
Press release

UK bonds consolidated tape is a major milestone for the UK AFME responds to FCA consultation

15 September 2023

Today, the Association for Financial Markets in Europe (AFME) has submitted its response to the Financial Conduct Authority's (FCA) consultation paper *CP23/15: The Framework for a UK Consolidated Tape*.

AFME's response outlines members' views on the framework that the FCA has proposed for the UK bonds consolidated tape and includes commentary on the UK equities consolidated tape, for which a dedicated consultation paper is expected in 2024.

AFME welcomes the FCA's initiative to embed the framework that will encourage the development of a consolidated tape in the UK. Members' response to this consultation reflects the broad industry consensus that a resilient, cost-effective consolidated tape providing timely, good quality data will facilitate greater access to a common view of the UK market to all investors, irrespective of resources and level of sophistication. This comprehensive and standardised view of equities and fixed income trading environments will enhance the global competitiveness of UK wholesale markets.

Victoria Webster, Managing Director of Fixed Income at AFME, said: *"The establishment of a consolidated tape for bonds in the UK is a major milestone. The UK has a leading global market and it is vital to ensure that it remains competitive by widening access to market data and broadening participation in capital markets from investors, both domestically and internationally."*

"At the same time, even an appropriately constructed consolidated tape will not fully address the current unacceptably high cost of market data. We trust that the FCA's extensive work on wholesale data will help address anomalies in this area, which are detrimental to financial markets and their users."

While there are many aspects to consider around the establishment of a consolidated tape AFME views the following as most pressing:

- **Licensing** – The CT should be sold under a simple, single market data licensing framework covering a variety of use cases and clearly specifying what is deemed re-use and what is considered direct use of data. A standardised CT user licence would remove disincentives to access data via an authorised CTP, arising from managing multiple licenses with differing terms and policies.
- **Tender process** - Price should not be the only determinant in the second stage bidding process. A CTP may have included features that are more useful for the market but their overall offering may not be the cheapest. It is important that a balance is found between operational capacity and the price charged.
- **Governance** – A consultative committee representative across a range of users and data producers, with a rotation of its members, should meet regularly to advise and suggest recommendations to the CTP.

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: Neue Mainzer Straße 75, 60311 Frankfurt am Main, Germany T: +49 (0)69 710 456 660

www.afme.eu

- **Operating costs** - The cost of operating the CT should be aligned with keeping the cost of accessing the CT as low as possible for users. A key benefit of the CT is the potential to facilitate market data access to market participants who currently cannot access these feeds. Furthermore, information on operating costs should be transparent to and regularly shared with the consultative committee.
- **Pre-trade data for the equities tape** - A well-functioning, commercially viable equities CT requires pre-trade data from the outset. This data, including both price (best bids and best offers) and size, should be real-time, continuous, and available to five levels of book depth in total with full attribution (identifying the venue). An equities CT with these features would be highly valuable to market participants and would perform well in comparison to equivalent mechanisms in other jurisdictions.

AFME looks forward to making further progress on this initiative with the FCA and other industry partners.

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AFME Contacts

Rebecca Hansford

Head of Communications and Marketing

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
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