

MEMO# 31928

August 30, 2019

ESMA CP on the Development of Market Data Prices and an EU Consolidated Tape - Draft Response for Member Input by 4 September 2019

[31928]

August 30, 2019 TO: Equity Markets Advisory Committee
ICI Global EU Capital Markets Union Task Force
ICI Global Exchange Traded Funds Committee
ICI Global Regulated Funds Committee
ICI Global Trading & Markets Committee RE: ESMA CP on the Development of Market Data Prices and an EU Consolidated Tape - Draft Response for Member Input by 4 September 2019

As previously advised,[\[1\]](#) on 12 July 2019, the European Securities and Markets Authority (ESMA) published a consultation paper (CP)[\[2\]](#) concerning the development of prices for pre- and post-trade data ("market data") in the EU and the development of an EU consolidated tape (CT) for equity instruments. ESMA is inviting comments on the CP by 6 September 2019. Attached is ICI Global's draft response to the CP. Please provide comments on the draft response to me by close of business on Wednesday 4 September 2019.

ICI Global's Draft Response to the CP

In our response, we emphasize the importance of a consolidated tape (CT) for European financial markets. The lack of a CT makes it needlessly complicated and expensive for funds to obtain accurate last sale information and other data necessary to engage in transaction cost analyses, such as best bid and offer data. Furthermore, that it is similarly difficult to obtain a complete and accurate picture of available liquidity in European markets.

We recommend the following considerations for the establishment of a CT (set out in more detail in our response to the questions in the CP):

- **Reasonable cost** – adopting a cost-plus margin basis for CT providers (CTPs) that enables users to access data at a reasonable cost, but which provides sufficient margins to ensure the long-term, stable commercial viability of the CTP.

- **Transparent pricing** – requiring that data costs and the terms and conditions of access and use are transparent to support fair, reasonable and non-discriminatory pricing and enable investors to compare costs for data services.
- **High data quality** – advancing standardisation to improve the completeness and accuracy of data.
- **Appropriate governance** – adopting a governance model that does not give rise to conflicts of interest (or manages those that do occur), delivers effective transparency and is supported by regulatory oversight and supervision, to ensure integrity and engender trust in the CTP by data users, particularly where a CT is operated on an exclusive basis;
- **Timely coverage and delivery** – while acknowledging longer-term aspirations for a CT with broad market coverage, a staggered approach should be adopted which maximises the immediacy of benefits from a CT for investors by taking steps that are practically achievable in the short-term and are seen to provide value – for instance, initially focusing on incorporating post-trade data to support the assessment of execution quality for asset classes where there is already a higher-level of standardisation (e.g., equities and ETFs) and over time incorporating other asset classes and data to support pre-execution (e.g., to make order routing determinations).

Next Steps

ESMA is inviting comments on the CP by 6 September 2019. Based on the responses and feedback received, ESMA will prepare a report for submission to the Commission by December 2019. The Commission will then present its report to the European Parliament and Council.

Giles Swan
Director of Global Funds Policy, ICI Global

[Attachment](#)

endnotes

[1] Memo 31857, RE: ESMA Consultation on the Development of Market Data Prices and an EU Consolidated Tape, dated 17 July 2019, *available from* <https://www.iciglobal.org/iciglobal/pubs/memos/ci.memo31857.global>

[2] ESMA Consultation Paper: MiFID II/MiFIR review report on the development in prices for pre- and post- trade data and on the consolidated tape for equity instruments, 12 July 2019, *available from* https://www.esma.europa.eu/sites/default/files/library/esma70-156-1065_cp_mifid_review_report_cost_of_market_data_and_consolidated_tape_equity.pdf