

## FCA CP on the Framework for a UK Consolidated Tape

### AFME Response to FCA Consultation Paper CP23/15

Submission date: 15 September 2023

#### Annex I

No	Question
1	Do you agree with the appointment of a single CTP per asset class through a tender process?
<b>AFME Response</b>	
Yes. Allowing multiple CTPs carries the risk of a high number of CTPs with potentially different or overlapping product scopes, which may defeat the purpose of having a truly consolidated view of the market and increase costs to consumers. To avoid this scenario, potential CTPs should compete in a tender process which establishes which firm will operate as a CTP for a set period.	
No	Question
2	What success criteria should be used in the post-implementation framework review?
<b>AFME Response</b>	
Success criteria should include the growth of and number of users, whether there is more competition in data products and whether the CTP is publishing data in a timely manner. There should also be qualitative assessments such as user surveys about the features and use of the consolidated tape.	
No	Question
3	Do you agree with our proposals on the scope of a bond CT?
<b>AFME Response</b>	
Yes. However, whilst AFME members agree that ETNs and ETCs should not be included on a bonds CT, these instruments should be available on a tape at some stage, as part of a phased implementation.	
No	Question
4	Do you agree that data should be transmitted from data providers and received by the CTP via a standardised open-source API developed by the CTP? Should this be based on the FIX protocol?
<b>AFME Response</b>	
Yes. AFME members agree that data should be transmitted/received in a standardised format, this should be in a Market Model Typology (MMT) or FIX protocol format.	
Whilst AFME members support the FIX protocol, specific reference in legislation should not be made to FIX which is a commercial name and could be superseded by a superior standard in the future.	

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In addition, we consider there would be value for market participants in having a level of compatibility between the UK bond CT and the EU CT to ease their consolidation.

No	Question
5	Do you think that our rules should be more specific about the means of dissemination of a CT?
<b>AFME Response</b>	
AFME agrees that data received and disseminated by the CTP should be in a consistent format available in machine readable and human-readable forms. Machine readable should be via a standardised API, human-readable should be via a standardised GUI. An MMT or FIX based protocol is desirable, but multicast whilst currently a good option could be superseded by developments in technology. Therefore, the rules should not be more specific on the technology used for dissemination.	

No	Question
6	Do you agree that the consumption of the data published by the CT should be discretionary for market participants?
<b>AFME Response</b>	
Yes. 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 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.	

No	Question
7	Do you agree that the CT should only start operation after bond transparency regime changes come into effect?
<b>AFME Response</b>	
No. AFME believes there is value in the current transparency data. The CTP will highlight this value, therefore, the sooner the CT starts operating the better for all market participants. There should not be a dependency on the deferral regime for the CT to be introduced, they are separate elements within the transparency regime and should be treated as such. It could act as a good test period for the CTP and users are not required to sign up to the data if they wish to wait.	
If there are no changes to the data output via the new transparency regime there should be no additional cost to anyone as the data format will not differ.	

No	Question
8	Do you agree that responsibility for applying deferrals should remain with data providers and not the CTP?
<b>AFME Response</b>	
Yes. The role of a CTP is solely to aggregate and distribute trading data which is already publicly available via systematic internalisers, trading venues or APAs. Requiring the CTP to build and maintain capability to	

apply deferrals, will increase the cost of the tape and have an impact on demand and therefore viability. There is also the danger that CTPs may not be consistent with APAs'/TVs' application of deferrals.

No	Question
9	Should the CTP offer a deferral checking service? If so, should use of this service by data providers be mandated?
<b>AFME Response</b>	
It is very unlikely that APAs and TVs will sign up to a service (assuming it will be charged) to check a core regulated activity that they perform if it is optional. We do not think that there is an issue with the application of deferrals. There may be some inconsistencies in applications of the flags used but assuming that that will change it is unclear what value this checking service will be adding. In addition, the current rules on a CTP having to ensure receipt of information is complete and not erroneous means this is an imbedded requirement of the CTP with no additional need to define it as a separate checking service.	

No	Question
10	Do you agree that the provision of a historical data service should be optional for a CTP?
<b>AFME Response</b>	
No. Historical data is valuable especially for bonds where many do not trade frequently, therefore a CTP should offer historical data as part of their core offering. However, some features could be provided as an additional service, such as an EOD downloadable database.	
Included as part of the minimum core requirements for a CT offering (and considered as part of the tender process) should be the ability for users to transfer and retain data and to send formatted queries. TRACE is a good model to replicate in this respect.	
While some participants will prefer to download this data on a daily basis to build their own historical data source, the FCA should not assume that this will be the case for all CTP users. Therefore, having historical data available for users that don't save is also an important feature of a CTP in addition allowing users to download the data.	
There should not be any bundling of services in licensing agreements.	

No	Question
11	If you think that a CTP should be required to provide a historical data service, what minimum requirements do you think should be established for such a service? For example, should data only be available in response to queries, or should there be a requirement to provide access to some of or all the data through a downloadable database?
<b>AFME Response</b>	
Please see our response to Q10.	

No	Question
12	Do you agree that trading venues and APAs should be required to provide data to a CTP without charge?
<b>AFME Response</b>	
Yes, contribution should be mandatory and not chargeable, in order to ensure that a CT remains a viable commercial enterprise for CTPs. Without this approach, the need to consume data from a large number of trading venues and APAs required in order to develop a CT, will mean that a CTP could expect to pay considerable sums to maintain multiple data feeds and the right to distribute them.	

No	Question
13	Do you agree that a bond CTP should not be required to share revenues with data providers but be allowed to offer incentives to data providers for high quality data?
<b>AFME Response</b>	
AFME members agree that a Bond CTP should not have a revenue sharing mechanism. The introduction of a Bond CT would not result in a revenue loss that industry participants need to be compensated for.	
AFME do not feel that incentives should be offered for provision of high-quality data.	

No	Question
14	Do you agree that a bond CTP should not be required to contribute to data providers' connectivity cost recovery? If you think that a bond CTP should contribute to data providers' connectivity cost recovery, on what basis should the terms of this arrangement be set?
<b>AFME Response</b>	
AFME agrees that a bond CTP should <u>not</u> be required to contribute to data providers connectivity cost recovery. Otherwise, this would act as a disincentive and result in less potential CTPs wanting to participate in the tender.	
If TVs and APAs were to be remunerated for connecting to a CTP to meet a regulatory obligation then following this logic, investment firms should be remunerated for connecting to APAs, ARMs, Trade Repositories etc to meet with their regulatory reporting obligations.	

No	Question
15	Do you agree that the requirement for a CTP to provide data free of charge 15 minutes after publication should be removed? If so, how best should we seek to ensure that academic and retail users of the data have low-cost or free access to the data?
<b>AFME Response</b>	
Yes, as long as the pricing set up for retail and academic consumers of data is sufficiently low or free so they can get access to the data. Academics are likely to want to access historical data and pricing should reflect this. We note that TRACE have a specific historical data fee band for academics and low fee for EOD data.	

Data should be free and easy to consume for retail users. The data should be made available to such consumers via a simple and low technology channel, not requiring integration, or the purchasing of an application. Access to data should not be bundled with expensive products. This would remove any dependency on data vendors for retail access.

No	Question
16	Do you agree that the CTP should be able to offer value-added services, provided that the CT service is available on a stand-alone basis and the provision of such services does not give the CTP an unfair advantage?
<b>AFME Response</b>	
Yes.	

No	Question
17	Do you agree that CT licences should be separated according to re-use/direct use? For direct use licences, do you agree that users should be charged on a per-user basis? For re-use licences, should users be charged on a per-volume basis or on a use case basis? Which ways of licensing would encourage competition and innovation?
<b>AFME Response</b>	
<p>The CT should be sold under a simple, single market data licensing framework covering a variety of use cases. The licence should clearly and transparently specify what is deemed re-use and what is deemed direct use, given that these terms are not widely used in the industry. A standardised CT user licence would remove the existing disincentive to access data via an authorised CTP, which would arise from managing multiple licences with differing terms and policies.</p> <p>In any case, internal use of the CT should not be limited for market data users, in particular when used for answering client requests, or using CT data for producing research, valuating portfolio, providing information to clients etc. These use cases should all be covered within “direct use”.</p> <p>Re-use should be limited to cases where the underlying raw data of the CT is made accessible (either in real time (e.g. redistribution of total or part of the CT feed) or delayed for a fee (i.e. this type of licence should be aimed towards commercial data services that would gain revenues from reselling CTP data or could directly replace or supplant the CTP service).</p> <p>CT data licensing should use standardised terminology and methodology, with any applicable fees shown in a public price list.</p> <p>AFME believes that licences should be granted at an enterprise level. Enterprise licences should be set at a reasonable level for any medium or larger size firm to be interested in the data; however, we recognise that a lower fee could be offered to smaller users of the data (e.g. fewer than 10 users).</p>	

No	Question
18	Should the FCA specify a set of components for which CTP bidders must submit price bids, or should bidders be given the option of specifying their own price list?
<b>AFME Response</b>	
Yes, AFME agree bidders should be given the option of specifying their own price list. AFME members believe there should be as much transparency around the pricing of the tape from bidding entities as possible. In order to compare the bidders it is important that the pricing model is disclosed (i.e. whether it will be a per-user versus per-database access.	

No	Question
19	Do you agree that the tender process should be undertaken based on multiple descending rounds of price-based bidding? Do you have a preference between a clock auction or Anglo-Dutch hybrid auction?
<b>AFME Response</b>	
AFME members believe quality as well as price should be the driving factor of the tender. Price should not be the only determinant in the second stage bidding process as it could result in a situation where a bidder is pricing to win. 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. Therefore, the FCA should look at the overall business model of the CTP to understand the cost services offered and how the proposed pricing covers these costs, how any excess revenue is intended to be reinvested in the CTP and/or used for other purposes, such as academic research.  Taking the above into account, neither the clock auction nor the Anglo-Dutch model would consider all qualities of the tape when selecting a vendor, therefore, neither of these models should be used.	

No	Question
20	What factors should be considered when determining bidding price parameters, standardisation of bids (if bidders are allowed to specify their own price list), and minimum price reduction in bids between rounds?
<b>AFME Response</b>	
There should be a high degree of transparency with regards to the pricing of the CT. It is important that when entering the tender, bidding entities disclose their parameters based on which the pricing was set in order to understand the breakdown of costs and margins that the entity estimates to incur. Furthermore, it is important that bidders disclose their proposed price model.	

No	Question
21	Do you agree that the duration of the initial CTP contract should be five years? How would the length of the contract affect costs, revenues and incentives of a CTP?
<b>AFME Response</b>	
Yes. The duration of the initial CTP contract should be five years. The most important aspect to consider when setting the length of a contract are potential incentives for the CTP.	

No	Question
22	Do you agree with proposed mitigants to address any potential incumbency advantage of the first bond CTP? Are there additional factors that we ought to consider?
<b>AFME Response</b>	
Existing competition principles should be taken into account.	
There should be a process in place to transfer historical data from current CTP to the incumbent. There needs to be continuity around updated messages sent in relation to a previous (first) trade message to ensure the update works.	

No	Question
23	Do you agree with our proposed extension of the operational resilience requirements in SYSC 15A to a CTP?
<b>AFME Response</b>	
Yes. It is important that the CT is operationally highly resilient and maintains business continuity, given data consumers will be dependent on this data stream. Where business continuity is disrupted the FCA should take supervisory action.	

No	Question
24	Do you agree with our proposed additional outsourcing and conflicts requirements applying to a CTP?
<b>AFME Response</b>	
Yes.	

No	Question
25	Do you agree with our proposed retention unchanged of the obligations currently contained in Regulations 13, 44 and 45 of the DRSRs and Articles 5 to 9 of MIFID RTS 13?
<b>AFME Response</b>	
Yes.	

No	Question
26	Do you agree with our proposed prudential regime for CTPs?
<b>AFME Response</b>	
Yes. AFME members agree with paragraph 6.22 (pages 44-45) that includes the requirement for a CTP to hold resources equal to six months of operating costs.	

No	Question
27	Do you agree with our proposed deletion of the requirement for a CTP to price on a reasonable commercial basis?
<b>AFME Response</b>	
As articulated in our response to Q19, AFME states that price should not be the sole determinant of the successful bidder for the provision of the CT after the first round of bidding.	
On the basis that AFME therefore recommends other factors to influence subsequent rounds of bidding, AFME members believe that it is important that the provisions on pricing for the CTP do contain some obligation to be within fair and reasonable commercial boundaries.	

No	Question
28	Do you agree with the retention of the requirement for a CTP to provide market data on a non-discriminatory basis?
<b>AFME Response</b>	
Yes.	

No	Question
29	Do you agree with our proposed changes to the transparency obligations in respect of pricing?
<b>AFME Response</b>	
AFME members believe there should be as much transparency as possible with regards to pricing. Furthermore, the price should only be able to increase in line with inflation, as economies of scale should allow the CTP to reduce their prices as the tape becomes more popular. Furthermore, there should not be any price increases (outside of the inflationary adjustments) in the five-year period.	

No	Question
30	Do you agree with our proposed governance requirements for the bond CTP?
<b>AFME Response</b>	
Yes, in addition AFME members propose a rotational governance structure to the consultative committee, to ensure that the entirety of the industry is represented and to prevent the same stakeholders governing at all times.	
As also highlighted in Q38 AFME propose the following amendments to the drafting of MAR 9.2B.40 (Governance obligations for the CTP):	
<ul style="list-style-type: none"> <li>(1) The CTP must establish a consultative committee composed of a representative range of its users and data producers.</li> <li>(2) The numerical composition of the consultative committee shall be in favour of users.</li> <li>(3) The committee must meet at least every 6 months and its Chair must make the meeting agenda and minutes public.</li> </ul>	



- (4) The CTP must share information about its operating costs with the consultative committee, including providing regular updates to the committee on these costs.
- (5) The consultative committee shall be empowered to make recommendations to the CTP on the operation of the CT. The CTP shall consider implementing these recommendations or provide an explanation, which shall be made available to the public, of its reasons for not implementing the recommendations.
- (6) Where the consultative committee has made a recommendation under subsection (5) that the CTP has rejected or not fully implemented, the committee shall have the option of referring the recommendation to the FCA, which shall consider the recommendation in the course of performing its supervisory and/or enforcement functions.
- (7) The Chair must make public information on how it takes forward any recommendations of the committee including on its performance and operation of the CT.

These amendments to MAR 9.2B.40 are made in keeping with the FCA's objective to establish the CT as a utility for the financial services market. We therefore take the view that the CTP should operate with respect to users' and data producers' interests first and foremost.

No	Question
31	Do you agree with our proposals on requirements for trading venues and APAs to provide data to the CTP? Do you agree with our proposals on the management by the CTP of potentially erroneous information?
<b>AFME Response</b>	
Yes, AFME members agree with FCA proposals for TVs and APAs to provide data to the CTP in as close to real time as is technically possible.	
Yes, AFME members agree with FCA proposals that the CTP is required to identify trade reports that are incorrect or likely to contain erroneous information and inform the relevant data contributors. However, the reports should be more frequent than the current proposal of at least six months.	

No	Question
32	Do you agree with our proposals on data quality?
<b>AFME Response</b>	
Yes. The CTP should ensure receipt of information is complete and identify instances of erroneous data including applications of deferrals and informing the relevant APA or trading venue so they can investigate further.	

No	Question
33	Do you agree with our proposal to require a CTP to provide a feed of its data to the FCA?
<b>AFME Response</b>	
Yes.	

No	Question
34	Do you have any comments on our guidance on the tender and retender process?
<b>AFME Response</b>	
AFME members believe the retender process should start before the suggested six-month period prior to termination of the previous CTP. There should also be a transition period between the two CTPs.	

No	Question
35	Do you have any comments on our consolidation in the Handbook of the requirements applying to ARMs and APAs?
<b>AFME Response</b>	
AFME will not be answering this question.	

No	Question
36	Do you agree with not including material from the recitals in the Handbook?
<b>AFME Response</b>	
Yes, AFME agrees with the FCA that recitals should not be included in the Handbook.	

No	Question
37	Are there any revisions to the requirements applying to ARMs and APAs you think we should make in due course?
<b>AFME Response</b>	
AFME will not be answering this question.	

No	Question
38	Do you agree that changes to the existing framework of rules discussed in Chapter 6 are also relevant for an equities CT?
<b>AFME Response</b>	
<p>AFME members are broadly supportive of the rules framework as outlined in Chapter 6. We believe that the provisions proposed in Chapter 6 would be largely appropriate to an equities CT.</p> <p>We would like to propose the following amendments to the drafting of MAR 9.2B.40 (Governance obligations for the CTP):</p> <ul style="list-style-type: none"> <li>(1) The CTP must establish a consultative committee composed of a representative range of its users and data producers.</li> <li>(2) The numerical composition of the consultative committee shall be in favour of users.</li> <li>(3) The committee must meet at least every 6 months and its Chair must make the meeting agenda and minutes public.</li> </ul>	

- (4) The CTP must share information about its operating costs with the consultative committee, including providing regular updates to the committee on these costs.
- (5) The consultative committee shall be empowered to make recommendations to the CTP on the operation of the CT. The CTP shall consider implementing these recommendations or provide an explanation, which shall be made available to the public, of its reasons for not implementing the recommendations.
- (6) Where the consultative committee has made a recommendation under subsection (5) that the CTP has rejected or not fully implemented, the committee shall have the option of referring the recommendation to the FCA, which shall consider the recommendation in the course of performing its supervisory and/or enforcement functions.
- (7) The Chair must make public information on how it takes forward any recommendations of the committee including on its performance and operation of the CT.

These amendments to MAR 9.2B.40 are made in keeping with the FCA's objective to establish the CT as a utility for the financial services market. We therefore take the view that the CTP should operate with respect to users' and data producers' interests first and foremost.

With respect to the remainder of the rules framework, AFME members believe that it would be appropriate to the equities CT but will offer a more finalised view when the FCA published its consultation paper on the UK equities CT (this paper is expected to be published in 2024).

No	Question
39	Do you agree that an equities CT should cover shares, depositary receipts, ETFs, certificates, and other similar instruments? Should it also include ETCs and ETNs?
<b>AFME Response</b>	
<b>Do you agree that an equities CT should cover shares, depositary receipts, ETFs, certificates, and other similar instruments?</b>	
Yes, all equity and equity-like instruments should be included in the equities CT.	
<b>Should it also include ETCs and ETNs?</b>	
No. Given ETCs and ETNs are subject to non-equity transparency requirements, AFME members are of the view that the inclusion of ETCs and ETNs in the equities CT would pose a number of technical challenges to the equities CTP, including building in non-equity transparency fields as well as establishing connectivity to the venues trading these instruments. This is likely to result in increased costs for the CTP with little to no benefit to consumers of the equities CT. For this reason, ETCs and ETNs should not be included on the equities CT.	

No	Question
40	Should an equities CT include pre-trade data? If so, why do you think this is necessary and what scope of data (including but not limited to depth of order book) should be included? If not, why not?
<b>AFME Response</b>	
Yes, the equities CT should include pre-trade, complete, real-time data for all instruments across all trading mechanisms (except for quote-driven venues) and all trading sessions, including open auction, continuous	

trading and the close. The CT should also include five levels of book depth with full attribution. A post-trade-only equities CT would not meet a sufficient number of use cases to drive commercial viability of the CT.

On the basis of feedback from its members, AFME has taken the position that the benefits of a pre-trade equities tape significantly outweigh the challenges (technical or otherwise) associated with its implementation. AFME members are of the view that the UK CT for equities should reflect the UK's ambition and goal to be a leader in financial services and innovation. Furthermore, we observe that:

- A pre-trade tape is technically feasible today. The more sophisticated market participants can already generate internal CTs from the direct feeds that they currently consume.
- Sufficiently detailed pre-trade data, including the identity of the execution venue, would enhance investors' access to markets by providing bid and offer data from each venue. Knowing which venues are contributing volume at each published price level would allow participants who currently do not have access to this data to make more informed decisions when trading as well as selecting brokers and counterparties.
- An equities CT needs to include some pre-trade data for it to meet a sufficient number of investor use-cases and remain commercially viable.
- Multiple use cases exist for a pre-trade CT across a broad set of financial market stakeholders, undertaking many different functions through the value chain. Consider two examples:
  - an overseas fund manager who wants to assess and invest in UK-traded names across different venues to construct a deeper and more varied portfolio; or
  - risk functions involve risk management where CT data could be used across three lines of defence that companies typically deploy to manage risk: front line functions that own and manage risk, functions that exist to challenge the front line and functions that provide assurance to the market.

AFME does not find the arguments that have been presented to the FCA (outlined at para 8.15) against the inclusion of pre-trade data robust. In particular:

- The notion that a CT will result in activity shifting away from Central Limit Order Books (CLOBs): Venue selection will be driven by a set of principles which will aim to identify the most suitable venue for a particular trading strategy. Most brokers already consume direct data feeds with the information that will eventually populate the tape; therefore, the idea that a CT will fundamentally change market composition, is not supported by hard evidence.
- The function of the CT will be to consolidate and publish data that is currently only accessible to sophisticated firms engaging or providing trading services. An equities CT as supported by most market participants will not be suitable for trading purposes so it does not follow that the creation of a CT with pre-trade will lead to greater fragmentation or market instability. In any case, AFME's view is that any concerns related to financial stability would be better addressed under the existing transparency regime, as this regime determines the rules that govern the type and quality of data that data providers must produce.
- While AFME acknowledges that market data revenues are important contributors to a venue's overall revenues, we have long held the position that market data is a separate product from other services, and as such should be priced in relation to the cost associated with its production. We would also stress that introducing pre-trade data into the CT even to five levels of price depth will not become a substitute for the purpose of algorithmic trading. Such services require full depth of market data and full historical tick database in order to execute orders in the best interests of the client. We note that trading venues are obligated under Article 13 of UK MiFIR and Article 17 of UK CDR 2017/567 to ensure that the prices charged for market data reflect the cost of producing and

disseminating the data. Under these obligations, it would seem inadvisable to use revenues from data sales to subsidise the cost of resilience initiatives and secondary trading operations.

- AFME disagrees with the argument that fragmentation will lead to issuers listing elsewhere. AFME believes that an equities CT with pre-trade data would attract more potential market participants. With more accessible prices on UK markets, investors will be more likely to trade on UK markets. Similarly, having a consolidated view of executed volumes and open interests in UK-traded securities will provide a complete view of the depth of liquidity in the market to issuers and investors.

AFME endorses the arguments that the FCA has included in the consultation paper in favour of including pre-trade data in the equities CT. We also wish to underline the importance of the CT in supporting market resilience – a CT that includes pre-trade data will improve resilience by providing a trusted source of pricing information that will facilitate trading continuity in the event of a venue outage. Establishing an equities CT with both pre- and post-trade data will support the growth of the UK's equity markets more than any other CT configuration.

The CT presents the FCA with an opportunity to meet its strategic objective of promoting competition and positive change as explained in its publication *Our Strategy: 2022 to 2025*. A well-functioning, commercially viable CT will prepare UK financial services for the future and will strengthen the UK's position in global wholesale markets. To ensure that the CT can contribute to these aims, we encourage the FCA to ensure that the CT has the right features from the beginning – pre-trade data is one of these. The tape would be further improved if the data were real-time and continuous and available to five levels of book depth in total with full attribution (identifying the venue). The data should also include both price (best bids and best offers) and size. 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.

No	Question
41	Should an equities CTP be required to remunerate data providers through a form of revenue sharing? If employed, which data providers should a revenue-sharing model reward, how should the revenues to be shared be determined and how should shares of the revenues be set?
<b>AFME Response</b>	
<p>AFME does not take the view that a revenue-sharing model is a necessary precondition for the creation of a successful pre-trade equities CT. We encourage the FCA to remain open to alternative economic models (including whether and how) to compensate data providers if their revenues should be impacted by the creation of the CT.</p> <p>In the event that the FCA decides that revenue sharing would be the best means of compensating data providers, AFME would recommend that the FCA consider the need to favour a model on the principle of fairness and proportionality. To that end, we have the following responses:</p> <ul style="list-style-type: none"> <li>• Any revenue-sharing requirement should be, first and foremost, fair and non-discriminatory to the data providers. This naturally means that the model of revenue sharing also needs to be fair. No data provider should be excluded from receiving a share of revenue under the model. AFME does not believe that the revenue-sharing arrangements should distinguish between different types of trading venues or their market share (for example, recognized investment exchanges and multilateral trading facilities), but rather segment contributors according to the nature of the data provided (i.e. pre-trade, post-trade, auction).</li> </ul>	

- AFME would note that, as with any new startup, it is unlikely that the CT is a profitable entity in the early stages and so any revenue sharing schemes should be deferred until the CT has been established adequately (usually three to five years post implementation). A CTP should be allowed a period of time to establish a self-supporting CT with a critical mass of users before any revenue sharing occurs.
- When determining the revenue model approach, the regulator should have regard to maintaining 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. Having a high cost to access market data represents a major barrier to entry to equity markets and is not a sign of a healthy, competitive market.
- At the same time, the revenue structure should be appealing enough to attract potential CTPs to bid for the right to operate the CT. If the revenue sharing model for the CT may cannibalise the CTP's reasonable margin then this is likely to deter potential bidders.
- The quality of the data provided to the CTP by data providers should not be a factor in determining the amount of compensation paid to the provider under any revenue sharing model. This also aligns with the good outcomes that the FCA identified in the Wholesale Trade Data Review (WTDR), namely that well-functioning markets for trade data are accessible, complete and available to the users who need it within the right time frames. The WTDR objective to promote competition can also be met by ensuring that the UK model does not seek to distribute revenues based on the data or infrastructure type. For example, we would not be supportive of preferencing data provided by listing venues or by price formation and believe that this would run counter to this aim.
- For buyers, there should be no restriction on the use of data from the CTP, other than on redistributing the data. Licences should be simple, with standardised terminology and methodology clearly laid out. Applicable fees should be displayed on a publicly accessible price list.

No	Question
42	Do you think that there will be demand for disaggregated feeds, by instrument or industry sector, of the data included in an equities CT?
<b>AFME Response</b>	
<p>AFME does not think that there will be sufficient demand for disaggregated feeds the equities CT data, whether by instrument or industry sector. Market participants have argued in the past that “demand for disaggregated data may have been limited because wholesale market participants are interested in the whole data set, and disaggregated data may be only of interest for small users” (see paragraph 35, on page 76, of <a href="#">MiFID II/MiFIR Review Report No. 1</a>).</p> <p>The initial equities tape should be simple, comprising a single feed. Only after the equities CT has been successfully established should the FCA concern itself with the demand for disaggregation. It is imperative that the CT should provide each user with the same view of the market. When an outage occurs, a properly functioning CT will accurately represent market conditions, which should help to support the continuation of trading and the operation of related mechanisms, such as the reference price waiver.</p>	

No	Question
43	Do you agree that the equities CT should provide a single, combined feed of trade reports from different instrument categories?
<b>AFME Response</b>	
Yes. AFME's position is that the equities CT should provide only a single, combined feed of trade reports from different instrument categories. After discussion of this question, AFME members have concluded that there is no material demand in the industry for disaggregation.	

No	Question
44	Do you agree that the equities CT should include data on market outages, and, if so, exactly what data on market outages do you think should be included?
<b>AFME Response</b>	
<p>AFME welcomes the FCA's suggestion to include data on market outages in the equities CT. AFME members agree that there is a case to include outage data if the CT could be structured in a manner that enables the CT to communicate the occurrence of an outage to market participants. Likewise, a CT with the capability to inform market participants of the restart of trading after the resolution of an outage would be attractive. AFME members believe that the functional and technical specifications should be incorporated into the bid of prospective CTPs.</p> <p>Apart from communicating the occurrence and resolution of outages, the CT could also serve a useful role as a source of reference prices for the market in outage conditions. For this to be effective, further reforms will be required, in particular to the reference price waiver. The definition of the reference price should be changed to "a price that is widely published and is regarded generally by market participants as a reliable reference price".</p> <p>A trading venue that suffers an outage could inform the CTP to stop transmitting data from the affected venue. The remaining data would then be an accurate representation of activity on functional markets. The FCA should note that for the CT to perform effectively as a source of data on outages, trading venues would need to comply with a regulatory obligation to notify the CTP of the occurrence or resolution of an outage as close to real time as possible.</p> <p>It is imperative that the CT should provide each user with the same view of the market. When an outage occurs, a properly functioning CT will accurately represent market conditions, which should help to support the continuation of trading and the operation of related mechanisms, such as the reference price waiver.</p> <p>AFME wishes to add that the inclusion of market outage data should not become a roundabout justification for mandatory consumption of the CT. Market participants should not be compelled to consume CT data on the basis that it will provide them with the "golden source" of market activity and therefore improve trading overall. Irrespective of the CT's usefulness to users, AFME's firm position is that all CT consumption should be discretionary.</p>	

## Annex II

No	Question
1	Do you have any comments on our cost benefit analysis on the proposal to establish a bond CT framework in the UK?
<b>AFME Response</b>	
AFME members believe a well implemented consolidated tape can be beneficial for all market participants. AFME acknowledges the cost benefit analysis done by the FCA.	

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