

# communiqué

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## Reducing Data Delivery Costs New Models for Managing Market Data

The continuing exponential increase in market data volumes is changing the way firms think about supporting their market data needs. The cost of processing market data is increasing by 30 percent each year, according to some estimates, and firms are increasingly looking for new models to help control those costs.

There is a spectrum of solutions available. These include:

- Co-location
- Hosted datafeed services
- Mitigated data

One choice for firms is to opt for a fully managed or co-location service based in a hosting facility where they just need to cross-connect to the market data server to receive the direct exchange or consolidated data. This can help dramatically reduce communication costs for certain clients, compared to a deployed solution.

With this fully managed or co-location model, the market data infrastructure—including all capacity planning—is managed by the vendor. Interactive Data's PlusFeed Co-location, a co-location service for users of the PlusFeed<sup>SM</sup> low latency consolidated global datafeed, is an example of this model. The service offers clients more than 50 co-location sites around the country.

### Pushing the Boundaries

Another option is hosted datafeed services, such as Interactive Data's PlusFeed Select (see article, page 3) and PlusFeed VPN, where clients connect to PlusFeed over a fully managed leased line or secure Internet VPN and receive only the data they subscribe to. These services also can dramatically reduce communication costs, and can allow clients to benefit from not having to deploy or maintain datafeed servers (CSPs) onsite.

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# Interactive Data Targets ATS Data

**As market fragmentation continues both in the U.S. and Europe, Interactive Data is committed to providing data from alternative trading systems (ATS) including BATS Trading in the U.S. and multi-lateral trading facilities (MTF) in Europe.**

Real-time data from BATS Exchange, the third largest U.S. equity market, and Turquoise, a new MTF, is now available on Interactive Data's PlusFeed, a low latency consolidated global datafeed. The data includes both level 1 data as well as full depth of book.

Currently, BATS accounts for approximately 10 percent of the total equity volume trading in the U.S. Turquoise went live in August.

In addition to data from BATS and Turquoise, PlusFeed delivers data from NYSE Arca, Pure Trading, Chi-X and BOAT. Direct Edge data is available via Interactive Data's DirectPlus, an ultra-low latency fully managed direct exchange feed service.

Interactive Data delivers the data via a range of options, including dedicated leased line circuits from local hubs around the world, BT RadianzNet as well as over VPN or the Internet. Data can be delivered in real time, delayed or end-of-day. Clients can choose from these delivery options:

- **PlusFeed** – With hardware and leased line deployed at the client site, this traditional configuration is designed to offer a robust solution ideal for high capacity, low latency requirements and can deliver level 1 and 2 data.
- **PlusFeed Select** – A hosted and fully managed service designed to allow clients to connect to the

PlusFeed low latency consolidated global datafeed via a fully managed secure and reliable leased line and receive only the data that is subscribed to. This service can deliver level 1 data.

- **PlusFeed VPN** – Like PlusFeed Select, PlusFeed VPN is also a hosted and fully managed service. With PlusFeed VPN, clients connect to the PlusFeed low latency consolidated global datafeed via a cost effective and secure Internet VPN connection and receive only the data that is subscribed to. This solution can deliver level 1 data.
- **PlusFeed Co-location** – This service is designed to allow clients to co-locate applications alongside the PlusFeed global datafeed at BT Global Financial Services' Radianz data center in Nutley, N.J. and reduce latency and save on communications fees. This service can deliver level 1 and 2 data.
- **Hosted Data Portal and Snap XML** – Interactive Data can supply data and charts for real-time or delayed delivery of data via a Web portal with its PrimePortal offering. PrimePortal intranet and Internet solutions integrate various web-based modules to develop applications designed to meet clients' specific needs. These modules range from quote lists, portfolio tracking and extended searching capabilities to professional chart analysis and alerts. Snap XML delivery is also available. Both services can deliver level 1 data. ■



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# Reducing Data Delivery Costs

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In addition, mitigated exchange feeds such as Interactive Data's Essential Options Service can help minimize the impact of growing data volumes. The Essential Options Service is designed to help reduce bandwidth by approximately 80 percent, compared to the full Options Price Reporting Authority feed. Interactive Data also offers full-tick OPRA data.

At the same time as vendors must provide a range of products, they need to continue pushing the boundaries of technology to deliver optimal performance to their clients. Interactive Data invests heavily in its infrastructure technology, and has seen very good results for its efforts. The PlusFeed datafeed, for instance, is capable of handling huge volumes – currently, it generally delivers over one million messages per second.

In addition, the hardware footprint at the Plus-Feed customer location is very small. Currently, two very small client-site processors with two inexpensive servers can process 3.2 million messages per second. We've also developed proprietary and optimized FAST decoders for high-volume exchanges, making those feeds up to 50 percent faster.

## Examining Data Usage

To deal with ever-increasing market data volumes, firms should also re-examine their market data needs to ensure that the products they buy are tailored to the needs of the various user groups within the firm. For instance, wealth managers can help manage workstation costs by identifying



the appropriate level of data and tools that are needed by their internal users and their clients.

Algorithmic trading applications, on the other hand, generally need full-tick data, and they also need that data to be delivered extremely quickly. Interactive Data is committed to providing low and ultra-low latency data, along with an array of APIs to make it easy to integrate with firms' applications.

As market data volumes continue to rise by almost 100 percent each year, and firms must continue spending more each year on communications and infrastructure to process and distribute the data, they are looking for new solutions. Interactive Data is committed to giving firms a range of services and the flexibility to select the model that helps them address the challenge of continuously increasing volumes and best suits their particular needs. ■

# Hosted Service Cuts Communications Costs

**PlusFeed Select, a hosted version of Interactive Data's PlusFeed<sup>SM</sup> service that delivers data from PlusFeed, a low-latency consolidated global datafeed via leased line to the client site, was recently launched.**

This new service is designed to dramatically reduce communication costs for certain clients when compared to the costs of a deployed service, and help clients address the problem of growing market data volumes. PlusFeed Select, which is hosted and fully managed by Interactive Data, is designed to provide access to global market data in watch-list form, so clients only receive the instruments that they choose. The service can also allow clients to benefit from not having to deploy or maintain datafeed servers (CSPs) onsite.

PlusFeed Select is similar to Interactive Data's PlusFeed VPN, where client connectivity is provided via Internet-based VPN connection. The leased-line access available with PlusFeed Select is designed to provide clients with a more robust connectivity alternative, a key feature for many financial institutions.

PlusFeed Select clients connect via dedicated line to the PlusFeed server at BT Global Financial Services' Radianz data center. The service is designed for clients that require:

- A small subset of instruments from many exchanges
- A small subset of instruments from a single exchange with a mix of active and inactive instruments
- Intermittent pricing throughout the trading day for their portfolio applications
- A leased-line connection

Provided by Interactive Data's Real-Time Services business, PlusFeed integrates real-time data from over 450 sources and exchanges worldwide, covering over 5 million instruments. Global data includes level 1 equities and derivatives data; premium and Essential Options Services, mutual funds, money markets, fixed income, foreign exchange and fundamental and corporate actions data. ■

# Interactive Data Teams with EMS Providers

To help meet the real-time and tick-history data needs of financial institutions, Interactive Data is committed to working with an array of third-party software vendors and integrate its data into a range of innovative technology platforms that include execution management systems (EMS), complex event processing (CEP) and sophisticated analytics.

Interactive Data's Real-Time Services business works with a number of third parties in the EMS space including FlexTrade Systems, which supplies broker-neutral algorithmic trading platforms and execution systems for equities, foreign exchange and listed derivatives, and Townsend Analytics, the developer of RealTick®, a global, multi-broker, cross-asset EMS.

Clients of EMS providers such as FlexTrade and Townsend Analytics are focused on achieving best execution, which requires comprehensive global coverage, excellent depth of market data, and low latency data delivery. It is imperative that clients of EMS providers have access to global and depth data through these systems quickly, so these systems can react to their clients' needs. This can help clients capture liquidity and execute trades as rapidly as possible.

Interactive Data can also work with third-party software vendors offering complex event processing (CEP) solutions and sophisticated analytics. CEP providers supply decision support for a number of activities, including risk trading analytics, trade order management and trade settlement. For instance, StreamBase Systems, a third-party alliance of Interactive Data,

provides software for rapidly building systems that analyze and act on real-time streaming data for instantaneous decision-making, such as smart order routing systems that can seek out liquidity and achieve best execution across multiple trading venues.

Analytics alliances include Alphacet, provider of Alphacet Discovery, a straight-through-processing platform for advanced quantitative strategy development and deployment.

Interactive Data also maintains standard interfaces to middleware and application development

**'It is imperative that clients of EMS providers have access to global and depth data through these systems quickly.'**

platforms including RMDS and Wombat, as well as tools that enable direct integration with a wide array of other third-party applications.

Among the offerings that Interactive Data can supply to third-party software vendors are the PlusFeed low latency consolidated global datafeed. PlusFeed delivers data on more than five million global securities from over 450 sources. The service provides extensive global level 2 data, as well as full Options Price Reporting Authority data.

Interactive Data can also supply ultra-low latency data to third-party software vendors via the DirectPlus



fully managed direct exchange data service. Clients using this service can co-locate their applications alongside DirectPlus in BT Global Financial Services' Radianz datacenter to achieve sub-millisecond latency.

Third-party software vendors may also require historical tick data to prove best execution and to back test trading models. To help serve their needs, Interactive Data supplies PlusTick FTP, a daily file product delivering time and sales and cross-reference data from over 60 global sources. Interactive Data also offers PlusTick Server, a managed service that provides tick capture, storage and management of millions of real-time tick messages. A hosted tick data service may also be available from Interactive Data.

The combination of Interactive Data's real-time and historical data services with a range of powerful applications is designed to provide Interactive Data's institutional clients with a comprehensive set of real-time data and tools to help them succeed in today's challenging market environment. ■

## Kilberg Takes Reins



Jay Kilberg, a 14-year veteran of The McGraw-Hill Companies, has been named managing director of Interactive Data's Real-Time Services business.

In this role, Kilberg has direct responsibility for the business strategy, financial performance and product development of Interactive Data Real-Time Services.

Before joining Interactive Data, Kilberg worked in various parts of McGraw-Hill, including Standard & Poor's and

Platts. Most recently he served as vice president and general manager for the Platts Research & Analytics business. Prior to McGraw-Hill, he spent over seven years with Deloitte & Touche. He holds an MBA from Columbia Business School and a BBA from Emory University.

In his new role, Kilberg reports to Mark Hepsworth, president of Interactive Data Institutional Business. Before assuming his current role, Hepsworth was president of Interactive Data's Real-Time Services business. ■

## Multicast Network Debuts

**Interactive Data has rolled out a new multicast network designed to deliver up to three million messages per second – about three times today's data levels. Engineered to accommodate full Options Price Reporting Authority and depth of market data, the new Titan Data Network-Multicast also delivers improved latency.**

The network delivers an improvement of approximately three milliseconds compared to the TCP/IP-based Titan Data Network, for clients using XO Communications as their telecommunications provider, according to Interactive Data tests.

At the same time, Interactive Data is upgrading its ticker plant network elements to 10-gigabit Ethernet to help support increased transaction rates. This telecommunication technology offers data speeds of up to 10 billion bits per second.

While the state-of-the-art Titan Data Network-Multicast is a significant technology enhancement, the network does not require major changes at the customer site if clients have kept their infrastructures up-to-date. ■

## 40th Anniversary Celebrated



Interactive Data, a leading global provider of financial market data, analytics and related services to financial institutions, active traders and individual investors, is celebrating its 40th anniversary this year. Today, Interactive Data is regarded by many as a tier-one, trusted provider of real-time market data, time-sensitive pricing, evaluations and reference data for millions of securities traded around the world.

Interactive Data has grown considerably over the years, both in terms of the size of the business and its perception with customers. The company's growth strategy is focused on delivering high-value services, expanding into adjacent markets, extending its reach geographically and through strategic acquisitions.

One such acquisition occurred in 2003, when the company acquired Comstock from Standard & Poor's.

Interactive Data invested tens of millions of dollars to revamp its infrastructure, add international coverage, and deliver PlusFeed<sup>SM</sup> an institutional-quality, low latency global data feed, among other products and services. Today PlusFeed provides data from over 450 sources and exchanges worldwide, covering in excess of 5 million instruments, delivered via a state-of-the art ticker plant and data network.

Interactive Data has also introduced other innovations, including DirectPlus, a fully managed, ultra-low latency direct exchange data service, and the Basket Calculation Service<sup>SM</sup> a new web-based offering that is designed to provide clients with the indicative optimized portfolio value for equity and fixed income exchange traded funds. ■



## New Client Site Software Available

The latest release of the PlusFeed<sup>SM</sup> client site processor (CSP) software, version 6.8, is designed to automatically update the Data Dictionary on a monthly basis. Previously, a scheduled manual update was required.

The new version of the CSP software also includes a depth stale indicator that can alert clients when certain depth of

book data may be stale. The software also supports 10 gigabit network interface cards (NIC) for clients with multiple applications. CSP v. 6.8 is also 10 percent to 15 percent more productive, offering clients improved processing performance without requiring hardware upgrades. ■

## Quant Strategy Platform Launched

**Alphacet has teamed with Interactive Data, BT Radianz and OneMarketData to offer Alphacet Discovery, a straight-through-processing platform for quantitative strategy development and deployment.**

Alphacet Discovery provides advanced codeless financial modeling tools that are designed to allow “on the fly” programming, back testing, walk forward and capability to push live – all through a drag and drop interface. Alphacet Discovery can, on average reduce the time to market for strategy-generation and production to one to four weeks from 13 to 26 weeks.

Under its arrangement with Alphacet, Interactive Data provides a broad, flexible range of low latency and historical market data feeds for Alphacet Discovery. Alphacet also expects to add a broad range of end-of-day pricing and reference data from Interactive Data to the platform. Integrated tick and corporate actions data will be provided by Alphacet partner OneMarketData.

For its part, BT will provide secure hosting services to Alphacet through Radianz Proximity Solution.

“Through this new relationship, Interactive Data is pleased to provide

Alphacet’s clients with the low latency real-time, historical and fundamental data that are the foundation of successful strategy building,” said Mark Hepsworth, president, Interactive Data Institutional Business. “Interactive Data has a wide range of content that is very applicable to algorithmic trading and we are pleased to be working with Alphacet and OneMarketData to help create a solution that combines this content and facilitates creating quantitative trading strategies.” ■

## Intra-day ETN Valuations Delivered

**Interactive Data can now deliver indicative intra-day valuations for exchange traded notes (ETNs) and values for market indices.**

Interactive Data’s Basket Calculation Service<sup>SM</sup> which also offers intra-day indicative optimized portfolio values (IOPVs) for equity and fixed income exchange traded funds (ETFs), has been expanded to calculate intraday ETN IOPVs and index values that include equities, fixed income securities, currencies and commodities every fifteen seconds. This offering utilizes different market inputs, including real-time data from exchanges around the world, and can make this information available to the exchanges through PlusFeed<sup>SM</sup> Interactive Data’s consolidated low latency digital datafeed.

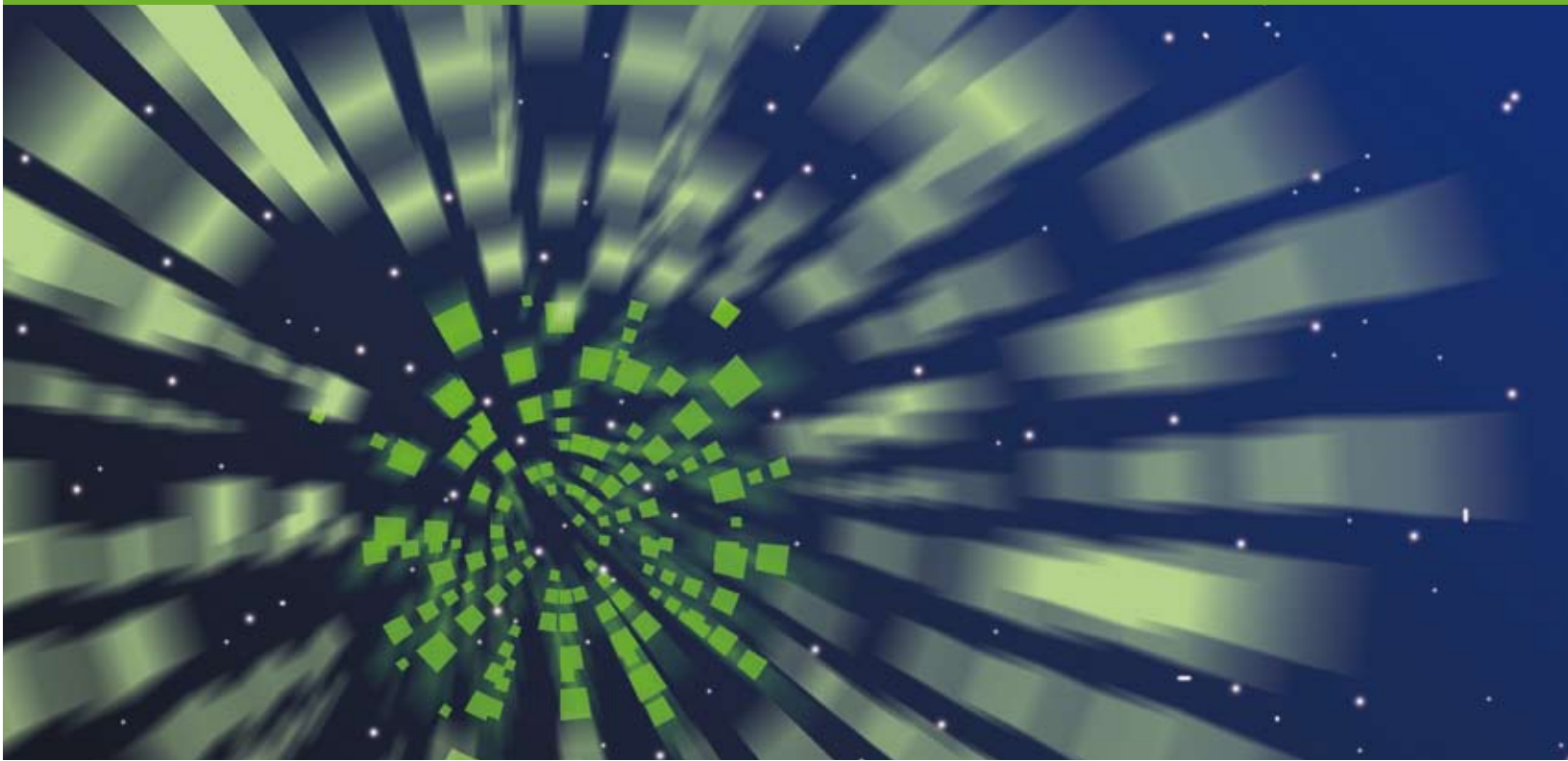
Interactive Data currently calculates and disseminates intra-day indicative valuations for baskets of securities to

nine clients, including four of the five largest ETF sponsors (ranked according to number of funds offered), via the Basket Calculation Service.

“By expanding the Basket Calculation Service, we can provide financial institutions with critical intra-day information to help them broaden their range of ETFs, ETNs, indices and other exchange traded structures,” said Mark Hepsworth, president, Interactive Data Institutional Business. “Interactive Data has once again demonstrated its commitment to working closely with clients to quickly develop innovative offerings that are designed to help them address complex challenges, meet market requirements and expand their businesses.”

The Basket Calculation Service is offered by Interactive Data Pricing and Reference Data, Inc. ■

# DATA IN MILLISECONDS HELPING YOU HARNESS THE FINANCIAL CURRENTS



**INTERACTIVE DATA'S PLUSFEED<sup>SM</sup>** delivers low latency, consolidated global data directly to advanced trading applications... fueling your trading performance.

- Seize the trading opportunity with low latency data
- Access global data on over 5 million instruments
- Power trading applications with full-tick data
- Support algo trading with extensive global level 2 data
- Receive full OPRA data on same feed
- Integrate PlusFeed data with back-office applications

**Interactive Data: For the high-speed data you need, choose PlusFeed**

Fixed income evaluations ■ pricing and reference data ■ **real-time market data** ■ sophisticated analytics  
innovative market data managed solutions ■ desktop solutions

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# PlusFeed – New Data Coverage

Interactive Data delivers low latency data on over 5 million securities from more than 450 sources around the globe.

## Recently added

### Asia

- ASX Options Level 1 and 2
- Jasdax Level 2
- Multi Commodity Exchange (India)
- New Zealand Stock Exchange Level 2
- Osaka Stock Exchange Level 2
- SGX Equities Level 2
- Tokyo Grain Exchange

### Europe

- Athens Level 2
- BOAT
- Bratislava Stock Exchange Level 2
- Chi-X/Instinet Level 2
- Cyprus Level 1 & 2
- Deutsche Boerse IBoxx
- OMX Baltic Level 2
- Prague Stock Exchange Level 2
- Turquoise Level 1 & 2
- Vienna Stock Exchange Direct
- Warsaw Level 2

### Middle East

- Dubai Gold and Commodities Exchange
- Dubai Financial Market

### South America

- Lima Stock Exchange

### North America

- BATS Level 1 & 2
- ICE NYBOT L2
- Nasdaq Last Sale
- Nasdaq MAX-Velocity and Forces
- Nasdaq SingleBook
- NQDS replacement
- NYBOT/ICE integration of new content
- NYSE Alerts
- Pure Trading ECN Level 1 & 2

### Contributed Data

- ICAP: New content US/AP
- Tullett (new data)

### Coming soon

- Middle Eastern markets (end of day) 1/2009
- Singapore Derivatives Exchange L 2 2/2009
- Athens Derivatives L1 & 2 4/2009

### In addition, coverage is planned for:

- Vietnam 2/2009
- Russia 2/2008
- Serbia 12/2008
- Croatia 1/2009
- Slovenia 3/2009
- Indian commodities 12/2008
- Japan futures 1/2009
- Chinese commodities 2/2009

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Interactive Data Real-Time Services is a leading provider of real-time global market data to financial institutions, redistributors and online financial portals worldwide. Offerings from Interactive Data Real-Time Services include PlusFeed, a consolidated, low latency datafeed. Also managed as part of this business is Interactive Data Managed Solutions, a leading provider and operator of customized financial market information systems.

#### Limitations

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