

## SBAI Publishes Standardised Trial Data License Agreement

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The Standards Board for Alternative Investments (SBAI) has published the [Standardised Trial Data License Agreement](#), which addresses issues investment managers face when trialling new data sources, especially “alternative data” and “big data”. The SBAI is the global standard-setting body for the alternative investment industry and custodian of the Alternative Investment Standards, supported by approximately 200 alternative investment managers and institutional investors who collectively manage \$3.5 trillion.

Currently, trialling new data is significantly slowed due to the negotiating process of a trial data license agreement, as there is no generally accepted agreement available in the industry. Some data vendors offer trial data license agreements, but they lack key protections for managers and do not adequately address relevant issues.

Alternative investment managers always have sought to access a wide array of data sources to inform their investment research and decisions. In recent years, the topic of “big data”, combined with artificial intelligence and machine learning, has attracted significant attention, fuelled by explosive growth in available alternative data sources, such as business and financial transactions, social media, apps, web-scraping, geo-location data, satellites and sensors.

At the same time, scrutiny of data usage has increased significantly, in particular following high-profile data breaches and cases of commercialisation of such data (e.g., Facebook/Cambridge Analytica).

Thomas Deinet, Executive Director of the SBAI said: "This Trial Data Licence Agreement template highlights a number of very important issues, including personal data protection, which has become a hot topic in light of the overhaul of data protection regulation in many jurisdictions. It also includes key protections for managers in areas such as prevention of insider trading and ‘right to use data’. It is crucial that managers and data vendors fully understand all risks when selling and using new data."

Emmett Kilduff, CEO of Eagle Alpha, whose firm initiated the Standardised Trial Data Licence Agreement in collaboration with managers and data vendors, said: "Trialling data is an important step in the on-boarding process for new data. The Standardised Trial Data Licence Agreement Template provides managers with a blueprint to use in the negotiation with vendors and speeds up the trialling process."

The publication of the Standardised Trial Data License Agreement follows the series of SBAI big data and artificial intelligence roundtables in 2017-2018 with alternative investment managers and investors in New York, Hong Kong, San Francisco and London.

As part of its important role in facilitating the development of good market practices, the SBAI will continue the exploration of this evolving topic at upcoming roundtables to help managers, investors and other market participants understand the state of innovation and implications for markets and participants.

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## Notes to editors:

1. The SBAI (formerly known as Hedge Fund Standards Board (HFSB)) was formed in January 2008 as the standard-setting body for the alternative investment industry, bringing together managers and investors globally to help determine how the industry should operate. It is custodian of the Alternative Investment Standards, which create a framework of transparency, integrity and good governance for the industry, facilitate investor due diligence and complement public policy. Through the SBAI Toolbox, the Standards Board also provides practical guidance to investors and managers in areas such as fund governance, standardised transparency and risk reporting, cyber security and a standardised total expense ratio. The SBAI is supported by more than 125 alternative investment managers with approximately \$1 trillion in aggregate assets and by more than 65 institutional investors overseeing \$2 trillion in assets. The Standards and the full list of signatories and supporters are available at [www.sbai.org](http://www.sbai.org).
2. In July 2014, the SBAI became an affiliate member of the International Organization of Securities Commissions (“IOSCO”). In April 2017, Ashley Alder, CEO of the Securities and Futures Commission of Hong Kong and Chairman of IOSCO, said: “When the industry evolves its own robust conduct standards, particularly through an organisation like the HFSB, where funds and investors come together, laws and regulations we enforce are less likely to be breached. There is no reason why the Standards should only apply to hedge fund managers, and we would like to encourage the HFSB to explore widening its remit.” In May 2016, Gerard Fitzpatrick, Senior Executive Leader, Investment Managers and Superannuation at the Australian Securities Commission (ASIC) said: “I commend the HFSB for identifying the importance of adequate risk disclosure and its ongoing transparency initiatives, including the launch of the standardised Administrator Transparency Report last year and the Open Protocol risk reporting standard. These initiatives are not just relevant to hedge fund managers but to all alternative investment funds and beyond.”
3. The Trustees of the SBAI are:
  - Dame Amelia Fawcett, Chairman, Standards Board for Alternative Investments (SBAI)
  - Jane Buchan, CEO, Martlet Asset Management
  - Clint Carlson, President & CIO, Carlson Capital
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  - Stuart Fiertz, Co-Founder & President, Cheyne Capital
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4. The Founders of the SBAI are:

- Brummer and Partners
- Cheyne Capital
- CQS
- Man Group plc
- Marshall Wace
- Oz Management
- Winton Capital Management

5. The Core Supporters of the SBAI are:

- Aberdeen Asset Management
- Albourne Partners
- Arrowgrass Capital Partners LLP
- Carlson Capital
- Citadel
- Ionic Capital Management LLC
- Orchard Global Asset Management
- PAG
- Unigestion