

MEMO# 32486

May 27, 2020

ICI Comment Letter on SEC Proposed Market Data Infrastructure Rule

[32486]

May 27, 2020 TO: ICI Members SUBJECTS: Trading and Markets RE: ICI Comment Letter on SEC Proposed Market Data Infrastructure Rule

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 filed a comment letter that expresses strong support for the Proposed Rule.

The letter is attached and summarized below.

Additions to Core Data

The 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. The letter recommends that the Order Protection Rule apply to the additional round lot sizes, but also that the Commission separately address the rule given its complex effects on the equity markets. The letter further recommends that the SEC consider changing the price tiers, particularly the \$1,000 threshold between the one-share round lot and two-share round lot, which is *de minimis* for order protection purposes.

Competing Consolidators

The 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 letter applauds the Commission for recently adopting a final order to reform NMS equity data plan governance, but emphasizes it also must adopt the proposed rescission of the effective-upon-filing exception for NMS plan fee amendments. The letter notes that all three reforms together would achieve the Exchange Act NMS objectives by balancing the control that exchanges would retain over the underlying market data that they would provide to competing consolidators and self-aggregators.

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[Attachment](#)

endnotes

[1] See Securities Exchange Act Release No. 88216, 85 FR 16726 (Mar. 24, 2020).

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