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February 8, 2013

The Secretary
Ontario Securities Commission
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Toronto, ON M5H 3S8

Anne-Marie Beaudoin
Corporate Secretary
Autorite des marches financiers
800 square Victoria 22 etage
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Montreal, QC H4Z 1G3

RE: Response to CSA Staff Consultation Paper 21-401, "Real-Time Market Data Fees."

Dear Sir and Madame:

We appreciate the CSA staff's authoring this thoughtful Consultation Paper (CP). We are pleased to have the opportunity to respond.

Bloomberg L.P. provides data, news, analytics and trade execution to users worldwide, including more than 375,000 users of the BLOOMBERG PROFESSIONAL Service. Additionally, Bloomberg News is distributed via television, radio, mobile, the Internet, two magazines -- Bloomberg Businessweek and Bloomberg Markets -- and is syndicated in hundreds of newspapers globally.

We have broad experience in how various nations globally regulate the provision of market data, and how critically important that data is to both financial professionals and the general public.

The CP accurately describes the critical importance of market data. It also accurately describes that each marketplace is the only source of order and trade information sent to and transacted on its facility. This paradox is what has made the pricing of market data a subject of intense interest in the U.S., Europe, and around the globe.

CSA's analysis is limited to the professional subscriber fees only. We would like to point out that in addition to the subscriber fees, TSX and TSXV also charge monthly license fees based on subscribers' use of TSX/TSXV data. For example, TSX and TSXV charge monthly

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license fees for use of real time data in analysis programs and programs generate orders. Such license fees range from \$1,000 to \$3,000 per month. Depending on the type of data and the location of the subscriber, such license fees can amount to 20 to 120 times the subscriber fees. For subscribers with a small number of end users, such license fees significantly increase the expenses such subscribers have to pay for TSX/TSXV real time data and may create additional barriers on subscribers' ability to access TSX/TSXV real time data. Therefore, the methodology used to evaluate fees charged by TSX/TSXV should take into account license fees charged by TSX/TSXV based on subscribers' use of real time data as well.

The CP also reports that marketplaces cite "fees charged by competitors and peer marketplaces" in setting fees. Because each marketplace is the sole source of their own data, this effectively describes a circular exercise of sole source providers justifying fees by citing the charges of other sole source providers. Effectively, that would amount to measuring one exchange's monopoly rents against another's. There are no market forces in play.

Options. Option 7, mandating a data utility to operate on a cost-recovery basis (cost plus a reasonable rate of return), strikes us as the surest option for ensuring the equitable provision of this data. The utility should be funded by, and overseen by, a board constituting a cross section of the market – buy-side, sell-side, exchanges, vendors, investors. If amendments are necessary to ensure fair and reasonable access on non-discriminatory terms to this data, then those amendments should be considered. The costs exchanges should be allowed to recover must be those directly related to collecting and distributing market data, not other extraneous costs such as advertising, regulation, member services and listing services. With regard to the costs of regulation, we believe those costs should be recouped directly through member fees rather than indirectly through the sale of market data.

We understand the implementation of Option 7 may take time. In the interim, we suggest CSA to form a committee to oversee fees charged by exchanges to ensure that such fees are fair and reasonable. All fees (and any amendments thereto) should be reviewed and approved by such committee. A comment period should be offered to the public before the committee approves such fees. Or in alternative, the committee can adopt and mandate exchanges to comply with standard market practices with respect to subscriber and usage fees charged by exchanges (e.g., non-display policies and reporting obligations adopted by FISS).

The various suggestions for establishing fee caps on "core data" – Options 1-5 -- are generally superior to the existing system, though not as preferable as Option 7. The key weakness inherent in the cap options is the prospect that "core data" would be defined so narrowly that major tranches of very significant data are excluded, thus leaving critical sole source data outside the scope of protection.

We oppose Option 6. Investors are required to pay whatever exchanges charge because there is no competition. Ultimately, there is only one source of an exchange's data and that is the exchange. By contrast, investors have numerous options when the subject is the redistribution of data, as well as often the option of buying directly from the exchange. Bloomberg's general policy is to distribute an exchange's data to a permissioned client at cost or with a modest

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markup for administration. Imposing caps makes sense where there is a monopoly provider and evidence of monopoly pricing. It does not make sense in the competitive redistribution market, which is not a contributor to the problem of high market data fees. What this option would do is limit the prices distributors charge but not limit except indirectly the prices they have to pay for the data they distribute. In other words, its principal direct effect would be shrink, possibly to zero, or even below zero (if the distributors were able to subsidize their market data offerings by passing their market data costs on to customers taking multiple services in other ways), the mark-up the distributors would be able to achieve. This economically convoluted and counter-intuitive structure would not achieve a useful or sensible objective. It could well have unintended negative consequences, as it would likely reduce competition among data distributors by limiting entry to those entities able to subsidize their data distribution costs through the sale of other services.

We believe Option 8 – publishing amendments to market data fees and fee models for comment – would be a valuable addition to any of the above. A utility should be prepared to defend its fees. Likewise, any of the cap options would entail decisions including cap levels and definitions of covered data, which would benefit from public input.

Conclusion. Again, we appreciate the CSA staff's having written this thoughtful consultation. We are happy to discuss our views if that would be helpful.

Yours,

Gregory Roger Babyak
Bloomberg L.P.