



INTRODUCTORY NOTE

The 2013-10 LIXI Licence Agreement

Updated: 28 November 2014

Licensing the next generation of Standards

LIXI 2.0 is the next generation of lending industry standards, driven by industry requirements and designed with extensive, ongoing industry engagement. Members and licensees have indicated strong support for the LIXI 2.0 reform program and a willingness and interest in licensing and adopting the new standards.

The current set of LIXI standards, widely referred to as “CAL 1”, includes Mortgage Applications, Valuations, LMI, Settlement Instructions etc. Feedback over a long period of time has indicated that the users of these ‘standards’ have altered and extended them to the point that they are not in fact standardised, and that LIXI must bring the divergent message standards back into a single definition in order to enable the next level of efficiency and productivity improvement.

“LIXI 2.0” is the new set of standards packages. It includes a new ‘superset’ message standard or “CAL 2”; a comprehensive Data Dictionary that unambiguously defines every data item in CAL 2; and support for new “electronic guidebooks” (EGB) containing all the business rules, forms and document templates for application lodgement.

Purpose of this note

LIXI released LIXI 2.0 for implementation in November 2014. Due to the nature of the new standards packages as well as the fundamental requirements that drove the LIXI 2.0 reform program, the End User Licence Agreement, or ‘EULA’ was updated.

This document provides an overview of the new EULA, providing helpful background and context as well as explaining some of the details. Note that this document is for context only and does not form part of the agreement itself.

Restructuring the form of the agreement

The previous EULA intertwined the general terms and conditions with the grant of licence and restrictions thereof.

In order to have a single licence agreement to encompass different licensing terms for CAL 1, CAL 2 and the EGB Schema, LIXI has restructured the EULA. The main body of the EULA – clauses 1 to 13 – consists of the general terms and conditions, and the EULA now includes several attachments that contain the terms relating to the grant of a licence for each standards package.

If a licence is granted with respect to a specific standards package the respective attachment forms part of the EULA, otherwise it doesn't.

The CAL 1 Licence

The terms relating to the licence for the CAL 1-based standards package are in Attachment A. All existing licensees – as licensees of CAL 1 – will now be licensed under the EULA by an agreement that consists of the general terms (clauses 1 to 13) and Attachment A.

The terms of the CAL 1 licence in the updated EULA are almost identical to the terms of the previous CAL 1 EULA. There are a few changes, including the following:

- The “Standards Package” has been renamed as the “CAL 1 Standards Package” to distinguish it from the new CAL 2 standards package. This clarification is carried on to licensee CAL 1 Schema, licensee CAL 1 Software, CAL 1 Data etc;
- The Term of the licence has been changed slightly. In the previous EULA, the Term may continue until the licensee fails to pay their annual invoice. In the updated EULA, the Term runs to the end of the year, at which point the licence can be renewed by paying the annual invoice;
- There is a change in the obligations that arise when a licensee qualifies for a higher licence fee category than their current fee category. In the previous EULA, LIXI could notify the licensee that they were liable for the higher fee. In the updated EULA the licensee has an obligation to notify LIXI of the change.

The CAL 2 Licence

The licence terms for CAL 2 are set out in Attachment B. These terms are materially different from the CAL 1 licence terms. The differences are a direct consequence of the original requirements for LIXI 2.0, including the objective of maintaining the standardisation over time.

BRIEFING NOTE

The widespread divergence of lender versions of the LIXI CAL 1 schema was one of the fundamental drivers of reform, and preventing that from happening in CAL 2 is critically important to its success. Licensing of the CAL 2 Standards Package is intended to create a community of users who are able to freely exchange CAL 2 compliant data, and restrictions on the exchange of non-compliant data are necessary to ensure that this intention is realised.

Key differences in the terms of the CAL 2 licence include:

- The licensee is not permitted to extend the CAL 2 Schema or change the meaning of anything in the Data Dictionary, and the licensee is not permitted to send or receive data that is not compliant with the CAL 2 Schema to any arms-length party;
- Introduction of a compliance testing regime. Licensees must agree to participate in preparing a set of test cases and in testing their systems to ensure that they will neither transmit nor receive ‘non compliant’ data. These tests will not be onerous, and may be conducted with software vendors rather than each of their clients, however every licensee has an obligation to conform if so requested;
- ‘Internal Business Purposes’ is defined now, as “the creation or processing of CAL 2 Data in circumstances where the content of the CAL 2 Data file is specifically relevant to the business of the entity.” This is to permit a clear distinction between use of the standards to benefit a licensee from use by a service provider that provides a common service regardless of the benefit to the licensee. This will enable greater clarity in the structure of the licence fees.

The Data Dictionary has, or will have, defined every single data item that is exchanged between lending industry partners using CAL 2, and LIXI has a change management process in place that enables responsive updates to both the Data Dictionary and CAL 2.

The Electronic Guidebook (EGB) Schema Licence

The terms relating to the grant of licence and restrictions for the use of the EGB Schema are set out in Attachment C. EGBs are a new concept in the LIXI 2.0 reform program: they contain all of the business rules, data logic and print form templates that are currently in manually generated and implemented guidebooks; they can be transmitted electronically; and are capable of automatically reconfiguring the application lodgement interface without implementation coding or time delay.

BRIEFING NOTE

Some notes with regard to the EGB Schema licence:

- The *format* of each licensee's EGB are the same, they will all conform to the EGB Schema. Licensees are not permitted to change the schema. This is to ensure that a licensee EGB can be sent to *any* recipient to provide form configuration, CAL 2 data preparation and validation, and generation of human readable documents derived from CAL 2 data.
- EGBs can only be used in conjunction with the Data Dictionary and CAL 2 data. This ensures that when a licensee sends an EGB to their business partner, that party will be generating conformant CAL 2 data messages.
- When a licensee prepares an EGB and authorises their business partners to use that guidebook, the business partner has a right to receive the guidebook and to use it to prepare and send CAL 2 data to the guidebook owner. In enabling this, the licensee must make that guidebook available to LIXI and permit LIXI to distribute the guidebook to each of those intended recipients.

Rollout

The EULA includes a clause to the effect that “LIXI may amend this Agreement ... effective on and from a Licence Renewal Date [Jan 1], by giving the licensee no less than 60 days prior written notice.”

For this EULA the changes affecting existing licensees were designed to have the least possible impact so that the agreement could be implemented in a timely fashion. From 1 Jan 2014 all current licensees will be licensing the CAL 1 standards package under the new EULA with attachment A. Those licensing CAL 2 and the EGB will do so under attachments B and C.

Conclusion

LIXI is pleased to release the new standard package and associated licence to the community. Members interested in licensing the new CAL 2 and EGB standards are welcome to contact us with your requirements.