

The Market Data Bill of Rights

Preamble

The concept of universal human rights is a modern idea that is core to the identity of nations, religions and political movements. As proclaimed by the United Nations General Assembly in 1948, the universal declaration of human rights asks: “What rights are inherent to all human beings regardless of race, sex, nationality, ethnicity, language, or any other status?” As society has evolved, certain rights have become widely accepted, like freedom from slavery and torture, while others are still debated, like the importance of self-determination over one’s own body. The existence of the concept does not eliminate all suffering and injustice in the world, but a set of universal human rights creates a widely agreed upon standard to judge right from wrong.

So what does this have to do with financial markets? Well, the idea that there are inalienable rights for market participants is also core to the health and integrity of modern financial markets. For example, participants in the US equity market get very different privileges than those enjoyed by members of the high-yield corporate bond market. Often, these differences are centered around the formal and informal rules regarding access to market data; specifically, pricing and transaction information. These data sets are critical to trading and related functions, and given their importance we ask the fundamental question: What are the market data rights of all financial market participants regardless of their size, status, or role?

This post is the first step in the formation of a Market Data Bill of Rights that can be applied universally. Just like human rights, we anticipate that some ideas will be widely accepted, while others will be cause for debate. The purpose of this exercise is to establish a standard for the treatment of ALL market participants with respect to market data. We welcome comments on this proposal and ultimately seek to establish a set of market data rights that are adopted industry-wide.

Rights and Responsibilities

Before we articulate further details on the Market Data Bill of Rights, it is important to differentiate between rights and responsibilities. A right is what one is entitled to, while a responsibility is what one does with that right. For example, everyone should have the right to go to any restaurant they want, but it is one’s responsibility to make a reservation to ensure



access. Being denied access to a restaurant because one doesn't have a reservation is not a violation of their rights. Yet, while the rights and responsibilities of fine dining may be easy to agree upon, several passionate debates in financial markets are centered around this distinction.

The Market Data Bill of Rights

As we look across financial markets, we can enumerate basic rights for all market participants as it relates to market data.

Article I. The Right to Reliability

Everyone has the right to market data that is objectively accurate and sufficiently comprehensive.

Article II. The Right to Accessibility

Everyone has the right to receive market data distributed with technical efficiency at fair and reasonable prices.

Article III. The Right to Timely Publication

Everyone has the right to market data that is released at the same time for distribution to market participants.

Each of these articles is discussed in more detail below.

Article 1. The Right to Reliability

Reliability is about trusting that the information you receive is accurate. Misinformation can be damaging to any financial market, but it is particularly toxic when pricing or transaction data is consistently or deliberately inaccurate. Unreliable market data can create illusions that distort the perceived value of an instrument and compromise the trading process and related functions, costing participants hard-earned money. Regulators are well aware of the importance of accurate market data, which is why they have historically defined the



terms of specific data sets and outlawed behaviors that could warp resulting information (ex: “painting the tape”).

We define the Right to Reliability as the right to market data that is objectively accurate and sufficiently comprehensive. It is every market participant’s responsibility to leverage reliable market data to inform their analysis and decision-making.

Article 2. The Right to Accessibility

In the context of market data, accessibility can be considered to include both the technical and commercial aspects of access. Essentially, how market data gets to end users and what they have to pay for it.

We define the Right to Accessibility as market data distributed with technical efficiency at fair and reasonable prices in a manner that supports different market participants’ use cases. This doesn’t mean that there is only one method of access or one monolithic market data product to satisfy all participants. Rather, for a given set of end users there should be products that meet market needs. Each element of the right to accessibility is discussed in more detail below.

I. Technical efficiency

Market data should include delivery options to meet the needs of multiple participants. Options should be available for retail and institutional participants in formats that are both human and machine readable. For example, retail investors who want to view the latest prices should have access to market data via the internet on any device. Quants should have access to high-speed fiber or microwave in standard protocols suited for algorithms.

II. Fair and reasonable prices

Not only do market participants need a means to get market data, they also need it to be reasonably priced. In the same way affordable food and water are necessities for living, affordable market data is a necessity for trading. Fair and reasonable fees are not just in the Market Data Bill of Rights. They are also codified in the Exchange Act and Regulation NMS. Additionally, in May 2019, SEC staff provided guidance that walks through how SROs are supposed to draft fee filings in accordance with the Act.



In the US equity market, we have seen the SEC take steps to make consolidated market data more accessible. While still subject to court challenges and amendment approvals, bringing competition to the SIPs could improve both delivery mechanisms and pricing in a way that increases access to market data.

While accessibility is a right of all market participants, market participants have the responsibility to purchase the level of access that they require and make use of the data to drive trading and related use cases.

Article 3. The Right to Timely Publication

Timely publication of market data means that the sources of market data release their data at the same time regardless of access method or market segment. Lack of timely publication of market data can lead to unfair preferencing of a group of insiders in a manner that erodes trust in the market.

In some markets like US equities, timely publication is achieved through regulation that requires exchanges to release data to SIPs at the same time as data is released to proprietary feed users. While there is general agreement that sources of data should publish data at the same time, there is an ongoing debate on how to achieve timely receipt of market data.

To the greatest extent possible, intentional or avoidable latency should be addressed. But the realities of access methods that are both more expensive and offer lower latency means that market participants who are willing to pay more for the privilege will receive data with a lower latency. Depending on your trading strategy, consuming market data as quickly as possible may be a high priority. But that is your responsibility to provision; it is not a right given to all market participants.

Next Steps

We believe that with these rights comes the overarching responsibility to choose the implementation of market data that meets your needs — be it free updates to a watch list on the internet or purchasing access to full tick history delivered in the cloud.



Article 19 of the Universal Declaration of Human Rights states: “Everyone has the right to freedom of opinion and expression; this right includes freedom to hold opinions without interference and to seek, receive and impart information and ideas through any media and regardless of frontiers.”

In that same spirit, we look forward to hearing your opinions on the Market Data Bill of Rights and evolving it into a set of common principles shared by the industry.

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