

Dear All,

As you are aware, an issue has been lingering on for quite some time now, whereby FMAP is unable to provide real-time information (KIBOR, KONIA, PKRV, etc.) to more than one service provider. Currently, this information is directly provided by banks and brokerage houses to Reuters which compiles this data and disseminates it to the market. Other service providers like Bloomberg and Interactive Data Services have approached us for this data; but unfortunately a mechanism is not in place for them to access this data in real-time, creating multiple problems. For example, in the case of Bloomberg, KONIA is not accessed on time, resulting in pricing problems with the PKR OIS calculator. Moreover, Banks do not want to provide this information twice, as it not only is cumbersome, but also could possibly distort data.

To address this issue, the Financial Markets Association of Pakistan in its meeting held on 22nd July, 2011 has decided on a mechanism whereby all data service providers can get data in real-time for their clientele. The proposals of three vendors, namely Reuters, Bloomberg, and NIFT were put forth before the committee. We have decided to go ahead with the NIFT proposal, whereby, as a first step, KIBOR/ KONIA contributing banks and PKRV contributing brokerage houses will be provided a software on a trial basis for two weeks by NIFT. The contributors need to input the relevant data (i.e. KIBOR, KONIA, or PKRV) in the system, which will be compiling and relaying this information to all the data service providers. Banks and PKRV contributing brokers WILL NOT be charged anything from this vendor. The vendor will charge Reuters, Bloomberg, and any other service provider for this data dissemination on behalf of FMAP.

After two weeks, the contributors will only be contributing to this software, and not Reuters, which is the current practice. FMAP will be the ultimate owner of this data.

Following are the summaries of the proposals forwarded by three different vendors:

- 1) Bloomberg: Bloomberg was the first vendor to respond to our query; in fact the process was initiated on their request. BB proposed that it can act as a calculating agent and transmit the data via email to other vendor for free of cost. The issue with this approach was that it was not acceptable to Reuters, as the transfer of data via email does not mean real time transfer and could have resulted in delays. In fact, after we shared BB proposal, Reuters also agreed on sharing the data via email. The other issue was that Bloomberg is not present in all the contributing banks on KIBOR panel. At FMAP, we are striving to stay Vendor neutral to ensure transparency, hence it was not too feasible.
- 2) NIFT: Shared a solution with us as neutral partner. Where NIFT could act as a Collecting agent for FMAP and then share the data on real-time basis with both Bloomberg and Reuters. The features attached with their proposal were:- Data Vendor Neutral, Local Solution (both BB and Reuters have limited local data support at best), Reliable, as we all already share lot of data with NIFT at Bank Level, and they showed potential of sharing some revenue stream from data for FMAP. NIFT plan to charge the vendors on behalf of FMAP for the data. We have already bounced the idea with both Bloomberg and Reuters and both have shown inclination to pay for such service, without charging it back to FMAP members. FMAP contract with both vendors will be clear and binding on this for both vendors. NIFT proposal will also allow the sharing of the data with other interested vendors easily, like Interactive data, Mubashir etc.

3) Reuters: Although we did not receive a formal proposal from Reuters but based on the last email we received from them. Reuters and Bloomberg do seem to have a global contract of sharing the data on real-time basis. However the cost of sharing the data with Bloomberg is priced at USD 2,550 per month. Which is 4 times higher than what NIFT is planning to charge each vendor. However this fee transfer is between Reuters and Bloomberg and FMAP will have not receive any portion of that fee. It was also not clear if Reuters will be able to share the data in similar manner with other vendors over time.

With this decision, we hope that the issue of real-time dissemination of information to data service providers will be put to rest.

Regards,

Abdullah Ahmed
General Secretary

Shah Azim Azmi
President