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January 27, 2005

**Filed Electronically**

Jonathan G. Katz, Secretary  
Securities and Exchange Commission  
450 Fifth Street, N.W.  
Mail Stop 6-9  
Washington, D.C. 20549

**Re: *Commission File No. S7-10-04, Regulation NMS***

Dear Mr. Katz:

Radianz Americas Inc. appreciates the opportunity to comment on the Securities and Exchange Commission's reproposal of Regulation NMS.<sup>1</sup> Radianz is an extranet service provider whose services enable the financial industry to access a broad range of market information and trading-related services via one service entry point. In particular, the Radianz network ("RadianzNet") allows firms to consolidate their external data and trading information services onto a single, secure managed network infrastructure without the need for traditional, closed point-to-point private networks. Firms can utilize Radianz's services to access a variety of trade-related services, including information and transaction services from a number of exchanges and ECNs, as well as clearance and settlement systems, depositories and other similar services. Radianz is the world's leading global financial extranet, with \$500m in revenues and a community of 10,000 customer locations. In all, these customers can connect to more than 120 financial service providers around the globe. By providing connections across the full spectrum of financial market participants, Radianz facilitates efficient straight-through processing of securities trades.

Radianz commends the Commission for its efforts to improve the structure of the national market system. We welcome in particular the proposal to modernize the requirements pertaining to the consolidation, distribution and display of market

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<sup>1</sup> SEC Rel. No. 34-50870 (December 16, 2004), 69 Fed. Reg. 77424 (December 27, 2004) ("Reg NMS Reproposal").

information, which as the Commission notes, lie at the heart of the national market system.<sup>2</sup> As a provider of connectivity to market data, we support any recommendation that encourages competition in both the supply and dissemination of such data. A fully competitive environment in this area spawns innovation and lowers the costs of trading for both institutional and retail investors. The NASD recently recognized the benefits of competition when it took action to open up access to the market data of Nasdaq and the UTP to a variety of telecommunications vendors.<sup>3</sup>

While we believe in general that the proposed amendments to the market data rules will afford market participants more choice in network access methods, we have identified two aspects of rule 603(a) which we believe merit further attention.

The first pertains to the standards applicable to the independent distribution of market data outside of what is required by the joint industry plans. This section employs "fair and reasonable" and "not unreasonably discriminatory" standards to ensure that independently distributed market data is available to all investors and data users. It is not entirely clear, however, whether these standards mean that SROs must distribute market data through independent vendors such as extranets, or that if SROs decide to distribute data through independent vendors, they must do so in a fair and reasonable manner. Some execution venues historically have used their own private telecommunications networks to limit competition, "lock in" clients, and possibly even cross-subsidize market data fees. Radianz believes that such conduct is antithetical to the spirit of open access that underlies the proposed changes to the market data rules. Therefore, we respectfully request that the Commission confirm that the fairness standards articulated in proposed rule 603(a) require SROs and other market centers to provide open access to their market data on a fair and reasonable basis to independent vendors such as extranets.

We also believe that proposed rule 603(a) should apply to the distribution of information with respect to quotations for or transactions in any NMS *security*, not just any NMS *stock*.<sup>4</sup> All of the cogent arguments in favor of open access to market data apply with equal force to the options markets.

We would be happy to provide you with additional information on the question of market data distribution if you so desire.

Very truly yours,

P. Howard Edelstein  
President and CEO  
Radianz Americas, Inc.

cc: Hon. William H. Donaldson

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<sup>2</sup> Reg NMS Reproposal, note 22 and accompanying text.

<sup>3</sup> See SEC Rel. No. 34-50483, File No. SR-NASD-2004-118 (October 1, 2004), 69 Fed. Reg. 60448 (October 8, 2004). Prior to that time, all this data was transmitted through a sole provider.

<sup>4</sup> Proposed rule 600(b)(46) defines an NMS security to include any security or class of securities for which transaction reports are collected, processed and made available pursuant to an effective national market system plan for reporting transactions in listed options. An NMS stock, on the other hand, excludes options. Proposed rule 600(b)(47).

Hon. Paul S. Atkins

Hon. Roel C. Campos

Hon. Cynthia A. Glassman

Hon. Harvey J. Goldschmid

Annette Nazareth

Sapna C. Patel

David Hsu