

**MEMO# 11777**

April 4, 2000

# **INSTITUTE COMMENT LETTER ON SEC CONCEPT RELEASE REGARDING THE REGULATION OF MARKET INFORMATION FEES AND REVENUES**

1 See Memorandum to Equity Markets Advisory Committee No. 1-00 and SEC Rules Committee No. 3-00, dated January 7, 2000. [11777] April 4, 2000 TO: EQUITY MARKETS ADVISORY COMMITTEE No. 23-00 SEC RULES COMMITTEE No. 54-00 RE: INSTITUTE COMMENT LETTER ON SEC CONCEPT RELEASE REGARDING THE REGULATION OF MARKET INFORMATION FEES AND REVENUES

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The Institute has filed a comment letter (attached) with the Securities and Exchange Commission on the SEC's concept release regarding the regulation of market information fees and revenues.<sup>1</sup> The comment letter states that the Institute believes that the issues raised by the concept release are very important to the effective functioning of the markets as reliable and timely market information is an important means of enhancing the transparency of the buying and selling interest in a security, for addressing the fragmentation of buying and selling interest among different market centers, and for facilitating the best execution of customers' orders by their broker-dealers. The comment letter also notes that the concept release states that one of the developments in the securities industry prompting the SEC's review of market information arrangements are the NYSE's and Nasdaq's plans to become for-profit entities. The Institute believes that the demutualization of the NYSE and Nasdaq raises a concern, which stems from the overwhelming dominance that these entities currently enjoy in the marketplace and are likely to continue to enjoy after they become for-profit enterprises, that the NYSE and Nasdaq might raise their fees to inappropriate levels. The comment letter states that the Institute is therefore pleased that the SEC is reevaluating the arrangements for disseminating market information, including the fees charged for this information, and that we agree with the approach outlined in the concept release that market information fee levels should be tied to some type of flexible cost-based standard in order to prevent entities from raising fees to inappropriate levels and realizing excessive profits. Ari Burstein Assistant Counsel Attachment