United States Senate
COMMITTEE ON THE JUDICIARY
WASHINGTON, DC 20510–6275

July 12, 2013

Dr. William Axinn
Director
Survey Research Center
1355 ISR Building
P.O. Box 1248
Ann Arbor, MI 48106

Dear Dr. Axinn:

For stock traders, the rise of algorithmic and high frequency trading has placed a premium on obtaining market moving information as quickly as possible. Technological innovations in trading speed create opportunities but also present difficult questions for legislators and regulators.

In 2000, the Securities and Exchange Commission (SEC) was confronted with the selective disclosure of company-specific market moving information that occurred on analyst conference calls not open to small investors. This selective disclosure harmed small investors who began to enter the stock market through online brokerage accounts. The SEC met this challenge through the promulgation of the Financial Disclosure Rule or Reg. FD and ensured that large shareholders, small shareholders, and stock analysts would all have access to the same information at the same time.

Today, high frequency and algorithmic trading's appetite for low latency data has led to new concerns for small investors and their ability to gain meaningful access to market moving information. Advance access to market moving information creates a critical edge for investors. For this reason, the Federal government releases all market moving data at fixed dates to the general public. However, the Federal government has not created a similar set of rules for non-profits who release market moving information.

The University of Michigan's Survey Research Center is part of the University's Institute for Social Research. The Institute's motto is, "Social Science in the Public Interest." My concern is that the Survey Research Center's decision to allow preferential access, an "exclusive 2-second advanced feed of results…designed specifically for algorithmic trading" may not be in the public interest.[1] To help Congress understand the Survey Research Center's practices and how they further the public interest, please provide the following information:

[1] Brody Mullins, Michael Rothfeld, Tom McGinty & Jenny Strasburg, Traders Pay for an Early Peek at Key Data, "Wall Street Journal", (June 12, 2013).

1. Was the agreement between the Survey Research Center and Thomson Reuters approved by the University of Michigan's Institute for Social Research? If so, how does the agreement further the public interest?

2. Please provide the contract between Thomson Reuters and the Survey Research Center.

3. Does the Survey Research Center have any other exclusive contracts similar to the contract with Thomson Reuters? If so, please provide these contracts.

Thank you for your cooperation and attention in this matter. We would appreciate a response by July 26, 2013. If you have any questions, please do not hesitate to contact Chris Lucas for Ranking Member Grassley at (202) 224-5225.

Sincerely,

Charles E. Grassley
Ranking Member
Committee on the Judiciary