

Risky Business

It's not easy being an SRO. NYSE Euronext's status as a self-regulatory organization adds a layer of complexity when it's trying to compete against market centers such as ECNs that aren't obligated to ask the Securities and Exchange Commission for permission to introduce new products. Now the company is discovering the same vetting process also applies to its vendor arm. To launch its risk management gateway—considered an “exchange facility” by the regulator—NYSE Euronext had to file a proposal with the SEC. The company must also file when it wants to make changes, such as in the area of pricing. This puts it at a competitive disadvantage, NYSE Euronext recently told the regulator. It wants the SEC not to consider the service an exchange facility or, barring that, to consider its competitors' risk gateways to be exchange facilities as well.