NYSE

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January 19, 2016

VIA E-MAIL

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

Re: File No. SR-NYSE-2015-57 (the "NYSE Integrated Feed Filing")

Dear Mr. Fields:

New York Stock Exchange LLC ("NYSE") respectfully submits this letter in response to the December 10, 2015 comment letter from Alex Hanson submitted on behalf of AHSAT LLC (the "Hanson Letter") (available at http://www.sec.gov/comments/sr-nyse-2015-57/nyse201557-1.htm).

The NYSE Integrated Feed Filing proposed the fees for the NYSE Integrated Feed product, a proprietary market data product. As more fully set forth in NYSE's filings, the NYSE Integrated Feed provides a comprehensive order-by-order view of events in the NYSE equities market. The feed integrates orders and trades in sequence, providing a more deterministic and transparent view of the order book and related activity, and includes full depth order-by-order data, trades, auction imbalances, and security status messages.

Because the statutory bases for the fees set by the NYSE Integrated Feed Filing are fully set forth in that filing and rebut the Hanson Letter's assertions that the NYSE Integrated Feed Filing does not comport with the Securities Exchange Act of 1934 (the "Exchange Act"), NYSE will not repeat those discussions here. The core of AHSAT's comments are claims that the announced fees for the NYSE Integrated Feed are not subject to competition, but as demonstrated below, the fees for the NYSE Integrated Feed product are subject to significant competitive constraints.

*First*, the Hanson Letter makes clear that AHSAT's primary complaint is that NYSE prices non-display proprietary data use differently than, for example, Nasdaq. Nasdaq charges for non-display use by counting servers to which a client feeds market data, whereas NYSE's methodology counts feeds without regard to the number of servers that are connected. (*E.g.*, Hanson Letter at 2, 4). This difference is an example of competition in action: NYSE's pricing structure is more economical for customers who structure their data usage in certain ways, whereas Nasdaq's is more economical for customers who structure their data usage in other ways, and those customers are free to (i) choose which structure they prefer and (ii) change that structure if and when it suits them. This difference in product and pricing offering is part of the competitive landscape for proprietary market data, and NYSE has documented instances of customers discontinuing non-display use of an NYSE proprietary data product in favor of a Nasdaq proprietary data product for precisely this reason, which means that NYSE is subject to competitive constraints in pricing its proprietary market data products. The competitive constraints to which NYSE is subject in pricing its proprietary market data products also refute AHSAT's claim that NYSE is a monopolist (Hanson Letter at 2) — were that the case, firms would not exercise the choice that they clearly do, both among NYSE products (as AHSAT has done) and between competing platforms as described above.

*Second*, AHSAT complains about the elimination first of unit-of-count pricing and then Managed Non-Display pricing (Hanson Letter at 2-3). But AHSAT fails to acknowledge that the evolving nature of pricing for new uses of market data is evidence of an evolving and competitive market. AHSAT cannot and does not deny that trading venues can and should adapt to their customers' developments of new and different uses for the venues' products.

*Third*, although the Hanson Letter complains about the elimination of Managed Non-Display pricing, it fails to recognize that there is not and has never been a requirement that NYSE offer Managed Non-Display pricing. Managed Non-Display pricing was offered because NYSE hoped there would be sufficient demand, but the competitive market for proprietary market data products has shown that it does not support that product at this time. Considering that competitive context, NYSE has chosen to cease offering a product for which there was less demand than hoped, which is an indicator of competition rather than monopoly power.[1]

*Fourth*, the Hanson Letter speculates that some firms, even those who never used Managed Non-Display, "*may* either reduce or end their business from lack of profit in light of better informed competition or from high fees payable to NYSE. … *If* only a few market makers are left and they happen to come under stress, everyone will suffer." (Hanson Letter at 1-2, emphasis added) This is speculation — no evidence has been submitted that any entity is at risk of ceasing operations as a result of the price changes set forth in the NYSE Integrated Feed Filing, and it is notable that AHSAT does not assert that *it* is at risk of such an effect. Moreover, the potential for consolidation among market makers is distinct from trading venues pricing their data in an actively competitive market. In any event, the market data costs AHSAT complains about are small relative to the revenues financial services firms earn from equities trading: A recent Wall Street Journal article estimated that nine financial institutions earned in excess of $36.1 billion in equities trading revenue in the first nine months of 2015 alone.[2] AHSAT's assertions that the NYSE Integrated Feed Filing threatens the health of that industry is unsupportable.[3]

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[1] NYSE notes that no vendors submitted comment letters objecting to the elimination of Managed Non-Display.

[2] *See* Christina Rexrode, *The New Kid on the Stock-Trading Block: Citigroup*, WALL ST. JOURNAL (Jan. 10, 2016) (available at http://www.wsj.com/articles/the-new-kid-on-the-stock-trading-block-citigroup-1452421803).

[3] The Hanson Letter asserts that there is a difference in speed between (i) OpenBook and the Integrated Feed and (ii) the consolidated feeds. (Hanson Letter at 1-2) However, NYSE does not send market data to its propriety feeds any sooner than it sends it to the

*Fifth*, AHSAT asserts that trade executions and market data are not joint products (Hanson Letter at 3), but its rationale is flawed. AHSAT asserts that "*[i]n this sense*, market data fees are charges for taking the information but choosing to transact elsewhere." (*Id.*, emphasis added). But that is a false dichotomy: Market data charges — which in NYSE's case vary with the use of the data — are charges for purchasing market data and doing with it what any given user chooses to do with it, even if that use has nothing to do with trade executions. Although market data has particular value when used with trade executions, it also has separate value, as demonstrated by the undisputed facts that (i) non-trading entities purchase it and (ii) trading entities that choose in advance to send no executions to lit venues nevertheless buy market data from those venues. If a user chooses to buy market data from, and send no orders to, a lit venue — as for example numerous retail broker-dealers do — that is its choice to make.

*Sixth*, NYSE's comments regarding IEX's application to register as a national securities exchange (Hanson Letter at 1) have no relevance to the NYSE Integrated Feed Filing. The issue NYSE raised with respect to the IEX application relates to a competitive advantage provided to IEX's affiliated routing broker by IEX's proposed rules and structure, an issue not presented by the NYSE Integrated Feed Filing.

*Finally*, it is important to consider AHSAT's actual usage of NYSE proprietary market data. Although NYSE is not privy to what market data AHSAT purchases from non-NYSE sources (only AHSAT has access to complete information about its market data purchase decisions), NYSE does know what market data AHSAT purchases from NYSE. Reviewing that information, it is clear that AHSAT could and did modify its usage of NYSE proprietary data in response to price changes by NYSE and AHSAT's own usage goals, which is inconsistent with AHSAT's "monopoly pricing" assertions. Moreover, should AHSAT choose to purchase the NYSE Integrated Feed product, it might choose to discontinue its usage of other market data products (such as OpenBook), thus limiting its NYSE-specific market data expenditures more than the Hanson Letter suggests.

NYSE appreciates the opportunity to respond to the Hanson Letter.

Respectfully submitted,

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SIP, consistent with its obligations under Rule 603 of Regulation NMS, and the Commission has expressly permitted the result that some proprietary market data customers may receive some proprietary market data sooner than some consolidated feed customers receive some consolidated data. That issue, which applies to all proprietary market data products, has already been decided by the Commission and is not relevant to whether the NYSE Integrated Feed Filing complies with the Exchange Act.