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The Honorable Christopher Cox
Chairman
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Dear Mr. Chairman:

The U.S. Securities and Exchange Commission has pending before it a number of important choices related to the broad issue of market data. I write to provide my views on these matters.

Although the exchanges currently have the authority to sell certain market data products, the Commission took the unusual step of deferring a recent market data product approval request when an industry group outside of the standard universe of exchanges and broker-dealers objected to the terms of the proposal. This decision was wise in the face of the novel circumstances; the actions of a government agency could have placed a group previously unaffected by market data proposals—Internet portals—at a financial disadvantage.

Additionally, the major exchanges in recent years have evolved from mutually owned organizations into competitive, profit-seeking companies. The broker-dealers who were once partners in the exchanges and who co-owned their products now raise concerns about the exchanges' control of meaningful market data.

From my perspective, we should consider how the evolution of our securities markets affects the market data regime. We should also ensure that any decisions that the Commission reaches on these matters do not ultimately produce unintended consequences, such as effectively conferring exclusive product rights to a select few entities.

Accordingly, I would ask the Commission to consider its alternatives. The Commission could, for example, adopt an economically neutral position by making all raw trading data—the core of market data products—available on equal terms to any party. This approach seems less likely to produce economic distortions and potential legal challenges than if the Commission were to decide to move ahead with the present market data proposals. The Commission may also be able to identify other viable policy options that will promote fairness and equity.

In closing, I ask consistent with all applicable law and regulation that you carefully consider these matters. I look forward to learning of your thoughts on these issues, as well.

Sincerely,



Paul E. Kanjorski
Chairman, Subcommittee on Capital Markets,
Insurance, and Government Sponsored Enterprises

cc: The Honorable Barney Frank
Chairman, House Financial Services Committee

The Honorable Spencer Bachus
Ranking Member, House Financial Services Committee

The Honorable Deborah Pryce
Ranking Member, Subcommittee on Capital Markets,
Insurance, and Government Sponsored Enterprises