

August 17, 2015  
Sent via Electronic Submission

Secretary  
Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549-1090

Re: File No. S7-11-15  
SEC Release 34-75165, "Request for Comment on Exchange-Traded Products"

To the Secretary:

Interactive Data Pricing and Reference Data LLC ("Interactive Data") appreciates the opportunity to provide comments on the Securities and Exchange Commission's Request for Comment concerning Exchange-Traded Products ("ETPs").

In general, Interactive Data supports regulatory initiatives aimed at increasing orderly and transparent operations across ETP markets. Our comments focus on the Intraday Indicative Value ("IIV") topic within the request for comment.

#### Background on Interactive Data Pricing and Reference Data

Interactive Data is a Registered Investment Adviser with the Securities and Exchange Commission ("Commission") under the Investment Advisers Act of 1940 and has been in the evaluations business for more than 40 years. We provide global security evaluations, reference data, risk analytics and other information designed to support financial institutions' and investment funds' pricing activities, research, and portfolio management. We offer evaluations for approximately 2.7 million fixed income securities (including security-based swaps and loan products), and our Fair Value Information Services for international equities, options, and futures, and valuations for complex structured products and over-the-counter derivatives. These offerings are supplemented by a comprehensive range of reference data for more than 10 million global financial instruments, including descriptive data, corporate actions, and terms and conditions for current and historical fixed income securities. Interactive Data ETF & Index Services include data, operational outsourcing, design support and distribution of index valuation data, as well as delivery of IIVs for ETPs. We estimate the ETF & Index Services supplies IIVs for approximately 80% of the fixed income ETP marketplace. It is in this capacity that Interactive Data offers its comments.

#### **A. Arbitrage and Market Pricing**

9. *As noted above, the IIV for an ETP is generally designed to provide investors information during the trading day on the value of the ETP's portfolio (or, in the case of an ETN, on the value of a reference asset or index). The IIV may be subject to various calculation methodologies. How does the calculation of IIV vary, if at all, among ETPs? Does the calculation methodology depend on the class or type of ETP, and if so, how? Does the calculation methodology depend on the nature of the underlying portfolio or reference assets, and if so, how? Are certain IIV calculation methodologies more or less useful for investors, market makers, or other market participants?*

Interactive Data Comments. The IIV, disseminated via various exchange feeds every 15 seconds in the current ETF markets, is crucial to maintain orderly markets. Specifically, the

arbitrage mechanism is facilitated by the availability of the IIV. Beyond the arbitrage mechanism, the IIV provides transparency for investors and other market participants.

IIV calculation methodologies can vary based on asset class. For instance, global equity components of an ETP can be priced using “fair value” adjustments based on various proxy factors during such times that an ETP is open for trading but the local markets of the component securities that make up the ETP are closed.

IIV calculation methodologies for hard to price assets can be produced using various liquid proxies such as futures contracts or swap and treasury curves that may approximate market movement. We work with clients launching new ETPs to determine the best calculation methodology based on asset class.

Transparency in the fixed income ETP markets is increasing with the availability of intraday evaluated pricing. Continuous fixed income pricing combines both system and human analyses to generate a continuous stream of fixed income evaluations that processes and incorporates market data throughout the day.

Up to now, participants in the fixed income ETF market lack consistent access to intraday bond valuation data that reflects current credit and market conditions. Continuous Evaluated Pricing from Interactive Data reflects available market information for fixed income portfolio constituents throughout the day when measuring a fund’s discount/premium versus its share price.

And for fund sponsors who need to monitor the quality of the markets being made, Continuous Evaluated Pricing provides a transparent view into the value of the underlying securities held by a fund, with the added benefit of including intraday shifts in the market’s perception of changes in credit quality for the issuers and market sectors held by the fund.

With intraday pricing comes improvements to IIV calculation methodologies, especially those with a credit component. The IIV, if based on intraday pricing, will be a more dynamic reflection of market conditions. Interactive Data believes an intraday pricing-driven IIV would benefit market participants as well as the Commission Staff.

We look forward to working with the Commission and the Exchange Traded Products community as this market continues to evolve.

Sincerely,



Andrew Hausman  
President, Interactive Data Pricing and Reference Data  
Interactive Data Corporation