INTERACTIVE DATA PREPPING FOR INTRADAY PRICING

Interactive Data in a release issued after the July 23 SEC vote to further amend Rule 2a-7, attempted to ease concerns of prime money-market fund managers. “Interactive Data is well-positioned to leverage recent and ongoing investment in its technical infrastructure and related systems to provide institutional prime money market funds with high-quality evaluated pricing data at multiple times during the trading day, which would help prime institutional money funds preserve the benefit of same-day settlement.”

“We are in the business of providing evaluated prices that can be used as an input to calculate a fund’s net asset value (NAV),” said Liz Abela, vice president of evaluated services at Interactive Data, told *Money Market Insight.*

She further commented about another aspect of the SEC reforms, a requirement that shares be priced out to four decimal points. “Because our evaluation services already have the capability of going out six decimal points, we are confident in our ability to provide our customers with the technology they need to meet this requirement.” Abela also noted that Interactive Data has made notable progress in implementing the technology that would be needed should funds decide to implement an intraday NAV. Many money-market fund clients have been requesting daily evaluations, said Abela who believes this trend to “shadow” the share price has been in anticipation of money-market fund reform.

**Educating Fund Boards**

Abela continued, “We provide evaluations of the underlying securities that make up a money market fund, which typically consist of certificates of deposit, commercial paper, and repurchase agreements. We also provide evaluations for other instruments likely to be found in a money market fund, such as; U.S. Treasury securities, Corporate and Bank notes, U.S. Government agency issues, banker’s acceptances, and municipal securities.”

Money-market fund boards are also on the receiving end of heightened demands in the wake of the SEC reform vote. According to Abela ‘The SEC has made it clear that it is the boards’ responsibility to understand the process, the controls and methodologies being used when valuing the instruments in their funds. Our clients’ boards have been requesting us to come in and present at their meetings so that they have more of an understanding of the various methodologies and overall valuation process. There has been a steady increase in the number of requests in the last few years as boards understand that they need to be more engaged and so in turn they’ve engaged us as well.”

**Early in the Process**

Market participants, of course, are still sorting out what the revised rules mean, Abela observed. “It is quite a beefy release at almost 900 pages. We know that many clients are still going through the details and we are going through it as well. In addition to engaging different working groups we want to hear from our clients on what they would like us to do so we may be responsive to their needs.”

Abela told MMI that Interactive Data has been in business for over 40 years and provides fixed income evaluations to the world’s largest asset-management companies. In one way or another, providing evaluations related to fixed income instruments has always played an important role in the firm’s history, she stated.

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