

RE: EXECUTIVE SUMMARY: CSA NEXT STEPS TO ADDRESS COSTS OF REAL TIME MARKET DATA

Securities regulators from around the globe are considering regulatory changes to ensure that market participants are able to access real time market data (RTMD), at a reasonable cost.

On April 18, 2023, the Canadian Securities Administrators (CSA) issued: [CSA Staff Notice 21-334 Next Steps to Facilitate Access to Real-Time Market Data \(osc.ca:\)](#), the “Next Steps” as a result of [CSA Consultation-Paper-21-403-Access-Real-Time-Market-Data](#) to address concerns about the accessibility and increasing cost of RTMD in a fragmented trading environment.

A. The Results of the CSA’s Next Steps are as follows:

i) A Publication Process for RTMD Fee Changes:

Marketplaces are required to submit the Notice of Publication or Request for Feedback and all relevant materials regulators s at least 30 business days prior to the expected implementation date of a RTMD fee change.

The information required to be published about a proposed fee change to a RTMD product or service includes the following:

- (i) how the proposed fee change complies with the regulatory requirements set out in ss. 5.1(1) and 5.1(3)(a) of National Instrument 21-101 *Marketplace Operation* (also known as the fair access requirements) and in Part 10 of the exchange recognition criteria, where applicable, including reasonability, fairness, appropriateness, and transparency; and
- (ii) a description and analysis of the proposed RTMD fee change that includes the current information submitted with a proposed fee change, as well as some additional information, including, but not limited to, a description of the fee change being proposed,
- (iii) the expected date of implementation,
- (iv) the rationale for the proposed fee change and any analysis in support of it,
- (v) a description of the methodology used to set the proposed fees,
- (vi) an analysis of the impact on stakeholders,
- (vii) an overview of any alternatives considered,

- (viii) any analysis conducted to determine how the proposed fee compares to fees charged for similar services by other marketplaces in Canada and abroad, and
- (ix) the costs of producing the product or service, where relevant

If the RTMD Fee Change is approved, the marketplace and regulators will publish, on their respective websites, a notice indicating that the proposed change is approved.

In addition, where the RTMD Fee Change may have a significant impact on the Canadian capital markets, marketplaces might also be required to publish a summary of public comments and responses prepared by the marketplace

These changes to the Protocol will be reviewed after 18 months. After this time an analysis will be conducted to assess if the changes achieved the intended objective to enhance the transparency of proposed RTMD Fee Changes.

In Ontario, the Notice of Publication must provide market participants with an opportunity to provide comments regulators and to the marketplace within 15 business days from the date the Notice of Publication. Ontario's order is dated April 5, 2024, and takes effect on April 18, 2024.

The Alberta Securities Commission and British Columbia Securities Commission expect to review whether to pursue a similar approach for the TSX Venture Exchange

2. Areas for further study through industry committees (over the next 1 -2 years):

(i) Data Fee Model (Phase 1)

- Whether the DFM continues to be an appropriate tool for assessing professional RTMD fees in the current competitive landscape;
- The pre- and post-trade metrics included in the DFM formulas as well as other inputs (e.g., inclusion of crosses, inclusion of auction data, etc.) to determine what changes are necessary to improve the fairness of the DFM application to different types of RTMD products sold by each marketplace;
- The overall reference points (i.e., benchmarks) used to allocate fees to each marketplace's RTMD products.
- To begin 3 – 6 months following publication of Next Steps

(ii) Access to RTMD products and services to retail investors and their advisors (Phase II)

- To begin when Phase 1 is completed

(iii) Standardization of key terms and definitions for access to and use of RTMD between marketplaces and market participants (Phase III)

- Prepare a report (the Standardization Report) that will present recommendations
- Regarding the terms and definitions that should be standardized and propose an adoption and implementation plan to the CSA regarding the terms and definitions that should be standardized and propose an adoption and implementation plan.
- To begin with Phase II is completed

Depending on the interest of potential committee members and their resources, it is possible that phases 2 and 3 may proceed together.

3. Longer-term Options for Addressing Staff Considerations (over 2 years)

According to the CSA, significant resources would need to be engaged for an extended period of time to achieve the objectives. Ultimately, it was not clear to the CSA that the costs involved in pursuing either of these options justified the benefits, at this time

- (i) Improve access to consolidated RTMD by leveraging the current information process model
- (ii) Introduce new model for data consolidation to improve access to consolidate RTMD

B. The IIAC

The IIAC's summary chart of the responses filed by market participants, including the IIAC, to the CSA's Consultation Paper 21-403, Access to Real Time Market Data, is [here](#).

The IIAC's summary chart of the responses filed by marketplaces to the CSA's Consultation Paper 21-403 is [here](#).

In its [Analysis](#), the IIAC recommended increased fee transparency and approvals, greater industry participation in fee modelling, the standardization of key terms and definitions for access to and use of RTMD between marketplaces and market participants and a consideration of Access to RTMD products and services to retail investors and their advisors, all of which are reflected in the CSA's Next Steps.

The IIAC encourages the CSA to consider changes to its information processing model and data consolidation on a more expedited basis.