

MEMO# 31938

September 5, 2019

ESMA CP on the Development of Market Data Prices and an EU Consolidated Tape

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September 5, 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

On 5 September 2019, ICI Global filed a response to the European Securities and Markets Authority's (ESMA) consultation paper (CP) 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. Attached is ICI Global's response to the CP.

ICI Global's Response to the CP

In our response, we emphasise the importance of a consolidated tape (CT) for European financial markets. The lack of a CT in Europe makes it needlessly complicated and expensive for funds to obtain accurate last sale information and other data, such as best bid and offer, necessary to engage in transaction cost analysis. 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 mitigates, manages, and discloses those that do occur),

delivers effective revenue transparency, provides robust information security, and establishes appropriate 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** – although we acknowledge longer-term aspirations for a CT with broad market coverage, a staggered approach should be adopted that 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

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.

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[Attachment](#)

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