

March 15, 2024

Via Electronic Submission

Ms. Vanessa Countryman
Secretary
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, D.C. 20549-1090

Re: Securities Exchange Act Release No. 34-9827 – Joint Industry Plan; Notice of Filing of a National Market System Plan Regarding Consolidated Equity Market Data (Release No. 34-9827; File No. 4-757)

Databento, Inc. (“Databento”) appreciates the opportunity to provide feedback to the Securities and Exchange Commission (“Commission”) regarding the recent national market system (“NMS”) plan (the “Plan”) published on January 19, 2024.¹

Databento is a new market data provider that serves institutions and professionals. Since launching in April 2023, we have grown to over 3,000 users across the industry, including startups, banks, RIAs, and proprietary trading firms. We are also one of a handful of market data vendors that subscribe to real-time proprietary feeds from all U.S. stock exchanges, which provides us with a broad perspective on different market data distribution practices.² Furthermore, Databento intends to register as a competing consolidator provided that it is economically viable to do so under the final Plan. As such, we hope to provide a valuable participant-side perspective and recommendations on the proposed Plan especially as it relates to the competing consolidator framework.

Selection of a New Processor during the Transition to the Competing Consolidator Model

The proposed Plan provides in Section 5.3 that the Operating Committee does not need to establish Processor Selection Procedures if the Operating Committee initially selects one of the current NMS plan processors for the same services provided under the current NMS plans governing consolidated equity market data. Although it is not clearly stated in the Plan, our assumption is that any such designation of one of the current NMS plan processors would be solely for a time-limited transition period prior to the go-live date for competing consolidators.

¹ Securities Exchange Act Release No. [99403](#) (Jan. 19, 2024), 89 FR 5002 (Jan. 25, 2024). Capitalized terms have the meaning set forth in the Plan, unless otherwise noted.

² With exception of Long Term Stock Exchange, Inc. (“LTSE”), which does not provide a proprietary feed.

Although we believe there are a number of efficiencies that could be gained from engaging a new NMS plan processor during the transition period, we support the Operating Committee having the option of selecting an existing NMS plan processor for the sole purpose of expediting the transition to the competing consolidator model.

However, we believe that the existing NMS plan processor operating during the transition period must be fully retired following the end of the transition period, consistent with the Market Data Infrastructure Rules (“MDIR”).³ If such existing NMS plan processor is allowed to transition into a competing consolidator, we are concerned that such entity may have a competitive, incumbency advantage that would deter the entrance of prospective competing consolidators like Databento.⁴

Ensuring a Workable Framework for Competing Consolidators to Operate

Many of our users cite subscriber onboarding paperwork and reporting processes as their top concerns and frustrations with the current delivery of consolidated market data.⁵ We believe that any successful implementation of the MDIR should address these pressure points.

Specifically, end users of consolidated market data should not be required to contract with the Plan Administrator (or the SROs). Rather, end users should only contract with the competing consolidator of their choice. Consolidated market data should be sold to competing consolidators as fee simple—*i.e.*, free and clear of downstream fees such as device fees or non-display use fees assessed by the Plan or Administrator. Without doing so, a competing consolidator’s role will effectively be as a mere fee collector for the fees set under the Plan, and there will be little incentive for market participants like Databento to operate as competing consolidators.

To compensate the SROs for any loss in revenue arising from such downstream fees, we would support a potential revenue sharing arrangement whereby SROs would receive a portion of the competing consolidators’ revenue.

In addition, we believe that competing consolidators should be permitted to use exchange proprietary data feeds to generate consolidated market data. We hope the forthcoming fee filing for the Plan will address this possibility.

³ Exchange Act Release No. [90610](#), 86 FR 18596, 18701 (April 9, 2021) (discussing the retirement of the existing SIPs).

⁴ We recognize that exchanges may operate their own competing consolidators under the MDIR, but believe that such competing consolidators must be formed as new, separate entities independent of the existing processors – *e.g.*, a customer of the current UTP Plan processor should not be able to become a customer of any Nasdaq-affiliated competing consolidator without establishing a new relationship with such competing consolidator.

⁵ The SROs note a 12-month period previously taken by the UTP Plan to repaper their vendors, which further supports this point.

Expedite Implementation of the MDIR Using Exchange Proprietary Data Feeds

Given the projected 30-month implementation timeframe of the new Plan, we encourage the Commission to consider ways to expedite implementation of the MDIR.

One possible mechanism to do so would be to allow market data vendors to use exchanges proprietary data feeds to generate MDIR consolidated market data.⁶ Such vendors could register with the Commission as competing consolidators and coordinate closely with the SROs or Administrator as they continue to implement the Plan.

Databento (and likely others) already possesses the capability to consolidate and distribute MDIR equity market data, including odd-lot quotations and depth-of-book data. Despite the technical ability to actualize the MDIR presently, the Plan indicates that market participants will have to wait at least 2.5 years before implementation by SROs who are not incentivized to carry out this transition, which may yield further delays. The Commission could exercise its authority (or the SROs on their initiative) to allow the use of exchange proprietary market data feeds to generate consolidated market data on a temporary basis for Commission-registered competing consolidators until the fee arrangements and related infrastructure for the Plan are finalized.

Given the opportunity to register as a competing consolidator sooner, we believe that the industry can realize the benefits of the MDIR years ahead of a complete Plan transition.

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Databento supports the Commission's efforts to modernize equity market data infrastructure and extends our offer of assistance to the Commission as it moves forward with the Plan's implementation. Please feel free to contact us at market.structure@databento.com with any questions.

Sincerely,

/s/ Christina Qi
Chief Executive Officer
Databento

/s/ Luca Lin
Chief Technology Officer
Databento

/s/ Zach Banks
Engineering Director
Databento

⁶ We note that this could necessitate LTSE making a proprietary data feed available in some capacity.