

April 27, 2018

By Electronic Mail (rule-comments@sec.gov)

Brent J. Fields
Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, D.C. 20549-1090

Re: File Nos. SR-CTA/CQ-2018-01; S7-24-89

Dear Mr. Fields:

The Participants submit this letter in response to comment letters received by the Securities and Exchange Commission (the “SEC” or the “Commission”) in connection with the above-referenced filings (the “Amendments”), which adopt changes to the fee schedules of the Consolidated Tape Association (“CTA”) Plan, the Consolidated Quotation (“CQ”) Plan, and the Unlisted Trading Privileges (“UTP”) Plan (collectively, the “Plans”). The Amendments adopt changes to the Nonprofessional Subscriber Enterprise Cap and Per Query fees. We appreciate this opportunity to address the issues raised by commenters to the SEC.

As part of its notice to the public, the SEC asked commenters specific questions with respect to the representations made by the Participants. The commenters’ responses to these questions are incorrect or misguided, and, in general, require no further response from the Participants beyond what has already been submitted. Nevertheless, the Participants would like to call the Commission’s attention to certain factual errors. For example, in its comment letter to the SEC, SIFMA repeatedly asserts that market participants lack the ability to assess the revenue impact of the proposed fee changes and therefore are unable to respond to the SEC’s questions.¹ That assertion is completely wrong. Market participants that subscribe to CTA, CQ, or UTP data can readily apply the new fee schedule to their historical usage and projected future usage to determine whether the Participants’ representations and analysis holds true. It is telling that only industry associations making broad-based attacks to the proposed fee schedule have commented on the Amendments. The SEC did not receive a single comment from individual market data subscribers about the Amendments. If the Participants’ analysis was incorrect and market data subscribers’ fees would increase based on the Amendments, we would expect that such market data subscribers would have responded to the SEC’s request for comment.

As stated in the Participants’ filings, the revenue neutral nature of the proposed filing was not solely focused on an aggregate level of revenue, but instead was also on the level of the individual market data subscriber. A very small subset of subscribers use the Enterprise Cap fee, and therefore, calibrating the revenue neutral nature of the fee changes in the Amendments is

¹ See Letter from Melissa MacGregor, Managing Director & Associate General Counsel, SIFMA (April 19, 2018).

easily done on both an aggregate and an individual subscriber basis. As a result of their analysis, the Participants believe that the Amendments will be revenue neutral on an individual subscriber basis. Again, if the small subset of market data subscribers affected by the Amendments expected their fees to increase, they presumably would have submitted a comment letter stating as much.

Finally, Healthy Markets raises issue with past forecasts on revenue as a result of fee schedule changes, and therefore questions the Participants' analysis that the Amendments are designed to be revenue neutral.² Again, this criticism is meritless. First, it is interesting that the example of a past forecast provided by the commenter is one in which revenues actually decreased after the Participants forecasted that revenues would not materially change. Second, the fee changes referenced by the commenter added a new category of fees to the fee schedule, making precise forecasts about future data usage difficult to assess. However, as explained above, the Amendments only affect a small subset of market data subscribers on an individual basis and it is relatively easy under such circumstances to project that the effect on these subscribers will be revenue neutral.

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For the reasons discussed above, we believe that the Commission should allow the Amendments to remain effective.

Sincerely,



Emily Kasparov
Chair
Plans' Operating Committee

Cc: John C. Roeser, Associate Director, Division of Trading and Markets
Katherine A. England, Assistant Director, Division of Trading and Markets

² See Letter from Tyler Gellasch, Executive Director, Healthy Markets (April 11, 2018).