



January 10, 2019

Mr. Brent J. Fields
Secretary
U.S. Securities and Exchange Commission
100 F Street, NE
Washington DC 20549

Re: File No. 4-729; Roundtable on Market Data and Market Access

Dear Mr. Fields:

We would like to again thank the SEC for organizing the Roundtable on Market Data and Market Access held in October 2018 and the opportunity for T. Rowe Price¹ to be represented on the Roundtable's first panel. As a fiduciary investment adviser, it is important for us to speak out on this topic because the regulatory framework for market data and the high level of fees associated with market data have implications for our clients.

The ecosystem for exchanges has gone through a significant transformation and regulation has not kept pace. Many years ago, exchanges essentially acted as public utilities operated by and for the benefit of their members, focusing on facilitating trades and matching buyers and sellers. Consequently, exchanges were granted regulatory control over the distribution and sale of market data. In contrast, today's exchanges have transitioned from member-owned and -run utilities to for-profit corporations. Significant conflicts exist as the exchanges retain their special status as self-regulatory organizations, even though they now compete directly with their broker-dealer customers for trade executions and exercise pricing leverage because they know that, as a practical matter, broker-dealers must purchase their market data.

Despite the innovations and efficiencies in technology which have reduced an array of costs in the financial services sector and other industries, the fees for market data and related connectivity have sharply risen. In large part, the rise in market data and connectivity fees is due to the regulatory protections retained by exchanges despite the changed ecosystem noted above.² The adoption of Rule 611 (the Order Protection Rule) in 2005 also bolstered the power of

¹ T. Rowe Price Associates, Inc., a wholly owned subsidiary of T. Rowe Price Group, Inc., together with its advisory affiliates, has 1.01 trillion of assets under management as of October 31, 2018 (based on preliminary data). We are a global investment management organization, providing a broad array of mutual funds, subadvisory services, and separate account management for individual investors, retirement plans, and financial intermediaries.

² Another regulatory factor contributing to high market data fees is that Rule 610 caps the access fees charged by exchanges at \$.003 per share (earlier this year, T. Rowe Price submitted a comment letter (see <https://www.sec.gov/comments/s7-05-18/s70518-3832746-162769.pdf>) on the proposed version of the SEC's recently adopted pilot relating to access fees and rebates). Because this segment of the exchanges' business is constrained from a revenue perspective due to the cap, many exchanges look to data and connectivity fees when seeking opportunities for revenue growth.

exchanges in the marketplace as broker-dealers were required to connect to an assortment of exchanges to satisfy their best execution obligations. The regulatory advantage provided by Rule 611 to the exchanges has led to a highly fragmented landscape. Coupled with the exchanges' control over market data and connectivity pricing, we find ourselves navigating through an unnecessarily complex marketplace where a handful of parent companies operate thirteen analogous venues. This excessive fragmentation drives up broker-dealers' data costs because they must separately purchase data from and connect to all thirteen exchanges to have a complete view of the US market. Ultimately, the onerous data costs incurred by broker-dealers and the resulting narrowing of their profit margins makes it harder for the commissions paid to broker-dealers by our clients and other market participants to be negotiated to lower levels. In addition, the high data costs endured by broker-dealers hampers their ability to devote more resources to technology, innovation, and other services that could enhance the execution quality of their services rendered to our clients' portfolios. Exchanges have also creatively structured their licensing permissions so that a purchaser of data is often charged many times for the same information due to separate fees for storage, reporting, analysis, reproduction, viewing on multiple devices, etc. All of this adds up to an unfortunate fee dynamic that is made more frustrating by the fact that market participants provide this data to the exchanges through their individual trading activity and are essentially forced to buy back their own data.

Unfortunately, there is a lack of alternatives to purchasing exchanges' proprietary market data and related connectivity. Practically speaking, broker-dealers do not have the option to forego buying this proprietary data because the lower priced information required to be provided by securities information processors ("SIPs") is not as expansive and the SIP feeds are slower. As a fiduciary, it is important to us that our broker-dealers have the fastest and deepest possible information for a full and accurate view of the market so that we can best serve our clients' interests. Some market participants (see the October 23, 2018 comment letter from Clearpool) have rightfully acknowledged that even if the SEC provided a safe harbor that best execution requirements may be satisfied by relying on SIP data, they believe they have a business and commercial obligation to obtain the more robust, faster data offered by the exchanges' proprietary data feeds.

The October 16, 2018 rulings of the SEC to set aside and remand various market data fee increase filings are an important and positive first step in subjecting fees for market data and related connectivity to greater scrutiny but more needs to be done. To further improve the framework governing the cost of market data, we strongly recommend the following changes:

Expand disclosure. The SEC should require more expansive disclosure by exchanges regarding market data fees so that the SEC and others can meaningfully assess whether an exchange is meeting its obligations under the Section 6 and 11A of the Exchange Act, including distributing data on terms that are "fair and reasonable" and "not unreasonably discriminatory." For example, exchanges should be required to disclose all revenues and costs (using standardized categories and itemizing by product and service) associated with the collection and dissemination of market data. Exchanges should also be required to separately disclose information concerning connectivity fees.

Fee changes should not become effective immediately. The SEC and Congress should work together to restore the process in place prior to the Dodd-Frank Act where fee changes by the exchanges and SIPs were subject to notice and public comment before approval or disapproval by the SEC.

Improve the SIPs' framework and governance. We believe investors would benefit if there was competition among organizations eligible to serve as SIPs, whether through a periodic bidding process or the ability of multiple firms to simultaneously serve as SIPs and compete to provide the best overall combination of fees, level of services, and reliability. In terms of governance, broker-dealers and buy-side representatives should have representation on SIP operating committees with full voting rights on fee issues and other matters.

Potentially streamline market data offerings. We also encourage the SEC to explore whether market participants would be better served from an equality and fairness standpoint if each exchange simply provided one data feed, as opposed to the fragmentation, conflicts, and tiering of market participants that results from having both SIP and proprietary feeds. Given proper attention, there are ample technology advancements available which could elevate the content and performance of SIP feeds.

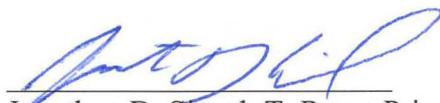
We appreciate the opportunity to provide our comments on this matter. Should you have any questions regarding this letter, please feel free to contact us.

Sincerely,



Mehmet Kinak, T. Rowe Price Associates, Inc.
Vice President – Global Head of Systematic Trading & Market Structure

[REDACTED]



Jonathan D. Siegel, T. Rowe Price Associates, Inc.
Vice President – Senior Legal Counsel (Legislative & Regulatory Affairs)

[REDACTED]