



Executive Summary

In July of 2006 the SEC released an updated [interpretation](#) for client commission practices under Section 28(e) of the Securities Exchange Act of 1934. We believe that Tamale Research Management Solution (RMS) falls under the statutory limits of Section 28(e) and can thus be made available on a commission dollar basis (CSAs). Tamale RMS:

- *Provides substantive content*
 - Unique views of internal and external research content
 - Aggregates multiple external information sources including charts, pricing, and fundamentals
 - Functionality provides “reasoning or knowledge”
- *Assists in the decision making process*
 - Provides unique research access and perspectives
 - Enables the user to determine the portfolio relevance of information flow
 - Provides real-time notification of important events
 - Allows for the analysis of the timeliness and accuracy of investment opinions

Why Tamale RMS Falls Under 28e

A research service falling under Section 28(e) must meet three criteria:

- (1) It must fall under the statutory limits of 28(e).
- (2) It must “provide lawful and appropriate assistance in the performance of his [the advisor] investment decision-making responsibilities.”
- (3) The amount of client commissions is reasonable in light of the value of the products or services provided by the broker dealer.”

The first question is whether Tamale RMS falls under the statutory limits of 28(e) which is determined by three clauses originally defined in the 1986 document to define “brokerage and research services.” The first two clauses define a person providing research services insofar as he/she

- (A) furnishes advice, either directly or through publications or writings, as to the value of securities, the advisability of investing in, purchasing, or selling securities, and the availability of securities or purchasers or sellers of securities;
- (B) furnishes analyses and reports concerning issuers, industries, securities, economic factors and trends, portfolio strategy, and the performance of accounts

Clause (A) encompasses traditional research publications. Clause (B) is designed to encompass research applications. We believe that Tamale RMS falls under this clause because Tamale furnishes reports on securities, trends, and performance.

This document is not a legal opinion; it is a summary of our interpretation of Section 28(e) and conclusions derived from conversations with brokerage firms, other experts, and our clients surrounding the field of 28(e). Our intent is to help explain the new framework for safe harbor and the reasons Tamale RMS falls within its provisions.



To investigate whether Tamale RMS fulfills “analyses” and “reports” the commission has expanded the definition on page 28 to state that it must show substantive content – that is an “expression of reasoning or knowledge.” In footnote 91 to this statement, the commission goes onto point out “[t]he content may be original research or a synthesis, analysis, or compilation of the research of others.” Tamale RMS is specifically designed to analyze and compile both internal and external research, so it clearly provides content. Does the content show “reasoning or knowledge”? Tamale RMS provides multiple proprietary methods for providing intelligent views and analysis of research that are otherwise unavailable:

- Leverage the internal metadata to create proprietary cross sectional views and analysis.
- View all relevant *internal* and *external* research on a subject matter. No other system allows for a user to select this view.
- View immediately both relevant and potentially relevant information by leveraging the research network. This proprietary view allows for the opportunity to reveal opportunities that are related to a company but not specifically associated with it. Tamale has filed for patent protection on this design.
- Immediately access multiple external information sources through portals to give a more holistic view of the data. Information includes charts, pricing, fundamentals, and research.
- Provides an algorithmic assessment of research activity on an issue and surrounding issues through activity number.
- Creates reports of research for the investment professional based on relevance.
- Quickly chart or aggregate qualitative research and quantitative information to assess the timeliness and accuracy of historical predictions when making new investment decisions.

We feel that these points provide a backdrop for why Tamale RMS falls under 28(e). This then leads us to the second clause. Tamale RMS is a central, proprietary aggregator of internal and external information specifically designed to help in the decision-making process. Scrolling news, real-time research updates, notifications, and proprietary views are all designed to help financial advisors make better, more informed decisions.

Comparable Products that Fall Under 28(e)

While there are no other products like Tamale commercially available, there are other products with overlapping features with Tamale and currently fall under Section 28(e).

Market Data and Research Aggregation:

One of the features Tamale has is aggregation of research in a way that adds value to the advisor’s decision making process. Thomson First Call and 10K Wizard are two such products. Neither service provides unique content. Their research content is actually available under different sources for no additional costs, yet the SEC is fairly clear that these services fall under 28(e). Tamale can integrate external and internal information, and its form of aggregation, with meta-data and the relationship tree, is specifically designed for saving research and to provide logic surrounding the information stored.



To further the comparisons, with the web portal, Tamale can provide live pricing information, fundamental data, and direct access to a wealth of other data sources. The SEC made no stipulation on how this information was provided, but did stipulate that it would fall under 28(e) so long as it helps in the decision making process.

Analytics:

Tamale also provides analytical information on research similar in many ways to products such as Starmine, Reuters Knowledge, and Thomson First Call which are currently under 28(e). Tamale provides quantitative views of research by submitter, source, company, topic, type, sentiment, and priority. Users can manipulate information on any of these axes and leverage full text search to better understand and manage their information resources. Research can also be visualized in the context of quantitative information like stock pricing to get a unique perspective on the timeliness and impact of information forming investment decisions.

Risk Systems:

Risk systems are designed to take pricing and portfolio data to quantitatively assess the risk of a portfolio. These systems will fall under 28(e). Tamale RMS allows a manager to *qualitatively* assess risk of a portfolio or investment idea across multiple axes. It allows a manager to understand market sentiment, potentially relevant news, and upcoming events all of which are part of the risk landscape. Much like a risk system, Tamale RMS does not provide the underlying data but the tool to manipulate the data to a more meaningful form.

Comments from Tamale Clients

Many of our clients have stated specifically that Tamale aids in their decision making process because it provides a unique view of their internal proprietary research and external sources.

In addition, the data Tamale provides on the investments they are researching is knowledge that they don't have today and a direct factor in their buy/sell decisions. This data includes analytics on their research by competitor, supply chain, source, submitter, and type. The system provides both qualitative and quantitative views and assessments of research to better understand its impact and relevance to the portfolio.

Comments from Brokerage Firms

Tamale actively discusses the changing regulatory landscape with the various brokers who pay for services on a commission dollar basis. Their general conclusion has been that Tamale RMS is a unique product that provides valuable tools and data for investment ideas which inherently makes it part of the investment decision making process. They also caution that each client must assess for itself whether its particular use of the product may require mixed use accounting.

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If you have further questions on the changing regulatory environment around commission sharing arrangements, we can put you in touch with Westminster Research, a BNY Convergenx Group Company. Tamale RMS is available on a commission dollar basis through Westminster Research.

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