

# TERMS OF REFERENCE



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1. PURPOSE	2. BACKGROUND	3. SCOPE
<p>This document sets out the Terms of Reference for a project to develop and deliver data integration (API) Standards for processes relating to the management of model portfolios made available on Investment Platforms by Discretionary Fund Managers (DFMs).</p> <p>This document sets out key project dimensions, as well as how Criterion will engage with stakeholders in these processes to ensure that the outputs meet industry needs.</p>	<p>Model Portfolio Services (MPS), distributed by more than 130 DFMs on more than 20 Investment Platforms, have become an increasingly popular way for Financial Advisers to deliver investment strategies for their Wealth clients. With this popularity, however, has come exponential increases in the cost and risk borne by DFMs in the analysis and maintenance of those models across an increasing number of Platforms.</p> <p>The nature of these issues – sector-wide impact that is beyond the scope of any one sector participant to resolve – is a good fit for Criterion’s purpose and approach; and so a scoping exercise with DFMs and Platforms was undertaken in Q4 2021. This confirmed both that Standards to facilitate data integration for these processes with Platforms would be a significant enabler for the reduction of both costs and risk; and that Platforms recognise that taking friction out of their DFM-facing processes will make it more attractive to DFMs to deploy their MPS with them, thereby enhancing the attractiveness of the Platform proposition to Advisers – and so to their clients.</p>	<p>The Scoping Exercise identified priority processes for Standards-based integration to be:</p> <ul style="list-style-type: none"> <li>• provision of MPS-related MI by Platforms for consumption by DFMs, and</li> <li>• subsequent instructions to update models and execute rebalancing of client accounts that follow them.</li> </ul> <p>Although potential solution options are identified in this Terms of Reference as Standards for APIs, the project shall be able to identify an appropriate technology set for Standards to target, informed by an understanding of the problem domain developed in the course of the project.</p> <p>Participation in the project is open to stakeholders in the in-scope processes set out above.</p> <p>This Terms of Reference, and the licensing of the Standards that the project creates, are outside the scope of the project.</p>

4. OBJECTIVES	5. TIMESCALES/RESOURCE REQUIREMENTS	6. APPROACH
<p>The project will deliver:</p> <ul style="list-style-type: none"> <li>• interface specifications to support exchange of data between DFMs and Investment Platforms to support the processes set out in Section 3. This will include the human- and / or machine-readable documents needed to complete those specifications;</li> <li>• such interim documents as are useful or required in order to complete the definition of specification. These may include Process Maps, Business Requirements Documents, Candidate Designs, Sample Messages, etc.</li> </ul> <p>The project may also identify additional processes that might benefit from the development of standardised data integration. These will be set aside for future consideration by Criterion's community.</p>	<p>Criterion will deliver Standards to support integration of the priority processes identified in Section 3 through two parallel development streams.</p> <p>Criterion estimates that development of Draft Standards under this approach will be take 7-10 months to complete.</p> <p>To deliver API Standards that successfully meet stakeholders' needs, Criterion will need input from subject-matter experts from both business and technology domains.</p> <ul style="list-style-type: none"> <li>• In the initial stages the focus will be on working with business SMEs to develop a clear business understanding of the detail of each process and the data each requires.</li> <li>• Subsequently focus will switch to technology SMEs to ensure that the API designs that Criterion develops are a good fit for the technical environment in which they will be deployed.</li> </ul> <p>Criterion expects that stakeholder engagement with the project will consume 2-3 days effort per month.</p>	<p>Criterion invites interested parties to form a Project Working Group (PWG) as a forum to provide the input set out in Section 5, and to review interim and Standards deliverables that the project shall generate.</p> <p>The PWG will be chaired by Criterion, and shall conduct its business by and large remotely, using the Criterion website to distribute documents and Microsoft Teams to conduct discussions. Where there is apparent advantage in doing so, Criterion may suggest that the PWG convene face-to-face.</p> <p>Participation in the PWG is free of charge and at Criterion's discretion. Incidental costs incurred in the course of participation are borne by members.</p> <p>Members of the PWG acknowledge that the Intellectual Property Rights in outputs from the project, or in project materials relating to the API Standards, will be owned by Criterion, and that no member shall claim any rights in, or to, any part of those.</p> <p>All activity in respect of the project will be carried out in strict accordance with Criterion's Competition Act Policy, as published at: <a href="https://www.criterion.org.uk/competition-act-policy">https://www.criterion.org.uk/competition-act-policy</a>. It is the responsibility of every member of the PWG to ensure adherence to this Policy.</p>