

---

## Press Release

### AFME welcomes FCA's Final Report on Wholesale Data Market Study

1 March 2024

---

The Association for Financial Markets in Europe (AFME) has today welcomed the publication of the final report on the FCA's Wholesale Data Market Study. This study is a crucial part of the wholesale market data investigation into competition in three key markets: provision of benchmarks, credit ratings data, and market data vendor (MDV) services.

The FCA final report is a key piece of analysis which assesses persistent user concerns about how wholesale data markets are working through six lenses: barriers to entry and expansion, network effects, vertical integration, suppliers' commercial practices, data users' behaviour and incentives for innovation.

Notably, the FCA has found evidence and drivers of market power in all three key markets in the form of market concentration and highly profitable margins, among others. AFME believes it is essential to ensure a competitive, efficient market for wholesale market data which does not result in excessive costs for users.

**April Day, Managing Director of Equities and Victoria Webster, Managing Director of Fixed Income at AFME**, commented: *"Our members actively use market data for a wide variety of primary and secondary markets purposes. Many of the FCA's findings that certain features in the three markets may prevent, restrict or distort competition are consistent with AFME's concerns, as expressed in our previous analyses.*

*"We note that the FCA has recognised shortcomings in the three markets but has ultimately decided not to make a market investigation reference to the Competition and Markets Authority. We also note that this decision is based on the FCA's assessment that, as a sector regulator, it is in a strong position to shape remedies and supervise their implementation.*

*"As the FCA continues to develop its framework for the UK consolidated tapes for bonds and equities, we encourage policymakers to ensure holistic market regulation of wholesale market data."*

AFME's concerns surrounding market data include:

- **High market concentration: competition is required to ensure data is priced fairly and efficiently.** We note the FCA's finding in their previous analyses that, while high start-up costs are not insurmountable to overcome, recent entrants have not been able to achieve the growth necessary to acquire significant market share. Certain data providers are extremely embedded in the UK and global financial ecosystem, and further concentration from mergers and consolidations have exacerbated their market power. We also note the previous findings from the FCA study on [Trade Data](#) which reflects our concerns regarding the significant market share exchanges hold as data providers, particularly as most users are forced to buy trading data to satisfy their investor protection obligations (best execution), while others need to obtain 'must have' data from exchanges to remain competitive themselves.
- **Restrictions around usage rights within license terms:** long standing practices within licensing and data-use agreements and non-transparent pricing have contributed to the **rising cost of data, which is one of the most significant challenges facing the effective functioning of wholesale markets.** Users can often be required to pay multiple times for the same data or pay a rate much higher than

**Association for Financial Markets in Europe**

**London Office:** Level 10, 20 Churchill Place, London E14 5HJ, United Kingdom T: +44 (0)20 3828 2700

**Brussels Office:** Rue de la Loi 82, 1040 Brussels, Belgium T: +32 (0)2 883 5540

**Frankfurt Office:** WorkRepublic, Zeil 127, 60313 Frankfurt am Main, Germany T: +49 (0)69 710 456 660

[www.afme.eu](http://www.afme.eu)

previously for the same data with no improvement to quality or access. Increased costs eventually have a detrimental impact on end investors.

AFME supports the development of a well-constructed consolidated tape as this will contribute to improving the quality of market data, reducing its costs, and decreasing the complexity relating to market data licenses. AFME has provided a detailed [response](#) to both FCA CP 23/15 and [response](#) to FCA CP 23/33 on this topic.

AFME continues to support the FCA's extensive work evaluating how data and advanced analytics are being accessed and used, as well as their value to market participants, particularly regarding how competitively data within the three markets is sold and priced.

We look forward to assessing the FCA's remedies to address the identified shortcomings and to continuing our engagement with the FCA on this topic going forward.

– Ends –

#### **AFME Contacts**

Rebecca Hansford

Head of Communications and Marketing

[Rebecca.hansford@afme.eu](mailto:Rebecca.hansford@afme.eu)

+44 (0)20 3828 2693

#### **Notes:**

1. AFME (Association for Financial Markets in Europe) promotes fair, orderly, and efficient European wholesale capital markets and provides leadership in advancing the interests of all market participants. 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. AFME participates in 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) through the GFMA (Global Financial Markets Association). For more information please visit the AFME website: [www.afme.eu](http://www.afme.eu)
2. Follow us on X (formerly Twitter) [@AFME\\_EU](https://twitter.com/AFME_EU)