



May 29, 2014

**Via Electronic Mail ([rule-comments@sec.gov](mailto:rule-comments@sec.gov))**

Securities and Exchange Commission  
100 F Street, N.E.  
Washington, DC 20549-1090

Re: File No. SR-FINRA-2014-018: Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Notice of Filing of a Proposed Rule Change To Establish a Fee Schedule for Alternative Trading System Volume Information

The Securities Industry and Financial Markets Association (“SIFMA”)<sup>1</sup> appreciates the opportunity to comment on the above-referenced rule proposal filed by the Financial Industry Regulatory Authority (“FINRA”) with the Securities and Exchange Commission (“Commission”). Under the proposal, FINRA would establish a fee schedule for optional professional access to alternative trading system (“ATS”) volume information published by FINRA on its website.<sup>2</sup> SIFMA opposes these fees, and we believe the ATS volume information should be made available to the public at no cost.

SIFMA supported FINRA’s Rule 4552<sup>3</sup> to require ATSS to report to FINRA weekly volume information and number of trades regarding securities transactions within the ATS.<sup>4</sup> As we previously stated and continue to believe, SIFMA believes that an increase in transparency about trading volumes and characteristics will contribute to a thoughtful evaluation of market quality that is based on consistent and objective data and facts.<sup>5</sup> Our support of Rule 4552 was based on the idea that FINRA would provide open access to the ATS volume information so that it could be freely used for market analysis. At the time of FINRA’s proposal, SIFMA expressed concern about FINRA’s plan to impose fees for access to the ATS volume information, and we requested that:

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<sup>1</sup> The Securities Industry and Financial Markets Association (SIFMA) brings together the shared interests of hundreds of securities firms, banks and asset managers. SIFMA’s mission is to support a strong financial industry, investor opportunity, capital formation, job creation and economic growth, while building trust and confidence in the financial markets. SIFMA, with offices in New York and Washington, D.C., is the U.S. regional member of the Global Financial Markets Association (GFMA). For more information, visit <http://www.sifma.org>.

<sup>2</sup> See Securities Exchange Act Release No. 71919 (April 9, 2014), 79 FR 21324 (April 15, 2014).

<sup>3</sup> See FINRA Rule 4552.

<sup>4</sup> See Letter from Theodore R. Lazo, Managing Direct and Associate General Counsel, SIFMA to Elizabeth M. Murphy, Secretary, Commission dated November 11, 2013.

<sup>5</sup> *Id.*

FINRA provide additional detail about the types of fees it would charge for receiving the trading volume and clarify that the basic trading volume information would be made available to all users, professional and non-professional, on FINRA's website at no charge.

Yet FINRA now indicates that non-professional users will have access only to four weeks of ATS volume data, and only in a viewable, non-downloadable format. Any person who wants access to more extensive information, or to any downloadable information, whether professional or non-professional, will have to pay at least \$12,000 for an annual subscription for that data.

FINRA's proposal calls into question how the benefits of market transparency are furthered by providing members of the public only with a limited snapshot of ATS Data. SIFMA believes that FINRA should make available to the public all ATS Data in a downloadable format. Such an approach would be analogous to the Commission's Market Structure website which provides all individuals with the opportunity to view *and* download key metrics and certain market data produced from the Market Information Data and Analytics System (MIDAS).<sup>6</sup> This approach also is consistent with public access to information that is provided by market centers pursuant to Rule 605 of Regulation NMS. In addition, some market centers also publish a range of historical market data that is available for download via their websites.<sup>7</sup> Increased transparency will benefit all market participants and SIFMA can see no reason why FINRA would not make a meaningful set of downloadable ATS Data available to the public at large.

Separately, SIFMA strongly questions the statutory basis that FINRA provides as support for its proposed rule change. In providing the justifications for the reasonableness of the proposed fee, FINRA makes numerous references to the relative advantages of its product, notably its lower price and enhanced content, when compared to the current ATS data offerings provided by for-profit third-party organizations.<sup>8</sup> Yet, little detail is provided to what a fee such as this should cover, to help defray any excess costs associated with collecting, formatting, and disseminating the market data that cannot be reasonably covered by existing member fees. FINRA is a non-profit, regulatory organization, funded by its member firms, which are required by statute to join FINRA. In addition, FINRA receives the ATS Data by regulatory mandate to its member firms. The Commission should require FINRA to demonstrate why any costs of providing the ATS Data to the public cannot be covered by FINRA's existing revenues and resources. In any event, FINRA should not be able to justify a significant subscription fee for access to the ATS Data by comparing itself to for-profit corporations that do not have FINRA's regulatory access to broker-dealer information or FINRA's captive revenue stream of membership fees and charges.

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<sup>6</sup> See <http://www.sec.gov/marketstructure/#.U3osZvldVgN>.

<sup>7</sup> For example, BATS Exchange provides downloadable historical market volume data at no cost to all market participants. See [http://www.batstrading.com/market\\_data/market\\_volume\\_history](http://www.batstrading.com/market_data/market_volume_history).

<sup>8</sup> See 79 FR at 21326-21327.

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SIFMA greatly appreciates the Commission's consideration of the issues raised above in connection with FINRA's proposed rule. SIFMA would be pleased to discuss these comments in greater detail with the Commission and the Staff. If you have any questions, please contact either me (at [REDACTED]) or Timothy Cummings (at [REDACTED]).

Sincerely,



Theodore R. Lazo  
Managing Director and  
Associate General Counsel

cc: Mary Jo White, Chairman  
Luis A. Aguilar, Commissioner  
Daniel M. Gallagher, Commissioner  
Michael S. Piwowar, Commissioner  
Kara M. Stein, Commissioner  
Stephen Luparello, Director, Division of Trading and Markets  
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