

MEMO# 30292

October 4, 2016

EU Regulators Issue Consultation Paper on Consolidated Tape for Non-Equity Instruments

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TO: EQUITY MARKETS ADVISORY COMMITTEE No. 39-16
ICI GLOBAL TRADING & MARKETS COMMITTEE No. 47-16
INTERNATIONAL COMMITTEE No. 52-16
SECURITIES OPERATIONS ADVISORY COMMITTEE RE: EU REGULATORS ISSUE
CONSULTATION PAPER ON CONSOLIDATED TAPE FOR NON-EQUITY INSTRUMENTS

On October 3, the European Securities and Markets Authority (“ESMA”) issued a consultation paper on its draft regulatory technical standards (“RTS”) under Markets in Financial Instruments Directive II specifying the scope of the consolidated tape for non-equity financial instruments.^[1] Based on the feedback on the Consultation Paper, ESMA will finalize the draft RTS and submit them to the European Commission for endorsement. Comments on the Consultation Paper are due by December 5.

ICI Global does not expect to comment on the Consultation Paper. If you have any concerns regarding the Consultation Paper, please contact Jennifer Choi at jennifer.choi@ici.org no later than October 18.

The Consultation Paper focuses on three aspects of the consolidated tape for non-equity financial instruments. First, ESMA proposes to allow consolidated tape providers to cover only one or a group of asset classes rather than the entire universe of non-equity instruments. Second, ESMA proposes to allow consolidated tape providers not to collect information from all trading venues by excluding trading venues and approved publication arrangements (“APAs”) below a certain threshold.^[2] Finally, ESMA proposes to require a trading venue or an APA to be included into the consolidated tape no later than six months after it has exceeded the threshold. A trading venue or an APA that falls below the threshold for three consecutive periods would be no longer required to be included in the consolidated tape.

The Consultation Paper requests comment on ESMA’s proposed approach and how it intends to implement the approach.

endnotes

[1] Consultation Paper, RTS specifying the scope of the consolidated tape for non-equity financial instruments, Oct. 3, 2016, available at https://www.esma.europa.eu/sites/default/files/library/2016-1422_cp_on_rts_specifying_the_scope_of_the_consolidated_tape_for_non-equity_financial_instruments.pdf (“Consultation Paper”).

[2] For a trading venue or an APA to be required to be included in the consolidated tape, it must meet one of the following thresholds: (1) the cumulated volume of trades over a period of six months exceeds 2.5% of the total volume reported in the European Union over the same period on all trading venues and OTC in the relevant non-equity asset class or (2) the number of trades over a period of six months exceeds 2.5% of the total number of transactions reported in the European Union over the same period on all trading venues and OTC in the relevant asset class.