

Real Time Market Data

Schedule E: Market Data Audit

Version 4.0

01 February 2021



London
Stock Exchange

SCHEDULE E, MARKET DATA AUDIT

ANNEX TO THE GENERAL TERMS AND CONDITIONS OF THE LONDON STOCK EXCHANGE REAL TIME MARKET DATA AGREEMENT

Version 4.0
01/02/2021

1. Audit Purpose

1.1 The purpose of this document is to provide guidance on how a market data audit will be conducted. Audits are used to verify compliance with contractual obligations and policies. In particular, the audit examines whether the correct remuneration has been paid to the Group, aims to identify potential sources of errors and recommend solutions to reduce any future errors occurring. This involves the verification and assessment of the controls surrounding the release of Data at client sites.

2. Audit Scope

2.1 The Group audits Customers, End Customers, Redistributors, Service Facilitators, and third party recipients of the Data.

2.2 The scope of a market data audit covers all London Stock Exchange Data received by a customer including that received directly from the Group and Data received from Redistributors.

2.3 The scope of an audit includes clients, both professionals and Private Investors, to which the audited party redistributes Data.

2.4. An audit will examine, by way of demonstrations, all systems and applications that consume London Stock Exchange Data in addition to the processes and systems that control the release of this Data.

2.5. The minimum audit period is 5 years unless the Customer has been audited in the last 5 years. Customers are required to maintain the Data usage records at least for the last five years and must be made available for audit purposes in a manageable format.

3. Audit Planning

3.1 Customers will be contacted by phone and notified of the intention to audit. An official notification will then be issued by e-mail stating the agreed audit date and outlining the scope of the audit.

3.2 Both the auditor and the audited party should co-operate in planning the audit (e.g. by exchange of correspondence and/or meetings) to ensure that:

- a) the period, timing, product(s), scope and location(s) subject to audit are identified;
- b) all records necessary for the audit are identified and made available for inspection, including;
 1. Enablement reports from permissioning systems for the entire audit period.
 2. All datafeed access declarations submitted to vendors during the audit period.
 3. A list of all users considered to be non chargeable and details of their role.
 4. Copies of Private Investor declarations (where applicable).
 5. A technical overview of the market data infrastructure.
- c) adequate resources and time are allowed for the audit;
- d) the auditor has sufficient access to relevant staff and any necessary data;
- e) audit enquiries and pre-audit information requests are promptly addressed by both parties;
- f) procedures for closing the audit are communicated.

4.On-Site

4.1 As part of an audit, the auditor will conduct site visits to:

- a) examine all applications that consume London Stock Exchange Data;
- b) examine any permissioning systems used;
- c) discuss any discrepancies discovered during the audit preparation work;

4.2 The auditor will, where possible, resolve all audit queries whilst on site.

4.3 Both the auditor and the audited party should cooperate to resolve outstanding queries or resulting follow up items as soon as possible after the completion of the site work.

5.Exit Meeting

5.1 Once the site work has been completed the following points need to be discussed and agreed:

- a) preliminary findings and current issues outstanding;
- b) a preliminary view of audit recommendations;
- c) establish an approach and time-frame for resolving outstanding issues;
- d) propose a time-frame in which audit results are communicated.

5.2 Within one week of the site visit the auditor will provide the audited party with a list of outstanding issues.

5.3 The auditor will set a deadline for the settlement of any outstanding issue. In case of failure to comply with this deadline without valid reason(s) the audit findings report will be prepared on the basis of the information and documents available at the time of the deadline.

6.Audit Findings

6.1 The auditor will present the audit findings along with:

- a) supporting documentation;
- b) preliminary estimation of the audit findings.

6.2 If the audited party fails to cooperate or does not provide adequate documentation, the auditor may:

- a) request additional information;
- b) request additional validation tests;
- c) request additional client site visits;
- d) impose further sanctions pursuant to section 16 of the terms and conditions.

6.3 The auditor and the audited party should work together in good faith to resolve any differences in opinion arising from the audit.

7.Audit Results and Reports

- 7.1 Assuming all issues outstanding at the exit meeting are resolved in a timely fashion, the auditor will aim to issue a draft audit report within three months of the exit meeting. This report will document the following:
- a) audit findings, deliverables, and recommendations;
 - b) any deviations from the terms of this Agreement;
 - c) responses or summary responses from the audited party.
- 7.2 The audited party will be asked to give feedback on the draft audit report within two weeks of the date of issue. Should the audited party not provide feedback within the agreed deadline, the results of the audit as set down in the draft audit report will be considered to be undisputed facts.
- 7.3 A final audit report will be issued and should be signed by both parties to signify agreement with the facts of the audit as set out in the report.

Contact Details

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