

MEMO# 14871

July 3, 2002

SEC ABROGATES RULE FILINGS ON MARKET DATA REBATE PROGRAMS

[14871] July 3, 2002 TO: EQUITY MARKETS ADVISORY COMMITTEE No. 14-02 RE: SEC ABROGATES RULE FILINGS ON MARKET DATA REBATE PROGRAMS The Securities and Exchange Commission has abrogated proposals by several markets to extend rebates of market data revenues to market participants.¹ In particular, the SEC's press release announcing the abrogations (a copy of which is attached) states that the Commission is concerned that "the availability of large market data revenue rebates in certain markets may be creating incentives for traders to engage in transactions with no economic purpose other than to receive market data fees." The press release further states that the Commission believes that such trades may be distorting the actual volume of trading in these securities and that the structure and size of market data revenue rebates may be distorting the reporting of trades. Ari Burstein Associate Counsel Attachment Attachment (in .pdf format) 1 Specifically, the SEC abrogated proposals filed by the NASD, the Cincinnati Stock Exchange and the Pacific Exchange.

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