

Business Entity Service

Avox entity level data incorporated into FTSSM service

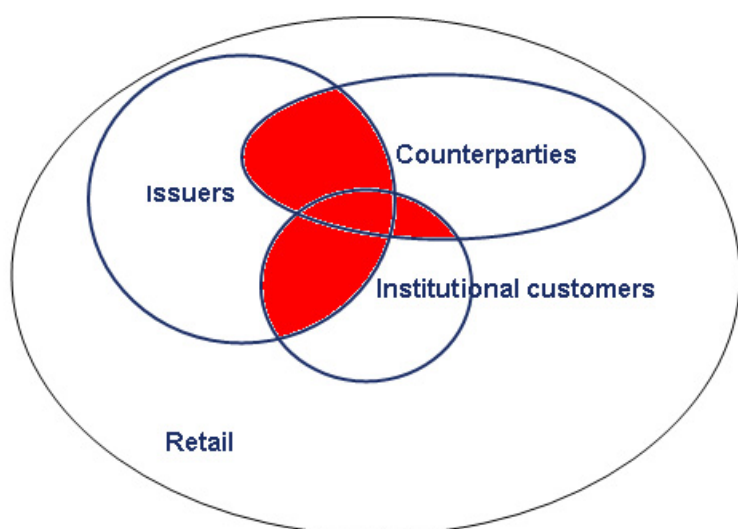
Interactive Data's Business Entity Service provides a single consistent view of security to entity reference data maps, helping clients understand their global exposure and to meet their requirements for risk management and compliance mandates.

Maintaining an accurate, consistent view of legal entity data available across an organisation is a key requirement of managing risk and regulatory reporting.

Presenting an up-to-date, consistent view of exposures across the enterprise can present firms with data management and quality challenges. Traditionally, entity data has been collected around individual business functions and maintained in legacy systems. A lack of global standards for defining and uniquely identifying entities contributes to the challenge in trying to produce a consistent view of data whilst meeting the timeliness requirements of downstream business functions.

The entity landscape- A 'firm's-eye' view of entity data:

Business entity



Value of business entity data

Business entity data is a key component of regulatory compliance and for identifying and managing risk exposures, helping to maintain an accurate and consistent view of business entity data linked to securities data, available across the organisation.

Risk management

- Counterparty/credit risk
- Concentration risk (sector, region, asset class, credit rating)

Compliance

Pre-trade (investment driven)

- Investment research
- Quantitative analysis post-trade (Regulatory)

Post-trade (regulation driven)

- Basel II (Capital adequacy directive)
- MiFID (Conflicts of Interest directive)
- Liquidity risk (FSA PS09/16)
- Stress and scenario testing (FSA PS09/20)

Collateral management

- Repo/securities lending

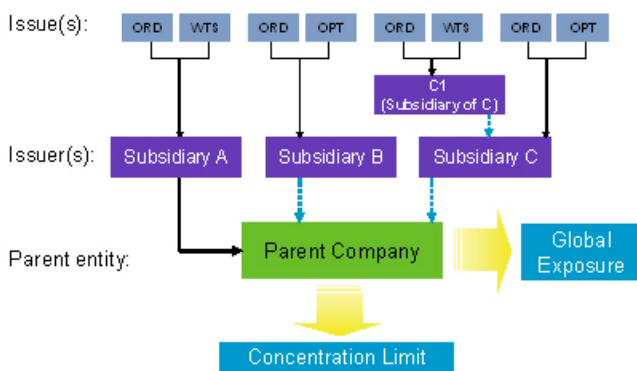
A consistent view of entity data

Interactive Data has aligned itself with Avox, a major specialist counterparty data provider to offer a Business Entity Service that combines its own broad range of security-level reference data with specialist sourced entity level data.

Interactive Data's collaborative approach provides a cross-reference to the organisations' internal entity identifier and offers a consolidated view of securities to issuers, counterparty and institutional customer records and the 'high-risk' overlap between them.

■ Business Entity Service-features

- Global issuers cross-referenced to securities across major asset classes (see data coverage)
- Collaborative approach: - Specialist-researched data plus full audit trails
- Non-issuers: Counterparty and customer records (available from Avox)
- Client identifiers – Supports cross reference to an organisation’s internal client identifier
- Entity hierarchy data including immediate and ultimate parent details
- Bulk universe and client-defined service options available e.g. by securities universe; by region or asset class
- Daily updates
- Extensive data review process to publish changes



■ Data coverage

- Global issuers cross-referenced to securities across the following asset classes:
 - Listed equities and fixed-income (global)
 - Corporate bonds, government and agency issues (global)
 - Asset backed securities (global)
 - US municipal bonds
 - Funds (global)
 - Derivatives (global)
- Securities identifiers: SEDOL, ISIN, CUSIP
- Issue and issuer ratings
- Industrial classifications

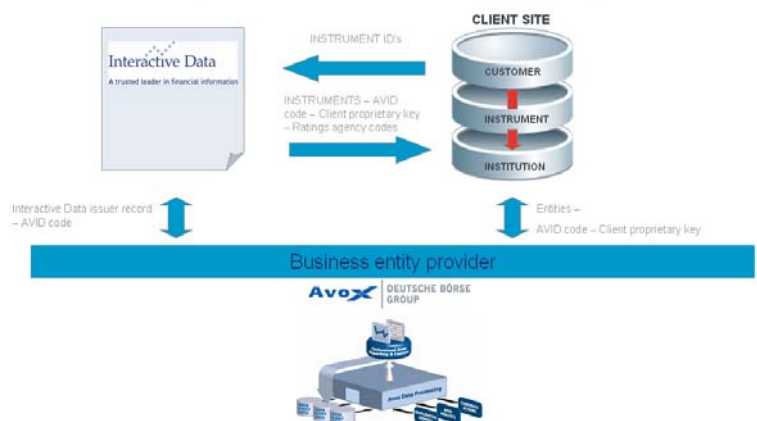
■ How does the service work?

The Business Entity Service creates and maintains linkages between Avox’s entity-level data and Interactive Data’s securities data.

In order to support the wide range of use cases across different types of financial services organisations, the Business Entity Service is available in three distinct service options:

- **Standard** - comprises client-defined service based on securities identifiers; and/or by country, region or asset class. Data is delivered to customers via FTSSM, Interactive Data’s flexible securities administration tool in ‘csv’ format via ftp, on a daily basis.
- **Ad-hoc** - is a web-based front-end that allows users to search the Business Entity Service database by issuer level AVID and by security level identifiers such as: SEDOL, ISIN, CUSIP. Ad- hoc also presents issuer hierarchies fully linked to their underlying securities issuance.
- **Full service** - The Full service is ideal for firms looking to implement a centralised maintenance and distribution strategy for reference data. The service comprises a daily bulk file of global issuers linked to their underlying securities issuance complimented by the ad hoc service.

A fully collaborative approach



■ Regulatory landscape

Helping clients address compliance mandates:

Capital Requirements Directive (Basel II) - CRD compliance requires more stringent credit risk management, increased transparency and reporting methodologies.

Banks are required to map between issues and issuers as well as identify and monitor relationships between counterparties in order to accurately calculate risk weightings that ultimately determine the correct level of capital adequacy.

UCITS - The UCITS directive requires that fund managers identify an issuer's ultimate parent entity in order to group issuer's for the purposes of monitoring concentration risk limits. Fund manager's need to establish and maintain issue-issuer-parent entity linkages to ensure they remain within the limits set out by the regulator at each level.

Liquidity risk (FSA PS09/16) and Stress and scenario testing (FSA PS09/20) - FSA's liquidity risk regulation requires a holistic approach to identifying and managing risks across the organisation. Increased reporting requirements around daily cash flows and sources of wholesale funding on an 'on-demand' basis rely on supporting reference data to 'know your exposure' to issuing entities and relationships between counterparties. The ability to link instrument data to issuer data is a prerequisite for supporting a scenario analysis that permits 'what if' type scenarios to be executed to determine the effects of single name and market-wide stresses.

MiFID – Conflicts of interest - Firms have an obligation to identify, manage, record and, where relevant, disclose actual or potential conflicts of interests between themselves and their clients e.g. in cases where it carries on the same business as the client or has a financial or other incentive to favour the interest of another client or group of clients. As a result firms need to understand the business structure of their own and their client's organisations.

■ Benefits of FTS enhanced with Avox entity level data

The Avox operational model is unique in the industry. Its success stems from the continuous enhancement and customisation programs in place for each client. Financial institutions participating in Avox form a community that collectively addresses poor client, issuer and counterparty data. The community participants, which include some of the biggest banks and asset managers in the world, both contribute and subscribe to a shared pool of data processes and resources.

- Identify risk - Creating such linkages will enable customers to identify their risk exposure at both the issuer and issuer group (defined by the ultimate parent) levels. The definition of legal entity that will be used within this service is >50% ownership

- Customised - The service will be based around a customer's securities universe and therefore would include any entities (issuers) that are requested by the customer
- Functionality - An online look up facility based on a customer's universe will be provided
- Data quality - The Avox model of sharing, validating and enriching non-proprietary data that is used by all customers, results in the overall quality level of the data improving while the cost and time required to achieve this improvement diminishes
- Timeliness - Reference data is often incorrect simply because it is out of date. Avox participants publish all changes they see through their daily activities into the Avox data pool where a team of analysts revalidate and broadcast them back out to the community. 70% of all changes registered at Avox come from current customers

■ Full list of Avox entity data attributes*

The following Avox data attributes are included in the Interactive Data's Business Entity Service

- Full legal name of issuer
- Full registered/incorporated address
- Full operational address
- Legal form (denotes entity type)
- Regulated by (Entity regulator)
- Company registration code
- Company website address
- Trading status
- Previous names
- Industrial classifications
- Immediate parent details
- Ultimate parent details
- Avox proprietary (AVID) code
- Customer proprietary code (if required)

* Data fields are populated where authoritative sources are available

About Interactive Data

Interactive Data Corporation is a trusted leader in financial information. Thousands of financial institutions and active traders, as well as hundreds of software and service providers, subscribe to our fixed income evaluations, reference data, real-time market data, trading infrastructure services, fixed income analytics, desktop solutions and web-based solutions. Interactive Data's offerings support clients around the world with mission-critical functions, including portfolio valuation, regulatory compliance, risk management, electronic trading and wealth management. Interactive Data is headquartered in Bedford, Massachusetts and has over 2,400 employees in offices worldwide.

For more information, please visit www.interactivedata.com.

Interactive Data's Pricing and Reference Data business provides global securities pricing, evaluations and reference data designed to support financial institutions' and investment funds' pricing activities, securities operations, research and portfolio management. Interactive Data collects, edits, maintains and delivers data on more than 6 million securities, including daily evaluations for approximately 2.8 million fixed income and international equity issues. Interactive Data specialises in 'hard-to-get' information and evaluates many 'hard-to value' instruments.

Pricing, evaluations and reference data are provided in the U.S. through Interactive Data Pricing and Reference Data, Inc. and internationally through Interactive Data (Europe) Ltd. and Interactive Data (Australia) Pty Ltd.

About Avox

Avox Limited utilises an entirely new approach to validating, correcting and enriching business entity data. The firm has established a shared pool of business entity data regularly contributed by a growing number of clients including Citigroup, Clearstream, Bank of Scotland, Barclays Capital, Dresdner Kleinwort Wasserstein, Standard Bank and Deutsche Börse. This industry data is combined with up-to-date content from other authoritative sources including regulators, business registries and company filings. Customised reporting and content are then provided on a pre-scheduled basis to each client. Changes made by any of Avox's clients to a data record are immediately revalidated by an Avox analyst and, if proven correct, they are broadcast, complete with a full audit trail, to all other clients holding the same record. The data in Avox includes corporate hierarchies, address information, industry sector codes, company identifiers, regulatory content and links to issued securities. Avox has offices in London, New York, Paris, Toronto and Wrexham (Wales). Avox is a majority owned subsidiary of the Deutsche Börse Group, one of the world's largest financial exchange organisations.

For further information please see: www.avox.info.

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