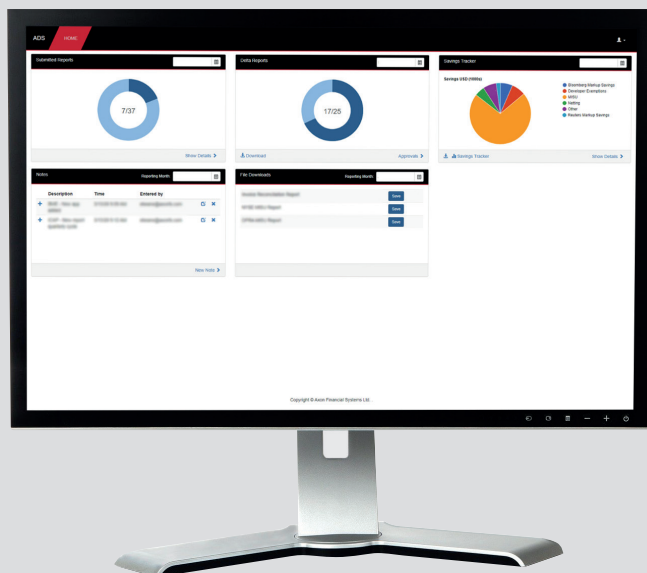




# ADS

## Declaration Service



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# Industry Regulations

**Basel and MiFID:** These regulations aim to strengthen investor protection, increase transparency around transaction reporting, ensure fairer, safer and more efficient markets, and unbundle products into pre and post trade products. MiFID II contained over 1.4 million paragraphs and, while it is EU legislation, it has wider impacts beyond Europe. Further reviews of MiFID II are set for 2021, and with the arrival of Brexit, it is even more likely that these reviews will be brought forward.

Due to MiFID II, the requirement that all trading venues must unbundle products into pre and post trade product has resulted in the introduction of additional data products and charges, in order to accommodate the unit of count policies around a natural person basis. Generally, a higher data fee applies to users when adopting this unit of count.

As a result of this, **822** different fees across **512** products were introduced, across **14** exchange groups, whilst **1,003** licences were also applied. **Athens Stock Exchange** alone introduced **50 new products** and **11 new licences**. The analysts managing ADS notify and help clients navigate the complexity around the licensing and product codes, in an efficient and timely manner.

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## Reporting

MiFID II industry regulations stated as part of the directive that exchanges must give firms the option to report based on the natural user basis. The regulations associated with such netting programs can have complex rules and pricing structures, and usually involve a direct reporting methodology for each exchange, increasing the administrative overload on firms. For example, **Deutsche Boerse** and **Bolsas Y Mercados Espanoles (BME)** employ a per access charge and an elevated per user charge, meaning a cost benefit analysis must be undertaken to analyse if it's worthwhile for the firm to move to the natural person model. ADS can perform this on behalf of the client and continually monitor on an ongoing basis if it is financially favourable.

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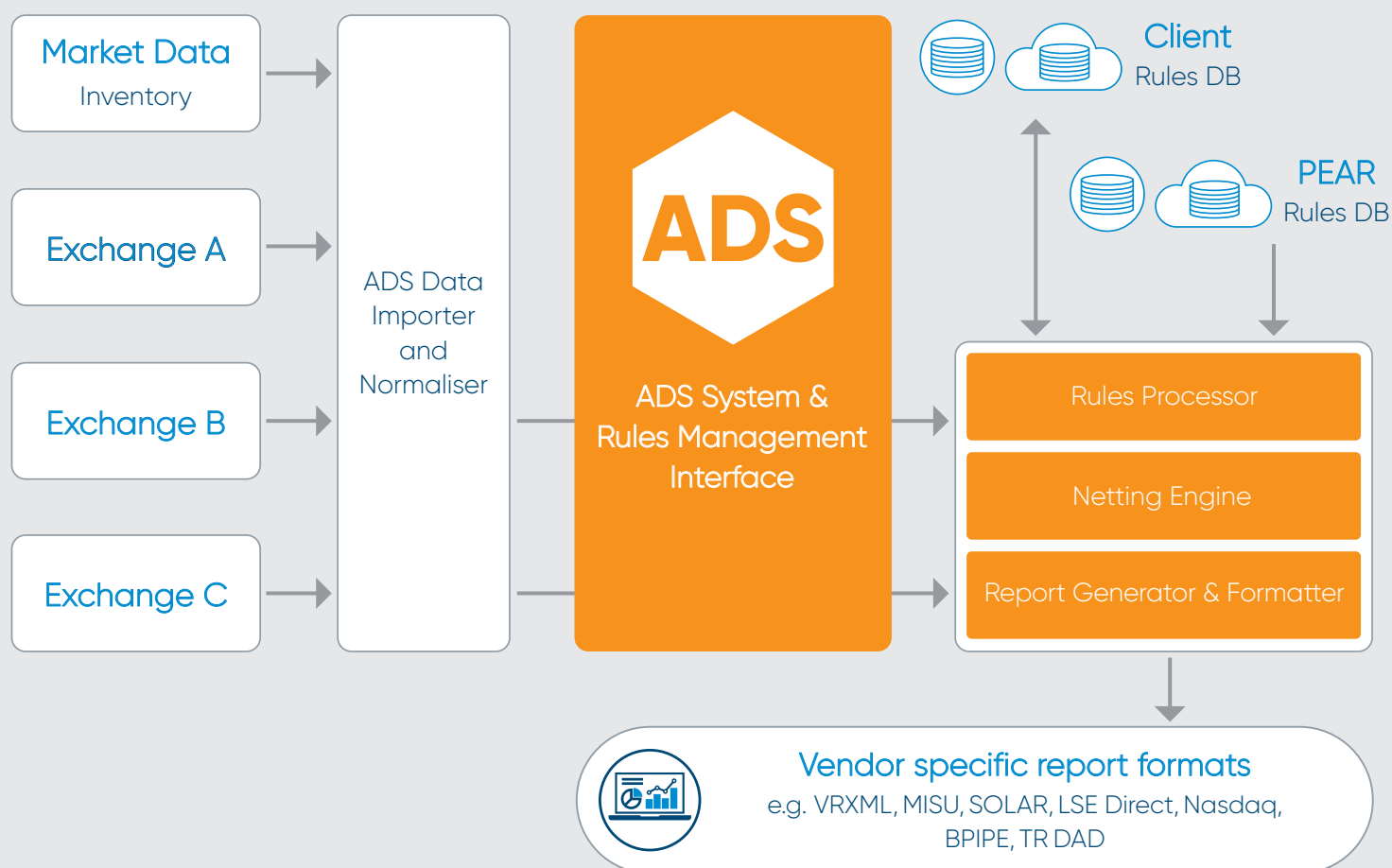
# ADS – What is it?

Axon Declaration Service (ADS) provides outsourced management of the market data declaration process, carried out by automated processes and overseen by market data experts. Our team of experts provide analysis around the ever-changing market data policies. Clients using ADS have the option to outsource their exchange/vendor reporting, receive updates on exchange policy changes and are advised if there are any beneficial netting programs available.

## Challenges at a Firm Level and the Solutions

Challenges – Firm level	Solutions – Firm ADS
<b>Exchanges are introducing ever evolving policies</b> regarding the use of market data in areas such as non-display, derived data creation and data usage within applications.	The analysts running ADS notify the client as and when the various applicable exchanges introduce new policies or amend existing, helping to mitigate future audit risk.
<b>Duplicate reporting</b> can occur within large firms when reporting responsibilities are spread globally.	ADS has a detailed mapping process where users for all services are allocated a specific reporting account, this removes any potential for duplicate reporting whilst still allowing client approvals based on region/country.
Certain exchanges require that reporting and licensing is based on legal entity. This can become challenging for large organisations who have <b>multiple affiliates</b> as the reporting contact may not be aware of these requirements.	If affiliates or legal entities are required to be included in the direct report agreements this will be specified at the initial phase and amended as and if they change. Exchange rules will vary and as part of the ADS service we monitor these to ensure compliant licensing and reporting.
Many exchanges have bespoke declaration formats e.g Solar, VRXML, CSV, complicating the reporting procedure.	ADS reports to a wide range of exchanges and vendors and has an <b>efficient automated process</b> in place to submit the required declaration forms in the specified formats.
When a client is audited by an exchange, <b>questions can be raised around how the declarations were compiled</b> . The queries can also be quite vague in regard to reporting process.	ADS <b>maintains an audit trail</b> of the business rules applied during the audit period of the relevant exchange policies. Additionally, ADS can provide a detailed user breakdown for the declarations and any applications which fall under a non-display and derived data licences. For example; netting allowed between B-Pipe and Bloomberg Professional Service (BPS), user exemption policies around support users, admin or developers. Furthermore, ADS will review the audit liability report and advise the client on how best to answer the queries and to check for any potential errors.
The <b>billing model can vary</b> for exchange licensing e.g based on function (trading, non-trading) or number of applications/users, or enterprise wide model.	The analysts running ADS will <b>determine based on the client's unique setup which billing model is most cost effective</b> .

## ADS – How it Works



## Why do our clients invest in ADS?

ADS provides a streamlined process that eliminates the time-consuming elements of preparing exchange and vendor declarations, enabling the client to focus on other important company-wide goals. This systematic approach improves data accuracy by removing repetitive manual processes, while leaving the client in control of the workflow and approvals. ADS provides an independent external resource to interpret exchange policies and assist in reducing and controlling market data costs, giving our clients greater confidence when it comes to compliance and audits.

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# Client Endorsements

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## What were the main drivers for moving to our managed service?

**"Automation and Skillset** were the two main drivers. Before moving to Axon's managed service our reporting process was very labour heavy and internally, we simply did not have the skillset to automate the process. This meant hours were wasted manually submitting the exchange/vendor reports."

## What is the key value add?

"Firstly, time saving was a key value add when moving to a managed service. The team are no longer focused on low value, time-consuming manual work. Secondly, the savings created through netting were not achieved until we moved to a managed service."

## What do you like most about our managed service?

"Axon's knowledge of our accounts and reporting helps with quick responses regarding any of our billing issues."

# Appendices

## Appendix A – Complexity of Exchange Reporting

Clients may face challenges when trying to interpret how complex licensing subscriptions apply to their own individual firm's setup. ADS provides a clear concise analysis around not only a specific exchange, but also how the same license can vary across similar markets. This depth of knowledge is useful when signing off on new market data agreements.

### US Equity Exchanges

Exchange	Non-Display	Derived
<b>NYSE</b>	License charged per CTA account, <ul style="list-style-type: none"><li>• Category 1 – use of data on behalf of the firm</li><li>• Category 2 – use of data on behalf of the client</li><li>• Category 3 – for internally matching buy and sell orders.</li></ul>	Creation or distribution of CTA derived data not subject to fees.
<b>NASDAQ</b>	Enterprise license based on if usage falls into; <ul style="list-style-type: none"><li>• Category 1 – Trading activities</li><li>• Category 2 – non-trading</li><li>• Category 3 – operating a trading platform</li></ul>	UTP Single security derived data must be reported in the same way as non-derived data. Distributing externally requires a licence.

### European Exchanges

Exchange	Non-Display	Derived
<b>London Stock Exchange</b>	Enterprise License for Trading <ul style="list-style-type: none"><li>• Principal – Internal non-display use for trading as principle</li><li>• Client Facilitation – non-display use for purpose of trading-based activities in facilitation of customers business.</li><li>• Trading Platforms – non-display use for the purpose of operating a trading platform.</li><li>• Other application usage fees</li></ul>	Data charges and licences are not required for derived data creation and distribution uses other than indices created for commercial distribution, ATP and external distribution of tradable instruments.
<b>B3 (BMF Bovespa)</b>	Options for non-display <ul style="list-style-type: none"><li>• Access, processing, consumption and usage of market data by an application that is not providing display.</li><li>• Enterprise licence</li><li>• Per application to be classified as Internal/External</li></ul>	Requires approval from the exchange before creation of Derived Data whether internal or external.

## About TRG Screen

TRG Screen is the leading provider of software used to monitor and manage subscription spend & usage across the entire enterprise.

TRG Screen is uniquely positioned to offer the full spectrum of enterprise subscription management capabilities across:

- Spend management – FITS & INFOmatch (inbound licensing)
- Usage management – ResearchMonitor (online resources), DART (terminals) & XMon (data feeds)
- Enquiry & workflow – Quest
- Exchange compliance & reporting – AXON
- Revenue management – INFOmatch (outbound licensing)
- Specialist consulting services, managed services & events

TRG Screen is differentiated by its ability to comprehensively monitor both spend on & usage of data and information services including market data, research, software licensing, and other corporate expenses to optimize enterprise subscriptions, for a global client base.

TRG Screen's clients realize immediate ROI and significant long-term cost savings, transparency into their purchased subscriptions, workflow improvements and a higher degree of compliance with their vendor contracts.

Our global client base consists of more than 750 financial institutions, law firms, professional services firms and other blue-chip enterprises that jointly manage more than \$8.5 billion of subscription spend using TRG Screen's software solutions.

TRG was founded in 1998 by a group of financial technology executives passionate about helping firms manage their high value data subscriptions.

In October 2016 TRG acquired Priory Solutions adding powerful usage tracking solutions to our portfolio of solutions.

We further strengthened our position as a market leader in enterprise subscription spend management when TRG acquired Screen Group in January 2018.

In June 2019 AXON Financial Systems, the leading provider of exchange policy and compliance solutions, joined the TRG Screen family. The combined TRG Screen business provides a truly unique global offering.



**TRG Screen**

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