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Executive Summary

Forty years ago after the Bretton Woods accord when foreign exchange rates were floated every large financial institution in the world was persuaded to “give” their prices to market data vendors like Reuters and (ultimately) Bloomberg as a way to advertise their market making and liquidity. And they still do. Banks subscribe to services from these vendors to get streams of data - which include their own prices. Institutions have an opportunity to both monetise their proprietary content and to “share” data with peers to enjoy significant savings on their spend with market data vendors. Furthermore, data policies can be managed in this environment to avoid unexpected commercial impact from external vendors.

The work to save USD2-3 million p.a. isn't worth it - the resource investment to introduce change counteracts the savings. Furthermore the savings can be eliminated by new policies, or acquisitions. Tier 1 institutions are spending > USD500 million p.a. on aggregate for real-time data (not including evaluated pricing and reference data), Tier 2 institutions are spending >USD300 million p.a. and Tier 3 institutions are spending >USD50 million p.a. A member-controlled distribution platform enables members to recognise – **and quantify** – the value of their proprietary data, and to retain data ownership (something that market data vendors usurp from data contributors.) The COOP business model facilitates participation in an entity that gives members access to data from peers in an environment that enables reductions in external data expenditure. Data usage policies are controlled by the COOP.

Monetisation Model / COOP

Institutions want their pricing and content to be recognised for its value. Each institution can embark on a strategy to sell their content to vendors, this becomes an exercise in commodisation; it ignores the more significant value component where vendors retain control: multi-source aggregation. The objective of this business is to use a COOP model to monetize, aggregate & share content to create a revenue stream and for COOP members to share content to offset/reduce external market data costs. The model shall employ the following guidelines:

The thesis of the COOP is to provide a business model and community to monetise – and share - data. The goal is to create a data reservoir - from the collective membership – with COOP-controlled commercial and usage policies to maximise data value and to minimise external spend.

- Strategy initially targets FICC (Fixed Income, Commodities data, Currency). Participating exchanges could also be considered as COOP partners.
- Content can be sold under different packaging schemes with COOP / source revenue sharing models.
- COOP members will have opportunity to share content. Membership consists of monthly dues. Operating costs can be expected to scale down as more Members join the COOP

COOP Operations & Management

The COOP will employ a combination of resident and casual development staff. There is an obvious need to retain domain knowledge while balancing this with fixed cost payrolls. The intent is to use cloud and open source technologies, to eliminate fixed assets and to reduce development. COOP members will be equipped with an adaptor that performs the following functions:

- Contributes member data to the COOP cloud platform.
- Retrieves (permissible) single-source data from other COOP Members and/or blended real-time data and historical data.

Data can subsequently be distributed/sold to market data vendors, members, customers, as single source or an aggregate via cloud ingress services or egress interfaces to external platforms.

COOP members can also develop or request development of adaptor plug-ins for third party feeds to populate the platform (i.e. exchange feeds). Meta-data for symbols associated with third party feeds will need to be defined in the adaptor dictionary.

Governance

- The COOP exists to enable COOP members to monetize & share their assets to reduce external spend for market data .
- The COOP shall charge for usage like a public utility. Each member shall have a meter and standard rate table for quotes, calculated value and historical streams. Each member will be able to view their consumption in real-time.
- The COOP founders shall retain an interest in the COOP. Board members (who must be COOP members) will be elected by the COOP membership each year.

Working Proof of Concept

The logo for MarketDesk, with 'Market' in red and 'Desk' in blue.

[MarketDesk](#) was developed to demonstrate a cloud-based real-time financial information platform where information providers could publish content accessible through browser or mobile application to share with customers and interested parties. The portal has a few hundred pages of content a number of proprietary sources, public domain sources and a variety of news sources. The current content set covers:

- Real-time FX, FX forwards, FX derivatives such as NDFs, FX swaps and FX options
- Interest rates and interest rate swaps
- Crypto-currency rates
- Economic / research reports, news and holiday calendars
- Equities rates and news for North America
- Currently all content is free. **The POC is just about to eclipse the 100,000 registered user mark.**
- Content can be monetised; closed user groups can be defined to view specific content.
- Content usage and auditing have been part of the [MarketDesk](#) platform since inception.

MARKET DATA MONETISATION – WHITE PAPER

The image displays two screenshots of the MarketDesk platform. The top screenshot is a desktop view showing a search results page for 'Bitcoin Composite'. It features a table with columns for Exchange, Price \$, Volume, and Time UTC, listing various exchanges like Binance, Bitfinex, and Bitstamp. The bottom screenshot is a mobile view showing the 'Federal Reserve Bank Daily Treasury Yield Curve' table, which lists yields for different maturities (1M to 30Y) across various dates (May06 to May13).

Exchange	Price \$	Volume	Time UTC
Binance	7,787.65		23:48:13
Bitfinex	7,760.00	36,250	23:48:00
Bitmex	7,828.00		23:48:17
Bitstamp	7,813.17	27,143	23:48:09
Bittrex	7,805.93		23:48:06
CEX.IO	7,896.00	913	23:47:34
CoinDesk	7,791.72		23:47:00
GDAX	7,824.96	46,876	23:48:17
Gemini	7,817.99	7,999	23:45:00
HitBTC	7,810.13	26,828	23:48:18
itBit	7,814.25	3,687	23:47:49
Kraken	7,820.80	19,119	23:48:13
Okex	7,807.30	82,693	23:48:17
Poloniex	7,811.81		23:48:13
Uobi	7,815.81		23:48:19

	May13	May10	May09	May08	May07	May06
1M	2.41	2.42	2.43	2.42	2.44	2.43
3M	2.41	2.43	2.43	2.43	2.43	2.44
6M	2.42	2.45	2.46	2.45	2.46	2.46
1Y	2.32	2.36	2.36	2.37	2.37	2.39
2Y	2.18	2.26	2.26	2.30	2.28	2.31
3Y	2.15	2.23	2.22	2.26	2.24	2.27
5Y	2.18	2.26	2.25	2.28	2.25	2.30
7Y	2.28	2.37	2.34	2.38	2.35	2.40
10Y	2.40	2.47	2.45	2.49	2.45	2.51
20Y	2.65	2.70	2.69	2.71	2.68	2.73
30Y	2.83	2.89	2.87	2.89	2.86	2.91

MarketDesk is a cost-effective and agile solution to increase pricing visibility to gain traction in new markets, and to reach new clients.

Distribution feeds and API access from the MarketDesk cloud platform can be generated quickly to support applications and external systems.

Convenient content access has been proven to be an effective marketing tool. Publishers have seen increased execution flows. It's light footprint and convenient interface have impressed market makers and takers.

WANTED: COOP Stakeholders

Most – if not all - institutions suffer from having to support a litany of legacy market data applications. When you go through the process of developing the next generation of applications they will probably be cloud-based. At the end of that exercise do you want to be in a situation where:

- You haven't achieved savings
- The vendor(s) change(s) data usage policies and commercial terms
- You don't own **your** data once it has been distributed to a data vendor
- You are subject to vendor technology changes in distribution architecture and feeds that incurs T&O costs, possibly with short notice windows
- There is no improvement in agility and/or measuring business impact.

The COOP is an environment where you:

- Monetise your data; manage and monitor distribution and usage – with the tools that cloud vendors and cloud appliance providers bring to the table
- Share content with peers to reduce external data costs
- Control feed/API data distribution choices for users and applications
- Continue to own your content – after it's published
- Distribute content to your internal organisation, remote offices – and customers – cost-effectively
- Control data usage policies
- Increase control over the cost, timeliness; measure impact to disseminate new content, and to reach new users.

Please join the market data COOP group on LinkedIn. We would like to hear about your receptiveness to this concept, desires for the COOP direction, concerns that would need to be addressed for your organization participation.

Contact the Market Data COOP
Group on LinkedIn



... or contact: Larry Ng

larry@marketdesk.com