Highlights from the September Meeting

The RIXML organization held its fourth and final quarterly members’ meeting of 2016 at the IHS Markit offices in New York. We are grateful to IHS Markit for hosting and for their continued participation in our efforts.

We began by welcoming Jim Ulrich as our incoming Executive Director. Jim provides leadership to RIXML as the organization evolves and responds to the impact of new regulation and technology on the research marketplace. Jim oversees the RIXML Program Office, which manages all of our operational functions. He’s been a long-standing and active member of the RIXML organization and most recently managed the Finance Administration & Treasury function for us. He’s enthusiastic about taking on this new role, and commented, “Being involved with RIXML for over 10 years, I have seen the dedication of the volunteers from the industry to improve the distribution of research. I look forward to building upon the foundation Jack developed over the last 9 years.”

During the meeting, Jim presented his Treasurer’s Report, Deirdre Goldenbogen presented her Marketing Update, and Sal Restivo presented his Standards Committee Update. The group discussed progress and challenges in our work streams for both Link-Back Landscape and Componentization. Then we had a broader conversation about expectations for the fourth quarter and priorities for the new year. Lastly, the meeting featured an interesting Q&A session on Buy-Side Perspectives led by Steve & Paul.

Featured Presentations

Steve Moreno
Research Relationship Manager, Capital Group

Paul Booth
Americas Director of Research, BlackRock

Buy-Side Perspectives
Question & Answer Session
Activity Summary

See the table below for a summary of RIXML activity that has taken place during the last quarter. More details are offered in subsequent sections of this document.

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Emerging Technology

The group held four calls since the last Quarterly Meeting. Each call covered progress and plans for both Link-Back Landscape and Componentization, as well as other topics outlined below.

The October call focused on how the RIXML organization can help the research community adapt to the need for standardization related to buy-side and sell-side interactions. We’ve formed a new Interactions work stream and will make it a top priority in our 2017 plan.

The November call focused on Artificial Intelligence as a new topic of interest. We discussed a posting to the Integrity Research blog that examined the impact of artificial intelligence technology on the investment management community and on the investment research marketplace. The author discussed three ways in which AI is expected to change the landscape:

1. Investors will be forced to place more value on the quality of a company’s AI assets
2. Investors themselves will rely far more on AI-based techniques to support their approach
3. Investors will compete head-to-head for AI talent with the technology sector

The December call focused on Blockchain Technology as a new topic of interest. Blockchain gained prominence in facilitating Bitcoin transactions. Now the technology is being applied to a wide range of transactional services to open markets and to add liquidity.

The January call previewed the January Quarterly meeting and updated in flight efforts. The emerging technology discussion focused on Alternative Data as a new topic of interest.
Alpha is fueling interest in data sources and methods that may provide an edge. The discussion covered underlying drivers, enabling technologies, and impact to the Investment Research marketplace.

Please find references to the articles discussed during these calls in the catalog below:

Blog post that examined the impact of AI technology on the investment management community and on the research marketplace.


Artificial Intelligence – What It Means For Investors & Investment Research: Part 1 • Integrity Research

The following is a guest article from Cyrus Mewawalla, Founder of CM Research, which is the first installment of a two-part examination of the impact of artificial intelligence technology on the investment management community— and investment research. AI is the path to maximum profitability Artic...

Blockchain Technology gained prominence in facilitating Bitcoin transactions. Now the technology is being applied to a wide range of transactional services to open markets and to add liquidity. This is a useful introduction.


Will Blockchain Become The Internet Of Finance?

For anyone who’s been following innovation in the financial technology space, the word blockchain has become buzzword du jour in the span of about 12 months. Conference sessions, news stories, regulatory testimony—they are all consumed with the underlying...

FORBES.COM | BY JOE HARPZ

Discusses practical applications of Blockchain.


Blockchain Shows Promise in Financial Services
deloitte.wsj.com Financial services institutions are fertile ground for blockchain technology, the distributed public ledger protocol that can verify transactions and establish trust between parties, removing the need for intermediaries in a transaction. Here,...


Investor desire to generate Alpha is fueling interest in data sources and methods that provide an edge.


A new species is prowling America’s most obscure industry conferences: the data hunter. The opportunity under chase is that in all this huge data there are little nuggets of alpha gold.

Interactions

One result of our Q&A session at the last quarterly meeting was the identification of an opportunity for RIXML to help the industry prepare for the coming MiFID II unbundling requirements.

We will create a standard for describing sell-side/buy-side interactions. We aim to cover all services rendered and services received, consumed, and valued – e.g. research content, meetings with experts, one-on-one meetings, conference calls, phone calls, emails, corporate access, conferences, non-deal roadshows, field trips, and more.

Our November kick-off workshop was very well-attended, reflecting a great deal of interest in the topic. The workshop covered some key questions and discussion items:

- Is there interest in pursuing an interactions schema?
- Does cross-platform permissioning need to be addressed?
- Who else should be involved in the discussions?
- Do we need a formal process for requesting data?
- Should the schema include a protocol for adjustments?
- Should there be a standard format for transmitting data?
- Creation of a minimum vendor lead-time prior to requesting changes?
- Can any current RIXML schema objects be re-used here?

Volunteers emerged to help gather requirements and assemble the right data structures. We had some group calls and one-on-one calls with vendors, buy-side, and sell-side firms to create a draft schema model for discussion at the January quarterly meeting.

Componentization

After a period of inactivity earlier in the year, we’re attempting to re-engage this work stream and move forward on the overall plan.

We’ve had two calls in which we reviewed current state and considered options for applying additional resources to the tasks on the plan.

Dave White from Quark continues his interest in the standardization effort and has been instrumental in providing salient guidance.

We recently reviewed sourcing options for our document corpus with Susan Walton from Frost Consulting. Her advice has also been a big help, leading us to a set of a few thousand example reports from Gold Council and Edison Research.

As we head into the new year, we’re keeping Componentization on the agenda with renewed focus.
Link-Back Landscape

We have no activity to report since Sara Noble presented the results of a broker survey she conducted in the Spring.

Her survey queried brokers about their current status and plans for Link-Back related areas, such as:

- Research Link Authentication
- Device Registration
- Cookie Authentication
- Entitlement Types
- Vendor Link-Backs
- Vendor Link-Back PDF
- Offline Workflows

The survey attempted to help us all understand the process of transitioning to digital content relative to our industry peers. It identified focus areas to prioritize development of best practices and standards around the rollout and adoption of digital content.

2017 Objectives

We’re carrying forward our organizational objectives into the new year, with two significant additions. We’re planning to develop and release v2.5 of the RIXML Schema. And we’re launching our Interactions work stream. Componentization and Link-Back Landscape are two areas that were impacted by leadership transitions. We plan to re-energize them and gain traction as we look forward to the coming weeks.

**RIXML Schema Update**

The v2.5 release will cover change requests we’ve received from both members and non-members since our v2.4 release in February 2013. We will also address social media messaging, spot tags, updates to our “side-car” schemas, author identity management, and other items in the queue.

**Interactions**

With MiFID II unbundling requirements on the horizon, RIXML has an opportunity to create a standard for describing sell-side/buy-side interactions. We aim to cover all services rendered and services received, consumed, and valued – e.g. research content, meetings with experts, one-on-one meetings, conference calls, phone calls, emails, corporate access, conferences, non-deal roadshows, field trips, and more.

**Componentization**

Finalize and productize our documentation detailing the guidelines for componentization agreed by our working group. Complete a pilot program to illustrate and exercise our ideas.

**Link-Back Landscape**

With many research publishers broadening their platforms to embrace various forms of digital content delivery, issues around Identity & Access Management (IAM) and workflow support arise between publishers, consumers, and aggregators. RIXML will continue our conversations about how to add value in this space.
Other Event Notes

MiFID II and Unbundling…
The Changing Client Servicing Equation

October 6, 2016
Baruch College, New York City

The advent of “unbundling” commissions and MiFID II compliance in Europe will change the client service model (from broker-dealers to asset managers) forever. Full service brokers as well as asset managers will have to evolve to remain competitive and viable. Research and related services from broker-dealers to asset managers have to be “priced” explicitly. Additionally, asset managers have to be more accountable to their asset owners when it comes to paying brokers for their services. Consequently, the use of data and related analytics as part of the client service value chain is likely to grow in its importance. Intelligent technology solutions to manage the evolving client relationships will be integral to long-run commercial sustainability for broker-dealers, while helping with the accountability requests of the buy-side.

http://www.analec.com/MiFID_II_and_Unbundling_The_Changing_Client_Servicing_Equation

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