

Inside Market Data

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BGC Sets New Non-Display Data Policies

BGC Market Data, the data arm of inter-dealer broker BGC Partners, has made a number of changes to its market data usage policies around application usage, redistribution, and unit of count, which introduce fees for some datasets previously provided free of charge, though end users say the policies are merely designed to generate revenue and do not reflect of the true value of the data.

The new policies—which were published on BGC Market Data's website and on Thomson Reuters' Customer Zone portal—

apply to real-time, tradable, indicative, end-of-day, and historical over-the counter market data sourced from BGC Partner's global broking operations, which cover fixed income, interest rate derivatives, credit derivatives, foreign exchange, money markets, emissions and structured products.

The policy update begins by clarifying BGC Market Data's existing policy that the use of BGC market data in non-display applications and products is subject to separate licensing from other data usage, such as down- [>10](#)

CQG Unveils 'Stripped' Data, Charting Terminal

Denver, Colo.-based data, trading and analytics software vendor CQG has released a new, low-cost market data workstation, dubbed CQG Select, to provide an alternative to more expensive terminal displays for proprietary trading firms facing cost pressures.

A "stripped-down" version of CQG's Integrated Client data and trading workstation, CQG Select contains all the derivatives, equities, fixed income and over-the-counter datasets, chart types and studies—except for third-party studies—and news displays available in Integrated Client, along with the RTD capa-

bility that allows users to populate CQG's data into Microsoft Excel spreadsheets for firms that want to perform their own modeling using the vendor's data.

In fact, the vendor has already worked with some clients to construct spreadsheets for them, says Ryan Moroney, product manager for market data and enterprise solutions at CQG, and has also created pre-canned pages of data that include time and sales data, charts and a spreadsheet display of symbols linked to all the other elements of the display so that clicking between symbols in the spreadsheet [>3](#)

Aegon AM Unifies Global Data Procurement

Aegon Asset Management, the investment management arm of Netherlands-based multinational life insurance, pensions and asset management company Aegon, is embarking on a project to centralize vendor management, market data and IT procurement across its various global subsidiaries.

The centralized function will be headed by market data veteran John Visti Madsen, who will serve as global head of vendor management. Previously, Visti Madsen was vendor manager at Dutch pension funds manager TKP Investments, one of the four asset management firms belonging to the Aegon asset management group. Aegon's asset manage-

ment group currently operates a number of legal entities internationally, including TKP Investments and Aegon Asset Management in the Netherlands, Kames Kapital in the UK, and Aegon USA Investment Management in the US.

Until now, each legal entity was responsible for its own market data and IT vendor management, and had local vendor management and procurement departments. However, to take advantage of global licensing agreements from market data and technology vendors, Aegon is now creating a new vendor management function that will span the entire group.

"Aegon Asset Management has four [>3](#)

European Financial Information Summit 2014

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Inside Market Data and Inside Reference Data are delighted to announce our annual flagship event, the European Financial Information Summit, will be taking place on Tuesday, September 16th 2014 at the Victoria Park Plaza hotel in London.

Attracting over 400 market and reference data executives, the Summit will address key issues faced by data leaders as they continue to navigate the challenges of the unpredictable financial market.

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Chief Data Officer,
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Nick Green,
Head of Fixed Income
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CQG 'Stripped' Data, Charting Terminal

◀ component updates data and charts in other parts of the display.

However, CQG will limit the number of monitors and charts that users can set up—though they can set up multiple tabs on the same chart pane to allow users to effectively display different charts for separate instruments within the same desktop real estate.

"We've tried to adopt the same approach for market data as we took with QTrader," Moroney says, referring to the stripped-down trading and data workstation that the vendor launched last year (*IMD*, Oct. 25). "It's Integrated Client without the trading piece and with a limited number of monitors and charts you can set up."

Moroney says CQG Select is targeted at proprietary trading firms that might use CQG for charting applications and use a

different trading system for order routing, and could use Select and QTrader to provide a lower-cost data, charting and trading combination to premium terminals. "We've always said that if someone is going to drop Integrated Client for cost reasons, then they're going to drop it—now we're offering an alternative," that will enable cost-conscious firms to continue using CQG data at a lower price point without switching vendors, he says.

Though declining to give specific pricing details for CQG Select, Moroney says the product will have a "creative" pricing model. "It won't have standard pricing. We will try to customize it based on each client, based on the size of the deal and a firm's existing relationship with CQG," he says.

Max Bowie

DELIVERY TECHNOLOGIES

TMX Preps US-Canada Microwave Network with Strike Acquisition

TMX Atrium, the network subsidiary of Canadian exchange operator TMX Group, has bought the StrikeNet low-latency microwave network business of Strike Technologies from parent group, New York-based market maker and trading technology provider Global Trading Systems for an undisclosed sum.

The deal provides TMX with the basis for "a new cross-border marketplace connectivity network" using microwave technology. Strike already operates an ultra-low-latency microwave link that provides latency of just 4.17 milliseconds between Nasdaq's datacenter in Carteret, NJ and CME Group's datacenter in Aurora, Illinois, and once the acquisition closes, TMX will build a new microwave route between New Jersey and the exchange's Toronto datacenter that houses the Toronto Stock Exchange, TSX Venture Exchange, TMX Select, Alpha and the Montreal Exchange.

One industry observer says the addition of a microwave network will provide good synergies with TMX Atrium's existing fiber connectivity between the market centers. "Anyone in fiber is

behind, and needs to reinvent themselves.... [Network providers] need to be able to offer the full gambit of connectivity," the source says.

Terms of the acquisition were not disclosed. The deal is expected to close in the fourth quarter, after which GTS will continue to be a client of the service under TMX ownership, says GTS co-founder and chief executive Ari Rubenstein in a statement, adding that the firm believes the deal will "further facilitate the use of microwave technology as an industry standard practice."

GTS will continue to own and operate Strike's other business line, StrikeRisk, a low-latency pre- and post-trade risk management platform.

The acquisition follows the departure of former head of global products Shawn Melamed in June to join Morgan Stanley as head of technology business development. Melamed was previously founder and chief executive of latency monitoring technology provider Correlix, which he left following its 2012 sale to TS-Associates.

Max Bowie

Aegon AM

◀ units, of which TKP Investments is one. I'm not taking on an entirely new job, but [am] expanding my scope from looking after only TKP Investments from a vendor management and procurement perspective to now include the full asset management group," Visti Madsen says. "My role covers a broad range of products and services, including IT, market data, consultancy and outsourced services—for example, custodians, fund administrators, clearing agents, etc."

Prior to joining TKP Investments, Visti Madsen served as market data sourcing manager at HSBC on a consulting basis, prior to which he was head of data management and then head of market data sourcing and strategy at Saxo Bank.

Optimizing Primer

In his new role, Visti Madsen will focus primarily on optimizing Aegon's services and products from global market data and IT vendors to ensure that the firm is making cost-efficient use of services and is extracting additional value from current and new vendor engagements by leveraging global contracts and licensing agreements, while also ensuring consistent approaches and communication, and that the firm is "speaking with the same voice between the four units in the asset management group when engaging with significant vendors," he says. "So far, each legal entity has had its own vendor management and procurement organization, and now we are adding a top layer above it, which will allow us to get more value from global contracts rather than discussing licensing terms on a local basis."

In addition to his expanded role at Aegon, Visti Madsen will continue to serve as co-chair of the market data end-user association Dutch Information Providers User Group (DIPUG), a position he has held for almost 18 months.

Faye Kilburn

Sun, Summer, and the Pursuit of the 'Simple' Life

The world of market data is encumbered by a multitude of complexities. Not only is the business of data complex, but so is the data itself, and so too are the underlying markets and instruments that require such complex datasets. So key to preventing this complexity from spinning completely out of control is the ability to take these complexities and make them—from datasets themselves to business practices—as simple as possible.

For example, Aegon Asset Management is simplifying its data procurement and management structure under a central body across its various subsidiary investment firms, allowing the firm to take advantage of global licensing agreements for data and IT Services, and to optimize its data use across those contracts, which could not be achieved without a centralized sourcing and management function.

Also seeking to simplify data administration is interdealer broker BGC Partners, which has introduced a new policy that charges fees for data types and classes of data usage not previously fee-liable. Now, it may well be that BGC has been frustrated by abuses of its data in the past by firms taking advantage of its policies—which, sources say, have never been formally set out in writing until now—and is simply responding to a need to protect its intellectual property, but end users say the broker, known for its star-studded charity days, is feeling less charitable towards clients of its data products. Whatever the intent, two things that traders and data managers hate

are change and fees, so predictably, the move is getting some push-back from disgruntled end users.

Indeed, it is end-user demands for products that simplify complex datasets and hence their workflows—improving (in theory) their ability to do their jobs—that are driving product developments such as Denver, Colo.-based analytics, data and trading technology provider CQG's new CQG Select stripped-down data and charting terminal, and Thomson Reuters' Watchlist Pulse application—a component of its Eikon terminal that highlights positive or negative changes across a number of the vendor's key datasets and indicators. With everyone looking to new datasets and analytics to provide insight and advantage, this is inevitably resulting in more complex analytics, which—when combined—require similar simplification.

In the years since the financial crisis that revealed shortfalls in the complexity of how the industry prices and values securities—compared to the complexity of the assets themselves—financial instruments have arguably become even more complex, while the complexity of services to address them properly has also increased proportionally. The result is that the complexity of these processes often exceeds firms' ability to understand their underlying requirements. The risk here is twofold: on the one hand, firms leave themselves open to being traded against by rivals with more accurate valuations; on the other, they risk the wrath of regulators for any reporting or compliance failures.

"The more complex the assets you're dealing with, the more likely that you'll face valuation risk," says Ian Blance, managing director of Voltaire Advisors, a consulting firm he set up to address the complexities surrounding valuation risk. "One thing that is becoming more apparent since the financial crisis is that pricing services are not a panacea for [the industry's] problems," Blance says, warning firms that the simple truth is that outsourcing their pricing needs does not mean they can outsource responsibility for compliance.

But we know that everyone needs a break from their work obligations every now and then. So with many *IMD* readers taking a late summer break, we thought we'd practice what we preach and simplify how you can keep abreast of market data news while you're away, without having to depend on your print edition of *IMD*. So for the next two weeks, you'll be able to access the latest news via our website and our app, with the next printed edition of *IMD* scheduled for Monday, Sept. 8. In the meantime, anywhere you take your mobile device, you can also take *IMD*!



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EESAT Preps Equinix NY4 Datacenter Move for Complex Order Book Feeds

Chicago-based EESAT, a provider of market data on complex order book trading activity—comprising multi-leg trades between options and other asset classes—is moving its datacenter to Equinix's NY4 facility in Secaucus, NJ, to make it easier for potential clients to access its datafeeds, while also increasing performance and reducing latency.

Officials say the datacenter move was driven by firms increasingly wanting access to complex order book data via machine-readable datafeeds rather than desktops. This is being driven both by the vendor more actively marketing its data, and also by a greater focus on complex order books by traders as the Chicago Board Options Exchange and Intercontinental Exchange battle for market share while growth tapers in single-leg options contracts, says EESAT president Jim Seligman.

However, creating these feeds posed certain challenges that couldn't be addressed with the vendor's existing datacenter setup. "While we were figuring out what the load impact [of generating datafeeds] might be on our system, it became clear that latency from not being in New York could be a big issue, so we looked at the implications of a datacenter move to New York," says EESAT chief technology officer Sami Rageb.

The datacenter move from EESAT's current location in Equinix's facility at 350 East Cermak Road in Chicago will take place at the start of September, after an on-site check in NY4 on Aug. 21 to ensure internet connections and cross-connects within the datacenter are correctly configured.

"It's a 'forklift' move across a weekend. We will get as much staged as possible beforehand. Then on Friday, Sept. 5, we will shut everything down, drive to New York, rack up, and be ready to go when the market opens the following Monday," Rageb says.

Following the physical migration, the vendor will run its Fuse+ feed of filtered complex order book data—which uses proprietary rules to remove predatory orders—in test format for a month, before going into full production around mid-October, and entering full production

for its Fuse unfiltered feed around mid-November, Seligman says. "We will roll out Fuse+ initially because as a filtered product, it uses less than 10 percent of the bandwidth of Fuse," he adds.

However, bandwidth will be less of an issue in the new datacenter, as the vendor is using the move as an opportunity to upgrade its hardware equipment, including moving from 1 Gigabit per second connectivity to 10Gbps.

In addition, the vendor has moved from running solely on Cisco switches to a mix of Cisco and Arista Networks, and has upgraded its network hardware with Solarflare network cards that increase throughput and reduce latency.

In fact, Rageb expects the application acceleration features of the Solarflare cards alone to reduce the length of time taken to process and push out data by between 40 and 50 percent—or up to five milliseconds. Meanwhile, though complex order books don't have the same levels of latency sensitivity as simple order book markets, the vendor will slash its overall latency as a result of the hardware upgrades and simply being closer to the source of the data. "We probably have 20 to 40 milliseconds of roundtrip latency [from Chicago] to New York, so we're immediately saving that. Our latency is currently in the range of 50 to 80 milliseconds, and we expect to see that drop to sub-10 milliseconds. It could even be as low as one millisecond or less," Rageb says.

EESAT is also creating a redundant switching architecture with failover capabilities for its switches and internet connection. "Previously, we had a single point of failure in the network. But we need to be Fort Knox," Rageb says. "We think this will have a dramatic impact on our positioning in [client] conversations and help us get a seat at the table—or a better seat—that we weren't able to before."

"A significant percentage of prospects have told us, 'We're interested in your product. When you get to NY4, call us'," Seligman adds. "So this, together with being on more robust and higher-performance equipment can only make us more attractive."

Max Bowie

Options Turns to Morrow to Lead Client Account Management

Managed data and trading infrastructure provider Options has appointed **Stephen Morrow** senior vice president and global head of account management, based in Belfast, Northern Ireland. Morrow oversees key buy-side and sell-side accounts, developing a coordinated approach to customer engagements, and evolving Options' global account management team, and reports to Options chief operating officer **Danny Moore**. Morrow was previously chief executive of WorldDesk, a provider of an abstraction layer for Microsoft's Windows operating system, prior to which he was a managing director at Moore's investment vehicle Lough Shore Investments, and was vice president of exchange solutions at NYSE Technologies, which he joined as a result of its acquisition of Wombat Financial Software, where he held a similar role.

Recognia Hires TD Vet Harvie

Ottawa, Canada-based technical analysis software vendor Recognia recently hired **Jeff Harvie** as vice president of global sales, responsible for growing the vendor's reach worldwide and setting strategy for its sales organization. Harvie previously spent 15 years in various roles at TD Waterhouse, including as vice president of National Sales for TD Waterhouse Institutional Services, manager of clearing, settlements and firm segregation, and manager of electronic brokerage. In his new role, Harvie reports to Recognia chief executive and chief financial officer **Ken MacAskill**.

Correction

Last week's edition of *Inside Market Data* mistakenly stated that Dow Jones' Product division reported to **Dan Smith**. In fact, only the Professional Information business areas report to Smith. The vendor's overall Product division—including its Consumer Information business—report to **Edward Roussel**, head of Product. *IMD* apologizes for the error.

Consultancy Quanticks Repositions as Order Book Feed Processor

US-based market data consultancy Quanticks Capital Solutions has suspended its existing market data consulting and custom development business and repositioned itself as a provider of a technology platform for consolidating order book data from US exchanges.

Since inception in 2010, Quanticks provided data consultancy and custom development services to financial firms seeking access to emerging markets that utilize Nasdaq OMX's X-Stream trading engine. However, the company decided to reposition itself as a market data vendor after observing "systemic unfairness" in the US markets that officials say prevents all market participants from accessing a real-time limit order book. As such, the vendor is no longer bidding for new contracts, and expects to completely commit to its new business line within two months.

"Our focus has always been on providing openness and transparency in equity markets ...[but] the decision to reorient was spurred by the systemic unfairness in US financial markets [whose] focus is less about capital formation and more about giving certain market participants an advantage over others," says Amro ElGeneidy, senior staff software engineer and architect at Quanticks. "Equity markets, in our view, have returned to their historical stasis where the limit order book is only available in real time to select firms—historically market makers, and today firms who have continually invested in market data infrastructure. This goes against the spirit of regulatory changes encouraging pure order-driven markets."

To facilitate a fairer market, all participants in the equity markets should have access to a real-time limit order book, ElGeneidy says. The vendor's initial offering, the Quanticks Market Data Platform (QMDP), ingests Nasdaq's TotalView ITCH direct feed and recreates an order book from the raw stream in real time.

"Quanticks Market Data Platform (QMDP) is an integrated approach to processing Nasdaq TotalView ITCH. This raw message stream is input to QMDP, which constructs the limit order book using large volumes of data efficiently in real time," ElGeneidy says. The resulting order book can be viewed in market data displays or delivered as a machine-readable feed into customers' systems, such as trading engines or portfolio or transaction cost analysis tools.

The vendor aims to expand QMDP to create aggregated order books that incorporate other markets' data, though ElGeneidy declines to specify which exchanges Quanticks plans to add.

QMDP is targeted at high-frequency trading firms that typically employ sophisticated low-latency computer programs to generate, route and execute orders, although ElGeneidy says the vendor's primary competition will be in-house quantitative development teams at HFT firms. The platform should also appeal to portfolio management firms, who can use QMDP to view their equity portfolio value in real-time to provide more accurate order tracking, and transaction cost measurement.

Faye Kilburn

WALLBOARD

Sept. 10: FISD Singapore. Singapore.

Organized by FISD. Details at: fisd.net

Sept. 16: European Financial

Information Summit. London.

Organized by Incisive Media. Details at:

waterstechnology.com/events

Sept. 16: FISD Technology Forum. New

York. Organized by FISD. Hosted by

Deutsche Bank. Details at: fisd.net

Sept. 18: FISD Tokyo. Tokyo. Organized

by FISD. Details at: fisd.net

Oct. 10: Buy-Side Technology

North American Summit. New York.

Organized by Incisive Media. Details at:

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Oct. 14: Frankfurt Financial Information

Summit. Frankfurt. Organized by Incisive

Media. Details at:

waterstechnology.com/events

Nov. 3-5: Asia-Pacific Financial

Information Conference. Hong Kong.

Organized by Incisive Media and FISD.

Details at: siia.net/apfic/2014

Nov. 7: Buy-Side Technology Awards.

London. Organized by Incisive Media.

Details at:

waterstechnology.com/events

Nov. 18: European Trading Architecture

Summit. London. Organized by Incisive

Media. Details at:

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SCROLLING NEWS

>>Markit Signs Options to Collaboration Services

Infrastructure-as-a-service provider Options has integrated federation and directory elements of Markit's Collaboration Services—including the Markit Directory "phone book" of validated identity and contact data, and the Federated Chat platform—into its Options Pipe Core suite of enabling technologies. Options users can now communicate and share information with other members of Markit's network—

regardless of their instant messaging platform—via Microsoft Lync, which is available as a component of Options' Core services infrastructure.

>>TR/Aite Survey: Big Data Usage Remains Limited in Capital Markets

Almost 95 percent of financial firms claim to have no experience or knowledge of Big Data, according to a survey of buy-side and sell-side firms by Aite Group on behalf of Thomson Reuters, reflecting relatively

slow adoption of Big Data strategies overall in finance—as a result of a lack of technical knowledge and appropriate skills—with takeup concentrated around areas such as sentiment analysis for trading, risk analytics and market surveillance. Of the remaining five percent that had experience of Big Data initiatives, half—mostly banks and hedge funds—have already invested in projects, and half either already employ or plan to hire a data scientist within the next 24 months. However, the research >9

Exegy Posts Canadian Data Peaks Portal

St. Louis, Mo.-based hardware ticker plant provider Exegy has launched a Canadian version of its MarketDataPeaks portal of historical peak data volumes, to provide financial firms investing in Canada with intraday market data rates to help inform throughput and capacity planning decisions.

The MarketDataPeaks.ca portal—which is sponsored by industry body the Financial Information Forum and Canadian exchange operator TMX Group—provides statistics on the peak market data volumes for each minute of the trading day. The messages include trade, quote and order book information, as well as routine maintenance messages published by the trading venues.

Exegy decided to launch the Canadian version of MarketDataPeaks after receiving client demand for normalized statistics on the amount of market data generated by Canadian equities and futures markets.

“We have already launched MarketDataPeaks.com, which shows aggregated rates for US markets, as well as

MarketDataPeaks.eu for Europe, and this is a similar service but for Canada, which we are offering to the broader marketplace,” says Exegy chief technology officer David Taylor. “It uses the same hardware appliance and monitoring interface as the US and European services, and the web portal is the same format. The value is that folks who have used other services are familiar with it, and can use the Canadian service to check market data rates and capacity planning for the Canadian markets.”

The service leverages Exegy’s hardware-accelerated Ticker Plant appliances, which consume and collate the data from Canada’s main equities and futures markets, including TMX’s marketplaces, Chi-X Canada, the Omega ATS and the Canadian Securities Exchange (formerly CNSX Markets) to calculate the market data rates.



David Taylor

The appliances are co-located in Canadian datacenters provided by TMX’s data arm TMX Datalinx, and are maintained—along with the MarketDataPeaks.ca web portal—by Exegy, with co-location services and market data infrastructure such as access to raw feeds supplied by TMX Atrium, TMX’s network subsidiary.

In addition to TMX Group, Exegy is partnering with the capacity working group of the Financial Information Forum, which tracks market data rates and provides reports and guidance to members on capacity planning. “There is a standing working group on market data capacity that provides periodic reports... and the exchanges that participate report capacity measurements, which help us validate the rates we are seeing in MarketDataPeaks,” Taylor says.

Users cannot download market data rates data from the freely-available public site, though Exegy will provide extra services for customers wanting to perform further analysis on the data.

Faye Kilburn

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Thomson Reuters Debuts 'Watchlist Pulse' Buy-Side Insight App

Thomson Reuters has unveiled Watchlist Pulse, an application within the vendor's Eikon data workstation aimed at providing buy-side professionals with a series of easy-to-understand scores for companies in their portfolios, which allow users to quickly gain insights into a company, based on news and other factors.

Aimed at portfolio managers, analysts and traders at buy-side firms, the application highlights positive or negative changes in datasets such as StarMine analytic scores, price changes, technical indicators, news, research and events, allowing users to quickly identify important activity and set or change trading strategies.

The vendor developed Watchlist Pulse in response to client demand for tools that combine data points "and provide context across a number of key factors... to keep informed in a more efficient and comprehensive way," says Susan Lundquist, head of product strategy for Thomson Reuters' asset management segment. "Watchlist Pulse is one way that we're bringing together various

content and monitoring tools in one dashboard to improve the workflow for our customers."

Clients can access Watchlist Pulse via the search bar in their Eikon desktop, or from Eikon's app library of proprietary and third-party applications. Users can set up their own watchlists manually in Eikon or via Microsoft Excel spreadsheets, or can integrate them automatically using Thomson Reuters' integration services.

Watchlist Pulse ranks companies in a user's portfolio or watchlist based on news volume across the 400 sources provided by Thomson Reuters, and provides a sortable sentiment score that shows aggregate sentiment, color-coded based on sentiment of news items over the past 24 hours. In addition, a Research column shows any important research events from a user's chosen brokers, including initiation reports, M&A activity or management changes, recommendation changes or revisions to estimates or target prices, while the application also provides quantitative changes across five StarMine model

scores—relative valuation, analyst recommendations, estimates, earnings quality and credit risk over the past 24 hours.

"Clients would see real value from this by seeing any significant information highlighted in the app. For example, a new change in 'Obamacare' may result in several companies in a user's portfolio being upgraded or downgraded. The user would see this immediately through alerting, available across multiple content sets—research, StarMine model changes, news sentiment (positive/negative), signal data highlighted, etc.," Lundquist says. "Based on this information, the user could focus on the healthcare companies that have the most activity or the largest one in their portfolio, and then dig deeper to adapt their trading strategies appropriately."

Although Watchlist Pulse is initially aimed at buy-side consumers, future enhancements will include deals data and other information that will appeal "more specifically to the sell-side community," Lundquist says.

Max Bowie

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Pricing Vet Blance Unveils Valuation Risk Consultancy

Market data and evaluations industry veteran Ian Blance has set up a new London-based company, Voltaire Advisors, to provide consulting services around valuation risk to buy-side clients and the hedge fund administrators, asset servicing firms and custodian banks that serve them.

Voltaire will offer two main consulting services: a standard package aimed at risk managers, chief risk officers and evaluations professionals of three briefings per year covering the regulatory landscape, vendor options, and a comparison with what a firm's peers are doing, based on a user survey that the company plans to conduct on an annual basis; and more in-depth consulting in response to specific customer issues, where Voltaire will conduct a Regulation and Valuation Risk Review of a firm's operational processes and controls, and give a traffic light-style color-coded assessment of the health of each area, with the length and cost of the project depending on the number of assets and operational areas within each client.

"Initially, we expect the standard briefing will be the main area of interest. Then maybe firms will realize they have an issue that they hadn't recognized before, and will come back to us [for a more in-depth review]," Blance says.

In addition, Voltaire will offer four "products" to augment its consulting services and promote the latest approaches to valuation risk: the annual user survey that forms the basis of its consulting peer reviews, which this year received 220 responses, and is designed to pro-

vide a "state of the nation" for end-user approaches to valuation risk; an annual Valuation Risk Handbook that presents new developments from service providers; a series of conferences focused entirely on valuations; and a quarterly review of articles written by Voltaire staff and third-party practitioners on the technical aspects of valuation, with each edition covering specific themes, such as bank hybrid capital and convertible bonds, mortgage-backed securities, and emerging markets.

Voltaire's services will cover three main areas—pricing sources, model risk, and operational processes—all of which contribute to valuation risk, which covers both the risk of losing money or being arbitrated as a result of incorrectly valuing assets and positions, as well as the danger of being found to be non-compliant with regulations and accounting standards.

For example, Voltaire will advise what type of pricing source is most appropriate for valuing different asset classes. "Whatever source you use to arrive at a valuation—be it an exchange price, an evaluation, or a composite price—you need to be aware of the pros and cons of those sources," Blance says. "If you are using trade prices, you also need to look at the volume [in that instrument]. If there's a big difference in price from one day to the next... then that might not be the best pricing source. Or if a composite price has very few contributors, then it is not necessarily the most accurate, whereas some services show the number of quotes used, or give a confidence score."

However, while it will help identify issues, advise clients on what to look for in a data provider, and help put checks in place, the firm will not recommend specific vendors or get involved in sourcing or negotiation processes. Nor will it perform model validation itself or recommend individual model providers, though it will provide best practices around creating in-house models—such as giving firms a checklist, such as whether they have model validation procedures in place, what assumptions and other inputs they are using, and whether those assumptions are correct—as well as a list of those providers that it deems to have robust models.

Finally, Voltaire will assess firms' input sourcing process, checking these against internal and external sources, and ensuring they have clear exception and override processes, and understand they cannot delegate responsibility for risk and compliance to a service provider.

In addition to Blance—who was previously head of evaluated pricing at SIX Financial Information, has run his own consulting business, and spent 12 years at Interactive Data, including as vice president of evaluation services—the company has three other staff in London, though Blance says he is in "advanced talks" to bring on "a couple of other senior figures" as partners within the next month, and by year-end plans to open an office in New York, reflecting the importance of the US marketplace both in terms of potential clients and domestic service providers.

Max Bowie

SCROLLING NEWS

◀6 predicts that financial firms will become more comfortable with Big Data strategies as more use cases emerge, such as greater use for client retention, compliance support, enterprise risk management and governance, compared to front-office, revenue-generating opportunities.

>>Rimes Adds DJ Commodity Index

Benchmark index and economic data provider Rimes Technologies has added Dow Jones' Commodity Index series to its Benchmark Data Service, providing buy-side clients with processed and validated access to the data. The DJCI index was

launched on July 1 to complement the S&P GSCI (Goldman Sachs Commodity Index), and includes 23 of the commodity types contained in the GSCI, while equally weighting the three main sectors—energy, metals, and agriculture and livestock. S&P Dow Jones Indices officials say the move provides its index clients with another venue through which to access its data.

>>HKEx Bows ASP Partner Program

Hong Kong Exchanges and Clearing has set up a program to allow application service providers to establish direct links to HKEx's trading and data systems

to provide managed connectivity services to clients, which exchange officials say can lower participants' operating costs and increase their performance. The program allows vendors to connect directly to HKEx's market data platform and distribute data to licensed vendors or users, acting as a licensed feed provider for HKEx data, avoiding the collection and reporting obligations of data vendors. So far, four vendors—SunGard, 2GoTrade, Ayers Solutions and iAsia Online Systems have committed to provide ASP connectivity at the exchange's datacenter in the Tseung Kwan O area of Hong Kong.

BGC Sets New Non-Display Data Policies

◀ loading, storage, forwarding and the creation of derived data. The update also specifies that the non-display policy applies to all BGC-sourced real-time, intraday, delayed, snapshot or historical data and includes all “Public,” “Private” and “Specialist” datasets distributed by vendor partners such as Bloomberg and Thomson Reuters.

Users have always been required to pay for BGC’s Specialist datasets, which include Asian, European, and US credit default swaps and inflation swaps and options, and which is already monitored in entitlement systems such as Thomson Reuters’ DACS tool, says a consultant familiar with BGC’s policies who requested anonymity. However, the Private data is freely available to users trading on BGC’s brokerage platforms, and has never been monitored in entitlement systems, while the Public datasets are publicly broadcast over data vendor products such as the Bloomberg Professional terminal, and are also freely available.

“They are now looking to charge for Public data, which isn’t going to go over very well,” the consultant says.

BGC’s policy notification states that data sourced from BGC’s platforms, APIs and websites that is not used to support direct trading activities with

BGC is also subject to market data usage licensing and data fees. In addition, all permissioned users are subject to access fees, including for access by IT and technical staff, for monitoring, testing and development, backup and disaster recovery, and administrative usage.

Regulatory Requirement

“Because of regulation, a lot of people have to look at this data for risk purposes. They aren’t using it for trading, but they count as users,” says a market data manager at a tier-one investment bank. “[BGC] doesn’t understand the concept of the difference between those who require the data for trading and those who need technical access for testing and backup, and that’s just ridiculous. It seems that they think the information has value beyond the ability to trade with it.”

The policy notification also notes that users will be charged on a per-instance basis, so if a single user logs into three different platforms and accesses the same BGC data, they will be charged three separate times, contrary to best practice recommendations established by industry association FISD, whose Business Issues Policy and Practice Standards Working Group advises that unit of count should be applied on a per-user basis.

User Reaction

BGC Partners declined multiple requests for comment, but a number of market data managers approached by *Inside Market Data* confirm that BGC is currently auditing firms to ensure their data usage complies with the policies, which until now have not been available in writing as formal terms.

“They have tried to do audits in the past, and some companies would say ‘OK’ and write a check, but [BGC] also received pushback because there were no written policies on the web or in writing. The right way to do it is get everyone to sign a new contract and agree to the new terms, but I think this approach will catch people out,” the consultant says.

However, this is not the first time that BGC has tried to formalize its data policies and introduce fees and entitlements for previously non-fee-liable data, says the data manager. “Every now and then, the interdealer brokers decide they can make a revenue stream out of their information. They want more people to use their platform, so they give the data to traders then they try to hit up the user firms. They are very vigorously auditing right now and they have nothing to lose by seeing how much they can claim,” he says.

Faye Kilburn

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