



## Tackling the challenges of sourcing direct exchange data

Don Finucane

Vice President, Product Management and OTC Data Services

Interactive Data Real-Time Services

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As firms cope with the creation of multiple new trading venues, the need to source ultra-low latency data to support electronic and algorithmic trading applications and also manage the high costs involved in taking in and maintaining direct feeds, hosted market data services such as Interactive Data's DirectPlus<sup>SM</sup> are becoming increasingly appealing.

DirectPlus is a fully managed, ultra-low latency direct exchange data service offered through Interactive Data's Real-Time Services business that has been measuring data latency generally with a range of 80 to 130 microseconds (0.08 to 0.13 milliseconds) since being rolled out one year ago. Clients using the service co-locate applications alongside DirectPlus at BT Global Financial Services' Radianz New York metro data center.

The DirectPlus service can allow clients to get the benefits of ultra-low latency data with direct exchange feeds without many of the costs traditionally associated with going direct. That's because the ultra-low latency ticker plant technology is fully managed by Interactive Data including all exchange feed changes.

In addition, communications costs for inbound delivery of exchange feeds are dramatically reduced, because clients cross connect to DirectPlus within the hosting facility. What's more, the fully managed service reduces firms' market data infrastructure requirements.

### **Supplementing direct data**

Firms generally do not get all the data they need for their applications from an exchange. As a result, they may have to source this data externally and integrate it with the direct exchange data (e.g., value-added calculated data, reference data and corporate actions data). This integration can be complex, laborious and costly.

DirectPlus integrates several components of Interactive Data's real-time product set at the Radianz hosting facility, resulting in a feature-rich offering. Using the same protocol/API, DirectPlus can allow clients to access a plethora of supplemental data to support the directly sourced data, including data from global markets, fundamental data, cross reference data and historical tick data.

The supplemental data is available Interactive Data's PlusFeed<sup>SM</sup> low latency consolidated global datafeed. PlusFeed provides data from over 450 sources and exchanges worldwide, covering in excess of 5 million instruments. In addition, PlusFeed provides extensive Level 2 data for a wide range of global exchanges across all asset classes.

### **Reducing total cost of ownership**

The cost to take in direct feeds from the exchanges to the client location can be staggering, in large part due to the considerable amounts of data bandwidth required to bring in the generally uncompressed data from an exchange. In addition, for redundancy, these costs may double.

With a managed service such as Interactive Data's DirectPlus, the vendor sources the exchange data from diverse carriers into the Radianz hosting facility and incurs the communication costs

associated with acquiring the data. Once in the data center, clients just need to pay for the appropriate level of “cross connect” bandwidth to pull the data from Interactive Data’s ultra-low latency ticker plant to their co-hosted application.

Another major expense involves ticker plant maintenance. Firms taking in direct feeds generally allocate a substantial amount of their technical resources to maintenance projects, and in particular keeping up with the frequent changes exchanges make to data formats and protocols.

With a fully managed service such as Interactive Data’s DirectPlus, direct exchange feeds are fully maintained by Interactive Data, and all data format and protocol changes that the exchanges make are implemented centrally by Interactive Data at the hosting facility.

### **Managing data volumes**

Ticker plant capacity planning is another key aspect of going direct that is often underestimated. Market data volumes have increased by at least 90 percent for five out of the last six years. Based on historical numbers, firms must factor in the need for constant systems expansion and reengineering to double processing capacity annually at a considerable cost.

Interactive Data’s ultra-low latency ticker plant infrastructure is engineered to handle current market data volumes, with up to 40 percent excess capacity. Interactive Data also monitors bandwidth capacity to confirm that incoming exchange lines are provisioned with sufficient excess capacity.

By taking all of these factors into consideration, Interactive Data believes that institutions can make more informed decisions about project plans and budgets for their ultra-low-latency data needs.

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