IN THE SENATE OF THE UNITED STATES

November 14, 2017

Received; read twice and referred to the Committee on Banking, Housing, and Urban Affairs

AN ACT

To amend the Securities Exchange Act of 1934 to require certain entities to develop internal risk control mechanisms to safeguard and govern the storage of market data.

Be it enacted by the Senate and House of Representa-
atives of the United States of America in Congress assembled,
SECTION 1. SHORT TITLE.

This Act may be cited as the “Market Data Protection Act of 2017”.

SEC. 2. INTERNAL RISK CONTROLS.


(1) by inserting after section 4E the following:

“SEC. 4F. INTERNAL RISK CONTROLS.

“(a) In General.—Each of the following entities, in consultation with the Chief Economist, shall develop comprehensive internal risk control mechanisms to safeguard and govern the storage of all market data by such entity, all market data sharing agreements of such entity, and all academic research performed at such entity using market data:

“(1) The Commission.

“(2) Each national securities association registered pursuant to section 15A.

“(3) The operator of the consolidated audit trail created by a national market system plan approved pursuant to section 242.613 of title 17, Code of Federal Regulations (or any successor regulation).

“(b) Consolidated Audit Trail Prohibited From Accepting Market Data Until Mechanisms Developed.—The operator described in paragraph (3) of subsection (a) may not accept market data (or shall cease...
accepting market data) until the operator has developed
the mechanisms required by such subsection. Any require-
ment for a person to provide market data to the operator
shall not apply during any time when the operator is pro-
hibited by this subsection from accepting such data.

“(c) Treatment of Previously Developed
Mechanisms.—The development of comprehensive inter-
nal risk control mechanisms required by subsection (a)
may occur, in whole or in part, before the date of the en-
actment of this section, if such development and such
mechanisms meet the requirements of such subsection (in-
cluding consultation with the Chief Economist).”; and

(2) in section 3(a)—

(A) by redesignating the second paragraph
(80) (relating to funding portals) as paragraph
(81); and

(B) by adding at the end the following:

“(82) Chief Economist.—The term ‘Chief
Economist’ means the Director of the Division of
Economic and Risk Analysis, or an employee of the
Commission with comparable authority, as determined by the Commission.”.

Passed the House of Representatives November 13, 2017.

Attest: KAREN L. HAAS, Clerk.