

Proposal

For a

Market Data Cost Reduction Evaluation

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I. Executive Summary.

We, at Market Data Management Solutions Corp. (MDMS), would like to thank you for taking the time to read this proposal for an evaluation targeting a reduction in the overall market data spending of your firm. Our unparalleled leadership position in the market data administration, auditing, and expense management domain uniquely positions us as the best possible provider of this evaluation.

The MDMS approach is to provide this evaluation in three distinct phases:

Phase I – information gathering

Phase II – analysis of data

Phase III – development of recommendations

When we present our final deliverable, which is a report summarizing all of our efforts and summarizing our recommendations, we will also provide a proposal that outlines the costs of having us follow-through and implement the recommendations. Alternatively, you can implement our recommendations with your own staff.

We have been extremely successful in assisting financial services firms in reducing and continuing to control their market data related expenditures. We expect to be very successful in our efforts to assist your firm as well.

We can usually have our recommendations back to you within 1 or 2 months of receiving a signed contract to begin our analysis. We can expedite your analysis, if necessary, due to unique circumstances such as the renewal of a major contract from one of your vendors.

We have purposefully provided a very low price for this evaluation in the hopes of beginning a long partnership with your firm so that you may take advantage of other opportunities where we can leverage our experience and expertise.

Our fee for the evaluation is dependent upon your overall annual market data spend and the complexity of your environment. It will be a fixed price of \$_____ and will be invoiced when we deliver the final report.

II. Market Data Management Solutions Corp. ... The Market Data Experts

MDMS offers market data solutions across the entire market data management life-cycle, from procurement through daily management and that range from process and systems development to the complete out-sourcing of a client's market data administration and other workflow.

Our market data professionals have extensive experience working with data and systems providers, end-users, and exchanges and so have developed a broad knowledge of the market data needs of retail brokers, investment bankers, buy-side traders, sell-side traders, research analysts, portfolio managers, administrative support staff, as well as the back-office. In addition, their excellent relationships with each of the major exchanges and industry groups, allows us to stay ahead of changing regulations and to anticipate evolving trends in the provision of market data and financial information services.

Our experienced team has provided the following types of services to other clients. These efforts, along with broad industry experience garnered by our staff in various other roles, has uniquely positioned MDMS as experts in the field of exchange and third party data provider rules, regulations, use of data, and pricing.

Compliance and Audit:

- Audited client use of data from vendors and exchanges
- Audited quote metering process
- Reviewed and re-engineered re-distribution processes
- Compliance reviews of vendor and exchange agreements
- Recommended and implemented new vendor and exchange negotiation strategies
- Re-engineered ineffective processes

Contract Administration:

- Centralization of the global contract administration function
- Designed and implemented contracts database administration system providing global, web-based access
- Capture and aggregation of contracts from 500 +/- market data vendors and exchanges
- Identified key terms and conditions, i.e., use of data, unit of count, pricing, derived data definitions, etc.
- Developed “tickler system” for contract expiration and notification dates
- Initial database population
- Contract re-negotiation
- Agreement consolidation
- Established standard templates
- Designed and implemented ongoing workflow and system maintenance
- Reduced market data spend by 20% through consultation and contract renegotiation

Industry Leadership:

- Business process re-engineering for FISD
- Recognized expert participation at numerous compliance conferences

Additionally, within the Market Data Administration domain, MDMS provides the following offerings:

- Contract Negotiations with vendors based on client-directed guidelines
- Contract Review and Analysis of all existing agreements to insure compliance with contract terms and other vendor's requirements
- Audit of existing market data usage, requirements, and service levels to insure the most efficient use of market data and financial information
- Exchange Reporting, through the timely collection and compilation of usage data reported to the exchanges monthly in accordance with their policies.
- Application Review and Compliance Analysis to insure that all client software applications that use market data, exchange data, and other financial information is in accordance with exchange and vendor guidelines and contracts
- Market Data Administration based on an outsource model
- Staff Augmentation, providing temporary qualified professionals to extend the capabilities of a client's market data team
- NYSE Quote Meter Audits

III. MDMS Proposal

We feel that our broad-based, in-depth expertise and experience in all aspects of the market data life-cycle and financial industry community uniquely positions us as the best possible provider of this cost reduction evaluation.

The MDMS Approach

We will take a phased approach at performing an evaluation of the market data spending at your firm. We will make recommendations as to where specific savings can be achieved. Our implementation model includes the requirement of having one key liaison contact at your firm for the purposes of resolving questions quickly so as to not impact the overall timeliness of completing the evaluation.

Phase I – Information Gathering – We will gather data, through interviews of key personnel, or by requesting the information from a firm liaison, in order to capture the following data points:

- Organizational hierarchy
- End user market data requirements
- Inventory reports on spending
- List of vendors (include exchanges) and amount spent with each vendor, by business
- General Ledger detail of expense reports for market data
- Copies of latest vendor invoices
- Copies of pertinent contracts
- Identification of any applications that use market data feeds and a contact person for that application
- Workflow

Phase II – Analysis of Data – We will use our experience to analyze the data that is collected and compare that to standards and norms that we have identified at other financial services firms. We will identify redundancies, gaps, and other anomalies, especially for non-real time data. We will identify other targeted opportunities for cost savings. If permission is given by your firm's management, we would also like to interview business users, support personnel, developers, and finance professionals, as needed, in order to validate our analysis.

Phase III – Development of Recommendations – We will construct a final report that summarizes our effort which includes the data that we have gathered, our analysis, and a list of our recommendations with estimated savings that can be achieved through their implementation. The following list of items will be addressed during this phase of the project:

- Targets for Savings
 - Product Substitutions
 - Duplication Elimination
 - Unused Products
 - New Vendor Offerings
 - Contractual Modifications
 - Price Reduction Opportunities
- Process Controls
- Best practices
- Workflows
- Exchange Pricing and Compliance
- Future Purchase Optimization Strategies
- Other Opportunities and Observations

Finally, we will include a fee should you elect to have MDMS implement the recommendations as a follow-up project.

Scheduling and Work Location

This effort will take approximately two calendar months of elapsed time from time of contract execution. We will schedule the start date of this effort as soon as a contract is signed. MDMS personnel that are assigned to this project will work both on and off-site as required. When on-site, we may require a work location and computer particularly during the information gathering phase of the project.

Fees

MDMS will invoice a one-time fee that is dependent upon your overall annual market data spend and the complexity of your environment. It will be a fixed price of \$_____ and will be invoiced when we deliver the final report.

If travel is required, we will do so on a pre-approved basis so that our expenses can be reimbursed.

Appendix A

Market Data Management Solutions Corp. Analysts

The following consultants are available for the project. MDMS has additional resources with outstanding credentials to be assigned appropriately to the project, as needed.

- Janet Santasieri
- Martha Larkins

JANET SANTASIERI

Market data industry leader on Business Process Automation. Keynote speaker at leading market data industry conferences around the globe. Expert in understanding the complex rules of the use and redistribution of market data provided by exchanges and vendors. Skilled negotiator with proven record of obtaining substantial savings. Managed over \$300 million in market data expenses. 31 years experience managing market data expenses.

Co-owner and co-founder of independent business providing services in market data and financial management and analysis, cost reduction, vendor and exchange contract negotiations and administration, compliance studies, business process reengineering, and staff training.

HIGHLIGHTS OF RELEVANT EXPERIENCE:

Deutsche Bank- Managed the centralization and reorganization of contract administration function resulting in cost efficiencies. Established contract administration policies and procedures. Implemented and populated contract management system. Negotiated contracts. Realized over \$20 million in annual savings.

Brown Brothers – Multiple vendor compliance reviews.

HSBC - Cost savings project, compliance reviews, and process reengineering. Cost reduction work realizing over 10 per cent reduction in market data expenses for the US. Complete outsourcing of US operations.

Thomas Weisel Partners – Vendor and exchange compliance reviews, best practices analysis; cost reduction study identifying 10 per cent savings opportunities.

NYSE Quote Meter Audits - DTN, Wall Street on Demand, Scottrade, E*TRADE US, E*TRADE Canada, Firsttrade, Fidelity.

TD Ameritrade – Exchange reporting and best practice analysis.

Merrill Lynch, Director - Global Market Data Services

Managed market data administration globally for 28 years. Managed over 300 million in market data expenses firm-wide. Functional responsibilities included contract negotiations and contract administration, order procurement and inventory best practices, desktop optimization, cost reduction initiatives, process reengineering, market data tariff development and implementation, client, vendor and exchange reporting, vendor and exchange compliance and audits, invoice reconciliation/payment, management of the market data utilities, inventory database management supporting 48,000 desktops firm-wide, vendor and exchange relationship manager.

Market Data Representative for all market data strategic initiatives across all business functions.

Industry leader on the negotiations and implementation of Enterprise Licenses with the North American Exchanges which resulted in a net savings to Merrill Lynch of over 7.5 million. Built consensus (within Merrill Lynch and within the industry) on a set of guiding principles related to market data administration.

Provided market data expert opinion on proposed SEC rulings regarding Market Data Fees/ Revenues.

PROFESSIONAL ASSOCIATIONS

WSTA (Wall Street Technology Assoc.) Past First Vice President, Content Committee Member

FISD Past Executive Committee Member, Ex Chair of Business Process Automation

Past member **SIA Sub-Entitlement Committee**

Women on Wall Street

Martha Larkins

Senior manager of technology services with over twenty years success as both an executive in a large premier financial institution and as an entrepreneur. Exceptional leadership and strategic planning capabilities. Skilled negotiator with strong process reengineering, client service and financial management background. Focused on bottom-line service delivery and managing scarce resources.

Co-owner and co-founder of independent business providing services in market data and financial management and analysis, cost reduction. vendor and exchange contract negotiations and administration, compliance studies, business process reengineering, and staff training.

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TD Ameritrade – Exchange reporting and best practice analysis.

DTN, Wall Street On Demand, E*Trade US and E*Trade Canada, Fidelity – quote meter audits

Merrill Lynch, Director, Global Head of Market Data

Managed the delivery of market data services to all businesses including capital markets trading and retail branches. Managed engineering and technical support functions as well as business administration, client and vendor relationships. Responsible for \$15 million direct budget and \$300 million in market data expenses firm-wide. Achievements included solving major technical service problems on Equity Trading Floor, annual \$12 million cost reduction through contract negotiations, global deployment of key systems, improved client satisfaction and enhanced efficiency through process reengineering.

Prior responsibilities at Merrill Lynch included Equity Trading Floor Technology Service Delivery Manager, Head of Emerging Technologies for the US, Senior Technology Architect, Manager of Distributed Systems Technology

EDUCATION:

Hunter College, CUNY M.S. Planning

New York University, Courant Institute of Mathematical Sciences
30 credits toward Masters in Computer Science

St. Peter's College B.A. magna cum laude

AFFILIATIONS:

**FISD, Financial Information Services Division of the Software and Information Industries Association
Women on Wall Street**