

ICSA, EFAMA & MFA Call for Global Principles to Address Escalating Market Data Costs

Report points to several negative consequences for financial markets

June 30, 2020 – In a report released today, the International Council of Securities Associations (ICSA), the European Fund and Asset Management Association (EFAMA), and the Managed Funds Association (MFA) call for the implementation of internationally recognized principles to address excessively high market data fees and unfair licensing provisions.

Trading venues (exchanges and other multilateral trading systems) have a dominant position on market data generated by trading activity on their platforms and, due to regulatory requirements, there are no substitutes for their market data products. Under these uncompetitive conditions, many trading venues have dramatically increased prices for data which has had several negative implications for investors, capital markets, and the economy, says the report.

"As a global securities industry body, it is apparent that the rising cost of market data is a matter of significant concern in many jurisdictions" said **ICSA Chairman David Lynch**. "The efficiency of the capital markets in meeting the needs of its many business and investor users, as well as the broader economy, depends on the cost and quality of information that is available to them. The recommended principles recognise this and promote outcomes that are fair for all involved."

"Excessive market data fees harm investors and their beneficiaries, including pension funds who require reliable returns to fund workers' retirement." said **Bryan Corbett, President & CEO of Managed Funds Association**. "Access to market data enables investors to participate in capital markets, increases liquidity, and better serves all market participants. Market data fees must be closely related to the production costs of the data in the U.S. and around the world."

"The increased cost of data is forcing many asset managers to significantly scale back data purchases. This leads to less informed markets and decreased competition. The high cost of data also negatively affects the net performance of investment funds and, by way of consequence, the return to investors. The recommended principles help remedy this situation and address those concerns" added **Tanguy van de Werve, EFAMA Director General**.

The report recommends that market data costs (i.e. 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, 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 benchmark.
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 burden of administration on broker-dealers and avoid unnecessary audits.

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

CONTACT

Daniela Haiduc, Head of Communications / +32 473 562 936 / Daniela.haiduc@efama.org

Peter Eisenhardt, Secretary General / +44 (0)7469 159049 / peisenhardt@iic.ca

Noah Theran, Executive Vice President & Managing Director, Head of Global Communications
+1 (202) 730-2600 / ntheran@managedfunds.org

EFAMA – European Fund and Asset Management Association

The voice of the European investment management industry represents 28 member associations and 59 corporate members. At end 2019, total net assets of European investment funds reached EUR 17.8 trillion. These assets were managed by close to 34,200 UCITS. (Undertakings for Collective Investments in Transferable Securities) and 29,000 AIFs (Alternative Investment Funds). Responsible investment is at the heart of the fund and asset management industry. Our industry strives to deliver long term sustainable investment returns for investors in Europe and beyond. As a result, EFAMA supports the objectives of the Green Deal and Sustainable Finance agendas, working together with EU policy-makers on detailed provisions to ensure they are workable in practice. More information available at www.efama.org

ICSA – International Council of Securities Association

ICSA is the global organization of securities industry associations representing securities firms operating in domestic and cross-border markets across the globe, including East and West Asia, Latin America, North America, and Europe.

ICSA advocates appropriate regulatory policies and regulations, policy approaches and techniques across jurisdictions, and public policy initiatives to promote efficient and well-functioning securities markets, and the efficient flow of cross-border capital in global capital markets. Appropriate regulatory initiatives should assist in leading to increased confidence and efficiency in the markets. These initiatives should also assist in increased economic growth, benefitting markets participants and the general health of global capital markets.

ICSA provides a forum for member associations to understand market and industry developments across indigenous and cross-border markets, exchange views on the conduct of regulatory and public policy in domestic markets, and collaborate for more efficient capital markets. ICSA assists regulators and government authorities in understanding the global, consolidated and non-biased position of industry as it relates to proposed policy and regulatory reform initiatives in global capital markets.

Managed Funds Association

Managed Funds Association (MFA) represents the global alternative investment industry and its investors by advocating for sound industry practices and public policies that foster efficient, transparent, and fair capital markets. MFA, based in Washington, D.C., is an advocacy, education, and communications organization established to enable alternative asset managers to participate in public policy discourse, share best practices and learn from peers, and communicate the industry's contributions to the global economy. MFA members help pension plans, university endowments, charitable organizations, qualified individuals, and other institutional investors to diversify their investments, manage risk, and generate attractive returns over time. MFA has cultivated a global membership and actively engages with regulators and policymakers in Asia, Europe, North and South America, and many other regions where MFA members are market participants. www.managedfunds.org