FESE reaction to “There’s No Market in Market Data” report from Market Structure Partners

Brussels, 4th March 2025

On 4th February, Market Structure Partners published a report titled “There’s No Market in Market Data,” commissioned by AFME, BVI, EFAMA, FIA EPTA, and Plato Partnership. The report contains a significant number of statements that would have benefited from more methodological rigour and greater diligence when referring to publicly available information on the market data business of the exchanges referenced in the study.

Consequently, the report includes multiple factual errors. These include, but are not limited to, the arbitrary selection of reference points, inconsistent approaches across scrutinised exchanges and confusion between their different business lines, errors in data selection, false information on incurred costs, and misleading conclusions relating to unfair treatment of competitors. Moreover, the report demonstrates a limited understanding of the market data landscape and the broader exchange business, rendering it unsuitable as a source of fact-based information. The report also contains numerous incorrect statements seemingly aimed to support its claim that exchange data is merely a by-product of exchange trading and therefore incurs no costs in its production – a standpoint with which we strongly disagree in line with academic views.

Despite its length of over 150 pages, the report does not present any new robust analysis or evidence. Exchanges have always been, and continue to be, committed to operating on a reasonable commercial basis.

This document provides further details on a non-exhaustive list of errors and inconsistencies identified by FESE exchanges referenced in the report—namely Deutsche Börse, Euronext, Nasdaq Nordics, and SIX. Considering the high number of issues, please note that the absence of comments on other aspects of the report does not imply agreement or endorsement by these exchanges.

List of errors and inconsistencies

1. Arbitrary selection of reference points in equity trading and market data revenue trends

Many contentious statements made by the report rely on adjusted figures derived from proprietary methodologies and arbitrarily selected reference points, which also vary across exchanges. For example, the reference points used to support the narrative of compensating declining equity trading activity with market data revenues through rising market data prices are questionable.

When discussing the relationship between equity trading and market data revenues, the report acknowledges the findings in the Oxera report (here) that exchange equity trading data revenues have remained broadly stable over time (around €350 million in 2023). However, the report deliberately uses starting years of exceptionally high trading volumes due to COVID-19 (2020/2021) and compares them with a period of cyclically lower equity trading volumes (2022/2023). For example, the report claims that the transacted value on Nasdaq Nordics’ equity markets declined by 26.9% between 2021 and 2023, while market data revenues increased from €56.78 million to €60.71 million (page 70). However, Nasdaq's own statistics present a different picture when considering other periods. For instance, transacted value would have increased by 42% and 22% in the 2019–2021 and 2014–2024 periods, respectively, while market data revenues would have decreased from €64.7 million to €60.1 million if the 2020–2023 period had been applied, as it was for other exchanges.

Additionally, the report misrepresents market data revenue evolution by overlooking that customer bases have increased. For example, Nasdaq Nordics recorded a 9% increase in its customer base between 2021 and 2023, while Euronext saw a 35% rise from 2017 to 2024, after adjusting for the acquisitions of Oslo, Dublin and Milan exchanges.

Exchanges are also concerned about factual inaccuracies in the report. For example, while the report claims an increase from 11% to 19% of Euronext's ratio of market data revenues to total revenues (MDR) between 2020 and 2023 (page 69), in reality, and based on public data, Euronext MDR remained stable at 11% in this period. This is significant, as the report uses MDR as a key metric to suggest that rising market data revenues are offsetting a decline in equity trading.

2. Tweaked proprietary methodology on market data revenues' share

The report relies on its own proprietary methodology and assumptions, which may also vary across exchanges, to determine the proportion of different business segments within overall revenues (see pie charts on pages 17–19). For example, SIX Group identified inconsistencies that could have led to an overstatement of market data revenues in their corresponding figures (page 18 in the report and pages 18-19 in appendices), including: (i) using traded turnover by segment to infer a granular reallocation of revenues despite non-linear pricing models across asset classes; (ii) failing to account for banking services revenues in 2023; and (iii) incorrectly bundling regulated and commercial data businesses (e.g., SIX Financial Information, Refinitiv) and conflating SIX Exchanges with SIX Financial Information businesses.

3. Issues in the calculation of data fee increases

The report aims to provide an evolution of changes in the price of display and non-display fees (see pages 58-61) but includes flawed comparisons. For example, it states that Euronext's professional display data increased by 42.53% between 2017-2024, while the actual increase was 23% (below accrued inflation). This is due to a lack of a robust methodology: the report compared two completely different products with two different price points and fails to account for the central pricing and regulatory 'Natural User' concept which enables clients to reduce fees for display use by netting users consuming data from multiple sources. Similarly, for non-professional users, the report claims a 75% increase for Euronext, while in reality fees decreased by 40%. This is because the report includes the fees charged by Euronext across the markets it operates, including Dublin and Oslo in 2024 but omits the fees charged in these two markets in 2017, before their integration into Euronext, thereby comparing incomparable metrics.

More broadly, the report claims that data fees have significantly increased over time, while publicly available data also show either decreases for certain users or fee increases below inflation for some exchanges. Additionally, the report contradicts itself on several occasions, i.e. by asserting that data fees have only risen (page 3) yet later acknowledges cases of price reductions (page 62).

4. Unfounded Assumptions on IT Infrastructure Expenditure

The report presents a misleading portrayal of exchanges' infrastructure spending when suggesting that exchanges are not investing, costs are declining, data production does not entail costs and data distribution costs are negligible or even non-existent. It applies inconsistent methodologies when analysing IT infrastructure expenditure across exchange groups (page 48 appendix), using different base years for comparison, while not considering that exchanges incur fixed-step costs. Additionally, the infrastructure expenditure figures on page 87 appear to cover only IT infrastructure costs, excluding operating and software development costs, which are also relevant to IT infrastructure.

SIX and Deutsche Börse also indicate that the report appears to speculate on their cybersecurity costs (page 84), since both have never published such figures—only total operating costs. Similarly, Euronext's alleged lack of investment is contradicted by the report itself, which shows a +301.67% of infrastructure expenditures between 2017 and 2023, while overlooking developments that notably resulted in 2024 in the upgrade of Euronext's Optiq trading platform, the relocation of its data center and its clearing migration. The same applied to Deutsche Börse, where reported and audited IT expenditures concerning infrastructure costs grew from €108 million in 2017 to €197 million in 2023, an 81.81% increase, despite ongoing cost reduction programs.

5. Insufficient reasoning for price list expansion

The report criticises the expansion of price lists without acknowledging that regulatory requirements for data disaggregation have led to a doubling or even tripling of the space needed to outline all data types and associated fees. It also fails to mention that some exchanges consolidate data from multiple trading venues—e.g., 18 data sources in the case of Deutsche Börse— into a single price list and contract, enhancing efficiency for data users in terms of technical access and administrators. Additionally, it overlooks the fact that others, such as Euronext, have undergone significant restructuring due to various acquisitions.

6. Misleading claims of unfair behaviours against direct competitors

The report contends that exchanges are engaging in unfair behaviour against direct competitors by deliberatively charging higher prices (e.g. pages 5 and 6). Deutsche Börse, Nasdaq Nordics, Euronext, and SIX strongly dismiss these claims, asserting that they provide fair and transparent pricing policies for all clients alike including their own companies, with publicly available fees and intragroup companies treated at arm's length.

7. Other general remarks

In our opinion, various remarks and observations made throughout the report demonstrate a fundamental misunderstanding of the economics of equity trading markets.

The report overlooks the fact that market data and trading are "joint products"—i.e. one cannot exist without the other— which inherently affects the allocation of costs and the ultimate pricing of both. Instead, the report argues that exchange data is a "by-product" of exchange trading, which is fundamentally flawed as widely understood by academics and practitioners[1].

Providing comprehensive, high-quality data involves substantial production and distribution costs for exchanges, including investment and operating costs, such as tailored protocols and data formats, regulatory adaptations, customer support services, etc. The report itself acknowledges that market data is 'the lifeblood of financial markets' and has a broad range of use cases for various market participants.

The report also makes a number of claims that exchanges' market data fees are creating distortionary effects on downstream markets and on innovation, while ignoring the empirical

[1] "What is an exchange?", Ruben Lee, Oxford Press, 1998; "Is ESMA becoming a price regulator?", OXERA, 2014

evidence showing that the costs of exchange data represent a very small part of the overall value chain. In reality, EU equity trading markets have been characterised by significant and successful new entry, and the growth of new trading mechanisms has provided participants with greater choice. Many of these trading mechanisms have benefitted from the price formation provided by exchanges. There is no evidence to suggest that market data fees charged by stock exchanges have adversely affected the level of entry and competition among trading venues.

Finally, the report does not credit the relevance of market dynamics, regulatory pressures, and the role of data providers in ensuring efficient capital markets. Despite these challenges, exchanges continue to provide inclusive access to market products and data while remaining at the forefront of technological innovation and market growth. FESE exchanges continue to invest to ensure that their services—whether trading or market data—align with market trends, deliver value to customers, and meet the needs of all investors, both small and large.

Conclusion

The Market Structure Partners' report fails to accurately or fairly measure market volumes or market data costs, among many other shortcomings and instances of misinformation. Its incorrect narrative suggests a focus on shaping public opinion and aligning with advocacy ambitions rather than pursuing objective findings, which compromises adherence to the standards of scientific research.

Policymakers should be mindful of misinformed conclusions that risk undermining market efficiency, regulatory predictability, and European competitiveness. FESE remains committed to engaging with them to support well-functioning and competitive capital markets.

ABOUT FESE

The Federation of European Securities Exchanges (FESE) is the unique voice of European exchanges, advocating for fair, transparent and efficient capital markets to support growth and prosperity in Europe. We are committed to financing the economy, ensuring financial stability, and fostering sustainable development.

FESE represents 17 full Members and 1 affiliate Member from 32 countries. Exchanges operate both transparent regulated markets for securities and exchange-traded derivatives, and specialised SME growth markets that allow small and medium-sized companies to access public capital markets.

FESE is registered in the European Union Transparency Register with number 71488206456-23.