



February 24, 2020

*Filed Electronically*

Ms. Vanessa Countryman  
Secretary  
U.S. Securities and Exchange Commission  
100 F Street, NE  
Washington DC 20549

Re: Proposed Order Directing the Exchanges and FINRA to Submit a New NMS Plan regarding Consolidated Equity Market Data - File No. 4-757

Dear Ms. Countryman:

We would like to thank the Commission for the above-referenced proposal (the “**Proposal**”) and we appreciate the opportunity to provide feedback. T. Rowe Price<sup>1</sup> has participated in the long-standing policy debate on the topic of market data through various public discussions such as the SEC’s 2018 Roundtable on Market Data and Market Access. We have also submitted formal comment letters to the SEC on this topic, most recently as an individual firm in January 2019 and also as part of a coalition of firms in December 2017 and September 2019.<sup>2</sup> We are in favor of the SEC approving the Proposal as an initial step, recognizing there is a long road ahead to advance the Proposal’s goals as NMS plan participants would need to propose and finalize various rule changes and then implement the new requirements.

### **Background**

As the SEC and the industry is aware, the fees for market data and related connectivity have risen significantly despite the innovations and efficiencies in technology that have reduced an array of costs in the financial services sector. 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 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.

### **Improving the Market Data Landscape**

Some of the high-level recommendations we have spoken about over the years to make the market data ecosystem better for investors and brokers include expanded disclosure by exchanges regarding market data fees and related information, improving the structure and governance of the SIPs, and streamlining market data offerings. The Proposal is well-aligned with these recommendations because a sound and fair governance model can encourage other positive changes to the market data framework. Accordingly, it is an appropriate step in the effort to modernize the regulation of equity market data.

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<sup>1</sup> T. Rowe Price Associates, Inc. and its advisory affiliates provide investment management services to numerous individuals, institutions, and investment funds, including the T. Rowe Price family of mutual funds. T. Rowe Price Associates, Inc. and its affiliates managed approximately \$1.21 trillion in assets as of December 31, 2019.

<sup>2</sup> T. Rowe Price letter dated January 10, 2019 available at: <https://www.sec.gov/comments/4-729/4729-4844471-177204.pdf>. Coalition 2017 and 2019 letters available at: <https://www.sec.gov/rules/petitions/2017/petn4-716.pdf> and <https://www.sec.gov/rules/petitions/2019/petn4-754.pdf>, respectively.

### **Key Elements of the Proposal**

While we understand there are many elements within the Proposal and these should be thought about holistically, it is worthwhile to highlight certain aspects of the Proposal we view as particularly noteworthy. We appreciate the Proposal's adding non-SRO voting members to the SIP operating committee and giving these new members one-third of the vote as we do not believe the current structure of utilizing an advisory committee for non-SROs has ultimately influenced exchanges' decisions on market data issues. In fact, we've seen first-hand the limitations on an advisory committee's ability to influence outcomes and generate improvements in a similar setting through our participation on the Consolidated Audit Trail's advisory committee. In sum, we believe the Proposal's non-SRO voting structure, combined with the Proposal's shift to one or two votes per exchange group depending on market share (as opposed to individual votes per individual exchange) would facilitate more balanced outcomes by the operating committee that would better serve market participants broadly. After all, it is the trade data of brokers, asset managers, and other investors that is collected, and these same participants are who consume the public feeds of that data so it is only fair that these non-SROs be part of the voting process so they can have a greater presence in the overall "lifecycle" of market data.

We also applaud the SEC for including a requirement in the Proposal that there be an independent administrator of the new consolidated data plan that must not be owned or controlled by a corporate entity that offers for sale its own proprietary market data product, either directly or via another subsidiary. In this way, the Proposal begins to lessen one of the glaring conflicts of interest in the current market data framework where exchanges' commercial interests in their proprietary data businesses, along with exchange administrators' access to confidential subscriber information, have negatively influenced various decisions regarding the operation of the public NMS data plans.

### **Potential Enhancements to the Proposal**

As noted above, we support adding non-SROs to the operating committee voting structure. It is helpful that the Proposal notes that there should be reasonable term limits for non-SRO members, and we think there is an opportunity to further improve this element. Striking the right balance between continuity of membership and diversity of views is more art than science. That said, we believe 3-year terms (as opposed to 2-years, as proposed) with a cap on serving no more than 2 consecutive terms would be a sensible approach. Capping consecutive terms would support diversity and periodic changeover in the operating committee's institutional investor make-up. Within the asset management sector alone, there are firms of various sizes, with a range of investment and trading styles, and different views on market data issues. By limiting consecutive terms to no more than 2, the operating committee would be more likely to experience the healthy exchange of views from varying perspectives.

In addition, the Proposal notes that the SEC believes the new data plan should include a comprehensive conflicts of interest policy. The discussion of this policy in the Proposal is fairly brief and it is not clear whether it is merely proposing a transparency or disclosure regime as opposed to a true conflicts of interest policy. There are many aspects within our federal securities laws where the issue of conflicts of interests is appropriately addressed through disclosure only. However, in this case there is such a fundamental and obvious conflict between exchanges providing proprietary market data and their role in running the public data plans that we think the Proposal should specifically call for reasonable steps to be taken by NMS plan participants to mitigate these conflicts. We also highlight this view because we do not see tangible benefits arising from the proposals submitted by various exchanges seeking to mandate a disclosure-only regime since existing market practice is to already provide these disclosures voluntarily.<sup>3</sup>

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<sup>3</sup> See SEC File No. SR-CTA/CQ-2019-01 available at: <https://www.sec.gov/rules/sro/nms/2020/34-87907.pdf> and SEC File No. S7-24-89 available at: <https://www.sec.gov/rules/sro/nms/2020/34-87908.pdf>.



Ms. Vanessa Countryman  
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Page 3 of 3

We also express our full support of the views in the Investment Company Institute's letter on the Proposal. And while we are only in the initial stages of our review of the SEC's February 14 proposal<sup>4</sup> to modernize the public data feed's infrastructure through improved content and speed, along with more competition, we are pleased the SEC is considering additional steps to reform the market data framework. Thank you again for your continued efforts to address these issues and we would be happy to further discuss this topic.

Sincerely,



Mehmet Kinak  
Vice President & Global Head of Systematic Trading & Market Structure



Jonathan D. Siegel  
Vice President & Senior Legal Counsel - Legislative & Regulatory Affairs

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<sup>4</sup> See SEC File No. S7-03-30 available at: <https://www.sec.gov/rules/proposed/2020/34-88216.pdf>.