

PUBLIC

MAR 15 1993

Our Ref. No. 93-33-CC
Datastream
International, Inc.
Datastream
International, Inc.
Datastream
International Limited
File Nos. 801-24551,
801-41452, 801-24281

RESPONSE OF THE OFFICE OF CHIEF COUNSEL
DIVISION OF INVESTMENT MANAGEMENT

Your letters of January 18, 1993 and March 12, 1993, request our assurance that we would not recommend enforcement action to the Commission if each of the above-captioned registrants (collectively, "Datastream") withdraws its registration as an investment adviser under the Investment Advisers Act of 1940 (the "Advisers Act").

You state that Datastream provides economic and financial information services to the securities and financial industries worldwide through a series of linked databases. Datastream's customers, principally investment managers and institutional investors, pay fixed subscription fees quarterly in advance, based on the specific on-line services they receive. Datastream also provides to subscribers software packages that contain analytic tools that enable customers to retrieve data series from the databases and manipulate the data to produce graphics, statistics, time series analysis, and other analyses. Customers can use the analytic tools to perform various calculations ranging from simple arithmetic to complex algebraic equations.

Section 202(a)(11) of the Advisers Act defines an "investment adviser" as any person who, for compensation, engages in the business of advising others, either directly or through publications or writings, as to the value of securities, or who, for compensation and as part of a regular business, issues or promulgates analyses or reports concerning securities. The staff takes the position that the presentation of securities data or information to subscribers does not constitute furnishing investment advice or an analysis or report within the meaning of Section 202(a)(11) if: (1) the information is readily available to the public in its raw state, (2) the categories of information presented are not highly selective, and (3) the information is not organized or presented in a manner which suggests the purchase, holding, or sale of any security or securities. 1/

1/ See EJV Partners, L.P.; UniVu System (pub. avail. Dec. 7, 1992); Media General Financial Services, Inc. (pub. avail. July 20, 1992); Investex Investment Exchange Inc. (pub. avail. April 9, 1990); Charles Street Securities, Inc. (pub. avail. Feb. 27, 1987); Butcher & Singer, Inc (pub. avail. Jan. 2, 1987); Wallace E. Lin (pub. avail April 15, 1985); Jack Sonner (pub. avail. Mar. 11, 1983).

You state that the information in Datastream's databases is readily available in its raw state. Datastream collects the information from wire services, international agencies, government departments, stock, options and futures exchanges, brokers, dealers, banks, issuers, and other information vendors. An institutional investor or a money manager, theoretically, could contract with each of Datastream's sources to obtain the information in Datastream's databases. You state, however, that the proliferation of economic and financial data now relevant to investment decisions has made it impracticable, if not impossible, for investment decision-makers to access sufficient raw data directly.

You also state that the categories of information made available to Datastream's subscribers are not highly selective. Datastream collects over 720 million data items, including approximately 2,000 market indices from 20 different countries, 850 international interest rates, and 1,600 international end-of-day currency exchange rates. In addition, Datastream includes data relating to 30,000 stocks and 44,000 bond issues in its databases. Datastream's objective is to furnish subscribers with a database that is as comprehensive as possible, and there is no restriction on the data that is collected and made available to the subscribers.

In addition, you state that the information in the databases and the software packages is not organized or presented in a manner which suggests the purchase, holding, or sale of any security or securities. Datastream's customers select the criteria for retrieving data series from the databases and the analytic tools that will be used to manipulate that data, and data delivery is not timed to any specific market activity. Datastream and its affiliates have no direct or indirect financial interest in whether a subscriber uses Datastream data and analytic tools to purchase, sell, or hold a particular security.

In addition to providing no-action assurance as previously discussed, the staff has given no-action assurance to providers of various computer software services offering calculations and pricing models. In not requiring these providers to register as investment advisers, the staff considered a number of factors, including the sophistication of the users, the degree to which the users themselves perform the calculations, the degree to which the product is pre-packaged and not personalized for each customer, and whether the calculations or models are based on

traditional or standard calculations. 2/ These factors are relevant in determining whether computer software services function merely as mathematical tools to facilitate a user's own analytical efforts or whether they involve the recommendation of securities. You state that the analytic tools, in some cases, are standardized mathematical formulae that are already in the public domain; in other cases, the tools are considered proprietary products or intellectual property protected by patent or copyright. You represent that Datastream does not attach any value judgment to its data. You further represent that Datastream's software is licensed as a package and is not tailored to the personal interests of any user. Datastream's subscribers are sophisticated users who may arrange the various elements in a package to suit their particular needs.

In addition, you state that Nomura Securities Co. Ltd. ("Nomura"), a Japanese brokerage firm, has contracted with Datastream to make Nomura-generated data available exclusively to Nomura brokerage customers who are also Datastream subscribers at no extra cost. 3/ Datastream has a similar arrangement with Hoare Govette, a British brokerage firm, which has contracted with Datastream to make Hoare Govette-generated data available exclusively to other Hoare Govette brokerage customers in the form of a hard-copy quarterly book published by Datastream. Datastream has no control over the Nomura- and Hoare Govette-generated data. 4/ You represent that Datastream will act merely as a passive communications conduit between these brokerage firms and their customers. 5/

2/ See EJV Partners, L.P.; UniVu System (pub. avail. Dec. 7, 1992); Executive Asset Management, Inc. (pub. avail. Dec. 15, 1988); Wilson Associates (pub. avail. May 25, 1988); Computer Language Research, Inc. (Dec. 26, 1985); Innosearch Corp. (Sept. 12, 1985); Syrus Associates Ltd. (pub. avail. Oct. 23, 1981).

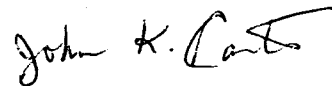
3/ You represent that Datastream's U.S. subscribers cannot access the Nomura-generated data through Datastream's technical facilities and, therefore, Nomura's use of Datastream's services to provide investment advice to some of Datastream's non-U.S. subscribers does not subject Nomura to regulation under the Advisers Act.

4/ You represent that ABN-AMRO Securities (USA), Inc., a registered investment adviser, issues this book in the United States through its Hoare Govette division.

5/ See EJV Partners, L.P.; UniVu System (pub. avail. Dec. 7, 1992) (customers transmit their own proprietary products, such as financial models, research reports, information on

(continued...)

On the basis of the facts and representations in your letters, and without necessarily agreeing with your legal analysis, we would not recommend enforcement action to the Commission if Datastream withdraws its registration as an investment adviser. Because our position is based on the facts and representations in your letters, you should note that different facts or representations may require a different conclusion. Further, this response expresses the Division's position on enforcement action only and does not purport to express any legal conclusions on the issues presented.



John K. Carter
Attorney

5/(...continued)

bond indexes, and securities information directed at dealers, to other customers through the UniVu's Private Pages service). Cf. Reuters Information Services, Inc. (pub. avail. Jan. 17, 1991) (video information network marketed to institutional investors featuring presentations by financial services firms).

ELIZABETH K. NORSWORTHY, ESQ.

69 MEDWAY STREET

NORFOLK, MASSACHUSETTS 02056

Act	IAA
Section	202(a)(11)
Rule	
Public	March 12, 1993
Availability	3/15/93

608-520-7101

FAX: 508-520-7599

BY FAX

John Carter
Office of Chief Counsel
Division of Investment Management
Securities and Exchange Commission
450 5th Street N.W.
Washington, D.C. 20549

Datastream International, Inc., File No. 801-24551;
Datastream International, Inc., File No. 801-41452;
Datastream International Limited, File No. 801-24281
(collectively, "Datastream")

Dear Mr. Carter:

In connection with the above-captioned registrants' January 18, 1993 request for assurance that the staff not recommend enforcement action to the Commission if the registrants withdraw their registration statements as investment advisers under the Investment Advisers Act of 1940 ("Advisers Act"), you have requested supplemental information with respect to Datastream's arrangements with Nomura and Hoare Govett, as described in footnotes 1 and 14 of the January 18th request. In particular, you have asked whether the investment advice made available to Nomura and Hoare Govett brokerage customers through Datastream's technical facilities is subject to regulation under the Advisers Act.

Nomura arrangements

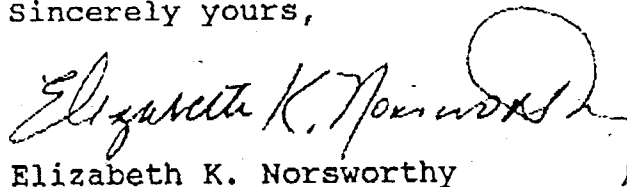
Nomura Securities Co. Ltd., a Japanese brokerage firm, has contracted with Datastream International Ltd. to provide Datastream with data containing forecasts of the business performance of Japanese companies prepared by Nomura Research Institute ("NRI") and comments concerning those companies prepared by NRI analysts. Datastream then provides this Nomura data to those Datastream subscribers that are designated by Nomura in writing. Datastream subscribers in the United Kingdom and in continental Europe access the Nomura data. However, Datastream subscribers in the United States are not allowed access to the data. Since the investment advice made available to Nomura brokerage customers through Datastream's technical facilities is made available only to customers outside the United States, the advice is not subject to regulation under the Advisers Act.

Hoare Govett arrangements

Hoare Govett, a British brokerage firm, has made arrangements with Datastream to publish securities recommendations and analyses prepared by Hoare Govett in the form of a hard-copy "blue book". The blue book, which is now published every week, is issued in the United States by the Hoare Govett division of ABN-AMRO Securities (USA), Inc. ("ABN"). ABN is registered as an investment adviser under the Advisers Act (File No. 801-23663). Since the investment advice made available to Hoare Govett brokerage customers through Datastream's technical facilities is made available to customers in the United States by a registered investment adviser, the advice is subject to regulation under the Advisers Act.

If you have any further questions, please call me at 508-510-7101.

Sincerely yours,

A handwritten signature in cursive script, reading "Elizabeth K. Norsworthy". The signature is written in dark ink and is positioned above the typed name. There is a large, circular flourish or loop at the end of the signature.

Elizabeth K. Norsworthy

ELIZABETH K. NORSWORTHY, ESQ.

69 MEDWAY STREET
NORFOLK, MASSACHUSETTS 02056

508-520-7101

January 18, 1993

FAX: 508-520-7599

Thomas S. Harman
Associate Director and Chief Counsel
Division of Investment Management
Securities and Exchange Commission
450 5th Street N.W.
Washington, D.C. 20549

Datastream International, Inc., File No. 801-24551;
Datastream International, Inc., File No. 801-41452;
Datastream International Limited, File No. 801-24281

Dear Mr. Harman:

The above-captioned registrants (collectively, "Datastream"), providers of economic and financial information, hereby request confirmation that the staff will not recommend enforcement action by the Securities and Exchange Commission ("SEC") if their registrations as investment advisers under the Investment Advisers Act of 1940 ("Advisers Act") are withdrawn.

I. Background.

The Datastream registrants are all wholly owned indirect subsidiaries of Primark Corporation ("Primark"), a publicly held holding company engaged primarily in the provision of information services. On September 25, 1992, Primark, through its various subsidiaries, acquired all of the issued and outstanding common stock of the Datastream registrants from The Dun & Bradstreet Corporation and certain of its affiliates.

Founded in 1964, Datastream is a worldwide information services business with principal headquarters in London which delivers on-line economic and financial information to financial institutions and other investment professionals throughout Europe, Asia, Australia and North America. Datastream is also a leading provider of computer-based portfolio valuation and accounting services in the United Kingdom ("UK").

The core of Datastream is a series of linked databases of extensive economic and financial data collected from wire services, official publications of national and international agencies, stock, options and futures exchanges, other information vendors, brokers, dealers, banks and issuers. Datastream has a specific policy of multi-sourcing to enhance data reliability, timeliness and accuracy. The data feeds run into the "Datastream Processing (Computer) Center" where the data is collected and organized (e.g. by country, industry, individual security) into data series in discrete databases. These databases are continually updated and checked for accuracy.

The data collected relates to worldwide economic conditions, issuers, equities, bonds, futures and options. Data relating to worldwide economic conditions includes interest and exchange rates as well as other economic, industrial and commercial performance statistics from sources such as the International Monetary Fund ("IMF"), the Organization for Economic Cooperation and Development ("OECD") and Bundesbank. Data relating to issuers includes data from profit and loss statements, balance sheets and sources-and-uses-of-funds statements published by those issuers.

Data relating to equities includes earnings and dividends on over 30,000 stocks from all major markets and a number of emerging markets. This data includes historical earnings and dividends data, as well as forecast data supplied by market specialists. Data relating to bonds includes maturity and yield on over 44,000 issues of corporate and government guaranteed bonds, all Eurobonds and indices. Data relating to futures and options includes current prices, previously traded prices, trading volume and intra-day high and low values from the international options and futures exchanges, including LIFFE (London), MONEP and MATIF (Paris), SOFFEX (Switzerland), EOE (Amsterdam), DTB (Germany), Chicago and Philadelphia.

In total, over 720 million data items are collected, with 320,000 updated daily. Datastream has significantly expanded and enhanced its data coverage and intends to continue to do so. The attached Datastream brochure captioned "Datastream - The World Tour" describes in detail the data items that have been added to the Datastream databases over the last four years.

Datastream provides economic and financial information services to the securities and financial industries worldwide. Its main customers are investment managers and institutional investors who use financial and economic information for investment research and analysis.¹ Other users include publishers of financial journals and daily newspapers, business schools and universities. Currently, Datastream has over 1400 customers from 36 countries. These customers pay fixed annual subscription fees quarterly in advance, based on the specific on-line services they receive.

¹ Nomura, a Japanese brokerage firm, has contracted with Datastream to make Nomura-generated data available to Nomura brokerage customers who are also Datastream subscribers at no extra cost. Datastream has a similar arrangement with Hoare Govett, a British brokerage firm, which has contracted with Datastream to make Hoare Govett-generated data available to Hoare Govett brokerage customers in the form of a hard-copy "blue book" published quarterly.

Datastream's services, delivered on-line to customers' personal computers ("pcs"), networks, work stations or mainframes, provide analytic software that enables customers to access and manipulate the data in the Datastream databases. The software packages are designed to let the user retrieve data series from the databases and manipulate the data to produce graphics, statistics, time series analysis and other analyses. These software packages are described in more detail below.

Econoview. Econoview is a Datastream service that allows the user to retrieve, manipulate and chart historic economic data, such as economic indicators, interest rates, exchange rates, stock market indices and commodities. International news headlines, current exchange rates and prices on the most active equities of UK issuers are also available throughout the day. Users can retrieve current and historical information and apply statistical functions (such as per cent changes, moving averages and regressions) to the data.

Companywatch. Companywatch is a comprehensive company accounts research service which enables the user to search the database on all company accounts items and related ratios, such as a company's net cash as a percentage of its net tangible assets and a company's pre-tax revenues as a percentage of its sales. A user can also conduct a search on a single country or multiple country basis.

Equity Research. With Datastream's standard equity service, users can extract basic data on issuers and markets, compare one issuer's performance with others in the same industry or market sector and perform mathematical calculations to measure volatility, beta factors, trends and growth rates.

Fixed Interest Research. Datastream's fixed interest service provides statistical and historic data on a wide range of fixed interest investments and related instruments. Users can extract over 100 data items with respect to a bond issue for display and analysis. Programs within particular program suites allow users to apply a complete range of optional values (such as the user's tax rates, expenses) for calculating yields and expenditures related to fixed interest investments.

Commodity and Financial Futures. Datastream's commodity and financial futures service provides users with graphics facilities to plot historic data on futures contracts, stock market indices and interest and currency exchange rates, together with moving averages and percentage changes in any combination. The service enables the user to combine any data series in any combination as an expression or equation.

Traded Options. The Datastream traded options service is a package of programs that allows the user to display, manipulate and chart historic market data and to retrieve real-time data. For example, users can access the Black and Scholes model to calculate theoretical or fair values of option contracts where the underlying securities are equities and the Black model to calculate theoretical or fair values of other option contracts.

Graphics. The graphics package allows investment analysts and money managers to manipulate data to create, among other things, high-low closing price charts, moving averages, momentum charts and price and trading volume graphs.

TimeSeries Analysis. The TimeSeries package is in effect the statistical equivalent to the Graphics service, and enables users to create and store their own expressions, lists and data series. Users can also manipulate the data with functions such as moving averages, lags and leads and percentage changes and multiple regression.

Data Channel. Data Channel provides existing customers with the opportunity to process Datastream's data on their own pcs. A direct link is established permitting users to request data from the Datastream databases in computer readable form. With *WorldBase*, an additional Data Channel feature, users can import Datastream data directly into Lotus 1-2-3 or Symphony spreadsheets. With *DSWindows*, users can access Datastream's services through Microsoft Windows Version 3.0.

II. Analysis.

Section 202(a)(11) of the Advisers Act defines an investment adviser as any person who, for compensation, engages in the business of advising others, either directly or through publications or writings, as to the value of securities or as to the advisability of investing in, purchasing, or selling securities or who, for compensation and as part of a regular business, issues or promulgates analyses or reports concerning securities.

Datastream represents that it does not, for compensation, engage in the business of advising others as to the value of securities or, for compensation and as part of a regular business, issue or promulgate analyses or reports concerning securities within the meaning of Section 202(a)(11), as that Section has been interpreted by the SEC staff. In this regard, Datastream represents that Datastream does not attach any value judgment to its data and does not suggest the purchase, sale or holding of securities to its subscribers. Datastream further represents that Datastream software is licensed as a package and is not tailored to the personal interests of any user. Datastream subscribers are sophisticated users who may arrange the various elements in a package to suit the subscriber's particular needs.

The SEC staff has taken the position that the presentation of securities data or information to subscribers does not constitute an analysis or report within the meaning of Section 202(a)(11) if (1) the information is readily available in its raw state, (2) the categories of information presented are not highly selective, and (3) the information is not organized or presented in a manner which suggests the purchase, holding or sale of any security or securities.² In particular, the staff has expressed the view that information is not organized or presented in a manner suggesting the purchase, holding or sale of securities where the customer or subscriber, not the information provider, selects the search criteria or requests that the service provide

² See EJV Partners, L.P.; UniVu System (pub. avail. Dec. 7, 1992); Media General Financial Services, Inc. (pub. avail. July 20, 1992); Charles Street Securities, Inc. (pub. avail. Feb. 27, 1987); Butcher & Singer, Inc. (pub. avail. Jan. 2, 1987); Wallace E. Lin (pub. avail. April 15, 1985).

certain select information.³ The staff has also given no-action assurance to providers of various computer software services offering calculations and pricing models that function as mathematical tools.⁴

Most recently, EJVP Partners, L.P. received assurance that the staff would not recommend enforcement action to the Commission if that limited partnership operated a computer system ("UniVu") and marketed that system to banks, insurance companies, securities firms and institutional money managers. UniVu will combine databases of publicly available bond information, third party data feeds, mathematical formulae and models, a spreadsheet capability and a matrix pricing function for bond portfolios into a single computer system. UniVu will also allow electronic communication between customers through its "Private Pages" function and an electronic mail feature. The partnership will charge customers a monthly per-terminal fee that has no relation to assets under management or to a customer's portfolio.

UniVu will enable customers to feed data directly into various calculations and investment models which may be designed by the customer or provided by UniVu. The calculations and models provided by UniVu will be generally available and widely used formulae taught in business schools and published in finance textbooks. UniVu's Private Pages service will allow customers or firms associated with a general partner of the partnership to transmit their own proprietary products (such as financial models, research reports, information on bond indexes and securities information directed at dealers) to other customers through the UniVu system. The customer providing the product will be able to limit access to specified UniVu customers. UniVu will have no control over nor access to any messages or information sent through the Private Pages function.

³ See EJVP Partners, L.P.; UniVu System (pub. avail. Dec. 7, 1992); Media General Financial Services, Inc. (pub. avail. July 20, 1992); Investex Investment Exchange Inc. (pub. avail. April 9, 1990); Petroleum Information Corp. (pub. avail. Nov. 28, 1989).

⁴ See EJVP Partners, L.P.; UniVu System (pub. avail. Dec. 7, 1992); Executive Asset Management, Inc. (pub. avail. Dec. 15, 1988); Wilson Associates (pub. avail. May 25, 1988).

In granting no action assurance with respect to UniVu, the staff found significant that UniVu will be available only to institutional firms and not to the retail public. Further, the staff noted that UniVu is designed to contribute to the efficiency of the bond markets by providing real time market data feeds to users who will be able to analyze the data in a fast and efficient manner. The staff found that the software services would function merely as mathematical tools to facilitate a user's own analytical efforts, relying on representations that UniVu's subscribers will be sophisticated institutional investors who will receive the same software packages and who may arrange the various elements in a package to suit the customer's particular needs. The staff further found that while customers might engage in investment advisory activities through UniVu's Private Pages system, UniVu will act merely as a passive communications conduit as evidenced by its lack of control over the dispatching and contents of the messages.⁵

Similarly, Media General Financial Services, Inc. ("Media General") received assurance that the staff would not recommend enforcement action to the Commission if Media General withdrew its registration as an investment adviser. Media General compiles statistical data, such as securities price and trading volume, on bonds and equities issued by publicly-held companies from wire services and public filings by the issuers. Media General makes that information available on a subscription or per-item basis. These tables and reports are provided to customers on a regular basis and upon request; their availability is not timed to any specific market activity. Media General represented that it does not attach any value judgment to its data and does not offer any predictive data, opinions, projections or quality valuations⁶.

⁵ See EJV Partners, L.P.; UniVu System (pub. avail. Dec. 7, 1992).

⁶ Although Media General did not offer any predictive data or projections to its subscribers, the staff has recognized that the provision of predictive data and projections, such as earnings and dividends forecasts, by a data supplier does not constitute investment advice as long as the data supplier does not recommend the purchase, sale or holding of the securities that are the subject of those projections to its subscribers. See Advantage Investors (pub. avail. May 13, 1985) where the staff gave no action assurance to a sole proprietorship proposing to furnish investors with earnings forecasts as well as stock prices obtained from the Dow Jones News/Retrieval Service and Foundation Services Incorporated (pub. avail. Oct. 13, 1972) where the staff did not object to the provision of "indicated yield" as an estimate only. See also Financial Psychology

Media General data may be organized alphabetically by issuer name or ticker symbol, alphabetically within an industry group or by a ranking, such as the 50 issuers with highest sales in a given year. The data may also be ranked according to performance criteria, such as stock price performance over a fixed period, dividend information, earnings per share, or price-earnings ratios. Customers determine the ranking criteria for each search request and direct the company to conduct the search and compile the ranking. Media General represented that the presentation of information from its database does not suggest the purchase, sale or holding of securities.⁷

Similarly, the staff gave no-action assurance to Investex Investment Exchange, Inc. ("Investex"), a computer listing service for limited partnerships, if Investex operates the service without registering under the Advisers Act. The information to be provided by Investex would be readily available to the public in its raw state through prospectuses or offering circulars of limited partnerships, advertisements in trade journals and magazines or other similar listing services. The categories of information would not be highly selective because there would be no restriction as to the geographical location, type of business, size of the partnerships or price range of the units to be listed.

The presentation of the data on the computer screen would depend on the selection made by the user. A user of the computer database would define a descriptive parameter with respect to an investment opportunity in which the user was interested and then perform a "descriptive search request" to cull the database for entries falling within those parameters.⁸

Corporation (pub. avail. Mar. 23, 1988) (discussion of Foundation Services Incorporated in staff response to no action request).

⁷ See Media General Financial Services, Inc. (pub. avail. July 20, 1992).

⁸ See Investex Investment Exchange, Inc. (pub. avail. April 9, 1990). Accord, Petroleum Information Corporation (pub. avail. Nov. 28, 1989) where an oil and gas on-line computer listing service received assurance that the staff would not recommend enforcement action to the Commission if that Corporation operated the service without registering under the Advisers Act. See also no action assurance given to Charles Street Securities Inc., an investment banking firm that proposed to publish a quarterly statistical compilation of data on insurance companies (pub.

The staff also granted no action assurance to Wilson Associates with respect to the development and licensing of computer software that would enable users to establish on a theoretical basis a variety of hypothetical portfolio mixes and evaluate the hypothetical investment returns and risk characteristics of those portfolios. The software would be licensed on a non-exclusive basis to sophisticated users such as investment bankers, banks, insurance companies, broker-dealers, financial planners and accounting firms that manage substantial investment portfolios. The software would be licensed as a package and would not be tailored to the personal interests of any user.

The database would be assembled from categories of information ("asset classes") that would consist of items such as the Consumer Price Index, the U.S. Treasury Bill Index and the Standards & Poors 500 Composite Index. The database would also include portfolios managed by "pooled fund managers" such as mutual funds and insurance separate accounts. Wilson Associates represented that the data with respect to asset classes and with respect to pooled fund managers' portfolios would not be highly selective and would not recommend any asset class or pooled fund manager. Portfolio evaluation would be based on theoretical pricing models; the software would organize the data and facilitate multiple arithmetical computations by the user.

In granting Wilson Associates' request for no-action assurance, the staff stated that this no-action position was based particularly on the firm's representation that the services involved would be limited to arithmetical calculations and would not involve any recommendation or analysis regarding securities or any pooled fund manager.⁹

By contrast, the staff declined to give no action assurance to Butcher & Singer, a brokerage firm which proposed to offer its brokerage customers for an annual fee a monthly report concerning each security in the customer's portfolio. While the staff found that certain data in the reports would be available in its raw state, and while other data would be derived by arithmetic calculations¹⁰, the staff declined no action because

avail. Feb. 27, 1987).

⁹ See Wilson Associates (pub. avail. May 25, 1988).

¹⁰ The staff found that the information that Butcher & Singer proposed to include in the reports with respect to estimated annual income and the market value of each security as a percentage of the total value of the portfolio was not data

the data was highly selective and the report was apparently intended to provide the brokerage customer with a basis for evaluating whether to hold or sell existing, or to purchase different, securities for his or her portfolio.¹¹

1. *The information provided by Datastream to its customers is readily available in its raw state.*

Datastream collects the extensive economic and financial information contained in its databases from wire services, international agencies, government departments, stock, options and futures exchanges, brokers, dealers, banks, issuers and other information vendors. For example, subscribers to Econoview have access to international news headlines through wire services such as Reuters, economic indicators from international agencies such as the OECD and IMF and from government departments such the UK Central Statistical Office. Similarly, the economic and financial data made available to Equity Research subscribers includes profit and loss accounts, balance sheets, financing tables and accounting ratios reported by issuers, other information vendors such as Extel, Telerate, Hoppenstedt and Standard & Poors as well as earnings and dividends forecasts from market specialists¹².

As in the case of UniVu and Media General, this information is theoretically available to Datastream subscribers in its raw state. For example, theoretically, an institutional money manager could contract directly with each wire service to have access to the universe of wire service information available. Or, the money manager could contract directly with each market specialist following equity issues of interest to the manager to have access to earnings and dividends forecasts for those issues. However, the proliferation of economic and financial data now relevant to investment decisions has made it impracticable, if not impossible, for investment decision-makers to access sufficient raw data directly. This is especially true in an international context, where a user is making investment

readily available in its raw state. However, the staff has found that the provision of data which is derived from mathematical calculations and which is based on data readily available in its raw state does not cause an information provider to fail the staff's three-prong test. See, for example, the no action assurance given to Wilson Associates, supra note 9.

¹¹ See Butcher & Singer (pub. avail. Jan. 2, 1987).

¹² See supra note 7.

decisions based on a myriad of national, regional and international economic indicators.

As in the case of Media General, Datastream makes numerous data formats available to its subscribers ranging from simple alphabetical listings of issuers and issues to complex graphics such as moving averages and momentum charts. Subscribers to certain software packages do have access to issuer and issue rankings based on performance criteria, such as a ranking of issuers in a particular industry sector based on earnings per share but, as was true in Media General, these rankings do not in any way directly or indirectly suggest that a particular security should be purchased, sold or held. Rather the rankings are intended only to objectively order the raw data to facilitate the user's investment decision-making process.

As the data relevant to investment decision-making has proliferated, the process involved in investment decision-making has become increasingly complex. While digesting or assimilating data was often a manual or even mental process for the investment decision-maker a decade ago, investment managers must now apply complex mathematical formulae and perform multiple calculations to adequately evaluate an investment opportunity. In some cases, these computations have become standardized; an investment manager can access the formulae directly from public reference materials. In other cases, the computations have been developed by the information providers and the methodology considered so unique that their use is protected by licensing or copyright. Subscribers to the information service essentially purchase the right to use these calculations in their investment decision-making process.

The staff has now recognized that provision of a proprietary analytic tool does not cause the information provider to be considered an investment adviser. Although the staff initially expressed reservations with respect to proprietary analytic tools during the infancy of the information service industry¹³, the staff has more recently taken the position that as long as the information provider has built no subjective factors into the formulae or computations, the provision of those tools does not constitute investment advice. For example,

¹³ See, e.g., Monchik-Weber Associates, Inc. (pub. avail. Oct. 23, 1981) and Bridge Data Company (pub. avail. May 31, 1975).

the staff granted no-action assurance with respect to analytic software developed by Wilson Associates which was considered a proprietary product and was made available only to licensees. Counsel for Wilson represented that no judgments regarding the weight or importance of any particular factor were made in preparing the software; the software was only intended to be an arithmetical tool for licensees.

The software packages made available to Datastream subscribers also contain analytic tools that can be used by the subscribers to perform various calculations ranging from simple arithmetic to complex algebraic equations. In some cases, these tools are standardized mathematical formulae that are already in the public domain; in other cases, the tools are considered proprietary products or intellectual property protected by patent or copyright. Those tools may have been developed by another person or entity -- such as the Black-Scholes model for computing option values -- or they may have been developed by Datastream itself -- such as yield formulas relating to fixed interest instruments. In all cases, the analytic tools devised by Datastream are value-neutral; in developing its proprietary products, Datastream has not factored in any subjective factor.

2. The categories of information made available to Datastream subscribers are not highly selective.

Far from selecting out data items from the universe of raw data available with respect to economic conditions and financial information, Datastream's objective is to furnish the subscribers to each of its software packages with access to as comprehensive a database as possible. In addition, Datastream has a specific policy of multi-sourcing to enhance data reliability, timeliness and accuracy.

In total, over 720 million data items are collected, with 320,000 updated daily. For example, approximately 2000 market indices from 20 different countries are covered, 850 international interest rates are available on a daily basis giving middle, bid and offered rates and 1600 international end-of-day currency exchange rates. In addition, data relating to over 30,000 stocks is included in the equity database and data relating to over 44,000 issues is included in the bond database.

As in Investex, there is no restriction on the data collected and made available to Datastream subscribers.¹⁴ The categories of data made available to subscribers depends upon the software packages to which they have subscribed. For example, a user can subscribe only to the North American database which screens out information on non-North American equity securities or conversely, the user can subscribe to the non-North American database which screens out information on North American securities.

As was the case in Investex, it is only the subscriber -- not Datastream -- who selects the data that will appear on the subscriber's computer screen. Data Channel provides subscribers with a direct link to the Datastream databases so that they can request data from the databases in computer readable form. As in a Lexis or Nexis search, the user conducts a search for data in the database by defining descriptive parameters and then can store or download the retrieved data for display at a later time. Users can add, delete or modify their data requests at any stage. With certain software packages, users may also input their own data. For example, subscribers to the Fixed Interest Research software package can input their own tax rates and expenses in calculating anticipated income from fixed interest investments.

¹⁴ As noted above, Datastream subscribers who are also Nomura brokerage customers are given access to Nomura-generated data which is not available to other Datastream subscribers. Similarly, Hoare-Govett brokerage customers are given access to Hoare-Govett generated data which is not available to other Datastream subscribers through a hard-copy quarterly bluebook published by Datastream. See supra note 1. However, as in the case of the Private Pages facility to be offered by UniVu, Datastream has no control over this Nomura- and Hoare-Govett-generated data. As in UniVu, Datastream functions only as a passive communications conduit between these brokerage firms and their customers.

3. The information that Datastream makes available to its subscribers is not organized or presented in a manner which suggests the purchase, holding or sale of any security or securities.

Datastream's services, delivered on-line to customers' pcs, networks, work stations or mainframes, provide analytic software that enable customers to access and manipulate the data in the Datastream databases. The software packages are designed to let the user retrieve data series from the databases and manipulate the data by applying analytic tools, such as mathematical formulae, graphics, regressions and tables, to produce graphics, statistics, time series analysis and other analyses.

It is the customer -- not Datastream -- who selects the criteria for retrieving data series from the databases and the analytic tools that will be used to manipulate that data. The customer first selects categories of data and types of analytic tools by subscribing to particular software packages offered by Datastream. The customer then selects the data to be retrieved within those categories and the tools to be used to manipulate that data by defining specific search parameters.

As in the case of Media General, Datastream makes the data contained in its databases available to its customers on a subscription basis. Datastream customers pay fixed annual subscription fees quarterly in advance, based on the specific on-line services they receive. As in Media General, data delivery is not timed to any specific market activity. While data in the Datastream databases is generated by specific market activity, such as economic indicators of a market downturn or published reports of an issuer's negative earnings, the determination of whether to retrieve that data and when to retrieve that data is made by the Datastream subscriber -- not by Datastream.

As in the case of UniVu and Wilson Associates, Datastream products are not marketed to the general public; Datastream's main customers are sophisticated users such as investment bankers, banks, insurance companies, broker-dealers, financial planners and accounting firms that manage substantial investment portfolios. As in UniVu and Wilson, Datastream software packages are made available to these customers on a non-exclusive basis; the software packages are not tailored to the personal interests of any specific user.

Datastream does not build any subjective factor into its software packages that directly or indirectly suggests the purchase, holding or sale of any security or securities. In contrast to a brokerage firm such as Butcher & Singer that had a financial interest in how its brokerage customers would use the data supplied in monthly reports on their portfolio holdings, Datastream and its affiliates have no direct or indirect financial interest in whether a subscriber uses Datastream data and analytic tools to purchase, sell or hold a particular security.

III. Conclusion.

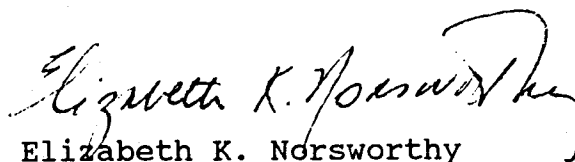
Datastream submits that the provision of the information described above to Datastream subscribers does not constitute the provision of investment advice within the meaning of Section 202(a)(11) of the Advisers Act, as that Section has been interpreted by the staff. The information provided by Datastream to its subscribers is readily available in its raw state, the categories of information made available to those subscribers are not highly selective, and the information is not organized or presented in a manner which suggests the purchase, holding or sale of any security or securities.

On the basis of the foregoing, Datastream respectfully requests confirmation from the staff that it will not recommend enforcement action by the Commission if Datastream continues to operate as described above without registration as an investment adviser.

Please call the undersigned at 508-510-7101 if you have any questions or comments with respect to this request. We would appreciate an opportunity to meet with the staff in the event that the staff is inclined to issue a negative response to this request.

A stamped, self-addressed envelope is enclosed. Please acknowledge receipt of this letter by stamping the enclosed copy of the cover page of this letter and returning the stamped copy to the undersigned.

Sincerely yours,


Elizabeth K. Norworthy

Attachment