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Big Hitters Pull Together to Establish SPReD Reference Data Utility

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Three investment banks – JP Morgan, Morgan Stanley and Goldman Sachs – have, together with technology partner SmartStream, established a new reference data utility, likely to find favor with capital markets firms struggling to keep a lid on their spiraling reference data resources and costs.

The utility, based on SmartStream's Reference Data Utility, created by the New York-based reconciliations specialist approximately five years ago, is informally known as the Securities Product Reference Data (SPReD) platform, designed to provide services for reference data normalization and validation across all asset classes.

The founding banks – JP Morgan, Morgan Stanley and Goldman Sachs – will become clients of the utility, and, as Philippe Chambadal, CEO of SmartStream, explains in [this recent interview with Waters](#), a number of additional sell-side firms are likely to join the utility in the coming months.

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"The SPReD utility is about taking on the internal data management functions that exist within a bank or a buy-side firm," says Chambadal. "Data management is about cross referencing, scrubbing and enriching data, and managing new issues and corporate actions. Banks have come to the conclusion that doing this on their own, times 50,000 firms, was highly inefficient and that it was better to move that function to a shared-service model."

According to SmartStream, the service will provide clients with a multi-tenanted, auditable environment for data collection, cleansing, and change management, based on customized integration standards to generate a flexible, bespoke security master database.

SmartStream's Platform

SPReD will utilize SmartStream's data management service, which Chambadal explains was established approximately five years ago. According to the new York-based vendor, it is currently the only platform on the market to offer multi-tenant architecture, full auditing capabilities, complete market coverage, timeliness of delivery, and a customer-defined sourcing proposition.

Buy-side firms will also accrue benefits from using SPReD and the utility's presence in the market, as SPReD operates on a "lead the sun" basis, says a source at one of the banks backing the utility. This means that SPReD will have data scrubbed and ready for market openings as they come throughout the day, usually starting in Australia, then going through Asia, Europe and the Middle East, and lastly, the Americas.

"Lead the sun is a requirement of large sell-side banks that will effectively provide a benefit to the entire industry," the source explains. "By having three large banks as integral partners, if you satisfy their requirements, then clearly you will be able to satisfy the requirements of any other industry participant."

Data vendors themselves can also expect to benefit from SPReD, according to the source. It will provide them with a feedback loop on the data that will "catch" issues before users or the markets encounter incorrect data. In addition, cost savings expected from SPReD will make it possible for users to bring in, or feed in, additional data services, the source says.