

AFME, BVI, Cboe Europe and EFAMA Agree Cross-Industry Consensus on EU Equity Consolidated Tape

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AFME, BVI, Cboe Europe and EFAMA have today jointly published a position paper which provides a set of key principles needed to ensure the successful creation of an EU Equity Consolidated Tape (CT).

These 11 principles, available [here](#), would help ensure a CT is commercially viable and appropriately constructed to deliver the most benefit to European issuers, investors, exchanges and other intermediaries.

These organisations believe a successful equities CT will democratise access to equities data, contributing to the creation of a truly pan-European market in line with the goals of the European Commission's Capital Markets Union project. An appropriately constructed CT would substantially increase the number of market data users with access to pan-EU data, increase the visibility of issuers listed in every EU market and drive the growth of the region's capital markets.

While the group supports many aspects of the European Commission's blueprint for a CT across European markets, as set out as part of its Markets in Financial Instruments Regulation (MiFIR) review in 2021, AFME, BVI, Cboe Europe and EFAMA believe the EU needs to be more ambitious with its proposals to realise the full benefits of this crucial initiative.

Adam Farkas, chief executive of AFME, said: "Until now, the development of a consolidated tape has been a slow burn in the EU. To ensure the EU can compete as a global player, it needs to implement this vital price comparison tool, which will provide investors with a holistic view of investment opportunities across Europe, instead of limiting themselves to their home markets. However, in order for this to be achieved, the tape must be appropriately constructed. This cross-industry paper sets out the key principles for establishing a consolidated tape which can be both commercially viable and of genuine use to EU investors and market participants."

Thomas Richter, CEO of BVI, said: "The consolidated tape supports the Capital Markets Union and transparency for investors as well as issuers. Not only trading but also the public listing of companies would increase, especially on the smaller stock exchanges in the EU. In addition, a CT would improve trading processes and best execution of orders by giving institutional and retail investors direct access to trading activity, liquidity, and prices."

Natan Tiefenbrun, President of Cboe Europe, said: "These principles would help ensure the EU achieves a commercially viable Consolidated Tape, dramatically improving the accessibility of EU market data to investors of all types. It would help achieve an integrated and more resilient EU market and, crucially, encourage greater retail participation in EU equity markets via improved data access and enhanced investor protections."

Tanguy van de Werve, Director General of EFAMA, said: "The signatories to these Principles represent a broad cross-section of capital market participants in Europe. It highlights the importance of delivering a consolidated tape for equities in what is a global trading marketplace. The ability to access a single source of consolidated data is paramount for continuing

to attract global investment flows, for enhancing capital market participation in Europe, and for building investor confidence through transparency on trade data.”

The cross-industry consensus (initially endorsed by AFME, BVI, Cboe Europe and EFAMA), includes the following principles:

- **Any CT should not serve latency-sensitive users**, with the emphasis instead on displayed uses by professional and retail investors. The CT infrastructure does not need to be the most expensive low-latency infrastructure and those firms engaging in latency sensitive activities will, in all likelihood, continue to source their market data via direct feeds.
- **Revenue sharing model should include all contributors**. This model should be simple, remunerate all contributors with higher weighting given to pre-trade transparent and multilateral mechanisms versus others, incentivise the provision of pre-trade data and provide certainty of revenues to smaller exchanges.
- **There should be one single CT provider**, subject to appropriate governance and regulatory oversight.
- **There should be mandatory contribution of pre-trade and post-trade data**, to overcome the complexities and variances of licensing data from multiple sources and ensure the CT is viable business opportunity.
- **Commercial Viability requires real-time, pre-trade data**. Based on significant market research, demand for a purely post-trade CT is limited, and most use cases require the inclusion of real-time post-trade data and pre-trade data.
- **Engineering of the CT and its feeds should be simplified**. The CT infrastructure should be built to receive pre-trade data from the outset, as this will allow for subsequent flexibility.
- **CT content should be designed to cover the full trading day**, and to improve resilience.
- **A CT does not require a change to Best Execution rules**. Brokers should continue to be allowed to have discretion about which venues to access when trading for customers. However, ensuring that consumers are well informed about the availability of better prices may, over time, lead to commercial demand for brokers to enhance their access to liquidity.
- **The CT should be priced to succeed**. The CT needs set pricing that balances maximising the user base with generation of sufficient revenues to fairly compensate all contributors, and with particular emphasis on ensuring a preferential compensation to smaller venues.
- **CT should be sold with a simple, single market data licensing framework** covering a variety of use cases. This would remove the existing disincentive to access data (and thus to invest) across the EU, which arises from current complexities of managing multiple licenses with differing terms and policies.
- **There should be no mandatory consumption of a CT**, given that some firms will source direct feeds due to the need for lower-latency data, and hence would have no need for the CT for this purpose.

About AFME

AFME represents a broad array of European and global participants in the wholesale financial markets. Its members comprise pan-EU and global banks as well as key regional banks, brokers, law firms, investors and other financial market participants. We advocate stable, competitive, sustainable European financial markets that support economic growth and benefit society.

AFME is the European member of the Global Financial Markets Association (GFMA) a global alliance with the Securities Industry and Financial Markets Association (SIFMA) in the US, and the Asia Securities Industry and Financial Markets Association (ASIFMA) in Asia. AFME is registered on the EU Transparency Register, registration number 65110063986-76.

About BVI

BVI represents the interests of the German fund industry at national and international level. The association promotes sensible regulation of the fund business as well as fair competition vis-à-vis policy makers and regulators. Asset Managers act as trustees in the sole interest of the investor and are subject to strict regulation. Funds match funding investors and the capital demands of companies and governments, thus fulfilling an important macro-economic function. BVI's 116 members manage assets of some EUR 4 trillion for retail investors, insurance companies, pension and retirement schemes, banks, churches and foundations. With a share of 28%, Germany represents the largest fund market in the EU. BVI's ID number in the EU Transparency Register is 96816064173-47.

For more information, please visit www.bvi.de/en

About Cboe

Cboe Global Markets (Cboe: CBOE), a leading provider of market infrastructure and tradable products, delivers cutting-edge trading, clearing and investment solutions to market participants around the world. The company is committed to operating a trusted, inclusive global marketplace, providing leading products, technology and data solutions that enable participants to define a sustainable financial future. Cboe provides trading solutions and products in multiple asset classes, including equities, derivatives and FX, across North America, Europe and Asia Pacific.

To learn more, visit www.cboe.com.

About EFAMA

EFAMA is the voice of the European investment management industry, which manages over EUR 30 trillion of assets on behalf of its clients in Europe and around the world. We advocate for a regulatory environment that supports our industry's crucial role in steering capital towards investments for a sustainable future and providing long-term value for investors.

Besides fostering a Capital Markets Union, consumer empowerment and sustainable finance in Europe, we also support open and well-functioning global capital markets and engage with international standard setters and relevant third-country authorities. EFAMA is a primary source of industry statistical data and issues regular publications, including Market Insights and the authoritative EFAMA Fact Book. More information is available at www.efama.org

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