

COSSIOM

Commission des Services et Systèmes d'Informations
destinés aux Opérateurs de Marchés

Paris, France, the 18th of January 2013.

Comments from COSSIOM on the CSA Staff Consultation Paper 21-401 Real-Time Market Data Fees

Based in Paris, Cossiomi is a market data users group aiming at developing and promoting best practices across the Market Data industry. Cossiomi Members are Market Data Managers, Experts, IT and Sourcing Managers from investments banks, asset managers, security services and other financial institutions. As such COSSIOM is pleased to contribute its comments on this public consultation.

Cossiomi Members tend to believe that real-time Market Data Fee is indeed an issue that must be addressed by Regulators as this market may not be truly opened to fair and genuine competition.

To facilitate the understanding of the issues that financial institution have to face on real time exchange fees, Cossiomi already ran a survey in 2010. The full Cossiomi survey is attached to this letter.

We believe that the answers and conclusions provided by this Cossiomi survey on real time Exchange Fees are still valid today and could provide some interesting insight to the CSA as part of this consultation. Many questions raised in the CSA consultation paper are actually being covered and answered in the Cossiomi survey representing the consolidated views of 60 different financial institutions (including Tier 1 and 2 banks as well as large Asset Managers) across Europe (not only France).

Additionally, some Cossiomi members have also noted that, when comparing one real time exchange fee to another, is important not only to analyze the "unit price" but also to take into consideration the "unit of count". Some exchange could for instance impose that a fee is paid per machine i.e. if the very same user receives real time data from an exchange on two workstations, the real time fee must be paid two times. In that situation, some other exchanges allow their fee to only be paid one time for the same user. Such a detailed analysis might be useful on the Canadian market.

All Cossiomi Members would like to thank the CSA for this valuable consultation on an important issue for the industry and are confident that it can be moved to the right direction.

Yours faithfully,

Charles Gastellu
President

COSSIOM, commission de l'AFTB
Association du Forex et des Trésoriers de Banque
8, rue du Mail
75002 Paris

[http : //www.cossiomi.com](http://www.cossiomi.com)

☎ : + 33 (0)1 42 86 87 45

☎ : + 33 (0)1 42 86 08 66

e-mail : secretariat@acifrance.fr

COSSIOM Market Data Survey on Real Time Exchange Fees

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For more information or any question, please contact: surveys@coSSIOM.com

ABOUT COSSIOM

Based in Paris, COSSIOM is a commission of financial institutions with the objective of functional and technical intelligence in the front office and Market Data related issues. COSSIOM focuses on all Market Data issues (notably real time feeds, news, historical data, related analytics, contribution, financial databases, ratings, research ...), integration systems, order management systems, order routing and tools for decision support...

To this end, the member institutions (Banks, Financial Institutions, Stockbroking Firms, Asset Management Companies ...) represented by Market Data Managers, Infrastructure and Support managers, Procurement Managers and Data specialists meet periodically to share information, discuss market trends and meet suppliers.

COSSIOM is also a member of IPUG (Information Providers User Group) through its European branch EIPUG (European IPUG).

For more information: www.coSSIOM.com

PRESENTATION OF "COSSIOM MARKET DATA SURVEYS"

COSSIOM performs ""MARKET DATA SURVEYS"" to better understand the views of Purchasing managers, Market Data managers and Market data end users on issues and topics important for the Industry.

The COSSIOM MARKET DATA SURVEYS provide consolidated and high value-added views from key Market Data managers and Industry experts. They aim at improving the industry transparency and understanding for the benefit of all market participants.

The "**COSSIOM Market Data Survey on real time Exchange Fees**" aims to:

- Analyse the real time Exchange Fees market in Europe, notably since the introduction of MiFID
- Increase market transparency by allowing consumers to have a better understanding of its dynamics

Methodology and Principles:

- Scope: Europe
- Real time fees paid to Exchanges and MTFs to access real time quotes on market data terminals and on applications
- Open to all members of COSSIOM as well as financial institutions across Europe in regular contacts with COSSIOM or IPUG
- Consolidated anonymous results
- Questionnaire sent via an online survey tool to Market Data contacts in financial institutions across Europe
- Produced in September and October 2010

Results:

- 70 questionnaires filled from more than 60 different financial institutions including Tier 1 and 2 Banks as well as large Asset Managers.

Results Summary of the "COSSIOM Market Data Survey on real time Exchange Fees"

Relationships with Exchanges

- Two thirds of financial institutions does not have good business relationships with Exchanges on real time fees
- 78% of respondents say that the situation has not improved over the last 2 years.
- More than 90% of respondents believe that Terms and Conditions seem to be not clear and transparent enough
- It is also perceived by two thirds of the respondents that Exchange may not provide the relevant support to improve the situation

Real time Exchange Fees markets

- According to three quarters of the respondents, there might not yet be enough competition between Exchanges on the real time data market
- MTFs are not perceived as systematic substitutes to real time Market Data from Regulated Markets for a majority of respondents
- Most Financial institutions (60%+) seem to believe that Exchange Fees increase without much correlation to the added value they are delivered
- Business model and standardization issues are believed to be main stoppers to a European consolidated tape

Data Products

- A large majority of Financial Institution (68% of them) tends to consider that final end users do not have a good understanding of real time Exchange Fees
- Over the last two years, 85% of respondents have seen an increasing workload at administrating real time data products from Exchanges
- Over the last years and according to most respondents (80%), new charges have been introduced by Exchange on licences that were previously free of charge
- Most respondents seem to believe that prices of real time Exchange Fees should be correlated in some ways to the Exchange market shares or should be regulated as in the US.

In Conclusion

- On real time Exchange Fees, apparently, a lot that needs to be done between Exchanges and their Clients to improve relationships and understanding
- Firms recommendations to Exchanges for improved relationships:
 - Simplify products range
 - Better explain market data packages and prices
 - Adopt common practices
 - Improve direct relationships with clients
 - Ensure policies are compatible with standard authorization tools



Q1: On Market Data, how would you describe relationships you have with Exchanges?	Number of responses	Distribution of responses
Very good business relationships	1	1%
Good business relationships	24	34%
Poor business relationships	31	44%
No business relationships at all	14	20%
No opinion	-	
Don't know	-	

Q2: Over the last two years, do you consider that your relationships with Exchanges have:	Number of responses	Distribution of responses
Deteriorated	19	27%
Improved	14	20%
Remained unchanged	36	51%
No opinion	-	
Don't know	1	1%

Q3: Are Market Data terms and conditions from exchanges clear and transparent enough?	Number of responses	Distribution of responses
Yes, absolutely	-	
Yes	4	6%
No, not really	50	71%
Not at all	15	21%
Don't know	1	1%

Q4: Are Exchanges helpful in providing the required clarification and support on their Market Data terms and conditions?	Number of responses	Distribution of responses
Yes, absolutely	-	
Yes	21	30%
No, not really	38	54%
Not at all	8	11%
No opinion	2	3%
Don't know	1	1%

Q5: Based on your experience, what recommendations would you make to European Exchanges in order to improve their transparency, relationships and efficiency on Market Data products? (multiple answers are possible)	Number of responses	Distribution of responses	% of respondents
Simplify products range	33	15%	50%
Adopt common practices	45	21%	68%
Improve direct relationships with clients	31	15%	47%
Better explain market data packages and prices	36	17%	55%
Ensure their policies are compatible with standard authorization tools	37	17%	56%
Have real time exchange fees regulated as in the US	27	13%	41%
No opinion	3	1%	5%
Don't know	1	0%	2%



Q6: On Market Data, for each Exchange below, please assess their overall level of transparency, relationships and efficiency:

	Very Good	Good	Average	Poor	Very Poor	Don't know	No opinion
NYSE Euronext	1	9	29	11	9	5	4
London Stock Exchange	4	13	21	11	2	11	6
NASDAQ OMX	4	13	20	18	7	2	4
Deutsche Boerse	4	12	18	17	3	7	7
CME Group	4	7	18	15	3	13	8
Madrid SE		6	10	10	4	25	13
SIX Swiss Exchange	3	8	19	6	3	19	10
Toronto Stock Exchange	1	4	18	20	15	4	6

NYSE Euronext	1%	13%	43%	16%	13%	7%	6%
London Stock Exchange	6%	19%	31%	16%	3%	16%	9%
NASDAQ OMX	6%	19%	29%	26%	10%	3%	6%
Deutsche Boerse	6%	18%	26%	25%	4%	10%	10%
CME Group	6%	10%	26%	22%	4%	19%	12%
Madrid SE	0%	9%	15%	15%	6%	37%	19%
SIX Swiss Exchange	4%	12%	28%	9%	4%	28%	15%
Toronto Stock Exchange	1%	6%	26%	29%	22%	6%	9%

Q7: In your views, what is the level of competition between Exchanges on real time Market Data?

	Number of responses	Distribution of responses
Very high	3	5%
High	10	15%
Low	24	36%
Very low	25	38%
Don't know	1	2%
No opinion	3	5%

Q8: Can real time Market Data from MTFs be systematic substitutes to real time Market Data from Regulated Markets?

	Number of responses	Distribution of responses
Yes, absolutely	3	5%
Yes	16	24%
No, not really	27	41%
Not at all	4	6%
No opinion	4	6%
Don't know	12	18%

Q9: Since the introduction of MiFID, you believe that real time Market Data exchange fees have:

	Number of responses	Distribution of responses
Significantly increased	18	27%
Increased	26	39%
Remained unchanged	10	15%
Decreased	3	5%
Significantly decreased	-	
No opinion	5	8%
Don't know	4	6%

Q10: Since the introduction of MiFID, you consider that Exchanges have:

	Number of responses	Distribution of responses
Increased their Market Data fees without any added value	40	61%
Increased their Market Data fees with more added value	10	15%
Decreased their Market Data fees with more added value	1	2%
Decreased their Market Data fees with less added value	1	2%
No opinion	6	9%
Don't know	8	12%



Q11: Based on your experience and In Europe, are current real time Market Data fees a stopper to achieve comprehensive price discovery and ensure pre-trade markets transparency?	Number of responses	Distribution of responses
Yes, absolutely	8	12%
Yes	29	44%
No, not really	14	21%
Not at all	1	2%
No opinion	7	11%
Don't know	7	11%

Q12: Based on your experience, what are the biggest stoppers to a European Consolidated tape? (Multiple answers are possible)	Number of responses	Distribution of responses
Technology issues	11	10%
Business model and related costs issues	41	37%
Standardization issues	42	38%
Others	5	5%
No opinion	4	4%
Don't know	7	6%

Q13: Which real time market data package is the most useful to your users:	Number of responses	Distribution of responses
Last Price (last trade only, no bid or ask nor size)	13	20%
Best Bid and Offer (BBO – First Limit of the order book)	21	32%
Top 5 or Top 10 limits of the order book	16	24%
Full order book	9	14%
No opinion	1	2%
Don't know	6	9%

Q14: Are real time market data products well understood by final end-users?	Number of responses	Distribution of responses
Yes, absolutely	-	
Yes	16	24%
No, not really	40	61%
Not at all	5	8%
No opinion	4	6%
Don't know	1	2%

Q15: Based on your experience, over the last years, have you noticed any of the following changes in delayed / non real time Exchange data provision:	Yes, absolutely	Yes	No, not really	Not at all	No opinion	Don't know
New site license fee on previously free of charge product	23	27	10	1	1	4
New data usage fee on previously free of charge data	30	28	5			3
Price increases in non real time site/data usage fees	23	32	6			5

Q16: Over the last two years, your Exchange Fees administrative workload has:	Number of responses	Distribution of responses
Significantly increased	39	59%
Increased	17	26%
Remained unchanged	8	12%
Decreased		
Significantly decreased		
No opinion	1	2%
Don't know	1	2%



Q17: On Market Data products and for each Exchange below, please assess whether you believe they are expensive or not in comparison to the perceived value they deliver you

	Very expensive	Expensive	Fair	Not Expensive	Not Expensive at all	No opinion	Don't know
NYSE Euronext	12	27	19			3	4
London Stock Exchange	20	25	7	1		4	7
NASDAQ OMX	9	26	23	1		3	3
Deutsche Boerse	14	24	17			3	7
CME Group	9	23	16	1		4	12
Madrid SE	2	13	16	2		11	19
SIX Swiss Exchange	2	15	20	3		8	16
Toronto Stock Exchange	20	29	9			3	4

NYSE Euronext	18%	42%	29%	0%		5%	6%
London Stock Exchange	31%	39%	11%	2%		6%	11%
NASDAQ OMX	14%	40%	35%	2%		5%	5%
Deutsche Boerse	22%	37%	26%			5%	11%
CME Group	14%	35%	25%	2%		6%	18%
Madrid SE	3%	21%	25%	3%		17%	30%
SIX Swiss Exchange	3%	23%	31%	5%		13%	25%
Toronto Stock Exchange	31%	45%	14%			5%	6%

Q18: Based on your experience, what should determine the price of real time market data packages from one Exchange to another? (multiple answers are possible)

	Number of responses	Distribution of responses	% of respondents
Exchange Market capitalization	16	17%	24%
Exchange Market shares on transactions	31	33%	47%
Regulators as in the US	30	32%	45%
Others	7	8%	11%
No opinion	4	4%	6%
Don't know	5	5%	8%

Q19: Based on your experience, what should determine the price of delayed market data package? (multiple answers are possible)

	Number of responses	Distribution of responses	% of respondents
Delayed data should be free of charge as public information	57	73%	86%
Exchange Market capitalization	2	3%	3%
Exchange Market shares on transactions	2	3%	3%
Regulators	12	15%	18%
Others	1	1%	2%
No opinion	2	3%	3%
Don't know	2	3%	3%









Q20: For what kind of activities do you manage Market Data issues? (Multiple answers possible)

	Number of responses	Distribution of responses	% of respondents
Corporate and Investment Banking	41	25%	62%
Asset Management	35	22%	53%
Brokerage Firm	15	9%	23%
Funds Admin and Custody	19	12%	29%
Private Banking	30	19%	45%
Corporate	10	6%	15%
Others	11	7%	17%

Q21: Are your activities rather:

	Number of responses	Distribution of responses
Equities and Derivatives	14	22%
Fixed Income	10	16%
Cross assets	37	58%
Cash Equity	2	3%
Others	1	2%



Q22: How many end users pay real time Exchange Fees within your organization:	Number of responses	Distribution of responses
Less than 100	8	 13%
From 101 to 500	14	 22%
From 501 to 1,000	8	 13%
From 1,001 to 2,000	9	 14%
From 2,001 to 5,000	7	 11%
Above 5,000	16	 25%
Others	1	 2%
Don't know	1	 2%

