

City IT workshop confirms support for Market Data Community

01/01/2005

The City IT event on board the Aurora at the end of last year saw further support for the concept of a 'free to members' community for real-time market data.

A workshop, entitled 'Whose data is it anyway?' was presented by Andrew Miller, Managing Director of Arcontech. It discussed the feasibility, benefits and challenges of complementing the current vendor-based models with a cheaper service for certain classes of data.

In this vision, data would be provided and consumed free by contributors, instead of the current situation where vendors, exchanges and brokers can charge considerable sums for data, by virtue of their central position in the data flow. Rather than charging for data (and sometimes claiming copyright), the community would levy a service fee to cover running costs.

Miller argued that, historically, the vendors have provided a valuable service and continue to do so in areas like news and price visibility for OTC markets. "They have developed highly profitable businesses, rightly building on their distribution networks and defending their embedded positions. However, I'm sure they and their customers see the future in higher value services, not commodity pricing data."

Today's technology and wide-spread global networking make it much easier to collate and share data. Given that contributors generally give their prices willingly to the vendors and pay to receive others' data, there should be little objection in principle to the concept.

A key potential driver is European legislation. By April 2006 additional pan-European trade and pre-trade reporting mechanisms must be in place. The increase in traffic could be immense and it is not clear that the traditional vendors have the capacity or plans in place to address the requirement.

The session was attended by representatives across the wholesale community, including major brokers, banks and building societies. A straw poll at the start of the session indicated about 10% of attendees thought it was possible, with 30% willing to participate if it existed. At the conclusion 100% agreed it was possible, though not without its own challenges.

Commenting on the outcome, Miller said: "It's interesting to see the change in attitudes. The threads of technology, expectation, cost and legislation finally seem to be coming together, taking our StarNet community vision closer to reality. The capabilities of CityVision in both data acquisition and distribution make it an important piece of the solution".