

## Comment Letter on SEC Concept Release Regarding Market Information, April 2000

March 24, 2000

Mr. Jonathan G. Katz  
Secretary  
Securities and Exchange Commission  
450 Fifth Street, N.W.  
Washington, D.C. 20549-0609

**Re: Regulation of Market Information Fees and Revenues  
(File No. S7-28-99)**

Dear Mr. Katz:

The Investment Company Institute<sup>1</sup> appreciates the opportunity to comment on the Securities and Exchange Commission's concept release regarding the regulation of market information fees and revenues.<sup>2</sup> The Release reviews the arrangements for disseminating "market information," i.e., information concerning quotations for and transactions in securities and options that are actively traded in the U.S. markets, the fees charged for this information, and the role of revenues obtained from these fees in funding the markets' self-regulatory organizations.

The Institute believes that the issues raised by the Release are very important to the effective functioning of the markets. Reliable and timely market information is crucial to our members, who are investors of over \$6 trillion of assets for over 78 million individual shareholders. As the Release notes, the consolidated, real-time stream of market information is an important means of enhancing the transparency of the buying and selling interest in a security, for addressing the fragmentation of buying and selling interest among different market centers, and for facilitating the best execution of customers' orders by their broker-dealers.

The Release states that one of the developments in the securities industry prompting the SEC's review of market information arrangements are the NYSE's and Nasdaq's plans to become for-profit entities. As the Institute stated in a letter to SEC Chairman Levitt last fall,<sup>3</sup> the demutualization of the NYSE and Nasdaq raises a concern, which stems from the overwhelming dominance that these entities currently enjoy in the marketplace and are likely to continue to enjoy after they become for-profit enterprises, that the NYSE and Nasdaq might raise their fees to inappropriate levels. We are therefore pleased that the SEC is reevaluating the arrangements for disseminating market information, including the fees charged for this information. We agree with the approach outlined in the Release that market information fee levels should be tied to some type of flexible cost-based standard in order to prevent entities from raising fees to inappropriate levels and realizing excessive profits.

\* \* \*

The Institute appreciates the opportunity to comment on the concept release. Any questions regarding our comments may be directed to the undersigned at 202-326-5815 or to Ari Burstein, Assistant Counsel, at 202-371-5408.

Sincerely,

Craig S. Tyle  
General Counsel

### ENDNOTES

<sup>1</sup> The Investment Company Institute is the national association of the American investment company industry. Its membership includes 8,021 open-end investment companies ("mutual funds"), 496 closed-end investment companies and 8 sponsors of unit investment trusts. Its mutual fund members have assets of about \$6.728 trillion, accounting for approximately 95% of total industry

assets, and over 78.7 million individual shareholders.

<sup>2</sup> Securities Exchange Act Release No. 42208 (December 9, 1999), 64 FR 70613 (December 17, 1999) (the "Release").

<sup>3</sup> See Letter from Matthew P. Fink, President, Investment Company Institute to, Arthur Levitt, Chairman, Securities and Exchange Commission, dated October 13, 1999.

---

Copyright © by the Investment Company Institute. All rights reserved. Information may be abridged and therefore incomplete. Communications from the Institute do not constitute, and should not be considered a substitute for, legal advice.