SEDOL Masterfile

Pricing and Policy Guidelines 2017

Effective 1 January 2017

London Stock Exchange Group

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SEDOL Masterfile Pricing and Policy Guidelines

1.0 Introduction

1.1 Background

The SEDOL Masterfile™ service has been in operation for over 30 years and currently provides information on over 40 million securities, including Exchange Traded Derivatives, traded on UK and International markets.

Various organisations Use SEDOL Masterfile data to aid security identification in their business activities, for example, to assist with portfolio valuation, trade execution, processing price feeds, for reference data validation as a cross reference to other identifiers, price validation etc.

The SEDOL Masterfile™ service addresses three major industry issues with securities identification:

— identification of individual securities and the markets that they are traded on – reducing the estimated £100m lost each year by the industry as a result of trading errors caused by inaccuracy in security identification;

— code allocation on a real time basis; and

— scope of SEDOL coverage is across all asset classes – reducing the need for multiple identifiers.

1.2 Purpose and Scope of Document

The purpose of this document is to provide the reader with further details of price information and guidance on the reporting and Usage of SEDOL Masterfile data.

This document should be read in conjunction with the SEDOL Masterfile User or Distribution Licence Agreement as applicable and offers some particular practical examples of Usage and possible exemptions. This document may be re-issued from time to time as technology or the policy evolves. The latest version of this document will be available at www.londonstockexchange.com/sedol.

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2.0 Pricing Policy

2.1 User Licence

2.1.1 Licence Requirements

A licence is required for companies that are making Use of the Exchange's SEDOL Masterfile data within their business.

Usage by a company includes:

> Receiving, accessing, extracting, processing, adapting, storing, and/or reproducing the whole or a subset of the Exchange's SEDOL Masterfile database, including SEDOL, whether as a result of access to the database either directly via the Exchange, or indirectly via a third party.

The type of licence required is dependent on the level of SEDOL Masterfile data Used within the business. Section 2.1.2 headed Licence Structure provides details of the different licence band levels available. Section 2.1.2 also provides information on determining the level of data for which a licence is required. The level of data is determined by the number of SEDOL codes being Used by the licensee.

There are exceptions to the licence requirements, which are detailed in Section 2.8.

Reference to SEDOL Masterfile data in this document should be taken to mean any data sourced directly or indirectly from the Exchange's SEDOL Masterfile database.

There are no additional charges to customers if the SEDOL Masterfile data is being provided by more than one vendor or vendor product i.e. real-time data feed or reference data product.

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2.1.2 Licence Structure

Licence Type	Banding	Cost from January 2017	Details
Usage	Band A	£760	Use of less than 1,000 SEDOL codes (and unlimited TIDM codes) within one legal entity.
	Band B	£2,400	Use of between 1,000 and 5,000 SEDOL codes within one legal entity.
	Band C	£7,895	Use of between 5,001 and 10,000 SEDOL codes within one legal entity.
	Band D	£25,715	Use of more than 10,000 SEDOL codes within one legal entity.
	Band E	£81,275	Up to 5 legal entities using SEDOL Masterfile data.
	Band F	£107,325	6 or more legal entities using SEDOL Masterfile data.
Higher Education		£760	See Section 2.1.2.3

2.1.2.1 Single Legal Entity

There are four applicable bands of User Licence that a single legal entity can choose from based on the number of SEDOL codes from the SEDOL Masterfile database Used within their business.

For the avoidance of doubt, the licence bands (detailed above) refer to the level of Usage of SEDOL codes and not to specific codes (i.e. it is not possible to buy several licences at a particular level and add them up together to cover a higher level of Usage).

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An entity in this context means having a separate legal identity e.g. in the case of an English or Welsh company, having a different company registration number.

Whilst OEICs and Investment Trusts are registered companies and as such are legal entities, where it is the management company that is using the SEDOL Masterfile data for management activities, it would be the management company that would require the licence, not the OEIC or Investment Trusts. However, for the avoidance of doubt, all Entities whose purpose it is to promote, support, maintain or seek clients or investors for those OEICs or Investment Trusts will require a User Licence.

Usage of the TIDM code by a customer is included for holders of a SEDOL Masterfile Licence. However, for those companies who choose to Use the TIDM code, but not the SEDOL codes, a Band A licence can be taken. This licence covers the Use of TIDM codes and associated data within an organisation, regardless of the number Used.

2.1.2.2 Multiple legal entities

Licence bands E & F are available for a legal entity with a number of affiliated Group entities (which are directly or indirectly owned by more than 50.1% by the same ultimate parent company), and/or vendor product lines.

Band E covers unlimited SEDOL Masterfile data Usage for companies with 5 or less Group entities, and Band F covers unlimited SEDOL Masterfile data Usage for companies with 6 or more Group entities Using SEDOL Masterfile data. The parent company of the Group should take the licence on behalf of its Group Companies.

The legal entity holding the Band E or F Licence will be responsible for notifying the Exchange of the Group entities that should be covered by the Licence at the commencement date of the contract, and subsequently of any changes to this information.

2.1.2.3 Higher Education Licence

This Licence is available to higher education institutions providing education and training– regardless of their Usage levels (i.e. instead of a User Licence).

This Licence covers the Use of the SEDOL Masterfile data for the purpose of course related work and research undertaken by students enrolled at the licence holding institution and the faculty members.

For the avoidance of doubt the licence does not cover any Use of the SEDOL Masterfile data for commercial activities by students, faculty members and/or the institution itself. Such Use of the SEDOL Masterfile data (for commercial activities) requires permission by the Exchange and may necessitate a User and/or Distribution licence in accordance with these Guidelines.

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2.1.3 Defining Usage Levels

A customer is likely to have access to use SEDOL Masterfile data via their own 'in-house' systems, outsourced services or a combination of both.

Every unique SEDOL code Used ("Used" as defined in section 2.1.1), throughout the company's systems should be counted by the customer for licence purposes, although under certain circumstances some codes can be discounted from the total as per the Exceptions section below.

SEDOL Masterfile data sourced, received or obtained by a legal entity from any vendors which may include but not limited to exchanges, index providers, custodians, fund administrators, consultants and other service providers will also be counted towards assessing the entity licence band.

Where the customer receives SEDOL Masterfile data from a third party vendor who is able to 'permission' the number of SEDOL codes provided, all codes received from that vendor should be counted.

Where a vendor is unable to 'permission' the level of codes provided to the customer, codes which are not being Used may be discounted if the customer is able to technically demonstrate that these discounted codes are being discarded and/or archived as defined in section 2.8.

If a customer is unsure of the suitability of its controls, or requires any assistance determining what they are required to do to demonstrate controls, they should contact either the SEDOL Helpdesk or their Account Manager for clarification.

2.1.4 Centralised Usage

Where a central entity provides related group entities access to the SEDOL data (e.g. maintaining a central database or distribution of internal data feeds), this will fall under the meaning of Usage for banding purposes with each related entity requiring its own SEDOL Masterfile User Licence.

The central entity or distributing entity will not need a Distribution Licence, provided it agrees to report annually all related group entities that access the data in this way and for the Exchange to have the right to audit such report. If the central entity or distributing office provides access to the data for legal entities which are not directly or indirectly owned by 50.1% or more by the customer then a Distribution Licence will be required.

Where a group of companies manages one central database, all legal entities in the group (e.g. group members – parent company and its group companies) that have access to the central database will require a User Licence irrespective of their location as they are Using the data from the central source.

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2.2 Distribution Licence

2.2.1 Licence requirements

The Distribution Licence is available to legal entities wishing to re-distribute SEDOL Masterfile data to third parties. The Distribution Licence is applicable in all cases except those stated in the exceptions section in 2.8.

A legal entity should only subscribe to a Distribution Licence in conjunction with a User Licence since the Usage of the data as defined in section 2.1 is required by a legal entity in order to redistribute SEDOL Masterfile data.

Licence bands E & F are available for a legal entity with a number of affiliated Group entities (which are directly or indirectly owned by more than 50.1% by the same ultimate parent company), and/or vendor product lines.

Band E covers unlimited SEDOL Masterfile data Usage for companies with 5 or less Group entities and vendor product lines, and Band F covers unlimited SEDOL Masterfile data Usage for companies with 6 or more Group entities and vendor product lines Using SEDOL Masterfile data. The parent company of the group should take the licence on behalf of its Group Companies.

The legal entity holding the Band E or F Licence will be responsible for notifying the Exchange of the Group entities and vendor product lines that should be covered by the Licence at the commencement date of the contract, and subsequently of any changes to this information.

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2.2.1.1 Licence Structure

Licence Type	Banding	Cost from January 2017	Number of codes Used	Number of the vendor's product lines in which SEDOL codes are made available
Usage	Band A	£760	Use of less than 1,000 SEDOL codes (and unlimited TIDM codes) within one legal entity.	One or more vendor product lines
	Band B	£2,400	Use of between 1,000 and 5,000 SEDOL codes within one legal entity.	One or more vendor product lines
	Band C	£7,895	Use of between 5,001 and 10,000 SEDOL codes within one legal entity.	One or more vendor product lines
	Band D	£25,715	Use of more than 10,000 SEDOL codes within one legal entity.	One vendor product line.
	Band E	£81,275	Up to 5 legal entities using SEDOL Masterfile data.	A maximum of five vendor product lines.
	Band F	£107,325	6 or more legal entities using SEDOL Masterfile data.	Six or more vendor product lines.
Distribution	Band A	£ 700	Single entity distributing less than 1,000 SEDOL codes from the SEDOL Masterfile.	N/A
	Band B	£ 2,185	As above but distributing between 1,000 – 5,000 SEDOL codes from the SEDOL Masterfile.	
	Band C	£ 11,775	Customer comprised of multiple legal entities distributing more than 5,000 SEDOL codes from the SEDOL Masterfile.	

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2.2.1.2 Vendor Product Lines

A vendor product line in this context means the Use of SEDOL Masterfile data for the purpose of the customer offering one or more products/services, including (but not limited to) the following:

Complex Instruments

Services which provide software and data to enable the analysis of specialist financial instruments such as structured products, exotic derivatives, etc

Data Aggregation

Services which compile and aggregate data feeds and information (for redistribution)

Evaluated pricing

Services which develop evaluations of the price for an illiquid security.

Fund administration

Services which are carried out in the support of the actual process of running a collective investment scheme, whether the scheme is a traditional mutual fund, a hedge fund, Pension fund, unit trust or something in between.

Fundamental Research & Data Analysis

Services which facilitate fundamental data analysis of an issuer, security, macro-economic instrument or any other factor.

Index data

Services which create, calculate and distribute indices on any asset classes and factors.

Outsourcing

Services which enable organisations to outsource business processes to a 3rd party.

Portfolio Risk and Analysis

Services which provide risk and analysis tools for portfolio analysis, risk management, benchmarking, compliance and other similar functions

Post-Trade

Services related to the settlement, clearing, reconciliation, compliance and custody of securities and assets upon execution.

Pricing Data

Services which provide real-time, intra-day, EOD and historical pricing information.

Ratings

Services which issue ratings on all asset classes including fixed income, ETFs; ESG (Environmental Social Governance) and AGR (Accounting & Governance Risk) and other macro economics and fundamental attributes

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Reference Data

Services which provide attributes to assist with the identification of securities including corporate actions, market identifiers or others.

Systems and Software

Services for testing, development and new releases of systems, databases, software and applications on site, in a hosted environment or a cloud.

2.2.2 SEDOL data permissioning and reporting

The vendor must build into their systems the ability to control the distribution of SEDOL Masterfile Data to their customers (permissioning). Vendors with the ability to permission their data are obliged under the Distribution Licence to provide an annual list of their customers so that the Exchange may cross-check to ensure all customers are correctly licensed.

Vendors who are technically unable to permission the SEDOL Masterfile data must provide a customer list on a quarterly basis for licence verification purposes. If the vendor is also technically unable to provide customer lists, the Exchange's audit team will work closely with the vendor to identify recipients of the Exchange's data; and introduce permissioning and restrictions.

For further guidelines on customers reporting, please refer to the section 3.2.1 Customer Returns.

In the event the vendor is informed by the Exchange that a customer is not correctly licensed, the vendor must, at the Exchange's request, cease the provision of the SEDOL Masterfile data to that customer with immediate effect.

2.2.3 Customer contracts

The vendor must stipulate in their contract with its customers that the customer is responsible for obtaining the relevant licences, from the Exchange, for the SEDOL Masterfile data contained in the vendor product. As a guideline, the following paragraph could be used:

"The {Product or Service} provided by {the Vendor} contains SEDOL Masterfile® data sourced from the London Stock Exchange®. It is the obligation of the Customer to ensure they have the appropriate licence in place with the London Stock Exchange to receive this data. {The Vendor} is required to provide the Customer's contact information to the London Stock Exchange to allow verification of the licence status. {The Vendor} is required to exclude SEDOL Masterfile data from the product until as such time as the London Stock Exchange confirms that permission has been granted to do so. The London Stock Exchange may require {the Vendor} to cease the provision of the SEDOL Masterfile® if requested to do so by the Exchange where the Customer is in breach of its licence with the London Stock Exchange."

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2.2.4 New customers notification

The vendor must provide the details of new customers to the Exchange to ensure the relevant SEDOL Masterfile User Licence Agreement is in place prior to the commencement of a SEDOL Masterfile enabled service.

Permission will be given when the customer has signed the relevant SEDOL Masterfile User Licence at a banding level agreed with the Exchange, or has agreed with the Exchange that a licence will be applied for when terms are agreed with the vendor.

Only with written permission from the Exchange can sample data containing SEDOL Masterfile data be provided to a customer without a SEDOL Masterfile User Licence in place. This will be given by the Exchange on agreement from the customer that all the data will be deleted from their systems if they do not subsequently take the vendor's product.

2.2.5 Audit requirements

The Exchange reserves the right to perform audits on an annual basis to check the validity of the customer lists. In the event that a customer list is not provided, the Exchange will request an audit of that vendor. Where the vendor has technical difficulties providing the list, the Exchange's audit team will work closely with the vendor to assist licence verification.

Where an Audit of the Vendor's services is undertaken by the Exchange's Audit Team, compliance with all points in this section will be sought. The Audit cannot be closed unless the Vendor complies with all the terms listed in the section3.2.2. For further guidelines with regards to the audit procedures please refer to the section 3.1.2.

2.2.6 Raw data distribution and display

By way of clarification, Vendors are not permitted to redistribute the SEDOL Masterfile data in the original format in which it is received. A distribution licence is granted to allow vendors to include the SEDOL Masterfile data within their producs to aid identification or assist in the maintenance of their data within their client's products.

It is not intended as a means to onward distribute the data in its original and "raw" state and may not be used to do so.

Vendors must ensure the data is displayed correctly showing the hierarchy between the issuer, its securities and the market identifier codes.

2.2.7 Registered Trademark

Vendors may not use the term "SEDOL Masterfile" to describe their own products, as this is a registered trade mark of the Exchange. However, it may be used for contractual purposes to

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inform Customers that a part of the data within their products was sourced from the SEDOL Masterfile, as outlined in Clause 10.2 of the Distribution Licence agreement.

Where references are made to the SEDOL Masterfile by the vendor, it must always be written as "SEDOL Masterfile®" and the statement: SEDOL Masterfile® is a registered trade mark of the London Stock Exchange Plc. must be included. All relevant contractual documentation must reference the SEDOL Masterfile as the registered trademark of the London Stock Exchange.

2.3 Outsourcing Services

Some companies may outsource their transactions processing to a service bureau. Where the customer is passing transactions processing information to the service bureau that includes data from SEDOL Masterfile or when SEDOL data is Used in order to assist with transactions functions; then a User Licence will be required.

The following are examples of outsourcing models and the policies applicable to them:

2.3.1 Where a company has outsourced the management of their SEDOL data to a third party, a SEDOL User Licence is still required to reflect the volume of data being outsourced. However, the company will not require a Distribution Licence, provided that their outsourced data is not being accessed by any other parties at the outsourced facility.

Where the company providing the outsourced services is providing hardware and/or software for the client, even though the client's data is not Used for any other purpose, or there is not any third party data sourced on behalf of their client, the company providing the outsourced service is required to hold a User Licence and a Distribution Licence.

Customers require user licences but not distribution licences.
Outsource service requires a user licence and distribution licence.
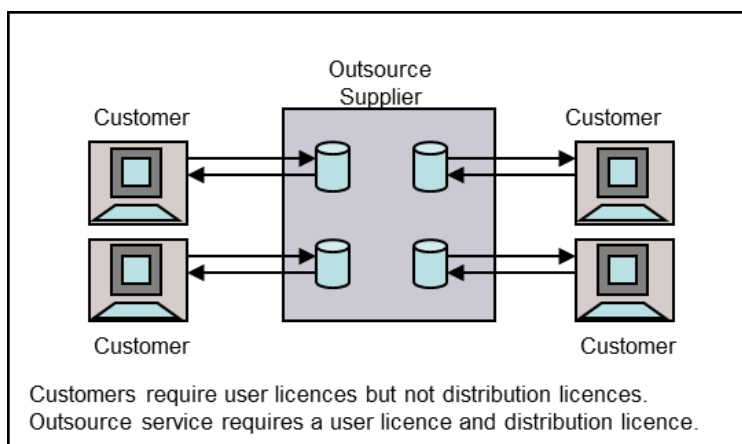
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2.3.2   Where the company providing the outsourced services receives SEDOL data from the Exchange or a third party source, and makes this data available to their clients, both a User and Distribution Licence will be required by that company.
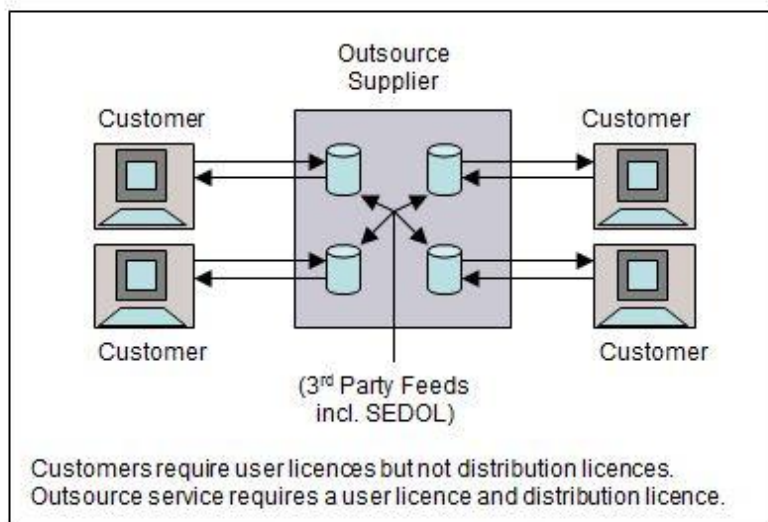
2.4 SEDOL Masterfile Create

The permission to create SEDOL Masterfile data is available to SEDOL Masterfile User License holders. Permission to create SEDOL Masterfile data is granted following completion of a training session.

2.5 SEDOL Masterfile History

The Exchange provides to all SEDOL Masterfile Licence holders unlimited access to the SEDOL Masterfile website.

In addition to searching on the core fields, necessary to create a security, a customer can choose to view additional information via the SEDOL Masterfile website interface and extract a maximum of 5,000 records (or part record) per month for the customer's Usage in accordance with the SEDOL Masterfile Pricing and Policy Guidelines.

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2.6 SEDOL Masterfile Data File

The SEDOL Masterfile data file (internet download or pull FTP) is available, for a fee, to customers wishing to take the SEDOL Masterfile data directly from the Exchange. Full details of this facility are available in the SEDOL Data File Technical Specifications document.

Additional data attributes to the SEDOL Masterfile, including but not limited to MIC codes and local ticker codes may be subject to separate/additional licence requirements, including additional charges. Information regarding fees for the service are available from the SEDOL Masterfile Sales team at Sedol@lseg.com

2.7 Other Data Elements

Whilst this document refers to SEDOL codes as the primary indicator of database usage, other substantial extracts of the database are also considered as usage of the database and are subject to the licence requirements as set out in section 2.1

2.8 Exceptions to Licence Requirements

2.8.1 Excerpts of Data

User Licence holders, where they are carrying out regulated activities only, are permitted to reproduce excerpts of SEDOL Masterfile data for distribution to clients or potential clients without taking a Distribution Licence.   Potential clients are persons who are contacted by a User Licence holder for the purpose and with the intention of carrying out regulated business activities on their behalf. The recipient would in most cases not be required to hold a SEDOL Masterfile User Licence simply on the basis of receiving this information (except to the extent that the recipient is databasing and updating this information). Where the activity is not regulated, distribution of excerpts of data must be agreed in advance in writing with the Exchange.

Examples of regulated activities include:

    i.   a periodic portfolio valuation report (containing SEDOL Masterfile data) from a broker to a client would not require the client to hold a User Licence or the broker to hold a Distribution Licence since the broker's use will fall under Financial Services and Markets Act 2000;

    ii.   if a pension fund is managed for a pension fund owner at the discretion of a third party management company, it is probable that the pension fund owner would not require a licence if their only usage of SEDOL Masterfile data was receipt of this data as part of reports i.e. daily valuations from the pension fund manager.

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2.8.2 Insubstantial Usage

The Exchange reserves the right to waive the requirement to take a Usage and/or Distribution licence where qualitatively or quantitatively insubstantial elements of the data are being used. Currently where a customer receives updates to or distributes fewer than 100 codes, this would be considered insubstantial.

2.8.3 Archiving for regulatory retention purposes

Where the company has archived (i.e. extracted) the SEDOL Masterfile data from its production or development system/s, for regulatory retention purposes, as long as the company can demonstrate that there are controls in place to ensure that only named individuals can access that data for regulatory retention purposes only, then all SEDOL codes within this database can be discounted.

2.8.4 Real Time or Delayed Price Display

It is not intended that those customers receiving elements of data that also appear in SEDOL Masterfile, as an incidental element of a view only real time/delayed price display, would require a licence.

Please note, this exception is for display purposes only and does not cover downloading, scraping or manual data transcription of the data from the device which would require a licence.

In addition where the SEDOL code is an incidental element of a view/read only display or paper based report e.g. the Daily Official List and where the customer is not Using the information to maintain their securities database then no licence will be payable solely on the basis of the receipt of this information.

However, where the product is a security identification reference data product, even if it is view only, that contains SEDOL then a licence is required as the customer is effectively Using (see section 2.1) a substantial extract of the SEDOL Masterfile database. For example an online copy of the SEDOL Masterfile database would require a user to hold a licence.

2.8.5 Systems Development

No charge will be payable for SEDOL Masterfile data used for the purposes of systems development (e.g. in a testing environment) provided that the use and timeframe has been agreed in writing in advance of such development with the Exchange.

2.8.6 Private Investors

Private Investors shall not require a SEDOL Licence unless exceptional circumstances apply. A Private Investor: (i) in the UK, is an individual who does not carry out a regulated activity within the meaning of the Financial Services and Markets Act 2000; or (ii) overseas (including the Republic of Ireland), is an individual who is not required to be regulated or supervised by a body

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concerned with the regulation or supervision of investment or financial services or, in the absence of a local regulator or supervisory body, would not be or would not be considered to be carrying out a regulated activity if situated in the UK.

2.8.7 Termination of Contracts

In the event that a customer or vendor chooses to terminate their User and/or Distribution Licence as applicable, all SEDOL Masterfile data must be purged from the customer's or vendor's systems. Evidence demonstrating that all SEDOL codes have been removed from all systems and databases across the organisation must be provided with confirmation from the relevant vendors that no further SEDOL data is being provided. A request to cancel, with the relevant evidence, must be in writing and signed by a compliance officer, or other similar legal position, and a Chief Technology Officer (CTO), or similar IT position, and must confirm that SEDOL codes have been expunged from the user's/vendor's systems.

In the event the Exchange deems there to be insufficient evidence that the SEDOL Codes have been expunged, the Exchange reserves the right to audit the customer in line with the terms and conditions of the User or Distribution Licence. Where an audit date cannot be agreed within the 3 months termination period, the Exchange will agree to suspend the licence and related charges from the termination date until the audit takes place, and compliance has been confirmed. Where it is shown that the data continues to be Used, the licence will be re-instated and back-charged accordingly.

In the event that a customer is required, post termination, to store SEDOL data for compliance with a national financial authority (e.g. the FCA) for audit purposes, the customer must state:

— what volume of SEDOL codes are being stored,
— for what purpose, for example, "in line with regulation xx of the relevant financial authority",
— for what period of time the data must be stored,
— and with what controls in place to ensure the data cannot be accessed or Used except for the purposes of an audit by the relevant financial authority,

At the discretion of the Exchange, a limited licence will be provided in good faith by the Exchange to cover the storage of the data in this event for the required period of time.

If a User and/or Distribution Licence is terminated by the Exchange and provided the customer and/or vendor is not in breach of the Licence, then upon written request the Exchange will consider in good faith providing such a customer and/or vendor with a limited licence to use SEDOL for up to six months after the termination date in order to assist such customer and/or vendor in adapting its processes and systems as applicable.

2.8.8 Downgrading Licence Bands

Where SEDOL Usage, as defined in section 2.1, falls beneath the volume covered by their User Licence banding, the Licence holder can request a downgrade. Details of specific actions

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having taken place to result in the decrease of Usage volumes beneath the previously agreed levels must be provided as evidence.

A request to downgrade, with the relevant evidence, must be in writing and signed by a compliance officer, or other similar legal position, and a Chief Technology Officer (CTO), or similar IT position.

In the event the Exchange deems there to be insufficient evidence that the SEDOL Usage has decreased, the Exchange reserves the right to audit the customer in line with the terms and conditions of the User or Distribution Licence. Where an audit date cannot be agreed within 3 months from the request date, the Exchange will agree to downgrade the licence accordingly until the audit takes place, and Usage volumes have been confirmed. Where it is shown that the volumes have not decreased to a lower banding level, the correct licence will be re-instated and back-charged accordingly.

2.8.9 Other Data Elements

Whilst this document refers to SEDOL codes as the primary indicator of database Usage, other substantial extracts of the database are also considered as Usage of the database and are subject to the licence requirements as set out in these guidelines.

2.8.10   Independent Financial Advisors

Any company, entity, partnership or other organization or body, including any Independent Financial Adviser ("IFA"), with less than 3 members within their organization, in whatever capacity either employed or contracted, shall be exempt from paying the applicable SEDOL Masterfile licence fees.

For the avoidance of doubt, a company that supplies SEDOL codes to organisations with less than 3 members will not be exempt from a Distribution Licence.

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3   Reporting Policy

There are reporting requirements for both User Licence holders and Distributors of SEDOL Masterfile data.

3.1 Entity Licence Reporting Requirements

This section details the reporting requirements/process for those customers holding all User Licences other than Band F.

3.1.1 Usage Statements

In order to determine the appropriate licence, customers will need to review their Usage of SEDOL codes prior to signing the contract. Usage is based on a single day snapshot of the database.

Customers must complete Usage statements on an annual basis, which are available on the Exchange's website (http://www.londonstockexchange.com/products-and-services/reference-data/sedol-master-file/documentation/documentation.htm). The customer will be required to review their SEDOL Usage and confirm/change their licence band.

Changes to the licence level due to an increase or decrease in the number of codes Used will be reflected on an annual basis.

Please note that the Exchange does not provide a reminder to customers to submit their Usage statements but may audit customers to evaluate licence requirements.

It is a requirement that customers who choose a low Usage licence band retain verification of the licence band chosen for a period of 7 years. Where a customer has not retained 7 years verification the Exchange reserves the right to charge at the top tier licence rate for the periods where the verification is not available.

Examples of documentation that can be kept by a customer in order to verify the licence band chosen are given below:

   i.   a fund manager providing a list of instruments (utilising SEDOL Masterfile data) managed/monitored at the start and end of the licence period;

   ii.   a list of SEDOL codes which are stored or accessed in support of a customer's business;

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iii.   proof that SEDOL Masterfile data that is not relevant is discarded from the data feed prior to Using/storing the information;

iv.   evidence that codes that are not Used in the database or otherwise fall under the exemptions listed in section 2.1.3 Defining Usage Levels.

If SEDOL Masterfile data is held in multiple sources within an organisation and where the data is duplicated i.e. the same SEDOL code is held in more than one database then only one instance of the code should be included in the count of SEDOL codes for licence purposes.

Please note that internal dummy SEDOL codes do not need to be included in the count of SEDOL codes for licence purposes.

3.1.2 Audit Requirements

The Exchange reserves the right, with reasonable notice, to audit a customer in order to verify the licence band chosen.

The purpose of a SEDOL Masterfile data audit is to examine the controls underlying the Usage of SEDOL Masterfile data over an audit period, in order to confirm that the correct licence band is retained by the Customer.

Audit requirements include:

— access to, and demonstration, of all databases/sources (either direct or indirect) where SEDOL Masterfile data is Used by the organisation;
— snapshot of SEDOL Usage as at time of the audit and over the audit period;
— relevant back-up to Usage statements (the Exchange can request up to 7 years back-up); and
— examination of the processes by which the incoming SEDOL Masterfile feed is managed to ensure that codes are deleted/removed/stored in a timely manner.

During the course of an audit, other specific issues may arise that require additional information.

Where the Exchange's investigation finds that the customer is Using a greater volume of SEDOL data than their licence band permits there are two possible outcomes:

— If the verification documentation provided by the customer shows that at the time of the licence the correct band was selected; then the licence band would be adjusted from the date it was exceeded; or

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— If the verification documentation provided by the customer shows that the incorrect licence band was selected at the time of the licence; then the Exchange reserves the right to retrospectively charge for the correct licence band over the audit period.

The Exchange reserves the right to request further Usage statements throughout the year if it feels that a Customer's Usage has increased significantly and charge for the revised licence band from the subsequent quarter day.

3.2 Distributors Reporting Requirements

3.2.1 Customer Returns

The vendor will provide the Exchange with a report in a format acceptable to the Exchange (see table below) on an annual basis detailing those Customers, by product that it supplies SEDOL Masterfile Data to and indicating which of its Customers are also Sub-Vendors. Where the Vendor indicates a sub-vendor then the date that the customer became a sub vendor would be required.

Entity ID	Vendors unique ID of their customer
Entity Name	Company name
Product name	Name of the product which the vendor is sending the data to the client.
Country of Inc.	Instances where the entity is the same but in different countries
Number of SEDOL	It doesn't need to be exact, an estimate will suffice
Address	For contact purpose / Audit
Department	For contact purpose / Audit
Contact	For contact purpose / Audit
Tel	For contact purpose / Audit
Email	For contact purpose / Audit

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The vendor should supply the SEDOL Masterfile data only to those customers holding a licence. In those instances where a customer does not hold a licence, and the vendor wishes to complete its sales process promptly and is not able to cease permission to the unlicensed data elements, the Exchange would expect to work with the vendor and its customer in order to resolve the issue without delay after supply has commenced.

Below is an example of a customer list that is acceptable to the Exchange. This should be in either .xls or .csv file format and sent to SEDOL@lseg.com.

3.2.2 Audit Requirements

The Exchange reserves the right, with reasonable notice, to audit a distributor of SEDOL Masterfile data in order to verify the customer's they are distributing SEDOL Masterfile data to.

Audit requirements include:

— demonstrations of all products and services disseminating SEDOL Masterfile data;
— a list of customers for those products outlined above;
— access to inspect its Customer accounts records and other documents (in both hard copy and machine readable form); and
— an overview of the administrations procedures in place for the release of SEDOL Masterfile data on subscribers' user devices.

During the course of an audit, other specific issues may arise that require additional information.

Customer lists will be confidential to the SEDOL data licensing group for the purpose of administration of the SEDOL Masterfile service.   These lists will not be made available to other areas of the Exchange.

London
Stock Exchange Group