Financial Information Services Association of SIIA

Best Practice Recommendations on Alternative Data Service Levels, Response Times and Communications Procedures

Approved	June 11, 2021 – SIIA/FISD.
Synopsis	This document describes the Best Practice Recommendations for Service Levels, Response Times and Communications Procedures for Alternative Data.
Related Works	Best Practice Recommendations on Market Data for Service Levels, Response Times and Communications Procedures [See www.FISD.net Best Practices]
Authors	A consortium of FISD member firms participating in the Alternative Data Council
Version	1.0
Date	May 07, 2021
Filename	Best Practice Recommendations on Alternative Data Service Levels, Response Times and Communications Procedures v. 1 June 2021

1. DOCUMENT HISTORY

Date	Changes	Version
March 12, 2021	First Draft Issued for Comment	V 0.1 Initial Draft
May 7, 2021	First Draft Issued for Publication	V 1.0 Initial Publication
June 11, 2021	First Draft Approved by FISD	V 1.0 Full Publication

2. Table of Contents

3. SUMMARY OF CHANGES FROM PREVIOUS VERSION

Date	Change	Version
May 7, 2021	First version issued for publication	1.0

4. EXECUTIVE SUMMARY

4.1 Background. The FISD's Alternative Data Council focuses on developing practices and standards for enabling the provision of Alternative Data by Information Providers to Subscribers in the financial industry. This document was inspired by the FISD's SL&C Working Group Best Practice Recommendations for Service Level and Communications for Market Data. The rationale for having an added set of recommendations is to address the unique characteristics of the new, and less mature Information Providers which license Alternative Data.

This publication provides specific guidance and recommendations regarding best practices for Information Providers and Subscribers of Alternative Data with regard to communications and service level agreements including:

4.1.1 Incident Communication including classification, notification timeliness, frequency of updates and service alert templates, and,

4.1.2 Service Level Agreement ("SLA") provisions that can be incorporated into data license contracts outlining data and service quality expectations.

4.1.3 Control considerations to manage risk of data delivery and quality issues.

The Alternative Data Council believes that considering and adopting these suggested recommendations will increase efficiency and effectiveness in the use of Alternative Data across the industry.

4.2 Why Best Practices are Important**.** The Alternative Data industry continues to grow rapidly and the number of available data sets as well as the number of new Information Providers providing Alternative Data increases year over year. This growth has given rise to the situation in which these new Information Providers are learning the common practices for licensing data to financial institutions for the first time, both from the standpoint of the technical specifications of the Information, as well as meeting the operational and delivery requirements of the Subscribers. Subscribers are faced with the challenge of educating these less mature sources which can put a strain on the sales cycle and onboarding of the Alternative Data, to the detriment of all parties.

The level of Information and service quality from these new sources can vary more than the quality experienced with traditional Market Data Information Providers and therefore the contract and SLA relationship is typically more fluid than with Information Providers licensing Alternative Data. For example, the delivery of the Information in production can stop abruptly when the Information Provider's source of Alternative Data is no longer available such as in the case of the origin of the data changing the demographics of the data they provide. Dealing with these types of situations is more common when licensing Alternative Data and therefore remedies could be addressed and considered in advance at the contractual stage of the sales cycle.

The extent to which provisions are incorporated into the Subscriber Agreement will also be indicative of the stage of maturity of the data service. There are more established Information Providers with widely deployed Alternative Data sets who are well versed in the requirements of Subscribers and these therefore would mimic relationships resembling traditional Information Providers. Understanding the experience level, familiarity with the requirements for the licensing and processing of Alternative Data by Subscribers, breadth of installations, etc. are factors to consider in the design of the Subscriber Agreement and SLA terms.

4.3 Principles Given the evolving and developing nature of the Alternative Data industry, the Council believes it is prudent to identify a set of principles as a foundation to guide the development of Best Practice Recommendations for Alternative Data, including:

4.3.1 Recognition that a posture of continuous improvement will facilitate success; things may not be perfect at the start of the engagement but with dedicated effort and clear communications, data delivery and content will improve over time.

4.3.2 Engaging in a spirit of cooperation for getting to the root cause of incidents and quality issues and ensuring a clear feedback loop is in place with responsibilities for both Information Providers and Subscribers to communicate openly and freely about issues and resolution.

4.3.3 Alternative Data Service availability and responsiveness requirements are tailored to the particular Subscriber use case. For example, if the Alternative Data is utilized to make trading decisions, immediate response to serious incidents is typically required by the Subscriber. Research use cases will tend to require less immediate response. The important point is for the Information Provider to agree requirements with the Subscriber for each use case for the Alternative Data.

4.3.4 Importance of advance notice of changes in data content or delivery. Financial firms have routinized processes for the ingestion and use of external data. Should the design of any part of the process change, disruption can occur in the client's investment processes.

4.3.5 Importance of early detection and communication of an unplanned interruption. Accurate and timely communication in line with the requirements of the Subscriber use of the Alternative Data is essential to contain and minimize the impact of an interruption.

5. ALTERNATIVE DATA BEST PRACTICE RECOMMENDATIONS (AD-BPR) is organized into four categories:

5.1 Scheduled Interruptions and Change Management: Processes and recommendations for testing, maintenance and releases including the need for advance notice, updated documentation and test period. Updates can take the form of, for example, Information changes such as coverage changes, calculation changes, as well as changes in the Information Provider's supply chain, schema changes, treatment of history changes, file delivery structure changes.

Major changes are those changes that require the Subscriber to alter their data onboarding processes, trigger additional Compliance review due to a change in upstream provider or changing exposure to MNPI or PII, or require economic user review due to changes in processing methodologies.

If the Information Provider does not provide notice or does not provide reasonable notice of such an Update and Subscriber's operations are impacted, the resultant impact will be classified according to the Incident Classification categories described in Section 5.2 below:

Category of Action	Responsibility of the Information Provider
Notification Actions	Information Provider to inform Subscriber at least 90 days prior to implementation. Note: some firms require longer notice period, and as such, will note the amount of time needed in the data services contract
Method of Communication	At a minimum, the Information Provider to distribute via email notification to contact agreed in advance with Subscriber.
Documentation Update	Data documentation to be updated and provided in document and machine-readable format (e.g., json format) 90 business days prior to the change being made.
Testing Availability	Updated data service should be made available at least 90] days prior to implementation before a Major change. For avoidance of doubt, the data provided for testing should be same in every aspect as the updated data to be received in production after implementation of the change.
Fallback Capability	All major changes initiated by the Information Provider should ensure fallback capability when the change is within their control.
Backward Compatibility	Information Providers should facilitate backward compatibility when the change is within their control

5.2 Unplanned Interruptions**:** Recommendations on notification processes, communications goals, escalation procedures and response targets/timeframes for unplanned service disruptions. An Incident is an unplanned disruption in the data processes of the Subscriber which can be caused by data delivery or a data content issue at the Information Provider. This includes Information Provider providing prompt notice of unplanned/unannounced changes to the Information due to constraints in their ability to provide the data through no fault of their own such as in the case of changing users participating in a panel limiting the supply of data from its origin source.

The classification of incidents are highly use case dependent. For example, Alternative Data being used in quant trading models that are live in production are likely to have a higher severity classification when there is an unplanned disruption than an investment research use case during the model building phase.

Disruptions are classified in the following table:

Severity Level	Priority	Description	Example
Severity 1	Critical	An Incident that causes all functions of any of the Subscriber's processes to fail catastrophically,	They can no longer work as intended to produce the outcome desired from the Alternative Data.
Severity 2	Serious	An Incident that causes any of the Subscriber's processes to fail to perform one or more of the major functions within its Data processes or causes the operating performance of its Data processes to be substantially degraded and Subscribers operations are impacted,	Causes manual workarounds. Value of data can decrease in research process……
Severity 3	Degraded	An Incident that causes any of the Subscriber's processes to fail to perform one or more of the minor functions within its Data processes or causes its operating performance to produce materially incorrect results or to be degraded and Subscriber operations are impacted.	Data column header name change, data content does not change
Severity 4	Minimal	An Incident that has little or no impact on the functional or operating performance of the Subscriber's processes. Problems have little impact on daily business processes and are minor malfunctions or cosmetic issues.	Data arrives later in the day for a research warehouse

Actions in the event of an unplanned interruption that are the responsibility of the Information Provider are described below:

Category of Action	Responsibility of the Information Provider
Notification Actions	Unplanned interruptions should be communicated by the Information Provider to the Subscriber immediately according to the level of Severity of the interruption and include a brief of the problem and estimated time to resolve the situation. The Information Provider shall respond to all Incident reports regardless and resolve and provide detailed progress reports on interruptions in alignment with the SLAs.
Status Update and Escalation	Provide timely updates for critical issues. Subscriber should escalate at the Information Provider if progress is not being made sufficiently. Information Provider's on-call support personnel to have the understanding to recognize the severity level of an incident and the ability to put in place remedial solutions to restore service to Subscriber or know when to escalate to pre-determined chain of command for assistance.
Method of Communication	Communication of unplanned interruption whether by email, text message, chat tools, API or otherwise.
Restoration	Notification should indicate if restoration of service is Workaround or Permanent Solution.
Corrections/Gaps	Diagnose the interruption and provide updates to fill in missing data
Corrective Action	Investigate cause of interruption and provide analysis and corrective action with post-mortem to Subscriber

The below matrix is a template for defining the escalation, reporting and correction action requirements for Unplanned Interruptions.

Unplanned Interruption Communications Template

Level	Max Time Elapsed Before Notification	Status Reporting Frequency	Escalate if Not Resolved Within:	Workaround Provided	Permanent Solution Provided
Sev 1 (Critical)	___ minutes/hours	____minutes	____ minutes	____hours	____ Business Days after resolution
Sev 2 (Serious)	___ minutes/hours	____minutes	____ minutes	____ hours	____ Business Days after resolution
Sev 3 (Degraded)	___ minutes/hours	____ hours	NA	____hours	____ Business Days after request for report
Sev 4 (Minimal)	___ hours	____days	NA	____ business Days	____Not required

5.3 Systems Considerations and Data Recovery**:** Recommendations on performance expectations related to capacity management, systems reliability, network latency, business continuity planning, backup data and recovery. Actions that are the responsibility of the Information Provider are described in the table below:

Category of Action	Information Provider Responsibilities
Core Support Hours	Information Provider defines their data availability and support hours defining the timeframes during the day and which days support is available and whether the support is via telephone and/or email or other electronic method. For technical support outside such hours, technical support to be provided via an automated notification tree made available to the Subscriber. The tree to contain the names and phone number of qualified support personnel.
Updates	Information Provider defines the frequency of data updates.
Uptime	Subscriber defines SLA requirements in the data services contract. The requirements are use case specific and can vary widely. For example, a typical uptime requirement is for Information Provider to meet Content Availability 99.5% of the time in any given month.
Quality	Information Provider to provide statistics evidencing that the requirements in the Subscriber Agreement are met and work towards continual improvement of the results.
Data Backup	Information Provider to maintain data history required to enable Subscriber to restore their data as defined in the Subscriber Agreement.
Business Continuity Planning	Information provider to have a plan to ensure business resiliency in the event of a disruption and is responsible to notify the Subscriber should the plan be invoked.

5.4 Administrative and Policy Changes**:** Recommendations related to changes in administration and billing. Actions that are the responsibility of the Information Provider are described in the table below:

Category of Action	Information Provider Responsibilities
Billing and Invoicing	Information Providers should notify Subscribers 90 days prior to introducing major changes in billing and invoicing.

6. NOTIFICATION BEST PRACTICES FOR SUBSCRIBERS

While the bulk of the responsibility for timely, quality data rests with the Information Provider of Alternative Data, there are steps for Subscribers to be aware of that can make the communications with their Information Providers go more smoothly.

6.1 Assign responsibility for management and prioritization of Information Provider Change Notices and Interruption Notices

6.2 Agree unplanned interruption update timeframes and incident classifications with Information Provider

6.3 Develop the escalation path and notification procedures internally within your own management chain of command and at the Information Provider if the path to resolve the interruption does not proceed as planned.

6.4 Create a master calendar of all Information Provider planned change notices

6.5 Communicate names of individuals responsible to receive Change Notices and Interruption Notices to Information Provider and update when changes occur.

APPENDIX: FISD GLOSSARY

Term	Definition
Agreement	An agreement, together with any Schedule, Rider or other attachment, as may be amended by the parties from time to time.
Backward Compatibility	Change to data delivery system that allows vendors and consumers to successfully employ new systems for receipt before data sources initiate new deliveries.
Fallback Capability	Change to data delivery system that allows data source to utilize a previous version of the product in event of problems with a new implementation.
Information	The data that is made available by the **Information Provider.**
Information Provider	Any organization that creates and/or disseminates **Information** that can be redistributed. Examples include, but are not limited to, exchanges, news wires, analysis services and credit rating agencies.
Market Data	**Information** needed to assess the condition of the market including (but not limited to) pricing, statistics, volume and other additional information related to an instrument.
Scheduled Interruptions	A planned change to normal service, this covers changes to normal operating schedules and procedures.
Subscriber	An entity that receives **Information** from an **Information Provider**, either directly or via a **Vendor**, for the purposes of using it internally. Distribution of the **Information** within the **Subscriber** may be controlled by the **Subscriber** or a **Vendor**.
Subscriber Agreement	An agreement between **Vendor** or a member of its Group and a **Subscriber** for receipt of the Data.
Unplanned Interruptions	Any interruption to or degradation of a supplier's service that would cause the loss of messages; stoppage or delay of updates; corruption of message formats or errors in content during normal operations.