



Entity Data Management

Getting the Foundation Right with a Robust Cross-Reference Solution

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The Growing Need for Transparency

Global financial markets have been buffeted by an ongoing stream of turbulent events over the past several years. Given the interconnectedness that exists between companies, industries and economies, this new and, perhaps, permanent climate of uncertainty raises concern about the ability to truly understand potential risk and business exposure. Shareholders, corporate treasurers, risk managers, senior management and regulators at times have had limited information on counterparties, corporate hierarchies and ultimate obligors.

One benefit to emerge from the global economic crisis is a new emphasis on Legal Entity Identifiers (LEIs)—universal codes used to identify a business and/or a party involved in a financial transaction—to improve regulation, the management of risk and ongoing business processes. This long-discussed notion is now firmly embedded in the U.S. in the Dodd-Frank Act and the formation of the Office of Financial Research [OFR] and, internationally, in the efforts of European regulatory agencies.

We are currently working with the available Commodity Futures Trading Commission [CFTC] interim compliant identifier [CICI] files to create a solution for these pre-LEI provisional identifiers that will help our clients link entities to their existing security master files. While we view LEIs as an important and necessary addition to the task of information management, S&P Capital IQ continues to focus on developing overall cross-reference systems that provide linkages between entities, companies, securities and trading items to help firms fully understand their in-bound and out-bound business. In this Brief, we describe our history and experience with cross-referencing capabilities, the vision for our expanded offering and how we are handling the introduction of LEIs to our platform.

A History of Investment in Cross-Reference Capabilities

Early initiatives with identifiers, hierarchies and obligors

Now incorporating LEIs

Building on our existing capabilities and extensive cross-reference system



Introducing a New Approach to Streamline the Linking Process

Enables automation

Increases speed to market

Ensures consistency



Our Innovation Route

S&P Capital IQ has been at the forefront of the development of linking capabilities having provided security cross reference, rating agency identifier cross reference, ownership hierarchies and obligor mappings for many years. A number of our services pioneered industry efforts in this area, producing a common language to facilitate information flow among market participants and support assessments of risk. Our early research resulted in capabilities that could automatically link the main sources of security identifiers to D&B® D-U-N-S® Numbers, showing the complete ownership path from issuer through to domestic and global parent companies for millions of instruments and business entities. We also engineered products that linked securities to the entities responsible for paying/guaranteeing debt. We are now in the process of leveraging this experience to launch a suite of services that will provide additional value to our clients at a time when linkages are deemed even more critical.

Maximizing Efficiencies and Data Quality

We are currently working to bring together content from across the S&P Capital IQ business and financial information franchise to expand our set of capabilities to connect entities, companies, securities and trading items. This effort will cover issuers and non-issuers, public and private companies as well as sectors. Towards this end, we are using the S&P Capital IQ Entity ID as our primary key, and will cross reference company identifiers from a range of sources—both standardized and proprietary—to this and to the LEI. Our approach will enable us to rapidly incorporate new LEIs as they are introduced while also ensuring reliability and consistency.

For most of the market, maintaining entity linkages represents a tremendous undertaking, a task further complicated by the need for new identifier fields to be iteratively mapped and successive changes properly handled in a multi-link fashion [see Figure 1]. This task requires an extremely labor-intensive set-up and detailed Q&A process, with potential errors sometimes dictating a complete system rebuild. Our approach allows for single-thread maintenance with automated cross-links to handle the addition of new schemas and ongoing changes in a highly-efficient manner [see Figure 2]. Well-defined data intake rules, daily data reviews and ongoing metric reports ensure strict data quality governance and controls.

A New Paradigm—Simplifying the Linking Process

Figure 1: Many-to-Many

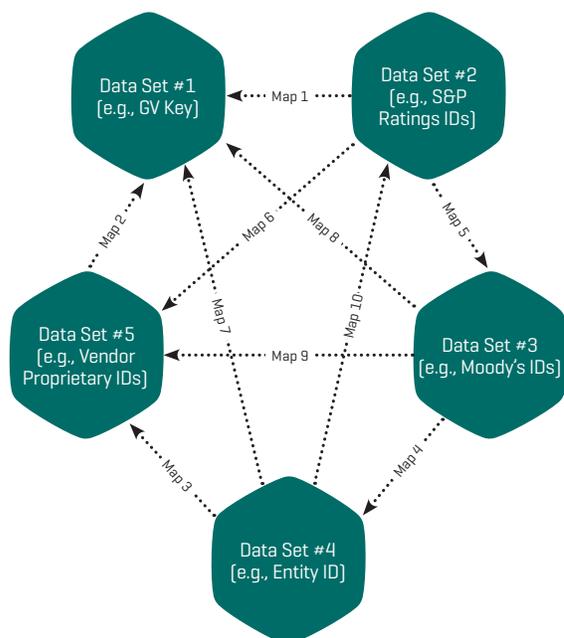
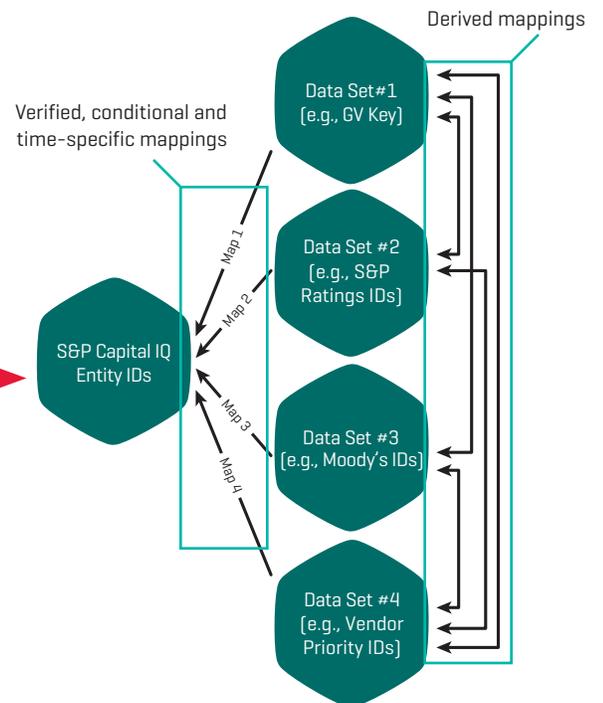


Figure 2: Many-to-One



**FOR MORE INFORMATION
ON OUR CROSS-REFERENCE
SYSTEM AND LEI INITIATIVE,
PLEASE CALL OR E-MAIL:**

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