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IIAC Calls for Global Principles to Address Escalating Market Data Costs

Points to several negative consequences for financial markets

Toronto, ON, June 30, 2020 – In a report released today, the Investment Industry Association of Canada (IIAC) and securities and investment industry associations from across the globe are calling for the implementation of internationally recognized principles to address excessively high market data fees and unfair licensing provisions.

Trading venues (Exchanges and Alternative Trading Systems) have a monopoly on the market data generated by trading activity on their platforms. There are no close substitutes for their market data products. Trading venues have taken advantage of their monopoly position, dramatically increasing their prices for data, having several negative implications for investors, capital markets and the economy, says the report.

“Retail and institutional investors alike need access to market data in order to value their portfolios and achieve best execution,” said Ian Russell, IIAC President and CEO. “Exorbitant market data fees for required data have significantly increased the cost of operations, leading to a less informed market environment, reduced transparency, and overall less efficient financial markets,” he added.

The report recommends that market data costs (market data pricing, licensing practices, definitions, audit procedures and connectivity fees) be subject to full regulatory scrutiny to ensure that market data fees and licensing practices are fair and reasonable and not a burden on competition. It establishes three core principles:

1. The price of market data and connectivity should be based on the costs of producing and distributing the data with a reasonable mark-up, and measured against a recognized cost bench-mark.
 - Regulators should require trading venues to submit detailed cost and revenue figures in order to understand the mark-up imposed by exchanges.
 - Pricing of market data should only differentiate between professional and non-professional users to simplify pricing structure.
2. Trading venues should standardize key market data contract definitions, terms and interpretations. Standardized agreements should be subject to regulatory review.
3. Market data licensing contracts should be simplified to ease the administration burden for broker-dealers and avoid unnecessary audits.

The full report can be accessed [here](#).

The IIAC – Representing Canada’s Investment Dealer Firms

The Investment Industry Association of Canada (IIAC) is the national association representing the investment industry’s position on securities regulation, public policy and industry issues on behalf of our [115 IIROC-regulated investment dealer Member firms](#) in the Canadian securities industry. These dealer firms are the key intermediaries in Canadian capital markets, accounting for the vast majority of financial advisory services, securities trading and underwriting in public and private markets for governments and corporations. The IIAC provides leadership for the Canadian securities industry with a commitment to a vibrant, prosperous investment industry driven by strong and efficient capital markets. For more information, please visit www.iiac.ca.

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