

London Stock Exchange Market Data

SCHEDULE E – MARKET DATA AUDIT

Annex to the General Terms and Conditions of the London Stock Exchange Market Data Agreement

Version 6.0

01 January 2023



Schedule E – Market Data Audit

1. INTRODUCTION

- 1.1. The purpose of this document is to provide guidance on how a market data audit will be conducted. Audits are used to verify compliance with contractual obligations and policies. In particular, the audit examines whether the correct remuneration has been paid to the Group, aims to identify potential sources of errors and recommend solutions to reduce any future errors occurring. This involves the verification and assessment of the controls surrounding the release of Data at client sites.
- 1.2. All information provided by the Customer or End Customer will be considered Confidential Information, unless otherwise in the public domain at the time of the audit.

2. AUDIT RIGHTS

- 2.1. The Customer shall allow each Exchange and its agents at all reasonable times, on reasonable notice:
 - 2.1.1. to have access to, and to inspect:
 - 2.1.1.1. its operational controls
 - 2.1.1.2. its accounts, records; and
 - 2.1.1.3. other documents relating to the Service (in both hard copy and machine-readable form)
 - 2.1.2. to take copies or extracts and on demand to supply copies to the relevant Exchange.
- 2.2. Rights of inspection shall include reasonable access to the Customer's Premises during business hours.
- 2.3. Where the Customer is a Redistributor, it shall ensure that at least equivalent rights are in force with its End Customers to maintain similar records and maintain the relevant Exchange's rights to access and inspect the End Customer's records.
- 2.4. A Redistributor shall provide on request, access free of charge, at the relevant Exchange's premises to the Redistributor's service on a reasonable number of Devices for monitoring purposes. Such access should be available for the duration of this Agreement.

3. AUDIT SCOPE

- 3.1. Each Exchange retains the right to audit Customers, End Customers, Direct Reporting Customers, Redistributors, Service Facilitators and third-party recipients of the Data.
- 3.2. The scope of a market data audit covers all Exchange Data received by a customer including that received directly from the relevant Exchange and Data received from Redistributors.
- 3.3. The scope of an audit includes clients, both Professional Users and Private Investors, to which the audited party redistributes Data.
- 3.4. An audit will examine, by way of demonstrations, all systems and applications that consume Exchange Data in addition to the processes and systems that control the release of this Data.
- 3.5. The minimum audit period is five (5) years unless the Customer has been audited in the last 5 years, in which case the audit period will be from the end of the period investigated in the previous audit. Customers are required to maintain the Data usage records at least for the last five (5) years and must be made available for audit purposes in a manageable format.

4. AUDIT PLANNING

- 4.1. Customers will be contacted by phone or email and notified of the intention to audit. An official notification will then be issued with a minimum of thirty (30) days' notice by email stating the agreed audit date and outlining the scope of the audit. Less than thirty days' notice may be provided (i) where the relevant Exchange reasonably suspects non-compliance and/or (ii) where otherwise prior agreed between the parties.
- 4.2. Both the auditor and the audited party should co-operate in planning the audit (e.g., by exchange of correspondence and/or meetings) to ensure that:
 - 4.2.1. the period, timing, product(s), scope and location(s) subject to audit are identified;
 - 4.2.2. all records necessary for the audit are identified and made available for inspection, including:
 - 4.2.2.1. Enablement reports from permissioning systems for the entire audit period;
 - 4.2.2.2. All datafeed access declarations submitted to vendors during the audit period;

- 4.2.2.3. A list of all users considered to be non-chargeable and details of their role;
- 4.2.2.4. Copies of Private Investor declarations (where applicable); and
- 4.2.2.5. A technical overview of the market data infrastructure.
- 4.2.3. adequate resources and time are allowed for the audit;
- 4.2.4. the auditor has sufficient access to relevant staff and any necessary information;
- 4.2.5. audit enquiries and pre-audit information requests are promptly addressed by both parties; and
- 4.2.6. procedures for closing the audit are communicated.

5. ONSITE AUDIT

- 5.1. As part of an audit, the auditor will conduct site visits to the Customer's premises:
 - 5.1.1. examine all applications that consume Exchange Data;
 - 5.1.2. examine any permissioning systems used;
 - 5.1.3. discuss any discrepancies discovered during the audit preparation work.
- 5.2. The auditor will where possible, resolve all audit queries whilst onsite.
- 5.3. Both the auditor and the audited party should cooperate to resolve outstanding queries or resulting follow up items as soon as possible after the completion of the site work.

6. EXIT MEETING

- 6.1. Once the site work has been completed the following points need to be discussed and agreed:
 - 6.1.1. preliminary findings and current issues outstanding;
 - 6.1.2. a preliminary view of audit recommendations;
 - 6.1.3. establish an approach and timeframe for resolving outstanding issues;
 - 6.1.4. propose a timeframe in which audit results are communicated.
- 6.2. Within one week of the site visit the auditor will provide the audited party with a list of outstanding issues.
- 6.3. The auditor will set a deadline for the settlement of any outstanding issue. In case of failure to comply with this deadline without valid reason(s), the audit findings report will be prepared based on the information and documents available at the time of the deadline.

7. AUDIT FINDINGS

- 7.1. The auditor will present the audit findings along with:
 - 7.1.1. supporting documentation; and
 - 7.1.2. preliminary estimation of the audit findings.
- 7.2. If the audited party fails to cooperate or does not provide adequate documentation, the auditor may:
 - 7.2.1. request additional information;
 - 7.2.2. request additional validation tests;
 - 7.2.3. request additional client site visits; and/or
 - 7.2.4. following reasonable attempts at measures detailed in 7.2.1 to 7.2.3, impose further sanctions pursuant to clause 8 of this Audit Schedule.
- 7.3. The auditor and the audited party should work together in good faith to resolve any differences in opinion arising from the audit.

8. AUDIT RESULTS AND REPORTS

- 8.1. Assuming all issues outstanding at the exit meeting are resolved in a timely fashion, the auditor will aim to issue a draft audit report within three (3) months of the exit meeting. This report will document the following:
 - 8.1.1. audit findings, deliverables, and recommendations;
 - 8.1.2. any deviations from the terms of this Agreement; and
 - 8.1.3. responses or summary responses from the audited party.
- 8.2. The audited party will be asked to give feedback on the draft audit report within two weeks of the date of issue. Should the audited party not provide feedback within the agreed deadline, the results of the audit as set down in the draft audit report will be considered as undisputed facts.
- 8.3. A final audit report will be issued and should be signed by both parties to signify agreement with the facts of the audit as set out in the report. The audited party agrees to pay the full amount identified in the audit report, including any interest applied in accordance with clause 6.3 of the Terms.

- 8.4. Should an audit determine that the Charges paid by the Customer over the period being investigated were more than five percent (5%) inaccurate, the reasonable cost of that investigation shall be paid by the Customer.
- 8.5. In any case where the relevant Exchange's investigation discloses that any of the Reports were inaccurate by understatement, the Customer shall pay an amount equal to the difference between the amount which should have been previously paid to the relevant Exchange if such Report had been accurate and the amount actually paid to the relevant Exchange plus interest at a like rate and in a like manner to that specified in the Terms. Interest shall run from the date 30 days after the day on which each relevant Report was due.
- 8.6. In case the relevant Exchange's investigation discloses that any of the Reports were inaccurate by way of over-reporting, the relevant Exchange shall issue a credit note to the Customer. In accordance with the audit findings report, the relevant Exchange may govern its credit/debt relations directly with the audited Customer. The amount of any such credit note issued to the Customer pursuant to this clause 8.6 shall not exceed 6 months of overpaid Charges.