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Dear SEDOL Customer

**Changes to the commercial terms for the SEDOL Masterfile service**

I am writing to update you on the outcome of an extensive 18 month consultation on the SEDOL Masterfile service and commercial terms. We are very grateful to all customers who participated in this consultation and have listened carefully to the feedback we received.

Effective **January 1st 2021**, the SEDOL commercial policy will be changing:

- **SEDOL commercial terms will be evolving for the largest users of the SEDOL Masterfile service (existing Licence Bands D, E, and F) from a legal entity model to Business Segments and Regions;**

- **The new policy will be implemented over two years, with 50% of the impact effective in 2021 and the remaining 50% of the impact effective in 2022;**

- **Effective January 2022, Unlimited Use Customers will be able to distribute data at no additional cost (subject to signing a Distribution Agreement);**

- **Impacted customers will be contacted throughout 2020 to review these changes and to further discuss any feedback about the service.**

**Customer Consultation**
Developing strong customer partnerships is a key priority for the London Stock Exchange Group and we constantly strive to engage with and listen to our customers to better understand their needs. In April 2018, we wrote to all SEDOL customers to notify them of a change to the commercial terms for the SEDOL Masterfile service. In response to customer feedback, we made the decision to suspend the announced policy change which was due to take effect on 1 July, 2018, and undertook an extensive customer consultation.  Over 18 months, we had close to 45 consultation meetings and also conducted a quantitative survey of our users to: (1) better understand the value of the SEDOL service from a user's perspective; (2) gather feedback on ways to improve the SEDOL pricing policy and implementation of any changes; and (3) identify ways to enhance the service to meet our customers' continually evolving needs.

The customers interviewed consistently shared that they found the services to be extremely valuable, but during the discussions we learned that many customers were unaware of the enhanced depth, coverage and capabilities of SEDOL. Over the last ten years the content set and the use of the service in customer workflows has expanded significantly, increasing the value of the SEDOL Masterfile service. Since 2009, the number of securities has grown from 1 million to 20 million active SEDOL codes today (including archived SEDOL codes, the number is now over 100 million). In addition, the SEDOL Masterfile has continued to evolve into a comprehensive multi-asset reference data service, covering a wide range of asset classes, financial securities, and investment vehicles, including: Global Equities, Fixed Income, Funds, Exchange Traded Derivatives, Exchange Traded Products, Indices, Structured Products,

Warrants and Certificates. Customers across industry segments also reported that they were using the SEDOL Masterfile in a larger number of areas of their businesses and for an increasing number of workflows, enabling them to operate more efficiently and effectively.

Customers also provided two key points of feedback on the current pricing policy as well as key improvements on the implementation process for any future change:

- **Current Pricing Structure:** Most customers preferred that the SEDOL commercial structure evolve from counting individual legal entities to an alternative method in order to measure scale. The most frequently proposed alternative was a policy based on Business Segments and Regions
- **Policy Change Implementation:** Customers suggested a greater lead time between the notification of any policy change and the effective date to ensure that any potential fee changes could be appropriately budgeted and there was a preference to spread any changes across more than one year.

## New Commercial Terms

As a result of the initial customer consultation and in line with the feedback from our customers, we have built a new customer-driven pricing policy for SEDOL, which has been refined through further consultation. The new commercial terms which we are announcing today, effective 1 January 2021, can be found here.

To ensure that commercial changes can be better incorporated into budget cycles, extended notice is provided, with any fee changes implemented over a two-year period in 2021 and 2022.
The pricing structure will migrate for *only* those customers requiring a licence for over 10,000 SEDOL codes. Commercial terms for customers using 10,000 or fewer SEDOL codes are remaining the same. For Unlimited User Licence customers, pricing will move from scaling fees based on individual legal entities to scaling based on Business Segments and Regions, to provide a more effective pricing structure and more accurately align fees with the extent of usage.

## Adding More Value

In addition to the substantial enhancements that have been made to the service over the last ten years, during the course of the consultation, some of our customers suggested additional enhancements to the service that they thought would add further value. We are grateful for this feedback and we will be making additional investments in the SEDOL service so that it continues to evolve with the needs of our customers.

## Next Steps

Impacted customers will be contacted throughout 2020 to review these changes and to further discuss any feedback about the service. To provide you with full transparency and clarity, we are publishing a detailed customer FAQ and a fee calculator to enable customers to better understand the impact of this pricing policy transition.

In the meantime, should you require any further information on this notification, please contact sedol@lseg.com.

Yours sincerely,

James Nevin
Managing Director, Head of Data Solutions

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