

EDI Challenges New CME Fees as Anti-Competitive and Illegal

EDI has written to the CFTC requesting they investigate the CME Group's (CME) plans to charge for what has always been a no-fee service.

LONDON, UNITED KINGDOM, December 8, 2020 /EINPresswire.com/ -- 8 December 2020, London & New York: Challenger data provider, [Exchange Data International \(EDI\)](#), has written to the CFTC, the heads of the relevant Committees of the US House of Representatives, and the US Senate – which oversee the CFTC – requesting they investigate the CME Group's (CME) plans to charge for what has always been a no-fee service. Legal advice taken by EDI views the CME's new fee policies as illegal, anti-competitive, and extremely disruptive. If the CME is allowed to proceed with its actions, the practical impact will be devastating for redistributors of the data, especially the small and mid-sized vendors.

The new fees for historical data are a clear misuse of power by the exchange and a radical departure from long-standing practices of all other major exchanges, including the ICE USA, Eurex, Euronext, and Nasdaq OMX Nordic exchanges. Furthermore, the CME is planning to charge fees for data for which it does not own copyright, such as historical prices for commodities, including corn, crude oil, and gold, as these data points are already widely available in the public domain.

The requirement for redistributors to list their clients is an indication that the exchange will ultimately start charging end users, which will negatively impact small traders and investors. It will also enable the CME to cut out the data vendors and go directly to their clients.

In June this year the SEC and the US Department of Justice (DoJ) agreed on a formal partnership, with the SEC asking the DoJ to look at the anti-competitive practices in the securities industry; EDI is now asking that the CME is looked at in the same way by the DoJ and the CFTC.

Jonathan Bloch, Founder and CEO of EDI, said: "Exchanges appear hell-bent on developing monopolistic practices and they have to be stopped. A couple of exchanges have recently been challenged on the legitimacy of their new fee strategies and, although they won, it is very likely that their practices will be looked at by the DoJ, so I'm sure they're rueing the day they stepped into the courtroom. We would like to see the DoJ review the CME's new plans. Starting in 2021, the CME intends to charge redistributors like EDI \$30,000 a year for each of its markets (CME, CBOT, Nymex, and Comex), i.e. a total of \$120,000 per year, exerting unnecessary financial

pressure on companies already squeezed by the economic downturn caused by the COVID-19 pandemic. We see this as part of a disturbing trend, as exchanges have been introducing new types of fees nearly every year.”

He added: “The CME’s actions have not received much scrutiny from the regulators, certainly when compared to the regulation of fees imposed by the securities exchanges. As a result, the cost of obtaining data from the commodities exchanges will be exponentially higher. This is clearly anti-competitive, anti-trust and, according to our legal advisors, illegal. This must not be allowed to happen.”

EDI is asking the relevant bodies to examine the actions taken by the CME with an eye to their anti-competitive impact, especially given CME’s market dominance. EDI has also asked for confirmation that the CME has certified the new policy under the Commodity Exchange Act and its regulations, after a review of self-certification filings came back null.

In a further abuse of the exchange’s power, while redistributors of CME’s historical data will now be required to pay for the data, its own historical data product, DataMine, will have an unfair advantage, therefore raising serious concerns about antitrust.

Please contact us at edi@moonlightiq.com for a copy of the letter.

John Norris/Alla Lapidus

Moonlight IQ

+44 2072504770

edi@moonlightiq.com

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