

Opening Statement
Chairman Michael G. Oxley
Committee on Financial Services

Subcommittee on Capital Markets, Insurance and
Government Sponsored Enterprises
“Market Data II: Implications to Investors and Market Transparency
of Granting Ownership Rights over Stock Quotes”
July 26, 2001

I thank the Chair and commend him for holding this hearing, a second in a series that examines stock market data. Today we will be looking at the important issue of intellectual property rights over market data, and how granting new legal rights over that data would impact investors and the markets.

As we explored at previous hearings on this subject, stock market data is the lifeblood of our markets. Without accurate, up-to-the-second information, investors could not make informed investment decisions on saving for a home, their child's education, or retirement.

Congress recognized the importance of market data in 1975 when it amended the Securities Exchange Act to promote market transparency and ensure that all investors would have access to market information.

But many changes have taken place in our markets since that time. New communications technology, like the Internet, have transformed the markets so significantly that the rules that were put in place in 1975 are now outdated.

Yet, as our last hearing demonstrated, while there is wide agreement that the regulatory structure governing market data dissemination needs modernization, there remain divergent views on how the system ought to be modified

That's why today's hearing is so important. For several years, Congress and market participants have debated the issue of whether the stock exchanges and the over-the-counter market should receive new legal protection over the data they publish. While there have been attempts in past years to move legislation to settle this issue, none has yet been successful.

In considering this issue, it is important to recognize that one of the pillars on which the strength of our markets rests is transparency. This Committee will ensure that any market data legislation that this Congress considers will strengthen, not chip away at, that fundamental pillar of our marketplace. Concerns have been raised that granting new intellectual property rights over stock data will inhibit access to information, through the imposition of higher or additional fees. Moreover, questions have been raised as to who really owns the data – is it the buyers and sellers who create the quote or is it the party who compiles that information.

I look forward to the discussion of these important issues today and I thank the witnesses for their testimony.

