



## The Future UK Equity Market Structure

Since January 2025, UK equities have experienced a clear, positive momentum: the FTSE 100 has rallied strongly, ending Q1 2026 around 23% higher and reaching near-record levels, helped by renewed interest from global investors. In primary markets, London IPO activity recovered from a slow start to 2025, finishing the year with 23 new listings and a strong pipeline for 2026. The FCA's upcoming work on equity market structure, and its policy statement on the consolidated tape, will be critical to ensure that the regulatory framework continues to deliver strong long-term outcomes for end-investors and savers, support positive momentum and advance the global competitiveness for UK equities.

**Our collective vision for the UK equity market of the future is based on four principles:**

1. **Stable & investable**: built on evidence-led regulation that supports long-term capital by providing predictability, legal certainty and confidence for global asset allocators.
2. **Efficient, competitive and innovative markets**: where innovation thrives and investors can choose the trading method that best serves their end-clients.
3. **Transparent & easy to access**: with high quality, affordable market data that gives a complete view of liquidity.
4. **Resilient markets**: an appropriate, well-tailored risk framework that supports growth, whilst safeguarding against systemic risks.

The above principles are well aligned with the FCA's strategic objectives to ensure UK markets function well, offer protection for investors, protect the integrity of the financial system, and promote effective competition.

### ***Stability is a competitive advantage***

The UK has made meaningful progress in reforming the inefficiencies in the inherited markets rules (MiFID/MiFIR), guided by the principles of promoting competition and user choice.

Now, the priority should be on providing confidence to global investors, corporate issuers, and market participants that the UK will not repeatedly re-design the regulatory framework, requiring investors and asset managers to continuously reconfigure systems, execution strategies and operational processes. To foster an

environment conducive to long-term investment and to provide the certainty that investors need, all market participants would now greatly benefit from a period of regulatory stability and predictability.

In the forthcoming consultation on equity market structure, we strongly encourage the FCA to prioritise targeted reforms rather than reengineering the regulatory framework in areas where markets are already functioning well and delivering positive investor outcomes. We recommend the FCA to avoid reforms that may unintentionally drain liquidity, add friction, or make UK execution more complex than in international markets, thereby undermining the strategic goal of attracting liquidity.

We urge the FCA to prioritise, in the first instance, enforcement of existing rules. For example, any concerns regarding the quality of execution outcomes for investors should be addressed through enforcement of the existing best execution framework.

Regulatory stability is not inaction. It is a deliberate policy choice to make the UK a place where capital can commit for the long-term.

### ***Enhance efficient, competitive and innovative markets that deliver good outcomes to investors***

The UK market is not a single exchange or trading mechanism, but it is an ecosystem. Trading on the stock exchange remains a large component of overall volumes. Our members use CLOBs depending on the execution strategy pursued, and consider it as an important part of a well-functioning ecosystem. However, as markets and technology evolve, investors adapt through changes in the way they interact with markets; an important expression of investor freedom is the ability to choose how, and with whom, they do business. Different mechanisms cater for different strategies, risk tolerances, and liquidity needs. Maintaining this principle of choice is essential to the growth of UK equity markets.

The relatively lower share of intraday trading on the exchange's central limited order book ("CLOB") in the UK has been balanced by an increased share of trading in the closing auction of the primary exchange, as well as investors' preference to trade in alternative venues to avoid the higher price impact of trading on CLOB. Measures which, advertently or inadvertently, impede investors' ability to access liquidity from a variety of execution mechanisms to best suit their specific needs will result in worse outcomes, reduction in competition, and make the UK less attractive than global peers. Demand is best stimulated by promoting investor choice.

We would also encourage the FCA to undertake a review of the Retail Service Provider (RSP) framework recognising the important role RSPs have historically played in supporting efficient, low-cost and simple execution for retail investors. Well-calibrated, targeted enhancements to the framework could further strengthen confidence in

outcomes and support the continued role of CLOBs as a cost-effective access point for retail participation, while preserving investor choice across execution mechanisms.

Complementary to multilateral trading venues, bank-run systematic internalisers (bank-SIs) provide consistent, capital-backed liquidity that supports reliable execution even in more challenging market conditions. This liquidity provision function supports effective risk transfer, enables price improvement for investors, and helps to reduce market impact for larger or more sensitive trades, particularly during periods of reduced displayed liquidity.

While primary market venues are pivotal to the market, a diverse ecosystem (where SIs operate alongside exchanges and MTFs) fosters resilience by preventing liquidity from becoming overly dependent on a single venue or model. This diversity strengthens the overall fairness and competitiveness of the UK market structure. For institutional investors in the UK acting on behalf of long-term savers, the ability to access SI liquidity alongside exchange-traded liquidity is a critical component of achieving best execution across a wide range of market conditions.

Undermining the ability of bank-SIs to provide this essential liquidity, for instance through inappropriate or overly burdensome reporting requirements, or any other measures designed to direct the routing of trading activity towards the primary stock exchange is fundamentally misaligned with the principles of competition, stability and resilience. Such actions would make UK markets less competitive and less attractive compared to international alternatives, directly counteracting the government's objective of drawing more liquidity into UK equities.

The UK should set a clear standard: put investors first by preserving genuine choice, stable liquidity provision, and fair competition while continuing to hold market participants to appropriate transparency and conduct standards.

### ***Consolidated tape: make it world-class, not symbolic***

Delivery of a comprehensive pre- and post-trade consolidated tape for equities is critical for providing a single, real-time, and holistic view of liquidity across all trading mechanisms, that market participants can reliably adopt, integrate into existing workflows, and trust as a reference source. It will significantly enhance market transparency, reduce information asymmetry, and lower costs for investors. This improved visibility will put UK equities firmly in the 'shop window' for both domestic and international investors, fostering greater confidence, encouraging deeper participation, and ultimately reducing the cost of capital for UK companies.

As the UK looks to reform and tailor its capital markets, we believe an effective CT will be an important cornerstone of these reforms, not only to address data quality issues, but also to help achieve the original MiFID II objective of making market data accessible to all participants (including retail investors) thus enabling the UK to best serve the needs of investors.

We strongly urge the FCA to prioritise delivery of the consolidated tape, and to resist calls to dilute the utility of the tape by limiting its scope to post-trade data only. The CT should provide improved pre-trade data with ideally five layers of best bids and offers in both price and volume (with full venue attribution), in order to deliver what market participants have called for and are willing to pay for. In addition, we note that the European Commission has proposed changing the EU rules to provide five layers of depth on the EU tape. Should the UK not also offer this, it risks the UK being put at a competitive disadvantage. We recommend that the FCA target final implementation no later than early 2027, supported by clear phased milestones and accountability to ensure delivery without compromising quality.

The value of the tape will be, to a large extent, determined by the informational quality of the data included. To that end, we endorse the recommendations of the FIX Trading Community to (1) exempt non-price forming transactions brought on venue for clearing and settlement purposes from trade reporting requirements; and (2) explore equivalence, or some other technical solution, with the EU for OTC/SI transactions (which today leads to double reporting on the tape). This would further enhance the post-trade framework and provide a more accurate picture of both on and off venue liquidity. We support implementation of the tape that ultimately prioritises core functionality and avoids introducing complexity that could delay delivery or undermine confidence in the tape.

The joint associations remain supportive of the objective of greater transparency accurately reflecting addressable liquidity in the market. We would welcome further engagement with the FCA on ways in which these objectives can best be achieved in a manner that benefits the overarching quality of post-trade transparency without delaying the timely delivery of the consolidated tape.

The goal must be a tape that is trusted, intelligible, and provides genuine value for market participants.