

Press Release

SEC Directs Equity Exchanges and Financial Industry Regulatory Authority to Improve Governance of Market Data Plans

FOR IMMEDIATE RELEASE

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Washington D.C., May 6, 2020 — The Securities and Exchange Commission today issued an order directing the equity exchanges and the Financial Industry Regulatory Authority (FINRA) (the participants) to submit a new National Market System plan (NMS plan) with a modernized governance structure for the production of public consolidated equity market data and the dissemination of trade and quote data from trading venues.

"Today's action reflects careful analysis and deliberation on modernizing and improving access to equity market data and, as a result, our equity market structure more generally," said SEC Chairman Jay Clayton. "Today's Commission action is based on extensive input from a broad range of investors and market participants and reflects the commitment of the women and men of the SEC to fairness in our markets and the interests of investors."

Millions of Main Street investors, whether individually or collectively through mutual funds or pension funds, have invested their savings in equity securities. The consolidated equity market data produced pursuant to NMS plans is a critical component of the national market system through which these investments are priced and traded. Recent market developments have given rise to concerns about whether, as currently structured, the existing NMS plans for equity market data continue to fulfill their regulatory purpose to ensure the availability of information with respect to quotations for and transactions in securities. Today's order addresses conflicts of interest inherent in the current governance structure of the existing equity data plans and is designed to improve the efficiency of NMS plan operations and the responsiveness of the plan to the concerns of non-SRO market participants.

The order follows a Notice of Proposed Order issued on Jan. 8, 2020, that was followed by an extended comment period. Under the order, the participants must submit a new NMS plan that will be published for public notice and comment before the Commission takes action. Until the Commission approves a new NMS plan, the current NMS plans will continue to govern. The Commission also approved amendments to the existing NMS plans, submitted by the participants and modified by the Commission, designed to address conflicts of interest and the protection of confidential information.

This order is a part of a broader, ongoing Commission effort to modernize the U.S. national market system to better meet the needs of investors—both retail and institutional—and other market participants. For example, in October 2019, the Commission [published a proposal](#) to improve the procedure for public comment and Commission review of proposed fee changes by NMS plans. In February 2020, the Commission [published a proposal](#) to modernize the infrastructure for the collection, consolidation, and dissemination of NMS market data to better meet the diverse needs of investors in today's equity markets. Today's order marks a further significant step in this modernization effort by requiring a new governance framework for the collection and dissemination of equity market data, as outlined by the Chairman in [March 2019](#).

FACT SHEET

Governance of NMS Plans

Under its statutory authority, the Commission requires the participants to act jointly to disseminate consolidated information regarding NMS stocks. Currently, three national market system plans (the Equity Data Plans) approved by the Commission facilitate the collection, consolidation, and dissemination of information regarding NMS stocks. These plans are (1) the Consolidated Tape Association Plan, (2) the Consolidated Quotation Plan, and (3) the Joint Self-Regulatory Organization Plan Governing the Collection, Consolidation, and Dissemination of Quotation and Transaction Information for Nasdaq-Listed Securities Traded on Exchanges on an Unlisted Trading Privileges Basis.

The Commission's order directs the equity exchanges and FINRA to submit a New Consolidated Data Plan within 90 days that includes specific governance provisions that the Commission believes will enable the plan to address concerns that have been raised about the governance of the existing Equity Data Plans and the provision of equity market data to market participants.

Following receipt of the New Consolidated Data Plan, the Commission will notice the plan for public comment. After considering any comments received on the New Consolidated Data Plan, the Commission will consider whether to approve the New Consolidated Data Plan with any changes or subject to such conditions as the Commission may deem necessary or appropriate. Until a New Consolidated Data Plan has been approved by the Commission, the current Equity Data Plans will continue to govern the collection, processing, and dissemination of equity market data.

The Commission also approved amendments to the existing Equity Data Plans submitted by the Participants, and modified by the Commission, that (1) make mandatory their current disclosure policies with respect to conflicts of interest, and (2) establish a policy regarding the confidential treatment of any data or information generated, accessed, transmitted to, or discussed by the operating committee.

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Related Materials

- [NMS Governance](#)
- [CTA/CQ Conflicts](#)
- [Nasdaq-UTP Conflicts](#)
- [CTA/CQ Confidentiality](#)
- [Nasdaq-UTP Confidentiality](#)