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FIA and FIA PTG Support CFTC Co-Location Proposal

- FIA and FIA PTG Back Fair and Transparent Access to Co-Location Facilities
- FIA and FIA PTG Support Disclosure of Latency Data on Quarterly Basis

Washington, D.C.—July 14, 2010—Responding to a request for comment from the Commodity Futures Trading Commission regarding a proposed rule on co-location and proximity hosting services, the Futures Industry Association filed a comment letter on July 12 expressing its support for the CFTC’s efforts to promote transparency and fair access to the futures markets.

The FIA comment letter also reflects the views of the FIA Principal Traders Group, a forum for firms trading their own capital to identify and discuss issues confronting the principal trading community. One of the group’s stated goals is to promote cost-effective, equal and transparent access to U.S. and non-U.S. markets.

“The FIA PTG strongly supports the CFTC’s goal of ensuring fair and transparent access to the futures markets,” commented James Overdahl. “The FIA PTG believes that co-location benefits the markets by providing a level playing field for all firms that want low-latency access to an exchange.” Overdahl is a vice president at NERA Economic Consulting who has been retained as an adviser by the FIA PTG.

In the comment letter, the FIA expressed support for the CFTC’s proposed requirement that exchanges provide equal access to co-location facilities and allow third parties to provide proximity services. The FIA asked the CFTC to consider third party sites as well as an exchange’s own co-location facility as meeting access requirements rather than the exchange facility alone.

The FIA also supported requiring exchanges to publish latency data for direct connections from their co-location facilities and other access points to an exchange matching engine, but recommended against applying a similar requirement to other types of connections between market participants and third party providers of access. The latency data should cover average, shortest and longest latency and should be reported quarterly, the FIA said. The association also encouraged exchanges to ensure equality of access within data centers by establishing the same distance from rack space to matching engine throughout the data center.

The FIA is a principal spokesman for the commodity futures and options industry. The FIA’s regular membership is comprised of approximately 30 of the largest futures commission merchants in the U.S. Among FIA’s associate members are representatives from virtually all other segments of the futures industry, both national and international.

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