

**MEMO# 32408**

April 23, 2020

# ICI Draft Comment Letter on SEC Proposed Market Data Infrastructure Rule

[32408]

April 23, 2020 TO: Equity Markets Advisory Committee RE: ICI Draft Comment Letter on SEC Proposed Market Data Infrastructure Rule

As we previously informed you, the Commission published for comment a proposed rule to expand the national market system (“NMS”) market data content and replace the exclusive securities information processors (“SIPs”) with a decentralized model (“Proposed Rule”).[\[1\]](#) The ICI has prepared a draft comment letter that expresses strong support for the Proposed Rule.

The draft letter is attached and summarized below. In addition, the letter requests your specific feedback on several matters, including one described below. The letter is due to the Commission no later than Tuesday, May 26.

***Please provide me with any comments on the draft by email at [nhan.nguyen@ici.org](mailto:nhan.nguyen@ici.org) or phone at (202) 867-5885 no later than Wednesday, May 6.***

## **Additions to Core Data**

The draft letter strongly supports expanding the elements of “core data” to include (i) odd-lot quotes represented as smaller “round lot” sizes; (ii) depth-of-book information; and (iii) auction information. We oppose, however, not extending the Order Protection Rule to these smaller round lot sizes and recommend that the Commission first ascertain the effect of doing so through a pilot program to guide how best to proceed.

**Request for Feedback: We seek your feedback on several aspects of the proposed additions to “core data,” but specifically on whether we should recommend that the Commission conduct a pilot program regarding the Order Protection Rule.**

## **Competing Consolidators**

The draft letter strongly supports the Commission’s (i) elimination of the exclusive SIP model for collecting, consolidating, and disseminating NMS market data; and (ii) introduction of competition by allowing “competing consolidators” and “self-aggregators”

to perform those functions.

## **Other Essential NMS Reforms**

The draft letter emphasizes that the Commission also must adopt the other related actions to truly achieve the objectives of the Proposed Rule, including (i) the order to reform NMS plan governance; and (ii) the rescission of the effective-upon-filing exception for NMS plan fee amendments. We note that these proposed reforms together would balance the control that exchanges would continue to have over the underlying market data that they would be required to provide to competing consolidators and self-aggregators.

Nhan Nguyen  
Counsel, Securities Regulation

## [Attachment](#)

### **endnotes**

[1] ICI Memorandum No. 32259, SEC Proposal to Update NMS Market Data Infrastructure (Mar. 4, 2020), *available at* [https://www.ici.org/my\\_ici/memorandum/memo32259](https://www.ici.org/my_ici/memorandum/memo32259).

---

Copyright © by the Investment Company Institute. All rights reserved. Information may be abridged and therefore incomplete. Communications from the Institute do not constitute, and should not be considered a substitute for, legal advice.