



Inside Market Data

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MUFG Fund Services Taps Markit Bond Prices

MUFG Fund Services, the fund administration subsidiary of global asset servicing group Mitsubishi UFJ Financial Group's Investor Services division, has begun using data vendor Markit's fixed income pricing service to support its price verification and valuation activities.

MUFG Fund Services currently uses a range of market data vendors for fixed income pricing, including Bloomberg, Thomson Reuters, Interactive Data and PricingDirect. However, the firm decided to add Markit as an additional source to provide more transparency and context behind prices used to calculate net asset

values (NAVs) for its customer base of more than 1,100 alternative funds.

"We are not switching out any of our other vendors, but rather we are bringing on another source to compete with our existing sources for price verification and validation purposes, so we can identify and remove outliers," says Yang Cheng, global head of middle office and valuation at MUFG Fund Services. "It depends on the bond, and obviously each vendor has its own focus area, but for most products you are looking at two or three vendors to verify a price."

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China Broker CCT-BGC Inks Bond Data Deals with Shanghai Wind, Sumscope

China Credit BGC Money Broking Co (CCT-BGC), the Beijing-based joint venture brokerage business formed by China Credit Trust Co and US-based interdealer broker BGC Partners, has begun distributing data on Chinese fixed income securities via local data vendors Shanghai Wind Information and Sumscope, in an effort to expand usage and distribution of market data created by CCT-BGC's broking operations.

Shanghai Wind and Sumscope are the first vendors to carry the data, which is a new product that was previously only made available to the broker's trading partners. The broker is now

making this data available to the market at large, following the July decision by the People's Bank of China to open up China's interbank bond market to overseas central banks, wealth funds and financial institutions, which will also drive demand for access to—and data about—the Chinese interest rate swap and repo market, says Mark Benfield, executive managing director and global head of BGC Market Data, which is responsible for market data distribution and licensing on behalf of the joint venture.

"Clearly there is high demand for OTC data covering key products traded in

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ESMA's 'Final Countdown' to MiFID 2 Targets Time Synch, Data Disaggregation

The European Securities and Markets Authority's (ESMA) final draft of technical standards for the MiFID 2 regulatory framework, released last Monday, Sept 28, included proposals covering time synchronization to support increasingly high-frequency trading styles, and specifics around data disaggregation, which will govern the unbundling of post-trade data on a "reasonable commercial basis."

To facilitate best execution across pan-European markets, ESMA's RTS 25 proposal essen-

tially implements a pan-European timestamp, by mandating the synchronization of industry clocks that provide time information to market participants' trading systems to within a variance of 100 microseconds, so they can confirm exactly when a trade was executed and whether there was a better price available to customers at that exact time.

With RTS 25, ESMA has gone further than many market participants anticipated and "brought clock synchronization right

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Inside Market Data

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MUFG Taps Markit Bond Prices

<1 Markit's fixed income pricing services covers 2.4 million municipal, corporate and sovereign bonds, securitized products, bank loans and credit default swaps. Cheng says MUFG Fund Services will be consuming prices for credit, treasury, and high-yield bonds, as well as most of the vendor's securitized products. For each instrument, the firm pre-defines which vendor will provide the primary price, but to avoid any errors, will have multiple sources, to validate each price and remove outliers, to make NAV calculations more accurate.

"There is increased demand from regulators about NAV transparency and pricing independence so more and more sources need to be used to make sure prices fairly reflect the market conditions," Cheng adds.

MUFG will deliver prices to customers on a daily, monthly or weekly basis, depending on the requirements of each fund, but in general MUFG Fund Services will receive intraday snapshots from Markit via file transfer protocol (FTP) download at 4pm London time, 4pm Singapore time, and 3pm and 4pm New York time. Though the fund administrator currently uses FTP, it will

move to an API delivery next year, to facilitate ad-hoc price updates.

"Today's fund administrators need solutions that offer more than a price to provide NAV calculation for their customers. Our pricing, transparency and liquidity data metrics provide MUFG Fund Services' clients with deeper context by leveraging millions of daily observable prices sourced directly from leading industry participants and our real-time parsing technology," says Kiet Tran, managing director and head of fixed income pricing at Markit, in a statement.

Markit already provides a range of data services to MUFG Investor Services, including loans and CDS pricing data. The fund administrator carried out a proof of concept with the vendor in the first quarter of this year, and went live with the fixed income data in the past two weeks.

"We have a long-term relationship with Markit, and we think they are a good source going forward. We were in discussions for eight months, and we did a lot of testing, sample pricing, collection and comparison," Cheng says.

Faye Kilburn



Kiet Tran

CCT-BGC

<1 China," Benfield says, adding that the data "will allow aggregation of main bond pricing sources and hence execution and trading, as well as the downstream data usage for analysis and valuation."

The broker has existing relationships with both vendors: Sumscope was the initial provider of systems for CCT-BGC trading partners in China to capture and distribute price data, while the broker has had a partnership with Shanghai Wind "for many years," and cooperated with the vendor on the design of some data products. "Wind is the largest domestic data provider, and hence its scale and distribution has seen it turn to CCT-BGC to ensure it has the key bond content and is able to carry this in addition to the other interdealer broker datasets. Sumscope is more of a domestic vendor who looks to provide integration and trading solutions into the China market," Benfield says.

In addition to Shanghai Wind and Sumscope, Benfield says BGC Market Data is also in talks with Bloomberg and Thomson Reuters about carrying the CCT-BGC data.

The data initially covers the CCT-BGC Government & Corporate Bond Pricing service, which comprises executable prices for Chinese government bonds, Chinese sovereign bonds, People's Bank of China bills, financial bonds, corporate bonds, and other Chinese securities, such as commercial paper and municipal bonds. Overall, the service covers between 800 and 1,000 securities in which the broker is "very active," with an estimated 38 percent market share, Benfield says.

However, the broker plans to expand the datasets it distributes via vendors to include onshore deposits and repos, interest rate swaps, foreign exchange swaps, forwards and options. "The request from the market came initially for the CCT-BGC bond data coverage, and... we have other key data now being productized beyond what has only been previously made available to our trading partners," Benfield says.

Max Bowie

DATA DISPLAY & ANALYTICS

YCharts Adds Correlation Analysis Capabilities, Ratios, Screen-Sharing

Chicago-based fundamental data analysis provider YCharts has rolled out the ability for clients to run correlations and ratios against all the data in its system, in response to client demand for the means to identify trends and patterns in potentially unrelated securities and asset classes.

Two weeks ago, the vendor introduced the ability for users to compare any financial ratio for a security in its database to any other data point, and analyze any data in its system to spot correlations—for example, between an exchange-traded fund and an indi-

vidual stock, between a mutual fund and an index, or between oil and energy sector stocks, such as Exxon.

"If you find that something is highly correlated, then you see that one of the components is going up or down, other correlated components may move with it. For example, if oil is correlated with energy stocks, and its price goes down, the price of energy stocks may also fall," says YCharts chief executive Shawn Carpenter. "When you can see the correlations, this gives you a way to get in front of the impact."

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Why a Data Deal Isn't Just a Data Deal

Given the industry in which we work, it's easy to forget that data isn't the be-all-and-end-all, but rather a means to an end. After all, what is market data but the price tag of a security or derivative that you want to buy or sell? And when we talk about regulators' focus on data, we're really talking about its ability to increase transparency. Regulators aren't interested in the data itself, per se, but in what it says about the activity of market participants.

For example, the partnership between Chinese broker CCT-BGC (a joint venture between China Credit Trust and inter-dealer broker BGC Partners) and vendors Shanghai Wind Information and Sumscope to distribute Chinese bond data isn't just about broadening the content carried by those vendors (though it does that) or even about increasing BGC's revenues from data sales (though it does that, too); the jewel in the crown of these deals and those like them is that they make executable prices more widely available, and potentially bring a new raft of trading business to the broker.

Similarly, MTS Markets' addition of market depth to its HTML5 BondsPro trading platform isn't just about showing off how much data it has, but about encouraging more trading on the platform, which serves retail and institutional traders alike. However, these institutional clients typically want to see greater volumes than exist just at the best bid and offer, because they often need to pick off trades posted at multiple levels of the order book—paying a tradeoff of not getting the

very best price in return for achieving the volume required to fulfill a large order. By adding the 10 best bids and offers, those institutional firms can be more confident of being able to fill their orders, and are more likely to trade on BondsPro rather than taking their trading business elsewhere.

In a different but similar vein, the decision by Nordic data vendor Infront to add UK-focused newswire Alliance News to its data terminal also has an ulterior motive beyond simply making its products as comprehensive as possible. In this case, the move is designed to complement an existing push into the UK market by providing London-based traders and investors with a UK-focused news source that will make Infront's products more relevant and enticing, and more practical for a UK audience that might be looking for alternatives to premium terminal products but ruled out those without relevant UK news. In particular, Infront will be looking to capitalize on not just recent volatility in the UK market, but also on the fact that the London Stock Exchange has just sold its Proquote terminal business to Australian vendor Iress—because firms often reevaluate their purchasing decisions when faced with such changes.

And S&P Capital IQ's decision to add data from rival ratings agency Fitch isn't because S&P likes giving business to its competitors, but rather because it realizes that customers are going to want access to all the big three ratings agencies, and that by providing access to content from Fitch and Moody's in addition to that of

McGraw-Hill stablemate S&P Ratings, the vendor is ultimately making its platform more sticky and is (in theory) retaining business that might otherwise look for those other ratings elsewhere.

Meanwhile, MUFG Fund Services' use of Markit's bond prices isn't just because the vendor's data is cool (though I'm sure it is), but rather because by combining it with data from other vendors, MUFG can calculate more accurate net asset values for its fund clients. This isn't just about MUFG providing better client service; it's also about those clients being confident in what they report to regulators, and also about their ability to conduct business and attract investment based on their NAV.

So what's my point? A data deal isn't just a data deal; it's a business deal—and by that, I mean that any investment in data is an investment in your business. Simply put, a data advantage isn't some obscure technicality that only excites geeks in a small, dark room reserved for data processing tasks; a data advantage is a business advantage, and should excite everyone.



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MTS Adds Depth, New Views to BondsPro

MTS Markets International, the London Stock Exchange Group's US bond trading platform subsidiary, has begun providing market depth data on its HTML5-based BondsPro trading front-end, and plans to release an "inventory" view later this year, as part of an ongoing project to provide more functionality and alternative views of market data on its trading GUI.

In May, MTS rolled out an HTML5 version of BondsPro, which delivers load times that are 10 times as fast as MTS' previous Citrix-driven platform, and which also provides compatibility with all modern browsers (such as Internet Explorer 10 and above) and mobile devices.

Now, MTS is looking to leverage this new technology to provide trading members with alternative views of market data, says Amanda Meatto, head of US buy-side and sell-side sales at MTS. The first functionality to be rolled will be "inventory" views, which allow users to copy and paste data from the platform into spreadsheet programs for historical analysis.

"Many users use our API to consume our market data, so they don't even see the GUI. But for those that do, they couldn't extract the data before. With the inventory views, we are providing them with a way to import and export the data," she adds.

Earlier this year, MTS added depth of book functionality to cater to institutional clients looking to execute high-volume trades that require the ability to see the full amount of securities available at all levels of the order book, Meatto says. In the past, MTS displayed top-of-book market data for the universe of 13,000 bonds traded on the platform, but now also displays the top 10 bids and offers.

"MTS Markets' client base is a mix of institutional and retail traders, so we are always trying to provide a market where they can coexist. Retail traders might be focused on buying and selling just five bonds, but institutional clients might be looking to trade a million bonds, so they need to see the sizes of bids and offers," Meatto says, adding that the firms will still be meeting their best execution requirements by taking trade size into account. "You can't sweep the stack in fixed income like you can in equities, as credit is illiquid, so this is the best way to execute larger trades," she adds.

Monetizing Data

Last month, MTS' BondVision European market expanded the delivery mechanisms for pre-trade information on banks' bond inventories on its platform, and its delivery mechanisms now include APIs, third-party vendors, FTP downloads, and its own front-end interface to cater to different levels of sophistication among users.

In comparison, MTS' international business provides a range of delivery mechanisms, including its GUI and an API leveraging the FIX 4.4 format, but Meatto says clients and broker-dealers are now asking for new ways to consume data from the platform, and as a result, MTS is now in talks with unnamed data distribution partners to carry its data.

"In Europe, BondVision has 95 percent of the market, so the data is super-relevant. The US is slightly different as we are building our market here, so we are treading lightly and trying to explore how best to monetize our data," she adds.

Faye Kilburn

Inovestor Nabs Former Nasdaq, FTSE Exec Cemproma

Montreal-based Inovestor, a provider of data display software and analytics covering Canadian company data for financial advisors, has hired **Jim Cemproma** as chief revenue officer, responsible for helping to build the business into new regions and client bases as the vendor releases new services. Before joining Inovestor in July, Cemproma was a managing director at Nasdaq, prior to which he spent nine years at index provider FTSE Group, including as managing director of the Americas and president of custom indexes. Before joining FTSE in 2004, Cemproma was a managing director at Thomson Financial and director of research at CDA Investnet. At Inovestor, Cemproma reports to chief executive **Pascal Lefrancois**.

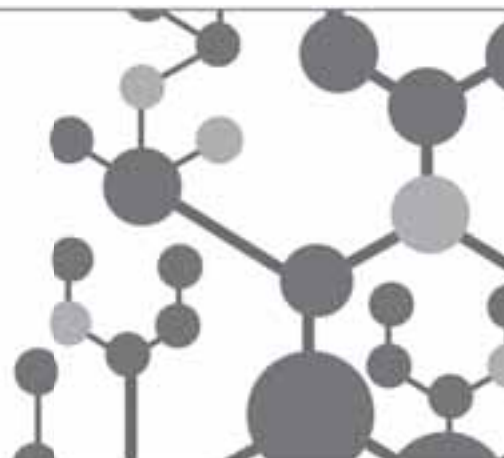
OptionMetrics Names Ex-ISE Exec Siverson VP, Ops

New York-based options pricing and risk management software vendor OptionMetrics has hired **Robert Siverson** as vice president of operations, responsible for leading the vendor's development, testing and operational activities. Before joining OptionMetrics, Siverson spent over 13 years at the International Securities Exchange in various roles, including as director of systems and product strategy for trading systems, which included development of the exchange's PrecISE trader workstation, as well as senior product manager and project manager. In his new role, he reports to OptionMetrics president **David Hait**.

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Infront Adds Alliance News in UK Push

Norwegian market data vendor Infront has added UK-based newswire Alliance News to its market data, analytics and trading terminal, to provide investors with news specific to the UK marketplace, after opening an office dedicated to sales and support in London last week.

The addition of Alliance News and the launch of the new office are part of a larger strategy at the vendor to actively target UK financial professionals and build up its existing client base in the country.

Adam Walhout, head of marketing at Infront, says the partnership came about as a direct result of Infront's strategic push in the UK, and will provide London-based investors with news relevant to their trading and investment strategies. "We chose Alliance News because they are focused on the UK market and have excellent coverage," he says.

Under the distribution deal, Alliance News will provide Infront with its Professional Service, which provides around 500 news items per day covering 2,400 UK-listed companies to support equities, contracts for difference (CFDs), foreign exchange, options and futures trading, as well as news on blue-chip international stocks, earnings forecasts, broker rating changes, and political, economic and central bank news for the G7 group of nations plus China, Ireland and Switzerland.

Infront began the project to integrate Alliance News' API at the start of the summer, and the news feed is now live on the vendor's terminal. Users can view the feed via a dedicated news widget, Walhout says.



Tom Waite

"Alliance News is available for all news clients as part of the UK package. The news is displayed as a list of individual stories alongside other news we carry from Dow Jones, and users can filter by keywords, date and company," he adds.

Alliance News designed its Professional API to be as simple as possible so that third parties can quickly integrate the feed into their applications, says Alliance News chief executive Tom Waite. For example, the feed includes a mapping framework so vendors can map the stocks covered by the feed to stocks on their terminal. "It also allows you to filter the news so you can choose all mentions of a company, or just stories that are completely about that company," Waite says.

Partnering with Infront made sense as both parties are targeting the same UK client base, including brokerages, and buy-side firms, Waite says, adding that carrying a local news provider will be advantageous to Infront as the vendor tries to break into a new market. "We are a local news agency, owned and operated in the UK.... That's important for somebody coming in from the outside."

Given the recently volatility in the UK equity market, with the FTSE 100 index swinging between 6,000 and 7,000 points since the beginning of the summer, Waite says Infront is entering the market at an "interesting" time. "It's an active market so I think Infront's decision to move in was a good one, especially as there needs to be some choice when it comes to terminal providers," he adds.

Faye Kilburn

WALLBOARD

Oct. 7: Buy-Side Technology North American Summit. New York.

Organized by Incisive Media. Details at:

waterstechnology.com/events

Oct. 14: European Regulation

Roadshow. Frankfurt. Organized by

Incisive Media. Details at:

waterstechnology.com/events

Oct. 20–23: Market Data and Trading

Technology Training. London. Organized

by Incisive Media. Details at:

waterstechnology.com/events

Oct. 7: European Regulation Roadshow.

Zurich. Organized by Incisive Media.

Details at:

waterstechnology.com/events

Nov. 6: Buy-Side Technology Awards.

London. Organized by Incisive Media.

Details at:

waterstechnology.com/events

Nov. 11–12: Asia-Pacific Financial

Information Conference. Organized by

Incisive Media and FISD. Details at:

waterstechnology.com/apfic

Nov. 17: European Trading Architecture

Summit. London. Organized by Incisive

Media. Details at:

waterstechnology.com/events

SCROLLING NEWS

Correction

The Sept. 21 edition of *Inside Market Data* incorrectly stated that Iress Market Technology had purchased Pulse Software Systems from the London Stock Exchange as part of the deal by which it acquired the LSE's data display subsidiary, Proquote. In fact, Pulse, is a completely separate company, and is not affiliated with the LSE. *IMD* apologizes for the error.

>>Metamako Taps Macom Chips for 25Gbps Connectivity

Australian low-latency switch vendor Metamako will adopt semiconductor chips from Macom Technology Solutions, a provider of analog RF, microwave and optical semiconductor products, to power its next generation of data switches, under a new partnership between the two companies. Macom's Crosspoint chip, which has multiple input and output lines, allowing any of the inputs

to be directed to any or many of the outputs, will allow Metamako's switches to support 25 Gigabit-per-second communications. The collaboration will enable Metamako to offer greater network capacity and efficiency, along with cost savings.

>>BSO Grows Singapore, Asia-Pacific Network Footprint

Low-latency connectivity provider BSO Network Solutions has expanded >9

MDX Bows Data Distribution Platform, Expands CFSI Deal to US

UK-based data technology vendor MDX Technology will this week launch its MDX Connect Data Distribution Platform, a new platform that leverages the vendor's existing tools to provide enhanced internal and external data sharing capabilities compared to legacy data distribution systems currently used by the industry, but at a lower cost point, and with faster deployment times, officials say.

The MDX Connect Data Distribution Platform can be deployed on premise or in the cloud, and builds on components already offered by MDX, including its Connect technology for real-time, enterprise-wide data sharing; its library of market data interfaces to vendors and data distribution platforms, which MDX has built up over the past five years; and an updated server-based cache, which provides the capability to host any number of shared in-memory caches. This means traders can now share data internally as well as with external clients, says MDX chief executive and co-founder Paul Watmough.

"Since we started the company, we have evolved from providing desktop connectivity for people using spreadsheets to the most lightweight data distribution platform. Our Excel add-in is still an important component of our platform, but the distribution piece is what has caught people's imagination. It means connecting to data, collaborating, capturing and contributing data. You can take a price and distribute it beyond traditional places like internally across the market data platform—to internal clients, external data vendors, external customers, and client-facing websites," he says.

Watmough says MDX had a "long-term" vision of moving its desktop-based Excel add-in to the cloud, given the vendor's experience of multi-vendor contribution systems—MDX chief technology officer Richard Gissing was founder of contributions technology vendor Gissing Software, where Watmough also served as director of sales and marketing, prior to its acquisition by Thomson Reuters. However, "the contributions side of it was one thread of what we are doing now. We have evolved much further to provide a lightweight, readily deployable data-sharing platform that lowers total cost of

ownership," by reducing server footprint, leveraging the cloud, and adopting a monthly per-user subscription-based fee model, he adds.

MDX currently has a range of customers using the new platform, including tier-one investment banks, hedge funds and interdealer brokers, and is in talks with a number of trading venues and exchanges that are looking for a way to more effectively distribute market data. For example, global commodities trading and logistics company TrailStone is using the MDX Connect Data Distribution Platform to share price data and price curves across its global offices, while Dutch banking group ING has rolled out the platform to enable the bank to distribute real-time fixed income prices and data analytics from its trading desk in Amsterdam to sales teams around the world.

"It can be used as a wholesale replacement for legacy data distribution platforms, but in another case, we hook into the traditional data vendors, and in yet another we are the Excel plug-in to the legacy data distribution platform. We work with whatever technology is in place," Watmough says. "But it's really more than that. Many firms use different market data distribution platforms in-house for market data distribution, internal and external data sharing and contributions.... This is bringing everything on to one platform."

MDX will unveil the platform this week at industry association FISD's World Financial Information Conference.

CFSI Coming to America

Separately last week, MDX extended an existing outsourced business development deal with Toronto-based advisory firm Collaborative Financial Services Inc to have CFSI provide business development activities for the vendor in the US.

CFSI currently provides sales representation for MDX in Canada, and the new deal would expand this existing agreement to also cover the US, where MDX already has development and pre-sales functions located in Princeton, NJ.

"This is all part of our post-first-round investment momentum, and an expansion of our US capabilities ahead of a US event targeted at a global data audience,"

Watmough says, referring to the WFIC conference.

MDX originally handled pre-sales from London, but after establishing its US office, "the next step was to extend business development activities into the US," Watmough says, adding that "trying to hire a team in a rush is the wrong way to do it.... We're growing through a combination of strategic partners and hires... and we want to capitalize on that existing relationship and success."

Watmough says MDX already has around 10 US-based client firms that are keen for the vendor to have local support, development and sales functions. "We're looking for CFSI to keep building that momentum, and the longer-term strategy may be to take that in-house. But in the meantime, this will supplement our in-house capabilities," he says.

Will Kennedy, partner at CFSI, says the firm will create a local team run by himself and CFSI managing partner Jim Davies. "I've spent the last 20 years predominantly in the US and built up a wide network. Jim spent the majority of the past 10 years in Canada but has also spent some time in the US.... So we have the connections that would allow us to put a local presence in place. We've already talked to a couple of local people about working on behalf of MDX," Kennedy says.

The first step will be an assessment phase to gauge interest in MDX's offerings among banks and buy-side firms in New York, Boston and Chicago, and to decide how the companies approach longer-term collaboration. Kennedy says using CFSI made more sense than trying to hire an in-house resource because the firm is already familiar with MDX's product line. In addition, it allows CFSI to broaden its own proposition geographically. "It expands our reach... and gives us a much larger opportunity, so it's a good test for both companies," he says.

"We've been talking to Will and Jim about this for a while... and we're also talking about other geographies that they have reach into, such as Asia and Australasia, since we already have clients in Tokyo, Hong Kong and Sydney," Watmough says.

Faye Kilburn with Max Bowie

S&P CapIQ Adds Fitch, Completing 'Big Three' Ratings Lineup

S&P Capital IQ has made credit ratings covering fixed income issuers and securities, structured finance transactions, and public finance notes from Fitch available via its Xpressfeed real-time datafeed, to provide users with broader coverage of credit scores and reduce costs associated with consuming ratings from multiple agencies.

The vendor now carries ratings from the largest ratings agencies, including McGraw-Hill stablemate Standard & Poor's Ratings Services, after adding data from Moody's Investors Service at the end of last year, so customers can now access credit ratings from the three main agencies via a single platform, officials say.

S&P Capital IQ began migrating credit ratings from its RatingsDirect standalone ratings feed to Xpressfeed several years ago, after receiving requests from customers to be able to consume data from the vendor via one feed. Recently, clients began asking for the ability to consume ratings from other ratings agencies via the same mechanism, so S&P Capital IQ

decided to add ratings from Moody's and Fitch, says Rick Kanungo, vice president of product management at the vendor.

S&P Capital IQ receives intraday ratings from Fitch via a direct feed, then redistributes these to clients on an intraday, daily or monthly basis, depending on demand.

S&P Ratings already cover 53,000 corporates, 61,000 financial institutions, 6,800 insurance companies, 970,200 government securities and 85,200 structured finance products. However, Kanungo says that in many cases, customers already subscribe to ratings from multiple agencies to verify their credit assessments.

"Some investors perceive certain agencies as stronger in certain asset classes, and clients often subscribe to multiple agencies to double- or triple-check their credit assessments. Middle and back offices are incurring high costs, in terms of technology and data from receiving datafeeds separately from all the different agencies. The cost is compounded with ongoing data-linking costs across the agencies, and

migrating to newer versions from each agency," Kanungo says.

By carrying Moody's and Fitch ratings, S&P Capital IQ hopes to reduce this duplicative cost for customers, while enabling them to take advantage of other datasets also delivered via Xpressfeed, such as company estimates and ownership data.

Kanungo says there is no competitive disadvantage to S&P Capital IQ carrying ratings from other agencies, and in fact, there are advantages for Fitch to be on Capital IQ's platform. "They are very excited as it opens up new delivery channels into our client base. In many cases, it generates new leads for them," he adds.

To add the ratings, S&P Capital IQ had to build mapping functionality to accommodate the different data structures used by Fitch versus S&P's ratings.

Clients wishing to consume Fitch ratings over Xpressfeed are must have a direct contract with Fitch, after which S&P Capital IQ will send the ratings at the requested frequency.

Faye Kilburn



Inside Market Data Inside Reference Data >> <<

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Ex-BMO Tech Head Launches 'Read-Only' Twitter Tool

London-based technology startup Axis Data Systems will this week unveil Market EarlyBird, an application designed to help traders, investors, analysts and research professionals use Twitter in a more compliant way.

The application was built by Danny Watkins, former head of technology at BMO Capital Markets, the investment banking subsidiary of Canada's Bank of Montreal, and has been in beta testing for the last few years under the working title TweetSentry.

Watkins has now rebranded the application as Market EarlyBird to reflect its ability to allow traders and analysts to filter tweets and extract news signals before the rest of the market, while also—by making it a “read-only” application—minimizing the risks associated with Twitter use by employees of financial institutions.

“While working at BMO Capital Markets, we found the real issue with using Twitter on the trading floor is that it gives firms the ability to tweet out, but there are a lot of compliance reasons to not allow that to happen,” Watkins says. “For example, a trader only has to tweet that they’ve had a big order come in publically instead of privately to bring the firm into disrepute.”

Watkins began looking for a read-only version of Twitter, and—after being una-

ble to find anything in the market that met these requirements—left BMO to build his own, which he developed working closely with a number of customers, including a hedge fund and most recently an unnamed global investment bank that this month rolled out 100 licenses to analysts and research professionals across the firm.

“Other data providers in the market filter Twitter before sending it through, but the [investment bank] told me that they’ve got ‘the best analysts in the world,’ so they don’t want an application that decides what they can and can’t read,” he says.

The vendor has spent the past year honing Market EarlyBird so that it not only provides users with a read-only, full-recorded version of Twitter—as well as the ability to block tweets and direct messages, and manage data leakage—but also includes extra “bells and whistles” designed specifically to help financial services firms extract useful news and decide whether they can trust information when it arrives.

For example, in recent months the vendor added a new function that categorizes lists of Twitter accounts by sector or region—such as, commodities, finance, or emerging markets—and a “suggestions” tool (similar to that used by Amazon to

suggest other purchases), which suggests other Twitter profiles that firms might be interested in based on who they currently follow. The vendor also provides a “clout” score that indicates individuals’ importance on social media, and encourages users to follow cashtags, which denote a company’s ticker symbol rather than its full name, to create more manageable feeds of company data.

The application is a cloud-based, so firms do not have to make any changes to their firewall. Watkins says it’s very likely that banks block Twitter at the firewall so the vendor leverages a Microsoft Silverlight client, which can run in the browser, and which then communicates with the vendor’s server in the cloud.

“In the client [interface], the customer can say ‘I would like to follow this person,’ and we use our own Microsoft Azure servers to communicate with Twitter to distribute the tweets. From the user perspective, they have the full Twitter user experience, so they can see the tweet, the background to tweet, who that person follows, and who follows them,” Watkins says. “Twitter is about the background information as much as the tweet itself, yet quite a lot of services look for stories coming out, but they don’t offer it as the full Twitter experience,” he adds.

Faye Kilburn

SCROLLING NEWS

<6 its presence in Singapore with a new datacenter location within the Singapore Exchange’s co-location facility, as part of the provider’s continuing strategy to leverage connectivity in emerging markets. The co-location footprint adds to BSO’s existing presence in Singapore at Equinix’s SG1 datacenter, and the vendor has also established connectivity between Equinix SG1 and SGX’s co-location facility. With the addition of SGX, BSO’s Asia-Pacific portfolio now includes 16 datacenter locations in the region, including Shanghai, Hong Kong and Mumbai, in addition to Singapore.

>>Thomson Reuters, Crowdnetic Ally on Crowdfunding Data, Analytics

Thomson Reuters has entered into a partnership with Crowdnetic, a provider of market data on crowd-funded securities,

to offer better access to information about the global crowdfunding market, and to improve transparency for investors. Crowdnetic provides technology, real-time data and research to the global marketplace of crowd-funded lenders and startups. Crowdnetic’s company and investment data will be tracked using Thomson Reuters’ Permanent Identifier (PermlD), and will be made available via Thomson Reuters Eikon desktop. The deal will provide Eikon users with better access to data and analytical tools to help them analyze crowd-funded companies.

>>Wall Street Horizon Bakes Enchilada Online Events Data Portal

Woburn, Mass.-based corporate earnings and event data provider Wall Street Horizon has introduced a new service, dubbed Enchilada, which integrates all of

the vendor’s forward-looking and historical datasets into one online application. Previously, Wall Street Horizon provided its data via a machine-readable news feed, but the new online database allows users to search more than 25 different corporate event types on a ticker-by-ticker basis, or to create and search across an unlimited number of custom portfolio watchlists. The Enchilada portal consolidates volatility events—including earnings dates, dividend dates, options expiration dates, stock splits, spin-offs, secondary offerings and a wide range of investor-related conferences—for 5,000 US equities, and is aimed at institutional investors and traders. Officials say it will help firms predict event-triggered swings in stock prices, and save time finding, monitoring and updating important and hard-to-find corporate event information.

ESMA Targets Time Synch, Data Disaggregation

“up to date,” says Jock Percy, chief executive of Perseus, a provider of low-latency fiber and microwave data networks and precision time synchronization technologies. Most importantly, he says ESMA took into account the views of Perseus and others, and limited the granularity of time synchronization to “a level that is both technically and economically intelligent.”

The rule requires market participants to implement Coordinated Universal Time (UTC) as their reference time source, and specifies that a firm’s or venue’s internal clocks must not diverge from this universal time by more than 100 microseconds for investment firms that uses high-frequency algorithmic trading or for trading venues that have a gateway-to-gateway latency of less than one millisecond. ESMA has also added a specific category for HFT systems with increased granularity of one microsecond, and venues will have to be able to provide documentation explaining their system design and the specifications to show the accuracy will be maintained to within the required parameters.

“ESMA’s RTS 25 places new oversight rules on all EU trading venues, and mandates that when the gateway-to-gateway latency of a trading venue is equal to or less than one millisecond, the venue’s gateways must be synchronized to UTC time by a maximum variance of 100 microseconds. The intended consequence of this rule requires HFT firms to synchronize their own trading platforms to a UTC time source by a variance of 100 microseconds,” Percy says.

Daniel Shepherd, business development manager at ultra-low-latency trading infrastructure and market data connectivity provider Algospan, says the clock synchronization and time stamping requirements shouldn’t cause much disruption, having been “widely expected” and “given the time available to implement the required changes to company’s networks,” though he adds that the cost for firms to meet the proposals may vary widely if they take a do-it-yourself approach to meeting the clock synchronization requirements.

Instead, Percy suggests that firms enlist vendors who are already specialists in time synchronization. “The DIY method... will still be expensive and difficult to manage,” he says. “We’ve done all the hard work globally, so they can maintain full compliance with precise clock synchronization without the cost of becoming time keepers.”

ESMA’s final drafts have now been sent for endorsement to the European Commission, which has three months to approve. Once endorsed, both the European Parliament and the Council have an objection period. MiFID 2 will then enter force in 2017.

Disaggregation Disagreements

In the new draft, ESMA deemed it necessary to specify the level of disaggregation by which venues should offer data. Taking into account the evidence of demand for such data, venues will be required to disaggregate data by asset class, by country of

issue, by the currency in which an instrument is traded, and according to whether data comes from scheduled daily auctions or from continuous trading.

Critics of the proposals—primarily vendors—say that while ESMA’s intentions (reducing the cost of market data and making it more readily available) may be good, they will have the unintended consequences of increasing the overall cost of data due to the level of customization required to meet client requests, while also creating an added administrative burden.

In addition, MiFID 2 will also require that regulated markets and co-location service providers ensure their fee structures are “transparent, fair, [and] non-discriminatory.” To ensure a “level playing field” and that no fee structure incentivizes market abuse, ESMA will impose the same rules on all types of co-location services and trading venues. Some of those market participants consulted raised concerns that trading venues may develop commercial models with fee structures offering cheaper—or free—access to data for direct members versus members of competing venues, or where fees might be linked to the speed of a venue’s datafeeds.

From 2017, ESMA will require each trading venue to publish on their websites a comprehensive and publicly accessible document their fee structures, including execution fees, ancillary fees, rebates, incentives and disincentives.

Joanne Faulkner

DATA DISPLAY & ANALYTICS

YCharts Adds Correlation Analysis Capabilities

“Carpenter says use cases for these capabilities can range from the relatively basic to more sophisticated analysis by those with an in-depth understanding of how different sectors and assets react to one another, adding that the tools now give users an opportunity to more precisely test the strength of any correlations they identify.

“People might be validating assumptions, or they might have specific ideas—say, about finding ways to

beat a high-yield index,” he adds. “By figuring out expense ratios and correlations, for example, an advisor can understand why it would be better to put a client of theirs into a mutual fund versus an ETF or a basket of stocks.”

“Over the past four years, this has been heavily requested by people wanting to see how well correlated datasets are,” Carpenter says. “Our first priority was to get all the data that people needed into our system... and

now we are finally in a position to open all this up and let people do more with the data.”

In addition, YCharts has rolled out the ability for users to share screens and watchlists with individuals or groups within their firm or with clients, and to be able to add notes to the displays they share, so they can share comments about the charts with the recipients.

Max Bowie

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