



Business Entity service

Incorporating CounterpartyLink™ legal entity data

Through its Pricing and Reference Data business, Interactive Data's Business Entity service aims to help customers meet their requirements for risk management and compliance under regulations such as UCITS III and the Capital Requirements Directive (Basel II).

■ Overview of Business Entity service

CounterpartyLink's parent-issuer level content has been combined with Interactive Data's issue level reference data content to enhance the Business Entity service provided via FTSSM.

Increasingly, regulation has fuelled an immediate requirement for financial organisations to source entity level data as it applies to an organisation's holdings e.g.

UCITS III - As of February 2007, UCITS compliance 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.

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 monitor relationships between counterparties.

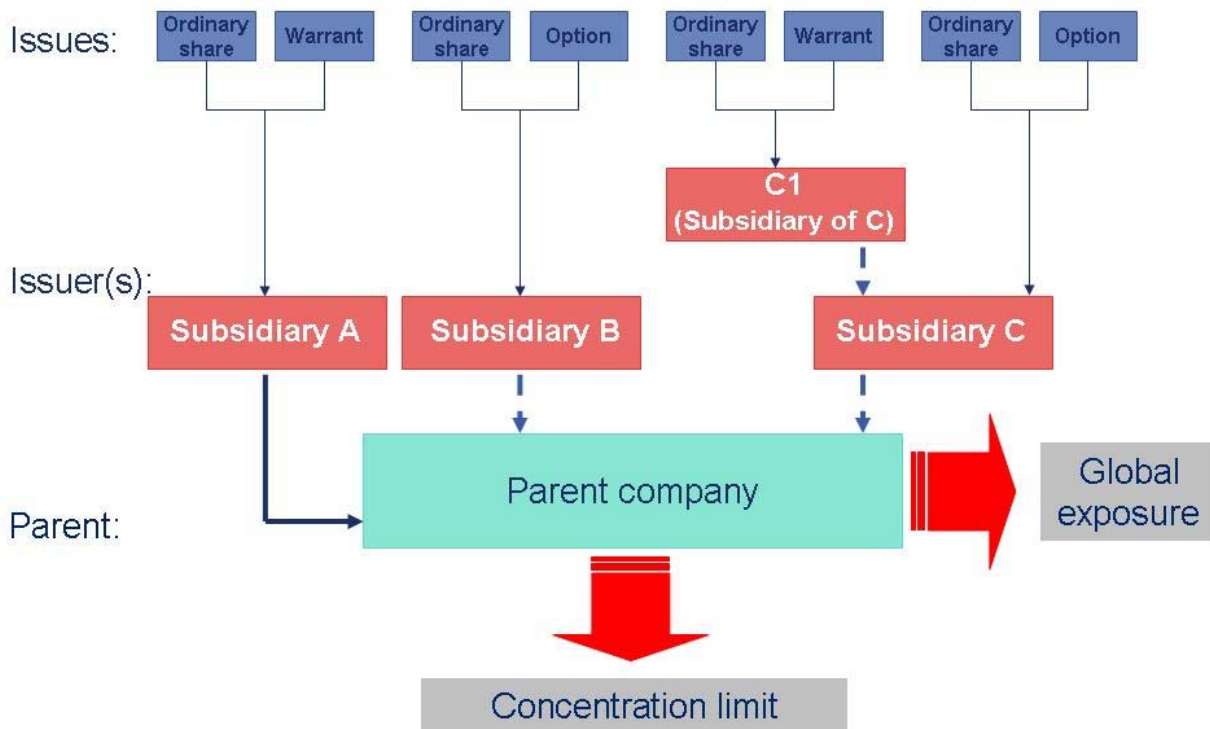
In the first phase of the service, Interactive Data provides a subset of entity level data from CounterpartyLink via its FTS service, the securities administration tool.

Interactive Data will also provide the linkages required between issues, issuers and their parent entities to enable customers to determine the 'ultimate' parent of each of the securities in their existing FTS universe for post-trade compliance requirements.

■ Benefits of FTS enhanced with CounterpartyLink legal entity data

- 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 - Built to facilitate compliance, CounterpartyLink's data is collected and maintained within a data model designed to be consistent with today's regulatory compliance standards. CounterpartyLink applies corporate actions and other notifications to records within hours of their detection and verification. CounterpartyLink legal entity data is also supported by an audit trail and change history to aid compliance investigations.
- Timeliness - CounterpartyLink provides daily updates, either on a 'full refresh' or 'deltas only' basis.

Issue – Issuer – Parent entity linkages for risk management



■ Value of Business Entity data

Increased global risk management requirements are fuelling a growing need for business entity and business entity linkages data.

Business Entity data relates to legal entities (usually issuers of securities) and includes: Full Legal Name, Registered Address, Country of Incorporation and Ownership Classification.

Business entity linkages refer to the identification and maintenance of relationships between parent organisations and their subsidiaries.

Typically this includes: identifying whether the entity is a parent organisation or a subsidiary, identifying the ultimate parent of the entity and the % ownership held by the parent based on share capital.

In order to identify potential risk exposure, fund managers need to actively monitor the parent-subsidary relationship as it relates to their holdings by identifying:

- Which issues link into which issuers
- Which issuers link into which parent entities

■ How does the service work?

- On a daily basis Interactive Data provides CounterpartyLink with a list of all available unique issuers/entities held within the customer's universe in addition to a unique Interactive Data issuer code.
- CounterpartyLink research each issuer and return the CounterpartyLink legal entity data items with the Interactive Data issuer code publishing any changes to the universe on a daily basis.
- The Interactive Data Issuer code is used to match the CounterpartyLink data to all corresponding issues/securities that are linked to the issuer code for distribution to customers via FTS.
- Data is delivered to customers in 'csv' format via ftp on a daily basis by Interactive Data.
- The Business Entity service creates and maintains linkages between CounterpartyLink legal entity data and Interactive Data's securities data. Subscriber's will receive the full legal name of a business entity plus the full legal name of that entity's immediate and ultimate parent organisations in addition to further descriptive data (as defined below) provided by CounterpartyLink.

■ Additional data included in the service*

The following CounterpartyLink data fields are included in the first phase of the service to enrich Interactive Data's high quality securities data:

- Full legal name of business entity - 'conformed' to English language
- Common name - the trade style or secondary name, if used by the entity e.g. IBM
- Country of incorporation
- Immediate parent - legally registered entity name that owns >50% of the business entity
- Ultimate parent - legally registered entity name that owns >50% of the immediate parent entity or any subsequent majority-owned entities that exist between the immediate and ultimate parent
- Hierarchy type - describes the entities place in the hierarchical tree e.g. parent, subsidiary
- Ownership classification - describes the percentage ownership owned by the immediate parent e.g. wholly-owned, >50% owned
- Registered address of business entity
- CounterpartyLink proprietary codes for business entities, immediate and ultimate parents
- Customer proprietary code if required

For subsequent phases Interactive Data plans to further enhance the service by providing additional data sets in response to customer demand driven by further regulatory requirements, such as Basel II / Capital Requirements Directive and MiFID (Markets in Financial Instruments Directive).

** 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 CounterpartyLink

CounterpartyLink, Ltd. provides global legal entity data, collected and maintained with processes designed to be consistent with the stringent standards driven by today's risk management and regulatory compliance requirements. Detailed information on legal entities including corporations, governments and funds is collected in centres around the world, using primary sources and registration documents, with all data supported by an audit trail back to the source. CounterpartyLink employs rigorous, documented procedures to collect and verify all data and continually updates the information for corporate actions and other events.

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