



August 12, 2020

Via Email

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

Re: Proposed Rule on Market Data Infrastructure (File No. S7-03-20)

Dear Ms. Countryman:

Intercontinental Exchange, Inc. (“ICE”) respectfully submits this comment letter on behalf of ICE Data Services (“IDS”) in response to the February 14, 2020 proposed rulemaking on Market Data Infrastructure from the Securities and Exchange Commission (the “Commission”),¹ which supplements IDS’s May 2020 comment letter on the Proposing Release.² This letter reiterates and emphasizes that the services currently offered by IDS are fundamentally different than the services of the current exclusive securities information processors (“SIPs”).

The Exclusive SIPs

In the Proposing Release, the Commission described the current role of the exclusive SIPs in the dissemination of NMS information:

the SROs provide certain NMS information for each NMS stock to an exclusive processor (“exclusive SIP”). The exclusive SIP then consolidates this NMS information and makes it available to market participants.³

The Commission proposed that, instead of the present model, the exclusive SIPs’ critical collection, consolidation, and dissemination functions be performed by two new categories of entities: (1) competing consolidators, which would collect, consolidate, and

¹ See Securities Exchange Act Release No. 88216 (February 14, 2020), 85 FR 16726 (March 24, 2020) (File No. S7-03-20) (“Proposing Release”). Capitalized terms not otherwise defined herein are used as defined in the Proposing Release.

² See letter from Doris Choi, Co-General Counsel, ICE Data Services, to Ms. Vanessa Countryman, Secretary, Commission, dated May 29, 2020 (“May Letter”).

³ Proposing Release, at 16729 (citations omitted). See 17 CFR 242.603(b) (requiring that the information for each NMS stock be disseminated through a single plan processor); and 17 CFR 242.600(b)(59) (defining “plan processor” as “any self-regulatory organization or securities information processor acting as an exclusive processor in connection with the development, implementation and/or operation of any facility contemplated by an effective national market system plan.”).

disseminate market data to customers, and (2) self-aggregators, which would be brokers or dealers that would perform the collection and consolidation of market data for their own internal use (the “Decentralized Consolidation Proposal”).⁴ The May Letter commented on the Decentralized Consolidation Proposal.

IDS Services

Through its IDS business, ICE operates the ICE Global Network (“IGN”),⁵ a global connectivity network whose infrastructure provides access to over 150 global markets and over 750 data sources. IGN offers market participants access to aggregated global markets through the ICE Consolidated Feed (“Consolidated Feed”), which aggregates content from over 600 sources, including data from more than 150 exchanges, over-the-counter markets, indices, and news.⁶

Like other data vendors, IDS collects and disseminates data from many sources. For example, to create the Consolidated Feed, IDS obtains feeds from different sources world-wide, puts them into a common format, resolves any issues such as dropped data packets, and passes them on to customers. Each customer chooses which data feeds it wishes to receive, and because IDS has already done so, the customer does not need to normalize the data.

The use of the term “consolidated” in the name of IDS’s Consolidated Feed describes a fundamentally different type of consolidation than the consolidation performed by the exclusive SIPs. IDS’s Consolidated Feed brings data feeds from a variety of sources across multiple asset classes from numerous countries together into an easy to consume product. However, even if those sources are different exchanges that quote and trade the same securities, IDS’s Consolidated Feed does not interweave data from those different exchanges to create a mixed feed of market data from those different exchanges. It does not calculate an NBBO. Instead, it simply passes along the data from the separate exchanges. The exclusive SIPs, on the other hand, receive data directly from exchanges and interweaves them, creating new feeds, including the NBBO.

Using cable television as an analogy, it is as if IDS offered an array of channels, and customers could choose which ones they wanted to receive. IDS would pass each through to the customer as a separate channel, and would not alter them other than to ensure they were in a format the customer could watch. By contrast, it is as if each

⁴ See Proposing Release, at 16730.

⁵ ICE is also the parent company of 12 regulated exchanges around the world, including the national securities exchanges New York Stock Exchange LLC (“NYSE”), NYSE American LLC, NYSE Arca, Inc., NYSE Chicago, Inc., and NYSE National, Inc., futures markets, and clearing houses.

⁶ The exclusive SIPs’ feeds are among the feeds that customers can connect to through the Consolidated Feed. See “Consolidated Data Feed Coverage List—Indices and Indicators” at <https://www.theice.com/market-data/connectivity-and-feeds/consolidated-feed/coverage-list>. IDS also provides pricing and reference data for fixed income securities and liquidity indicators through its pricing and analytics tools.

exclusive SIP took shows from a number of channels and consolidated them all into one single channel by aggregating and interweaving their data.

Consequently, IDS would not be able to offer a competing consolidator without significant expenditure of resources to develop a new infrastructure capable of collecting, consolidating and disseminating NMS data in compliance with the requirements of the Commission's proposed rules.

Given the costs of creating a new infrastructure⁷ and, as discussed in the May Letter, the number of issues and important structural points regarding the changes in the regulatory regime for data vendors and the requirements for competing consolidators,⁸ IDS believes that in the Proposing Release the Commission does not meet its burden to assess the impact of the Decentralized Consolidation Proposal on efficiency, competition, and capital formation or to reasonably consider whether it would do more harm than good.⁹ ICE asks that the Commission address these issues before taking any action with respect to the Decentralized Consolidation Proposal.

Respectfully submitted,



Doris Choi (Aug 12, 2020 10:08 EDT)

Doris Choi
Co-General Counsel
ICE Data Services

cc: Honorable Jay Clayton, Chairman
Honorable Hester M. Peirce, Commissioner
Honorable Elad L. Roisman, Commissioner
Honorable Allison Herren Lee, Commissioner

Brett Redfearn, Director, Division of Trading and Markets

⁷ See May Letter, pages 12-14.

⁸ See, e.g., *id.*, pages 2-4 (Executive Summary).

⁹ See 15 U.S.C. 78c(f).