing exposure (via FISD.net and other communications media) to member-operated job boards like that already operated by LakeFront Data Ventures. The arrangement with LakeFront would be non-exclusive – FISD members offering similar services would receive similar benefits. The EC also approved the idea of FISD creating a web page that would allow the direct posting of links to job listings on members’ sites.
- MiFID Real-time Market Data Subject Group – The staff reported that it had responded to a survey from the European Securities Markets Expert Group (ESME) related to the availability of post-trade market data for equities trading in Europe. FISD’s responses were largely based on the comment letter that the group sent to CESR and the European Commission in July 2008.
- Membership Development – The staff reported that Exec Committee members are providing strong support, helping the staff identify and pursue likely candidates for membership.

Business Issues Advisory Committee (Co-chairs: Jeannie Merritt and Esther Brookfield):

- Staff report for BIAC follow in this document (pages 8 and 9)
- BIPPS Working Group:
 - **Action Item:** The EC approved the Best Practice Recommendation for Internal Administrative Data Usage as an FISD Best Practice Recommendation
 - FISD Glossary of Terms – The staff briefed the EC on a new project to create a consolidated glossary of market data policy and contractual terms to support FISD’s various best practice documents. The glossary could also facilitate increased consistency in terminology across data providers.
 - **Action Item:** The EC approved the Derived Data and Non-Display Best Practice Recommendations as an FISD Best Practice Recommendation
- Service Level and Communications Working Group – The staff reported on the latest developments with the pilot phase of the Content Provider Tracking Program. The members of the group have begun to submit tracking forms related to upcoming “events” related to Content Providers’ market data services.
- Audit Working Group – The staff reported on progress on the Audit Best Practice Recommendations. The group hopes to complete its recommendations in time to be approved at the next meeting of the EC.
- Anti-Piracy Working Group – The staff reported on the latest discussions in this group.

Securities Processing Automation Advisory Committee (Chair: John White):

- Staff report follows in this document (pages 10-12)

- Credit Crisis – The staff reported on the relevance of a number of FISD activities to the credit crisis:
 - Member Roundtables in London and NYC
 - Regulatory outreach and tracking – The staff will be seeking to form a member group that would focus on outreach and education of regulators on data issues relevant to the credit crisis
 - Implications for MDDL and ISO standards – The value of a variety of proposed standards has risen as a result of the credit crisis.
 - Job market – Member Roundtable on December 16 was focused on this topic.
 - Issue Briefs on Transparency – Issue Briefs in November and February focus on transparency and its role in risk management.

- ISO Working Groups
 - WG4 - ISO 20022 - The staff proposes to prepare an overview of ISO 20022 for the SPA-AC, review of which to be followed by a presentation and list of options to the EC at the Q1 2009 General Meeting.
 - WG 8 – International Business Entity Identifier
 - WG 1 – International Securities Identification Number

- FISD Activities
 - MDDL – The staff will be forming a new member working group to deal with issues related to securities data models and MDDL. Among the likely issues on the agenda include:
 - Potential joint activities with FIX
 - Develop a preliminary “taxonomy” of ABS, MBS, CDO, CDS, and related instruments and actors, with an emphasis on “corporate action” events related to payment flows.
 - Find ways to make the data model embedded within MDDL more accessible and valuable to the industry.
 - Data Model Wiki – The staff continues to add content and functions. It is averaging about 1,200 unique visitors per month.

**SIIA / Financial Information Services Division
Governance and Operations Advisory Committee
Report for Executive Committee
Tuesday, December 9, 2008**

Financials:

FY 2009 Forecast:

The attached spreadsheet shows the updated FISD forecast for FY 2009. The revised forecast shows a slight deficit for FY 2009. We experienced a slight decline in membership revenue and are running a net deficit on training. We have not yet finalized the financials from the Asia-Pacific Financial Information Conference (APFIC) but expect to at least net the amount that was budgeted.

Events:

2009 World Financial Information Conference

The 2009 World Financial Information Conference will be held in Athens, October 4-7 at the *Divani Apollon Palace & Spa*: <http://www.divanis.com/apollon/default-en.htm>. Staff has negotiated the sleeping room rate of 190€per night.

Program Planning: Ludwig D'Angelo, JPMC and Sara Banerjee, SixTelekurs have agreed to serve as program co-chairs. A call for volunteers for the program committee has been included in the past 2 member newsletters. In consultation with the Co-Chairs staff is sending out invitations to ensure a balance of participation by member organizations. The first meeting is scheduled for December 15 in NYC with dial-in availability.

Marketing: We have been promoting the WFIC at all FISD and related industry events since June 2008. The marketing plan includes comprehensive outreach via electronic and snail mail as well as utilizing industry partnerships, press releases and leveraging relationships with conference sponsors.

Sponsorship Sales: Currently confirmed:

Host – Athens Exchange (the first time we have had this level/type of sponsorship)
Platinum – Deutsche Boerse
Gold – SIX EXFEED & BT Financial Services
Silver – London Stock Exchange, Standard & Poor's, Dow Jones
Bronze – TMX Group

We have additional requests for Gold and Silver but are awaiting final confirmation as budgets are finalized. Staff is continuing to reach out regarding sponsorship sales. In addition to the sponsorship packages listed above we are also offering a Jacket, Conference Bag and Golf Tournament sponsorship. Details on the Sponsorship Program can be found at: http://www.fisd.net/wfic/2009/sponsors_packages.asp

Budget: The budget forecast is in the process of being finalized. As a result of the Host Sponsorship registration for consumer firms will be greatly subsidized and the goal is to maintain the 2007 registration pricing for other members.

Asia-Pacific Financial Information Conference

The 2008 APFIC was a success. Nearly 300 attendees attended. The results of the formal post-event surveys and informal comments suggest that the event was valuable for attendees. As noted above, we have not yet finalized the financials from the Asia-Pacific Financial Information Conference (APFIC) but expect to at least net the amount that was budgeted.

CY 2009 Event Calendar

February 19 - Issue Brief & Networking Reception, Hosted by Citi, New York

February – Happy Hour, London

March 23 - General Meeting & Networking Reception, Copenhagen

April/May - Asia Local Meetings:

April 21 Shanghai - Hosted by SSE Infonet

April 24 Tokyo - Hosted by Thomson Reuters

April 28: Singapore - Hosted by the Singapore Exchange

May 1: Sydney Hosted by Australian Securities Exchange

June 2 - Issue Brief & Networking Reception, London

June 25 - General Meeting & Networking Reception, New York

October 4-7 - World Financial Information Conference, Athens, Greece

October/November - Asia Local Meetings

November 17 - Issue Brief & Networking Reception, New York

December 3 - Issue Brief & Holiday Party, London

December 15 - General Meeting & Holiday Party, New York

Executive Committee Elections:

In November, we put out the call to FISD members to nominate candidates for 12 spots on the Exec Committee. The following 15 organizations have been nominated – five nominees for the four open slots in each of the three constituencies. Note that all incumbent EC members re-nominating themselves.

Australian Securities Exchange

EuroMTS

London Stock Exchange

NASDAQ OMX

Singapore Exchange

Bloomberg

BT Global Financial Service

Interactive Data

iX Partners

SIX Telekurs

Bank of America

Charles Schwab & Co

Capital Group

J.P. Morgan Chase

State Street Global Advisors

Frank Hoer

Rafah Hanna

Jarod Hillman

Jeannie Merritt

Lai Kok Leong

Gary Kotovets

Chris Pickles

Phil Burch

Janet Santasieri

Sara Banerjee/Paolo Sivilica

Steve Allen

Mike Ippolito

Carol Couch

Ludwig D'Angelo/David Morgan

John White

The election began December 1 and is scheduled to run through December 22. The three leading vote-getters in each constituency will be added to the EC. The remaining three slots (one in each constituency) will be chosen by the EC (including the nine newly elected members) in early January.

Certification Facility:

Action Item: The staff proposed that FISD undertake Phase 2 of the Professional Certification initiative with an FISD expenditure out of FISD's financial reserve. Phase 2 would include the operational research and creation of the plans, business models, and relationships necessary to launch an FISD Professional Certification facility.

The staff recommendation is based on the following recent developments:

- At the EC's direction, the staff worked with Atradia Consulting to develop the attached Scope of Work document.
- The FISD Certification Steering Committee met and confirmed that the Scope of Work document developed by Atradia and the staff is appropriate for the development of the FISD Professional Certification facility.
- The SIIA Board has agreed to cover 60% of the total cost of Phase 2 of the project, contingent on FISD funding the remaining 40% from FISD's dedicated reserve.

The GOAC endorses this proposal and recommends that the Executive Committee approve funding.

Job Board

In its September meeting, the EC discussed the idea of FISD providing members with a facility to post job openings. The EC agreed that this was a promising idea and asked that the staff develop a detailed proposal. In the meantime, LakeFrontData Consulting has launched a jobs site (<http://www.lakefrontdata.com/lakefrontdatajobs.html>).

MiFID Activities:

ESME Survey: In October, the staff received a survey from the European Securities Markets Expert Group (ESME), an advisory group to the European Commission composed of experts in the field of financial services. They were trying to gather information on the availability of post-trade market data for equities trading in Europe and approached FISD as an industry organization, even though they had (apparently) approached a number of our members individually.

After providing members of the FISD MiFID Real-time Data Group (RTMDSG) with an opportunity to review draft responses and comment, the staff sent the attached response to ESME. These responses are largely based on the comment letter that the group sent to CESR and the European Commission in July 2008.

CESR Call for Evidence: On November 3, CESR issued a Call for Evidence on the impact of MiFID on secondary market functioning in equities markets:

<http://www.cesr.eu/popup2.php?id=536>.

The release includes issues that the RTMDSG has discussed like market transparency, data, and market fragmentation. Comments are requested by 9 January 2009. The RTMDSG is considering whether it wants to respond to this as a group.

Membership Development:

Since the decision in September to have FISD Executive Committee members work directly with staff toward identifying and recruiting new members, staff has been contacted by nine EC members volunteering to assist.

FISD Business Issues Advisory Committee (BIAC)
Report to Executive Committee
Tuesday, December 16, 2008

BIPPS Working Group:

ACTION ITEM: *Internal Administrative Data Usage Best Practice Recommendations*
The Executive Committee is asked to approve the Best Practice Recommendations on Internal Administrative Usage of Data as an FISD Best Practice Recommendation. Members of the BIPPS Working Group have discussed the wide range of existing policies for the fee liability of internal administrative usage of exchange data for purposes such as sales, marketing, technical support, disaster site recovery and more. The group feels that a Best Practice Recommendations (BPRs) document on this subject will help to improve understanding of the issue and encourage consistency among the policies of content providers.

The Best Practice Recommendation submitted to the Executive Committee for approval is attached below. Changes suggested by BIAC members in their August meeting were put to the BIPPS Working Group and accepted in their entirety in an October 7 meeting/conference call and in a follow up email to the full distribution list.

In addition to the BPRs, the group is helping to improve the transparency of exchanges' existing policies by publishing a matrix of exchange policies in this area. In response to an FISD questionnaire, nearly 20 FISD member exchanges have provided a summary of their fee exemption policies for a variety of internal administration and support purposes. FISD Members can now view these exchange policies on our website.

FISD Glossary of Terms

In response to the inquiries and concerns of several FISD Members, the BIPPS WG has begun work on creating an FISD 'Glossary of Terms'. This Glossary is designed for use when describing or prescribing market data usage policies. Such a Glossary would potentially have several benefits including:

- Ensure consistency among the terms used in current and future FISD Best Practice Recommendations and transparency tools.
- Enhance transparency, increase consistency and improve efficiencies within our industry.

We have terms and phrases already defined in several FISD public documents (e.g., existing Best Practice Recommendations and the Model Contract document). These terms would serve as the starting point for the creation of this document.

Derived Data and Non-Display Working Group:

ACTION ITEM: *Derived Data and Non-Display Best Practice Recommendations.*
The Executive Committee is asked to approve the Derived Data and Non-Display Best Practice Recommendations as an FISD Best Practice Recommendation. Policy treatment of non-display applications and derived data products that use content provider information are an important issue for participants in our industry. The Derived Data and Non-Display Working Group has developed Best Practice Recommendations to facilitate further engagement on these issues among the members of the industry. This document is based in large part on the BIPPS group's white paper on this topic that was published in 2006. The current working group began as a joint

effort of the Consumer and Data Vendor Constituent Groups. Earlier this year, Exchanges and other members were permitted to join to enrich the debate.

FISD Staff received suggested changes by BIAC members in response to the initial version submitted in August. These suggestions were relayed to the full Derived Data and Non Display distribution list. After review and discussion by the Derived Data and Non-Display WG, the BIAC suggestions were adopted in whole to the BPR.

The full Best Practice Recommendations document is included at the end of this section.

Status of Derived Data and Non-Display Working Group

If the Working Group's BPRs are approved by the Executive Committee, FISD Staff recommends that the Derived Data and Non-Display Working Group be folded back into the BIPPS Working Group. Given the origin of the group and the significant overlap of members in these two groups, this will allow for quicker and easier discussion and review of issues related to this topic down the road.

Service Level and Communications Working Group:

Content Provider Tracking Program.

Following approval granted by the Executive Committee in the September meeting, the Service Level and Communications Working Group has implemented the trial period for the program to track content provider's actions measured against the current Best Practice Recommendation (BPR) document.

The Working Group seeks to have the Program represent as 'full a picture' as possible regarding the actions of exchanges and Content Providers. To that end we are encouraging all group members to submit tracking forms (SERFs) when possible.

Audit Working Group:

Audit Working Group Best Practice Recommendations.

The Audit Working Group is completing an update of the Audit Code of Practice document that was originally published in 1998. Renamed "Best Practice Recommendations on the Market Data Audit Process", the revised document will be a thorough compilation of recommendations focused on the market data audit process. The Working Group agrees that an update of the Code of Practice document will increase the effectiveness and efficiencies within the audit process. FISD Staff expect the Audit BPR to be submitted to the Executive Committee during the first half of 2009.

Anti-Piracy Working Group

Quantifying the Magnitude of Data Piracy and Misusage

Our Piracy WG is looking to bring additional attention and focus on this topic. We're examining the possibilities of attempting to quantify and measure the loss from data piracy and misuse of data.

Securities Processing Automation - Advisory Committee Staff Report to Executive Committee – Q3 2008

SPA-AC activities in response to the “Credit Crisis”

As the Credit Crisis has unfolded and upended priorities and jobs across the industry, staff has been active on multiple fronts:

- **Member Roundtables**
Staff has put together discussion roundtables in London on December 2 and in NY on December 17 to discuss member concerns, encourage sharing of perspectives, and identify ways that FISD can help its members deal with related issues.
- **Regulatory Outreach and Tracking**
Staff has had multiple discussions with the US SEC and Federal Reserve. Further conversations are planned for Q1 2009. We are forming a Working Group, initially for Consumer firms, to discuss the issues and concerns members wish to raise. Specific topics to date include the failure(s) or incompleteness of current Operational Risk metrics, and issues related to Front Office vs. Back Office dynamics. We are participating loosely in the JWG-IT “Breakwater” Initiative with the FSA, on an “as available” basis due to time constraints.
- **Implications for Standards and MDDL**
A notable effect of the Credit Crisis has been to increase the level of attention related to Standards and general operational issues and problems among regulators, investors, and the press. This appears to offer the opportunity to address some of the effects of the chronic relative lack of investment in the back office. One sign of this has been an increase in inquiries related to MDDL and corresponding interest in the overall processing required for STP. **A new MDDL/Data Model Working Group is being formed to “strike while the iron is hot”**. The tentative agenda includes a joint effort with FIX to provide the Reference Data model for ISO 20022, extracting the Instrument data model from MDDL and extending it cover ABS and CDS, and mapping the intersections between FIX and MDDL processing. Recent work with members has led to a preliminary taxonomy of derivative instruments and a list of “corporate actions” required by CDS of ABS.
- **Job Market**
We are putting together a panel for the December General Meeting in NY addressing the job market and employment issues in light of the Credit Crises. Further activities related to jobs and employment is under discussion among staff and we are seeking member input as to ways in which FISD can provide services or information.

As the barrage of bad news regarding jobs continues, staff has been trying to glean hard numbers from the data and find more granular breakdowns than typically provided in the press. Initial results from the most recent US Bureau of Labor Statistics releases are posted on the wiki.

- **Issue Brief on Transparency**
Transparency is a term much tossed about these days. Staff developed a well received Issue Brief in November in Chicago titled “Transparency - Evolving Definitions and Practical Implications”. Based on feedback, we are currently planning to conduct a similar panel on the issue in February in NYC, with an update on regulatory comments and actions.

Standards Activities

ISO 20022 – WG4

The level and range of activities within 20022 of relevance and/or interest to FISD members should be reviewed. Staff has been participating in and monitoring WG4 activity, but recommends that the SPA-AC review the current status of the overall ISO 20022 effort and decide where (and if) further staff time should be devoted to 20022 efforts. Some background:

- WG4 is completing its current remit (end of Q1 09 is target for all voting, etc.), and will be replaced by WG5(?) going forward.
- In addition to staff involvement, several FISD members have or have had individuals participating within the 20022 framework under the FISD flag.
- Multiple members have staff participating in ISO 20022, the level of overlap with active FISD members is unclear.
- While complex and moving at the general stately pace of ISO activities, 20022 is becoming more, not less, important and relevant. **Regulators are looking to 20022 as a point of reference for industry operations.**
- FISD and FPL have agreed to jointly submit the Business Justification for Reference Data to the ISO 20022 process.

Recommendation: *The staff proposes to prepare an overview of ISO 20022 for the SPA-AC, review of which to be followed by a presentation and list of options to the EC at the Q1 2009 General Meeting.*

ISO WG8 – International Business Entity Identifier

After a drop off in related industry and member discussion beginning in Q2 and continuing into Q3, it appears that the Credit Crisis is raising the visibility of the issue to higher levels. Staff has been actively participating in the new WG8 and reporting back to SG members. WG8 has defined its scope as being limited to Issuers and Guarantors. There is supposed to be a joint SC7/SC4 addressing of the broader scope of Entity Identification, but this has not yet been formalized. Staff could not participate in the last WG8 meeting, but did arrange for Dr. Norman Paskin of the DOI Foundation to present regarding similar identifier issues in the Publishing industry. Based on multiple conversations since the meeting, this appears to have been well received, if not well understood by all in attendance. There appears to be also a growing number of vendors in the industry interested in shared efforts to address at least part of the issue. Regulators appear to be paying increased attention to the issue; it is unclear to what extent they understand it.

ISO WG1 – ISIN

In June 2008, SPA-AC confirmed the work of Staff and endorsed a role for Staff as Convenor of the WG, with the aim of keeping the WG focused on completion of the technical standard and ensuring that the discussion does not get bogged down in commercial issues. Unfortunately, we cannot report any forward progress – the new WG1 has yet to meet. FISD hosted the ISO TC68/SC4 committee meeting in Washington, DC in September. At that meeting, it was resolved that the new WG would meet in October. Multiple attempts at scheduling the initial meeting of the new WG have finally led to a “confirmed, tentative” date of January 16th, 2009.

FISD Activities

MDDL/FIX

Interest in MDDL has picked up recently, at least in part due to the Credit Crisis. Despite a complete lack of marketing, MDDL still retains significant name awareness, according to a recent Tower Group survey. But the complexity of the chosen XML Schema implementation represents a significant barrier for parties seeking to use the MDDL data model. However, over the past 8-12 months, staff has worked with a variety of parties on different ways to utilize parts of the MDDL data model. This has led to an open-source MySQL relational database implementation of the data model, along with further discussions with FIX.

Recent inquiries from consultants and other industry participants have focused on the richness of the attribute sets for the instrument model within MDDL. At the recent ISO 20022 RMG meeting, Jim Northey of FPL announced that FIX and FISD would submit a joint Business Justification (“BJ”) for Reference Data for the 20022 Repository. Staff is currently working with FIX to formulize a MOU and prepare the 20022 BJ. It is anticipated that pulling the data model out of MDDL and mapping it to FIX will be a member WG effort, preliminary technical volunteers have been identified, a tentative roadmap is under discussion, and activities will commence in early January 2009. Staff is requesting SPA-AC input and guidance related to ensuring that it is not just a technical exercise and that the results are easily utilized within member firms.

Working with members, we have developed a preliminary “taxonomy” of ABS, MBS, CDO, CDS, and related instruments and actors, with an emphasis on “corporate action” events related to payment flows. Current schedule is to have initial results posted in January 2009 and then further enhance the taxonomy in the new MDDL/Data Model Working Group.

Wiki

The FISD wiki is developing into an on-line resource for members and the public. (Please note – all metrics are preliminary.) We are currently averaging roughly 1200 unique visitors per month. In theory, a wiki encourages users to contribute, but to date a handful of members and staff has contributed the majority of the content. Efforts to cross reference the posted dictionaries ran into some technical issues that would require several weeks of staff time to resolve, that has been sidelined for the time being. *Staff has been working with DTCC staff and a member consultant documenting the underwriting process for certain fixed income securities and expects to have the resulting documentation posted to the wiki in Q1 2009.*