



London
Stock Exchange Group

SEDOL Masterfile

Pricing and Policy Guidelines 2021



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Outline of the changes to SEDOL Masterfile Pricing and Policy Guidelines 2021

- This Pricing and Policy Guidelines document will apply from **1 January 2021**.
- For 2020 pricing please see SEDOL Pricing and Policy Guidelines 2020, available [here](#).
- As outlined in this document, from 1 January 2021 the SEDOL policy will be changing for Unlimited User Licence customers (existing Band D, E, and F customers who are licenced for over 10,000 codes):
 - Going forward, Unlimited User Licence customers will be licenced for the SEDOL Masterfile database (which includes SEDOL codes) based on the number of 'Regions' (as defined on page 11) and 'Business Segments' (as defined on page 12) where a Licensable Event occurs (as defined on page 4)
 - As part of this change, from 2022 Unlimited User Licence customers will be able to distribute SEDOL data for no additional cost (subject to signing a Distribution Agreement, as outlined on pages 13-15)
 - The new policy will be implemented following a phased approach, with a transition year in 2021 (as outlined on page 9)

SEDOL User Licence Requirements

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A Licence is required for companies where any Licensable Event occurs.

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).

The type of User Licence is determined by the total volume of data identified across any Licensable Event. This should be the total count of SEDOL codes across all activities defined as Licensable Events.

Storing: Example

- Customer actively trades under 1,000 securities with SEDOL codes attached.
- Customer stores 2,500 SEDOL codes in the back office system which includes trade history and current trading activity.
- *The total amount of unique SEDOL codes stored across all systems/databases would be counted to evaluate correct licence, in this example 2,500 SEDOL codes.*

Receiving: Example

- Customer has active holdings of 4,000 securities including SEDOL codes.
- Customer has access to a database with 20,000 SEDOL codes for stock selection.
- *In this example, the Licensable Event is the access to the database and the correct count for licence purposes is 20,000.*

There are no additional charges to receive SEDOL codes from multiple distributors. The User Licence is based on the total count of unique SEDOL codes throughout any Licensable Event.

This document will refer to SEDOL codes as the primary indicator of SEDOL Masterfile database usage, however other substantial extracts of the database (e.g. reference data) are also considered as usage of the SEDOL Masterfile database and are subject to the licence requirements.



SEDOL User Licence Requirements

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Every unique SEDOL code throughout the company's systems, or via third party provider systems, should be counted for licence purposes where any Licensable Event occurs. Any interaction with the SEDOL Masterfile database or SEDOL codes can be in direct form, or indirectly via a third party provider. Interaction with SEDOL codes via a third party service will be counted where any Licensable Event occurs and assessed in the same way.

Third Party Application: Example 1

- Customer stores 7,000 unique SEDOL codes within its in-house system.
- Customer also subscribes to a data mapping facility in a third party application containing over 20,000 SEDOL codes.
- *The Licensable Event is based on all SEDOL codes that may be accessible or are accessed via the 3rd party mapping facility.*
- *The correct count for licence purposes is 20,000 regardless of how many are extracted or downloaded.*

Third Party Application: Example 2

- Customer uses index data for fund performance vs benchmark performance within an application.
- SEDOL codes are attached to every security within the customers holdings and in each benchmark.
- *All SEDOL codes, both customer specific holdings and all benchmark constituents, will be counted when determining the correct licence.*
- Where a risk model containing SEDOL data is made available, all SEDOL codes contained within such model shall be counted for licence purposes

Centralised Systems

Where a central entity, Region (as defined on page 11), or Business Segment (as defined on page 12) provides access to related group entities, Regions, or Business Segments; or where group entities, Regions, or Business Segments have access to a central or shared database (or a system dependant on the shared database); each entity, Region, and Business Segment will either require its own SEDOL User Licence for the level of SEDOL data contained in that database (i.e. Limited User License) or be covered under a group-wide agreement (i.e. Unlimited User License) for multiple affiliates or subsidiaries.

Region: Example

- Customer has one security master that is accessed by its offices in Japan, London, and New York
- All 3 region would be licenced based on the total number of SEDOL codes in the central security master.
- This is regardless of how many SEDOL codes are actively traded by each region.
- *The Licensable Event is access to the total amount of SEDOL codes in the security master.*

Business Segment: Example

- Customer has one security master (and no other system) that is accessed by its asset management, wealth management, and asset servicing businesses
- All 3 segments would be licenced based on the total number of SEDOL codes in the central security master.
- This is regardless of how many SEDOL codes each segment has an active interest in.
- *The Licensable Event is access to the total amount of SEDOL codes in the security master.*



Fee Structure: Limited User Licence Bands

There are three applicable bands of User Licences that a single legal entity can choose if the total amount of **unique** codes across any Licensable Event totals 10,000 or less SEDOL codes.

Each legal entity can only have one User Licence, therefore one legal entity may not purchase several licences from the below table and combine them to cover a higher number of SEDOL codes.

Example

Where an entity stores 8,000 unique SEDOL codes within a data repository, and no other systems have SEDOL codes, a Band C Limited User Licence would be required.

SEDOL codes for Digital Assets will not be counted as a Licensable Event for all existing SEDOL Licence holders until the 1st of January 2022.

New customers wishing to process SEDOL codes for Digital Assets only will require a Digital Asset Licence which is free of charge until the 1st of January 2022.

On the 1st of January 2022, all Digital Asset Licences will be migrated to Band A Limited User Licences and billed accordingly.

Limited User Licences (<10,001 codes)		2021 Fees (per annum)
Band A	1,000 or fewer SEDOL codes (and unlimited TIDM codes ¹) within one legal entity	£860
Band B	1,001 to 5,000 SEDOL codes within one legal entity	£2,715
Band C	5,001 to 10,000 SEDOL codes within one legal entity	£8,925



Distribution: Limited User Licence Holders

Limited User Licence band customers seeking to re-distribute SEDOL codes to third parties must subscribe to a Distribution Licence in addition to their User Licence.

Distribution Licences A, B and C are available depending on the number of SEDOL codes to be distributed.

Distribution Licence requirements:

All Distribution Licence holders must ensure that the third parties they distribute to are appropriately licenced for SEDOL codes. Please refer to the Distributor requirements on pages 13 & 14 for more detail.

SEDOL codes for Digital Assets will not be counted for Distribution purposes for all existing SEDOL Distribution Licence holders until the 1st of January 2022.

New customers wishing to distribute SEDOL codes for Digital Assets only will require a Digital Asset Distribution Licence which is free of charge until the 1st of January 2022.

On the 1st of January 2022, all Digital Asset Distribution Licences will be migrated to Band A Distribution Licences and billed accordingly.

Distribution Licences		2021 Fees (per annum)
Band A	1,000 or fewer SEDOL codes distributed by one legal entity	£795
Band B	1,001 to 5,000 SEDOL codes distributed by one legal entity	£2,475
Band C	5,001 or more SEDOL codes distributed by one or more legal entity	£13,315



Fee Structure: Higher Education Licence

A Higher Education Licence is available to higher education institutions providing education and training (i.e. instead of a User Licence).

This Licence covers any Licensable Event for the purpose of course related work or research; undertaken by students enrolled at the licence holding institution, and the faculty members. For the avoidance of doubt, the Higher Education Licence does not cover any Licensable Event for commercial activities by students, faculty members, and/or the institution itself.

Example

Where a University provides SEDOL data to students and faculty members to complete studies and research.

Higher Education Licence		2021 Fees (per annum)
Higher Education	Any amount of SEDOL codes	£860

Transition Year: 2021

Effective January 1, 2021 the Exchange will transition Unlimited User Licence customers (User Bands D, E, and F) from a commercial model based on legal entities, to a commercial model based on Business Segments and Regions.

During this transition year, the fee payable will be calculated using a combination of:

- i. 50% of the Legal Entity model (as outlined to the right); and,
- ii. 50% of the Business Segment and Region model (demonstrated on page 11 and 12)

The new fee structure will be phased in over two years (2021 & 2022, 50% each) and the full Business Segment/ Region fee will apply from 1 January 2022.

Following the completed transition to the Business Segment and Region commercial model (effective 1 January 2022), Unlimited User Licence customers (those accessing over 10,000 codes) will be able to distribute an unlimited amount of SEDOL codes at no additional fee, subject to executing a separate Distribution License outlining specific distribution requirements and terms (see page 13 & 14 for more details).

Unlimited User Licences (>10,000 codes)		2021 Fees
Legal Entity model		(per annum)
Band D	10,001 or more SEDOL codes by one legal entity	£29,070
Band E	10,001 or more SEDOL codes by up to five legal entities	£91,865
Band F	10,001 or more SEDOL codes by six or more legal entities	£121,310

Fee Structure: Unlimited User Licence Regions

For Unlimited User Licence customers (those customers whose SEDOL count exceeds 10,000 SEDOL codes), customer fees will be determined by the number of Regions and Business Segments that require an Unlimited User Licence.

Regions

- Customers must determine how many Regions require coverage by the Unlimited User Licence.
- Applicable regions are referenced on this page to the right and in Appendix A (page 20).
- A region must be counted if there is a legal entity, physical presence or business operation in which any Licensable Event occurs.

Example

- A Global Asset Manager has locations in Africa, Europe, and the Middle East. They use a centralised system containing more than 10,000 SEDOL codes.
- The African and European locations access SEDOL data; however as the Middle East location does not have access to the centralised system or SEDOL codes via any other system, there is no Licensable Event in the Middle East location.
- The customer would require a Licence for 2 Regions, as the Middle East location would not be counted.

Regions:

- Africa
- APAC
- Europe
- Middle East
- North America
- South America

Fee Structure: Unlimited User Licence Business Segments

For Unlimited User Licence customers (those customers whose SEDOL count exceeds 10,000 SEDOL codes), customer fees will be determined by the number of Regions and Business Segments that require an Unlimited User Licence.

Business Segments

- Customers must determine how many Business Segments require coverage by the Unlimited User Licence.
- Applicable Business Segments are referenced on this page to the right and in Appendix A (page 21-24).
- A Business Segment must be counted if that Business Segment performs one or more Licensable Event.

Example

- A large financial institution has activities in market making, asset management, and wealth management.
- The Market Making, Sales, and Trading and the Asset Management Business Segments access SEDOL data, however as the Wealth Management Business Segment does not have access to the centralised system or SEDOL codes via any other system, there is no Licensable Event in the Wealth Management Business Segment.
- The customer would require a licence for 2 Business Segments, as the Wealth Management Business Segment would not be counted.

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

Fee Structure: Unlimited User Licence

Fee Levels

The below fees will apply from 2022 for Unlimited User Licence customers (>10,000 codes) under the new Business Segments & Region model:

2022 SEDOL Unlimited User Licence Fees (per annum)

		Regions		
		1	2	3+
Business Segments	1	£35,500	£66,000	£87,000
	2	£66,000	£122,000	£161,000
	3	£87,000	£161,000	£212,000
	4	£97,000	£180,000	£238,000
	5+	£103,000	£190,000	£251,000



Distribution: Unlimited User Licence Holders

Effective 2022, Unlimited User Licence customers (as defined on page 11) will be able to distribute an unlimited amount of SEDOL data at no additional fee. However, customers wishing to distribute SEDOL codes are required to sign a separate Distribution Licence outlining specific distribution requirements and terms. Until 2022, Distribution Licences outlined on page 8 continue to apply.

Distribution Licence Requirements

All Distribution Licence holders, must ensure that the third parties they distribute to are appropriately licenced. Please refer to the Distributor requirements pages 13 & 14 for more detail.

Example

Where a customer is providing any volume of SEDOL data or SEDOL codes via products such as market data and pricing feeds, historical or intraday market data feeds, constituent level index data feeds, identifier cross reference mapping table systems, or through factor based models, a £0 Distribution Licence will be required from 2022.

Distribution Licence Requirements

SEDOL data permissioning for all products and services

Distributors must build into their systems the ability to restrict the redistribution of the SEDOL Masterfile database and SEDOL data to their customers (permissioning).

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

Trademark & Contracts

Distributors may not use the term "SEDOL Masterfile" to describe their own products, as this is a registered trademark of the Exchange. However, it may be used to 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.

The Distributor 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 Distributor product. As a guideline, the following paragraph could be used:

"The {Product or Service} provided by {the Distributor} 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. Customer agrees that {the Distributor} may provide the Customer's contact information to the London Stock Exchange to allow verification of the licence status. {the Distributor} is required to exclude SEDOL Masterfile data from the {Product or Service} 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 Distributor} 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."



Distribution Licence Reporting Requirements

Annual reporting for existing customers

The Distributor must provide the details of their 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. The customer information should include company name, location and contact name including email and phone number.

Permission will be given when the customer has signed a SEDOL agreement with the Exchange. Despite Distributor obligations, the end user assumes ultimate responsibility to ensure appropriate SEDOL licensing is in place for their level of SEDOL Usage.

Annual reporting for existing customers

The Distributor 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.

Internal Account	Parent name	Entity name	Product name	Country	Address 1	Address 2	City	Post/Zip code	State	Primary contact	Email address	Telephone
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Distributors 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 Distributors to include the SEDOL Masterfile data within their products to aid identification or assist in the maintenance of their data within their customer's products.

Licence Reviews

The Exchange reserves the right, with reasonable notice, to review a customer's usage to verify the licence chosen. The customer is to allow the Exchange, its agents, and employees, at all reasonable times on reasonable notice, on Customer site, to access and inspect its systems, accounts, records and other documents relating to the Agreement (in both hardcopy and machine readable form), and permit the Exchange to take copies or extracts and on demand to supply copies to the Exchange in order to verify the Customer's compliance with the Agreement.

Licence Review requirements include:

- Access to, and demonstration, of all databases/sources (either direct or indirect) where the SEDOL Masterfile database or SEDOL data or codes is used by the organisation;
- Snapshot of SEDOL codes as at time of the Licence Review and over the Licence Review period;
- Access to historical usage statements (the Exchange can request up to 7 years history); 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.

Unlicensed Use

Where the Exchange's investigation finds that the customer Licence does not cover the appropriate level of SEDOL data, Regions or Business Segments, the Exchange reserves the right to move the customer to a sufficient Licence and charge the applicable fees from the point in time the License threshold was crossed. Where agreement cannot be reached, the Exchange reserves the right to terminate the service.

It is a requirement that customers who choose a limited 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.

Licence Changes

It is the Licence holder's responsibility to ensure that they are adequately licenced for their SEDOL use.

Usage Statements

Customers must complete Usage Statements within 30 days of Exchange's request.

The customer will be required to review their SEDOL usage, and confirm if their licence is adequate or requires a change of band.

Usage Statements are available [here](#).

Cancellations

All requests to change a SEDOL Licence must be in writing.

Requests to cancel or downgrade a SEDOL Licence must be submitted on signed documentation accompanied with the relevant evidence. Signatory must be a compliance officer or other similar position.

Requests to cancel or downgrade a SEDOL Licence will initiate a licence review (as outlined on page 15), where evidence of eligibility to cancel or downgrade will be requested. The review must be signed off and completed by both the Exchange and the customer before the request to cancel or downgrade is approved.



Appendix A

Regions & Business Segments



Regions

A Region means, in the case of an Unlimited User License, any of the following geographical territories in which: (i) a Customer's legal entity, physical presence or business operates; and (ii) a Licensable Event occurs:

- Africa
- APAC
- Europe
- Middle East*
- North America
- South America

** For the avoidance of doubt, Middle East includes: Bahrain, Egypt, Iran, Iraq, Israel, Jordan, Kuwait, Lebanon, Oman, Palestine, Qatar, Saudi Arabia, Syria, Turkey, United Arab Emirates, Yemen*

Business Segments (1/4)

Business Segments means, in the case of an Unlimited User License, any of the below commercial categories where a Licensable Event occurs:

Business Segment – Categories	Business Segment – Description	Example Activities (non-exhaustive) ¹
Asset Management	Invests pooled funds of cash and/or securities for the benefit of third-party customers or proprietary accounts	<ul style="list-style-type: none"> • Hedge Funds • Fundamental fund management • Quantitative fund management • Passive fund management • Investing insurance premiums • Proprietary trading on own balance sheet
Asset Servicing, Custody, & Fund Administration	The activity of holding customer assets to minimize risk of theft or loss and providing services in connection with the servicing, custody, and fund administration of financial instruments or in the process of running a collective investment scheme	<ul style="list-style-type: none"> • Processing corporate events • Handling taxes • Calculation of NAV • Preparing and filing prospectus, annual reports, etc. • Securities lending • Clearing & Settlement
Audit & Accounting	Producing and inspecting customer’s accounts to ensure completion & accuracy and attesting to compliance with applicable regulation	<ul style="list-style-type: none"> • Producing accounts • Inspecting/reviewing accounts

Business Segments (2/4)

Business Segment – Categories	Business Segment – Description	Example Activities (non-exhaustive) ¹
Consulting (Management/ IT)	Advising customers on how to improve performance of companies, non profits, or government bodies through effectively and efficiently performing tasks	<ul style="list-style-type: none"> • Advising on: <ul style="list-style-type: none"> • Change management • Operational process • Technology implementation • Strategy development
Corporate Finance	Advice and activities related to the raising, creation, formation, or restructuring of capital as well as advising on mergers, acquisitions, disposals, or bankruptcy	<ul style="list-style-type: none"> • Underwriting new debt & equity securities • Aiding/advising asset disposal • Aiding/advising mergers and acquisitions • Aiding/advising issue or placement of stock (e.g. IPO; private placement; etc.) • Aiding/advising on restructuring of a company
Data Vending	Creation of data feed products made available to third party customers ²	<ul style="list-style-type: none"> • Creating of datasets covering e.g.: <ul style="list-style-type: none"> • Reference data, pricing data, corporate actions, evaluated pricing, realtime/historical tick • Creation of flat files distributed through FTP, API, etc. • Making data available to view via Terminal • Creation of Index data files • Making data available via excel plug-in/ export

Business Segments (3/4)

Business Segment – Categories	Business Segment – Description	Example Activities (non-exhaustive) ¹
Government/ Regulator	Governmental or regulatory organisations	<ul style="list-style-type: none"> • SEC; FCA; Central Banks, Trade Associations
Insurance	Offering investment linked insurance products providing coverage to protect customers from loss, damages, injury, or hardship	<ul style="list-style-type: none"> • Variable annuity products • Index-linked policies • Whole or term life insurance
Investment Consulting	Providing institutional customers with long term investment planning, investment monitoring & recommendations to achieve long term goals	<ul style="list-style-type: none"> • Advising pension funds, endowments or other non-retail customers on asset allocation, fund selection, investment selection, acceptable risk levels, etc. • Offering Outsourced CIO (OCIO) services
Market Making, Sales & Trading	Capital markets activities, including providing liquidity, buying or selling securities, and matching customers with opposite positions to enable trade execution	<ul style="list-style-type: none"> • Broking (online, traditional/phone) • Exchange or OTC Trading • Market Making (e.g. displaying quotes or offering liquidity in financial instruments) • Operating a trading platform/facility (e.g. MTF; BCN; SEF; dark pools; etc.) • Prime Brokerage
Research	Research (macro, individual stock, industry, etc.) sold to customers to provide investment insight	<ul style="list-style-type: none"> • Stock reports, valuations, recommendations • Macro environment analysis and reports

Business Segments (4/4)

Business Segment – Categories	Business Segment – Description	Example Activities (non-exhaustive) ¹
Software & Analytics	Creation and development of software or analytics tools made available to third party customers	<ul style="list-style-type: none"> • Order/execution management systems • Portfolio management & analytics platforms or tools • Outsourcing software (e.g. outsourced settlement, clearing, etc.) • Best execution analysis or tools • Post trade activities e.g. reconciliation • Excel plug-in enabled analytics
Tax	Advising customers on tax compliance, strategies, regulations, systems and obligations to ensure they meet requirements	<ul style="list-style-type: none"> • Advising on and preparation of returns for: <ul style="list-style-type: none"> • Income Tax; International Tax; Indirect Tax; Multistate Tax; sales & use tax, transfer pricing, M&A Tax; etc.
Wealth Management & Trust Services	Financial advisory and / or comprehensive wealth planning services for retail customers including financial and investment advice, potentially including a combination of accounting and tax services, retirement planning, legal or estate planning, and trust services, executed by licenced professionals or algorithmic processes.	<ul style="list-style-type: none"> • Consulting with (usually retail/HNW) customers to provide guidance across all areas of wealth planning • Acting as a fiduciary, agent or trustee offering establishment, administration and/or management of trusts to manage the eventual transfer of assets to a beneficial party
Other	Any other activities not covered in the above list of Business Segments	<ul style="list-style-type: none"> • Expert Testimony • Litigation



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