



## SEDOL Masterfile Pricing and Policy FAQ

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The London Stock Exchange is updating the SEDOL Masterfile service pricing and policy, effective **1 January 2021**. As part of this change, Unlimited User Licence customers (those requiring a User Licence for over 10,000 SEDOL codes, current licence bands D, E, and F) will be licensed based on the number of Business Segments and Regions where a Licensable Event<sup>1</sup> occurs; as opposed to the current legal entity based model. Limited User Licence customers (licensed for 10,000 or fewer SEDOL codes, current licence bands A, B, and C) are not impacted by the change to licensing based on the number of Business Segments and Regions.

This frequently asked questions document has been prepared to aid customers with understanding the new policy, the transition and implementation approach, and the financial impact. This document should be read in conjunction with the *SEDOL Masterfile Pricing and Policy Guidelines 2021* document, available [here](#).

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<sup>1</sup> As defined in the SEDOL Pricing and Policy Guidelines 2021, page 6;

*“Licensable Event means any:*

- (i) receipt or receiving, accessing, extracting, processing, adapting, reproducing or storing of;*
- (ii) having access or availability to;*
- (iii) making derivatives from; or*
- (iv) otherwise using in any manner;*

*the whole or a subset of the SEDOL Masterfile Database or SEDOL data or SEDOL codes (whether performed by the Customer or its Affiliates or on their behalf by a third party).”*

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## Questions & Answers

### **1. Why are you changing the SEDOL pricing model?**

During extensive customer consultation over 18 months, we conducted close to 45 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. Customer feedback during this consultation process confirmed that scaling the pricing model based on Business Segments and Regions for the largest users of the SEDOL Masterfile would serve as a better alternative to the current model based on the number of Legal Entities.

### **2. Will the new policy announced on 21 January 2020 impact SEDOL fees in 2020?**

No, the recently announced policy will go into effect on **1 January 2021**. For 2020 pricing, please refer to the *SEDOL Masterfile Pricing and policy 2020* document, available [here](#).

### **3. When does the new policy come into effect?**

The policy will be implemented over a two-year period beginning **1 January 2021**. Further details on the phased implementation and transition year can be found in the policy and below.

### **4. Why are you announcing this policy now, when it does not take effect until 2021?**

We are providing significant lead-time for customers to allow them to prepare for the policy change, complete the onboarding process, and budget for any potential change in fees. Customers highlighted the importance of getting notified with a significant amount of lead time prior to the implementation of the policy change.

### **5. Why is there a transition year in 2021, and how will this work in practice?**

To allow impacted customers to effectively budget for any changes in fees, and as requested during the customer consultation; we are implementing the new policy

following a phased approach over two years. 50% of the fee change will be effective as of 1 January 2021 and the remaining 50% will be effective as of **1 January 2022**.

To ensure all customers receive an equal phased approach to any change in fees, 2021 will be a 'transition year.' During this year customers must apply both the existing 'legal entity' charging model and the new 'Business Segment/Region' charging model<sup>2</sup> – with 50% of each fee comprising the total fee that each customer will pay.

For a customer that is an existing Band F License holder, transitioning to two Segments and three Regions, the following scenario would apply:

Year	Licence	Licence Fee	Total Fee
2020	Band F	£121,310	£121,310
2021	Band F; two Segment/three Region	50% x £121,310 = £60,655 50% x £161,000 = £80,500.00	£141,155 (£19,845 increase)
2022	two Segment/three Region	£161,000	£161,000 (£19,845 increase)

Further examples can be explored using the Fee Calculator which will be made available shortly.

#### 6. Will I be impacted by the change to licensing based on the number of Business Segments and Regions?

**If you currently hold a SEDOL User Licence Band D, E, or F; you will be impacted.** All impacted customers will be contacted throughout 2020 to complete this process.

<sup>2</sup> As outlined on pages 10-13 of the SEDOL Masterfile Pricing and Policy Guidelines 2021 document

**If you hold a SEDOL User Licence Band A, B, or C only; this change will not impact you, unless your SEDOL Data needs change.** If your usage requirements change and a licence for over 10,000 codes is required, you should contact the SEDOL team at the Exchange to discuss your circumstances. Please note that annual reviews of usage along with the submission of Usage Statements may alleviate the chance of historical fees (where required, historical fees will be determined using the prevailing policy and pricing for the period owed).

**7. Will my SEDOL Licence cost be impacted by the Policy change?**

Impacted customers' SEDOL Masterfile User Licence cost may increase or decrease depending on their SEDOL usage and how they map to the new structure. Customers should refer to the *SEDOL Masterfile Pricing and Policy Guidelines 2021* document for specific fees. A fee calculator will be made available shortly to demonstrate the fee changes dependent on your specific circumstances.

**8. Why are SEDOL fees increasing in some cases?**

The SEDOL commercial policy and pricing structure has not changed since 2009, in which time the value of the service has increased dramatically. Over the last 10 years the service has transformed significantly:

- The number of identifiers covered by the service has grown by 50%+ per year to over 100m codes (20m active)
- SEDOL Masterfile has evolved 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 reported that they were using the SEDOL Masterfile in a larger number of areas of their businesses, and for an increasing number of workflows

Although fees may be increasing in some cases, due to the transition to a Business Segment and Region model, some customers will also experience a fee decrease. In both circumstances, the intention of the changed policy is to more accurately align fees with the extent of usage.

**9. Where can I find a list of the applicable Business Segments and Regions?**

A full list of Business Segments and Regions (with definitions and examples) can be found in Appendix A of the *SEDOL Masterfile Pricing and Policy 2021* document. For your convenience, the Business Segments and Regions are listed below:

**Business Segments:** Asset Management; Asset Servicing, Custody, & Fund Administration; Audit & Accounting; Consulting (Management/IT); Corporate Finance; Data Vending; Government/ Regulator; Insurance; Investment Consulting; Market Making, Sales, & Trading; Research; Software & Analytics; Tax; Wealth Management & Trust Services; Other

**Regions:** Africa, APAC, Europe, Middle East, North America, South America

**10. How do I determine which Business Segments and Regions apply to my business?**

Customers should review the Business Segments and Regions lists, definitions, and examples as outlined in Appendix A of the *SEDOL Masterfile Pricing and Policy Guidelines 2021* document and determine which Business Segments and Regions where a Licensable Event occurs. SEDOL representatives are on hand to help customers determine which Segments and Regions apply to their business.

**11. What if my Business Segment or Region count changes?**

Unless the customer is licensed for five (or more) Segments and three (or more) Regions, customers should contact the SEDOL team at the Exchange immediately if there is any change to their SEDOL usage. Once a change is confirmed and validated with a SEDOL representative, Contracts and Billing will then be updated to reflect the changes. Any delay in notifying the SEDOL team may result in historical charges being owed.

**12. I am in the highest license tier – five (or more) Segments and three (or more) Regions – do I need to update the SEDOL team if I add another Business Segment or Region?**

The five Segment, three Region licence is the highest tier and therefore can be treated as an Enterprise-wide agreement and there is no requirement to update the SEDOL team at the Exchange of any change in Business Segments or Regions in real-time; however, the SEDOL team should be notified by way of the Customer providing a Usage Statement. If any additional legal entities or affiliates need to be

added to a customers' contract, the Exchange must be notified so that the new entities or affiliates can be approved for data delivery and reporting to vendors.

**13. Why do I still need a Distribution Licence if there is no additional fee?**

In order to ensure appropriate controls and reporting requirements are in place, customers wishing to distribute SEDOL data are still required to sign a *Distribution Agreement*. Distribution Licences will be available for Unlimited User Licence customers at no cost once the transition period is complete from **1 January 2022**.

**14. Are there any product enhancements planned over the commercial policy change period?**

In addition to the substantial enhancements that have been made to the service over the last ten years, during the course of the customer 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.

**15. How do I inform the Exchange about my SEDOL usage?**

All impacted customers will be contacted during 2020 to complete Usage Statements confirming the Business Segments and Regions count. If you need to update the SEDOL Team in the interim, Usage Statements are available online at: <http://www.londonstockexchange.com/products-and-services/reference-data/sedol-master-file/documentation/documentation.htm> and should be submitted to [SEDOL@LSEG.com](mailto:SEDOL@LSEG.com).

**16. Do I need to sign a new contract?**

Customers will not be required to sign a new contract but are required to complete a Usage Statement confirming the Business Segment and Region count. In addition, some amendments to customers' current contracts are required and a variation letter to this effect will be sent reflecting the changes to the Policy and Pricing Guidelines. All impacted customers will be contacted throughout 2020 to complete this process.

**17. Will the policy change affect how SEDOL Data is delivered from our vendors?**

No, your data will continue to be delivered from vendors in the same way. However, if you do not include a Business Segment or Region that previously received SEDOL data, this would discontinue in the future as it will no longer be covered by the licence.

**18. How can I contact the SEDOL team if I have any questions?**

The SEDOL team can be reached by either emailing [SEDOL@LSEG.com](mailto:SEDOL@LSEG.com) or calling +44 (0) 207 797 3009