

MARKET DATA: THE LIFEBLOOD OF EFFICIENT ENGAGEMENT IN GLOBAL MARKETS

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A New Study by Columbia Business School Professor Charles Jones Adds Substance and Dispels Myths about Information Produced By U.S. Equity Markets

ATLANTA & NEW YORK--(BUSINESS WIRE)-- Columbia Business School Professor Charles Jones has released a research paper that examines the role and evolution of equity market data, and reaffirms that exchanges deliver moderately priced, high value market data that enables users to fuel investment decisions for better business returns. The New York Stock Exchange commissioned the paper to provide the industry with a fact-based review of the U.S. equity exchange market data landscape.

The paper entitled *Understanding the Market for U.S. Equity Market Data*, released this week, concludes that the evolution of market data, and the regulatory structure by which it is governed, “has allowed the development of a large suite of data products with a wide variety of features at differing prices levels, and the resulting unparalleled transparency concerning stock trading activity is likely one of the reasons that U.S. equity market quality is the best the world.”

In an exhaustive 50-page examination of the history and evolution of market data, Professor Jones provides an economic analysis on usage, pricing and revenues derived by the exchanges that produce it, and the end-users -- such as investors, investment managers, and broker dealers -- who use it to drive their business operations. In a comprehensive framework, Professor Jones evaluates both exchange proprietary market data and the consolidated data disseminated by Securities Information Processors (SIPs).

In his paper, Professor Jones provides a number of important conclusions:

- Using a variety of metrics, both exchange proprietary market data and SIP revenues are modest and have remained stable over time, while market data quality has seen substantial improvement.
- Taken in sum, the total revenues for exchange market data are orders of magnitude smaller than those of similar industry participants, including the revenues earned by third-party vendors who redistribute exchange market data.
- The market is highly regulated and characterized by robust competition. Professor Jones notes that exchanges compete with each other in selling proprietary market data products, and must file pricing schedules with the SEC. They also compete with third-party data feed vendors and with data provided by alternative trading systems, though these providers' fees are unregulated.

“Exchange market data is crucial for efficient, transparent price discovery and enables automation that has reduced costs for end investors. Market data should be heralded as a success story, but is often misrepresented as a burden,” said Head of NYSE Transaction Businesses, Michael Blaugrund.

“Professor Jones’s analysis reinforces the reality that everyone, from individual investors checking a stock price on their phone to institutions making billion dollar decisions with algorithmic systems, benefits from exchanges producing an accessible and indispensable element of the U.S. financial system.”

Professor Jones’s paper, *Understanding the Market for U.S. Equity Market Data*, is now available [online](#).

About Professor Charles M. Jones

Professor Jones is the Robert W. Lear Professor of Finance and Economics and the Senior Vice Dean at Columbia Business School, where he studies securities markets, liquidity and trading costs. He is noted for his research on short sales, algorithmic and high-frequency trading, and variation of liquidity over time. Jones is currently a member of the economic advisory committee of FINRA and has headed the economic advisory board at Nasdaq. He has also served as co-editor of the *Journal of Financial Markets*, visiting economist at both the New York Fed and New York Stock Exchange, and as an adviser to the U.S. Securities and Exchange Commission.

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