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## Press release

### AFME says Consolidated Tape must strike right balance

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Ahead of the MIFIR Review, the Association for Financial Markets in Europe (AFME) has today published its [position on a Consolidated Tape](#) in Europe. **Adam Farkas, Chief Executive at AFME**, said:

*“As the MiFIR Review fast approaches, all corners of the financial markets industry are articulating their needs for a consolidated tape in Europe. From AFME’s members’ perspective the use case is clear: in equities markets **we need a real-time consolidated tape in Europe that provides access for all investors to help build deeper and more open capital markets in Europe.**”*

*“An equity real-time consolidated tape would cut costs and democratise access to all retail investors across the EU, contributing to the creation of a truly pan-European market. This technological solution would help advance the objectives of the Capital Markets Union, while ensuring that interconnected national ecosystems continue to serve local communities.*

*“This is also why having diverse market structure is vital, providing investor choice and competitiveness. The establishment of a consolidated tape should not in any way interfere with the existing market structure in the EU – policy makers need to protect market diversity which is the backbone of healthy, resilient, and competitive European financial markets. In this respect, a consolidated tape would also aid with reducing the market power of trading venues when selling real-time, extremely expensive, post-trade data.*

*“Now is the time to address Europe’s lack of competitiveness with regards to having a single price comparison tool for investors across Europe. However, it will be important to get the balance right, so that it makes sense for investors at the heart of the tape, without damaging market structure.”*

In order for a Consolidated Tape (CT) to work, AFME members recommend:

- **The equity CT must be real-time – there is no business case for a delayed tape**, given that the legal framework already requires the provision of market data, free of charge, 15 minutes after publication. Conversely, an equity real time tape offers a number of benefits.
- **Data quality should be addressed alongside the development of a CT** – the implementation of the post-trade transparency regimes under MiFID II identified a number of data quality issues relating to SI and OTC post-trade reporting, particularly the treatment of non-addressable/non-price forming trades which should be excluded for the purposes of post-trade transparency.
- **The bond CT needs to ensure committed liquidity providers are not exposed to undue risk** by not publishing post-trade details until after the deferral period has expired. MiFID II introduced deferrals because it was recognised that real time post-trade transparency can expose committed liquidity providers to undue risks, especially when trading in illiquid instruments or transactions above a certain size, hence diminishing the liquidity available to corporates and investors.
- **The establishment of a CT must not impact the well-established market structure framework in Europe**

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- **The cost of accessing the CT should be as low as possible** in order to democratise market data within Europe and ensure healthy, competitive markets
- **Mandatory data contribution to the CT** – trading venues, APAs and systematic internalisers (SIs) should be required to provide market data, free of charge, to the CTP. Without this approach, costs will ultimately be passed on end users and this could limit the number of firms consuming data, reducing the commercial incentive for the emergence of a single consolidated tape provider.
- **No mandatory consumption of the CT** – market participants should not be forced to consume the CT as, in many cases, this will mean that firms are forced to pay for the same data via direct feeds and via the CT (i.e. paying for the same data twice). Instead, a CT should be appropriately constructed so that it provides an offering that is economically attractive to market data users. This will ensure the continued success of a CT.
- **There should be a single CTP for each asset class**– without a single provider, the risk of multiple providers emerging with potentially different or overlapping product scopes may defeat the purpose of having a truly consolidated view of the market and increase costs to consumers.

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#### **About AFME:**

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). Follow us on Twitter [@AFME\\_EU](https://twitter.com/AFME_EU)