

# **Best Practice Recommendation regarding Fee Liability for Internal Administrative Usage by Information Vendors and Subscribers**

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## **Version 1.1 (updates v1.0 with FISD Glossary terminology)**

The purpose of this document is to recommend a standard policy under which Information Vendors and Subscribers would be exempt from Information Providers' end user/variable fees for various forms of internal administrative usage of market Information.

Vendors need to access real time (or other fee liable) Information from Information Providers in order to support the ingest, development, display and onward distribution of such Information to clients. It is generally accepted by many Information Providers that some types of "business critical" functions should not be subject to end user fees, as they are essential to enable the provision and support of Information to clients.

This Best Practice Recommendation (BPR) provides a framework that can be adopted by Information Providers and incorporated into their agreements with Vendors to provide a clear understanding for all parties of usage made by Vendors that shall be exempt from fees. The adoption of such Best Practice would provide the following benefits:

- a) More consistency on the treatment of internal use of Information by Vendors across Information Providers;
- b) Saving time and effort in negotiations on this particular usage;
- c) Increased clarity to all parties as to what is permitted, alleviating issues at audits;
- d) A level of comfort for Information Providers that Vendor's use of fee liable Information is not being abused; and
- e) Increased transparency and a more level playing field in this area.

This BPR represents the collaborative work of the members of the FISD BIPPS (Business Issues Policy and Practices Standards) working group. It should not be assumed that it represents the contractual or policy approach of any FISD member Information Provider.

The most practical way of administering a policy around internal usage (other than allowing all internal usage by Vendors to be free of charge) is to specify the functions to which fee exempt status applies. Having a policy which sets out a numerical limit, or which allows a limit to be agreed in advance, is very difficult and time consuming to administer, and does not take into account issues such as growth within Vendor companies, nor the difference between user IDs versus physical users. Additionally, policies which link the number of fee exempt users to the number of clients reported by the Vendor are often unrealistic and impossible for Vendors to monitor, and do not recognise the need for real time Information within Vendor organisations to develop and support services, regardless of the number of external clients.

Where Information Providers already have broad fee waivers which cover all internal use by the Vendor, or which additionally provide fee-exempt status to other functions, such as news creation/reporting, then the Best Practice Recommendation should not over-ride these.

### **Proposed Best Practice Recommendations:**

*"No End User Fees should be payable by the Vendor, members of the Vendor's Group or third parties (e.g., Service Facilitators or contractors) acting on their behalf where the Information is used for the purposes of technical development and operations, product development, quality assurance, quality control, customer support, sales and marketing. (Customer support usage does NOT include*

*use of the Information by the Vendor's personnel to provide securities transaction services, or securities quotations, or otherwise support customers trading securities through the Vendor.) Vendor should not be required to include such usage as part of its regular reporting obligations, but should provide information on such usage at mutually agreed intervals or in the event of an audit."*

There are equally circumstances where Subscribers, receiving Information via a Information feed for use within their organisations, also need access to fee liable Information for business critical functions. These may differ slightly to those applicable to Vendors, but fee exemption should at the least apply to technical operations, development and quality control. Information Providers should take this into account when formulating fee exemption policies and Subscriber Firms' business critical use of the Information should be covered in agreements with Vendors.

**Proposed Best Practice Recommendation:**

*"No End User fees should be payable by Subscriber Firms' or third parties acting on their behalf, where the Information is used for the purposes of technical development and operations, customer support and quality control. (Customer support usage does NOT include use of the Information by the Vendor's personnel to provide securities transaction services, or securities quotations, or otherwise support customers trading securities through the Vendor.) A Subscriber should not be required to include such usage as part of its regular reporting obligations, but should provide information on such usage at mutually agreed intervals or in the event of an audit."*

**Definitions:**

**Contractor** - A person or company with whom the Vendor or Subscriber has contracted to perform services normally provided by an employee of the firm.

**Service Facilitator** - An organization that assists a Vendor or Subscriber in any aspect of its receipt, dissemination or other use of the Information Provider's data but may or may not be required to enter into a direct agreement with the Information Provider.