



*London*  
**STOCK EXCHANGE**

# **Market Level SEDOL Allocation Response and Next Steps**

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## 1. Purpose

The purpose of this paper is to provide a summary of the results from the SEDOL Market Level Consultation paper published in February 2008, and proposals for next steps.

## 2. Background

The consultation paper published in February outlined a proposal to increase the granularity of SEDOL codes by allocation in three new ways:

1. The allocation of SEDOL codes against securities traded on multi-lateral trading facilities (MTFs) such as Chi-X and Virt-X. Currently the MTF Market Identifier Code (MIC) is generally allocated against the existing SEDOL of the security's home country.
2. SEDOL allocation for multiple currencies trading on the same platform. Currently the SEDOL code is shared between different currencies on the same platform.
3. Allocation of a market level SEDOL code to identify a security on each of the trading venues within the same country. Currently the SEDOL is allocated against one security per country, with the respective markets within that country identified by their MICs.

The [SEDOL Market Level Consultation](#) paper is available from the Market Level SEDOL Allocation section of our website via the following link:

[www.londonstockexchange.com/sedol](http://www.londonstockexchange.com/sedol)

## 3. Feedback Summary

In response to our proposal, 70% of respondents agreed it would improve reference data management. In particular, a single identifier to distinguish securities, rather than multiple reference data fields, would facilitate unique instrument identification which in turn would help instrument loading, reconciliations and ultimately, settlement. Even the identification of arbitrage opportunities was cited as an additional benefit.

Whilst the majority of the feedback was positive towards the proposal from a long term perspective, in the short term, many responses voiced concern that the implementation could have far-reaching consequences on their systems, and as such would require a longer notice period. Many customers benefit from country level SEDOL codes to enable Straight Through Processing (STP) from Front to Back Office, where it links diverse systems through the trade lifecycle, including the identification of the place of settlement. Despite our proposal to retain the country level SEDOLs and provide market level mapping tables, many customers indicated that these changes would require more time to analyse the impact on legacy systems and internal processes.

In addition, some firms raised concerns regarding the potential increase in costs as a result of receiving a more granular (market level) end of day price feeds from data vendors.

#### **4. Conclusions and Next Steps**

From the feedback received, despite the potential benefits, we can conclude that the implementation of market level SEDOL codes would not be practical in the short term. Therefore, we will not proceed with our proposal to begin allocation in September this year.

However, among the respondents who were enthusiastic there is a desire to keep market level SEDOL codes on the agenda. In addition, feedback indicated a requirement for more two-way dialogue between our reference data team and customers, and more clarity on both our existing policies and future strategies. To this end, we propose hosting a regular Reference Data workshop for all interested parties to discuss the issues raised through this consultation, and other potential future developments.

If you would like to part in this initiative, please email [Giles Arbuthnott](mailto:garbuthnott@londonstockexchange.com) (garbuthnott@londonstockexchange.com) with your contact details and any additional topics you would like included in the agenda.