FIXED INCOME REFERENCE DATA: THE NEED FOR QUALITY DATA AND COMPREHENSIVE COVERAGE

Reference data and the fixed income challenge

As the data revolution continues, financial institutions (FIs) are increasingly realizing that they have a fundamental need to access accurate, reliable and complete data.

Accurate data informs optimal decision making, but is also crucial for regulatory compliance. Against the backdrop of an evolving and dynamic regulatory environment, the complexity of changes to compliance obligations should not be underestimated, and taking a proactive approach to managing such change starts with ensuring access to trusted and reliable data.

In short, data has become the FI's lifeblood of success, and reference data – which refers to both static and dynamic data used to help classify and describe the individual characteristics of specific financial instruments – is no exception.

Under the broad umbrella of reference data, accessing complete fixed income reference data presents many firms with specific complexities. Fixed income is a highly complex and challenging asset class, comprising myriad categories and subcategories. Accessing sufficient reference data across such a vast and complex asset class is consequently a challenge for many firms.

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REFINITIV®

Unsurpassed coverage

Refinitiv delivers unsurpassed depth and breadth of reference data coverage across a wide range of asset classes, including fixed income. Our coverage is global, spanning more than 130 markets, and we are able to meet the diverse range of customer fixed income data needs.

Within the fixed income asset class, we offer comprehensive coverage for several subcategories, including:

- Government and corporate bonds
- Convertible bonds
- MBS and securitized products
- US municipal bonds
- Bank loans
- Structured notes

Refinitiv is well placed to meet data needs holistically, and for this reason, some of the world's largest FIs place their trust in our data:

- We deliver trusted T&C data for over 3.5 million live (active and tradeable) instruments and over 11 million inactive fixed income instruments, catering to both desktop and enterprise data requirements.
- We are a trusted provider of both primary market data and corporate actions notifications, and also deliver cross-reference identifiers, credit ratings and derived value-added content.
- Our coverage of convertible bonds is unsurpassed, incorporating global data spanning more than 20 years. The complexity of the terms of these instruments is fully quantified and represented, which in turn allows users to power sophisticated valuation tools. Moreover, the terms of the convertible asset class are uniquely dynamic, with approximately 3% of the global universe changing daily. This means that rigorous maintenance of conversion ratios and volume outstanding is essential. Refinitiv's data set has a reputation for excellence in this regard.

We also regularly expand the scope of our data model to better represent the complex and evolving nature of debt instruments.

Quality and expertise

In order to ensure quality, Refinitiv data is subject to an extensive range of controls. We collate data from a range of trusted sources, including exchanges, issuers and underwriters. This data is thoroughly checked and rigorously maintained by our global teams of data analysts and experts who actively monitor data quality and continually improve processes. Many of these staff speak local languages and are closely connected to local markets.

Our data is available to users across a range of delivery platforms and benefits from our proprietary Refinitiv identifier system, PermID®. This means that our reference data is linked to entity, quote and market venue data to enable better navigation and enhanced data discoverability.

PermID provides comprehensive identification across a wide variety of entity types, including organizations, instruments, funds, issuers and people. And, unlike stock tickers and other such symbols, PermID never changes.

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Moreover, our in-house regulatory expertise is significant, meaning that we are able to offer invaluable insights and support when new regulations are released. We are also perfectly positioned to create and deliver any new reference data required by evolving regulations.

Tangible help

Refinitiv's fixed income reference data offers tangible help to FIs, many of which are navigating some complex industry-wide challenges.

Regulatory data

Since the launch of MiFID II regulation in January 2018, fixed income reference data has become increasingly instrumental for financial professionals as they strive to comply with ever-growing regulatory obligations.

Over the past three years, Refinitiv has built a range of fixed income regulatory data solutions to help the financial industry meet strict transparency and reporting requirements, and will continue to respond to changing market needs.

In order to best support our clients, Refinitiv ingests new data from external sources – such as ESMA and ANNA DSB – but also derives new content to support external taxonomies.

The LIBOR transition

LIBOR (the London Interbank Offered Rate) is expected to be phased out by the end of 2021, and will be replaced with alternative risk-free rates (RFRs). The transition to the new rates will require a substantial investment of time and effort, and it is of the utmost importance that firms develop a structured response, including ensuring access to the right data, in order to ensure a seamless transition phase.

Refinitiv has responded both promptly and proactively to meet evolving data needs over the LIBOR transition. For example, our bonds and loan data model has been enriched with new data attributes to offer much-needed support to clients managing the intricate process of migrating their portfolios of debt instruments to the incoming RFRs.

Looking ahead: 2021 and beyond

As the financial industry looks ahead to 2021, we remain committed to delivering the reference data and functionality firms need to succeed in a challenging marketplace.

- We understand that our clients work to strict deadlines and rely on timely data delivery in order to meet their many obligations – both regulatory and otherwise. Our proactive approach therefore sees us constantly optimizing our data offering. In 2021, we will specifically be responding to client needs for the more timely provision of data and are working to deliver new fixed income issues, while building a more robust and scalable solution that will improve the speed of our data provision.

"At Refinitiv, we are acutely aware that time is money and we are therefore taking a proactive approach to meeting our clients' collective need to access new bonds data in a more timely manner."

Jaroslaw Jarzecki, Fixed Income Content Management, Refinitiv

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- We are also working to improve our representation of sustainable fixed income bonds. Environmental, social and governance (ESG) investments continue to gain in the popularity stakes as investors increasingly appreciate the importance of factoring sustainability into their portfolios. The fixed income market has a vital part to play in the unfolding global shift in investor behavior. We are witnessing a host of changes – from the introduction of new types of bonds, to new industry guidelines and updated regulatory oversight – all of which lead to increased demand for relevant reference data. We are consequently working to deliver the data our customers expect in line with this global trend.

Given the fundamental importance of reference data in any institution, it is important for FIs to choose the right data partner. In particular, they should seek a global provider able to source and verify substantial data at scale, and one with a reputation of ensuring the accuracy, completeness and timely delivery of data at all times and across even the most complex asset classes.

With constant and secure access to trusted data, institutions can navigate regulatory change, make more informed decisions, and boost the efficiency of their day-to-day operations with greater ease and clarity.

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