

# EU EQUITY CONSOLIDATED TAPE

**What will make the Equity CT a successful and viable tool for EU Capital Markets.**

A joint statement by sell-side and buy-side participants in the Adamantia initiative, AFME, AMAFI, EFAMA, FIA EPTA, for the benefit of applicants to the EU Equity & ETF CTP tenders, and for the attention of ESMA.

## BACKGROUND AND INTRODUCTION

The revision of the Market in Financial Instrument Regulation ('MiFIR') package includes the creation of a Consolidated Tape on Equities and ETFs ('Equity CT') to foster the development, attractiveness and competitiveness of the European Capital Markets. The objective is to provide a consolidated view on the available liquidity of traded securities in the EU through the aggregation of core market data into a centralised infrastructure, accessible to all types of investors at reasonable costs. The delivery of an EU Equity CT represents an important chance to improve access to and use of market data regardless of a users' size or sophistication, failing to achieve this would represent an opportunity lost for Europe.

In 2022, Adamantia conducted a feasibility study<sup>1</sup> with a group of sell-side and buy-side Financial Institutions (hereafter "The Adamantia Initiative") to assess the conditions of success and the economic viability of the European Equity Consolidated Tape Provider. Adamantia's analysis has shown that there are **decisive factors in how an Equity CT should be designed and run to ensure that it meets the needs of its users and ultimately contribute to the development of the European Capital markets.** These are further elaborated in this paper.

Since then, the Adamantia Initiative has been closely monitoring the CT developments and has repeatedly shared its views with the regulators, industry associations, market operators and technology providers to foster the emergence of trusted and usable proposals from the CT Provider ('CTP') candidates.

Today, the Adamantia Initiative remains committed in helping achieve the European Commission's objectives for the CT. The purpose of this paper is to **outline the expectations and recommendations for the future Equity CTP, from the user's point of view.** We encourage potential CTP candidates and ESMA to consider these key elements, in order to offer the best possible Equity CT for the market.

The recommendations below are endorsed by the following institutions:

Market Participants:	Industry Associations:
- Barclays	- AFME
- BlackRock	- AMAFI
- BNP Paribas	- EFAMA
- Crédit Agricole CIB	- FIA EPTA
- Invesco	
- Société Générale	






<sup>1</sup> [The case for a viable Consolidated Tape on Equity \(Part I\)](#), May 19th, 2022 | [The case for a viable Consolidated Tape on Equity \(Part II\)](#), Oct 19th, 2022 | [Why a post-trade Consolidated Tape will be of no use for investors](#), June 6<sup>th</sup>, 2023

## SUMMARY OF USERS' RECOMMENDATIONS

1. Equity CT data shall be disseminated to users with an end-to-end latency of 100 milliseconds or faster, striking the right balance between operationalisation and cost, and with the ambition to reduce latency over time;
2. Transmission protocols to the Equity CT need to leverage industry standards commonly used for market data feeds;
3. Equity CT data stream shall be made easily made available to professional users on their usual market data terminals from the outset;
4. Equity CT price shall be as low as possible, with a simple and flexible licensing model to encourage a widespread and rapid adoption by the industry;
5. Attributed pre-trade data per venue is essential and shall be included at the earliest by ESMA to increase the added value of the Equity CT. The CTP needs to build this capability into the design of its solution from the outset to allow this necessary future developments;
6. Post-trade aggregation of multi-currency, cross-listed instruments shall also be reported by the CTP at ISIN level, in a single currency, to better represent the 'pan-EU market tradability' of these instruments;
7. The Equity CT shall be managed through a balanced governance structure and decision-making process, particularly on the key aspects of pricing, licensing and development roadmap;
8. The CTP shall set clear policies and implement highest possible data quality mechanisms, define and publish relevant KPIs on a monthly basis;
9. The use of the Equity CT shall remain voluntary for users. It should be incentivised by the quality, depth and price of the service;
10. EU and UK regulators shall define common principles in terms of technical specifications, communication protocols, data fields and CT accessibility to allow a greater integration and usability of the Equity CT(s) for the users across the two jurisdictions.

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## USERS' EXPECTATIONS AND RECOMMENDATIONS FOR THE EUROPEAN EQUITY & ETF CONSOLIDATED TAPE

### 1. Latency / speed of dissemination

The Equity CT is intended to disseminate data “as close to real time as technically possible”. Real time does not mean low latency: it is important to remind that the CT is not intended to support use cases that require low latency such as trading applications which will continue to consume direct feeds from trading venues, delivered at a much faster speed.

Our analysis concluded that a **broadcast speed of 100 milliseconds (ms) or faster end-to-end** (e.g. from the data provider to the end user) **is satisfactory for most use cases**. As speed of dissemination is a major driver of cost, the CTP will need to size its infrastructure accordingly, striking the **right balance between operationalisation and cost**, to the benefits of the users. While the CTP strives to maintain minimum operating standards for 100ms dissemination latency, ongoing investments must be made to improve CT speed over time with the intention of minimising processing latency as much as possible.

### 2. Transmission protocols to the CTP

In its consultation on the MiFIR RTS<sup>2</sup>, ESMA suggested the adoption of JSON as the preferred format for input data. In its Final Report<sup>3</sup> ESMA concluded that it will not be prescriptive of a specific format but requires the use of a standardised format in accordance with ISO 20022 methodology.

While it is not our role to recommend the use of any protocol for the transmission of MiFID data from data providers to the CTP, we would nevertheless like to draw attention to the **importance of adhering to industry standards commonly used for market data feeds**:

- Any protocol specifically designed for the CTP would result in additional costs for both the CTP and the data providers and would consequently lead to further delays in the implementation of the CTP.
- Leveraging the transmission protocols already in place within the trading venues would also avoid possible deviations between the data sent to the CTP and that sent to the market (such gaps would be detrimental to the critical function of golden source to be attributed to the CTP).

### 3. CT output data – dissemination channels

Before envisaging the use of CT data in production processes, users will inevitably go through a preliminary phase of appropriation and testing to validate the targeted use cases. The ease of integration of the data flow coming out of the CT (e.g. without requiring additional developments or integration costs) will thus be a determining factor in encouraging widespread adoption by users.

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<sup>2</sup> [ESMA MiFIR Review Consultation Package](#)

<sup>3</sup> [ESMA MiFIR Review - Final Report on RTS related to Consolidated Tape Providers and DRSPs](#)

In addition to providing direct access to a CT Graphical User Interface, CSV files and APIs enabling users to ingest the CT data stream, it will be essential to integrate the CT data into the usual market data terminals widely used by professional users. In this respect, the market data intermediaries will be instrumental in promoting the use of the CT data.

We therefore encourage CT candidates to explore this delivery channel with the incumbent market data intermediaries as soon as possible, to **ensure that CT data stream is easily made available** (and promoted) **to users on their usual terminals from the CT launch**, “at the click of a button”, similar to the data flows from trading venues and APAs.

#### 4. Pricing & licensing

The **pricing for the CT service will be a key determinant of its success**, knowing that i) the firms will continue to subscribe to direct market data feeds for their trading activities (latency requirements) and ii) the current scope of CT data – with pre-trade data limited to anonymous EBBO – significantly limits the targeted use cases, as outlined in our previous report<sup>4</sup>. The **price shall be significantly cheaper than the current available prices to be attractive**.

Both our survey to market participants<sup>5</sup> comprising buy-side and sell-side firms across Europe and our feasibility study concluded that **there exists a positive business case for a competitively priced CT**, encouraging faster adoption by users, and therefore generating a satisfactory subscription ramp-up for the CT. It is worth emphasising that the level and speed of adoption by users will be correlated to the price attractiveness, therefore **minimising pricing should be prioritised**. Over time the future CTP should remain very ambitious in this regard as use of the CT increases. We expect the CTP to adjust prices downwards accordingly.

In addition to pricing, the **introduction of a simplified licensing framework** is a key success factor to democratise the use of the CT, acknowledging that i) internal use of live data stream covering both display and non-display use-cases, ii) access to historical data and iii) redistribution may be subject to different fee schedules. The approach of a fee schedule at firm level, by category of firms, as suggested by ESMA in its Final Report on the RTS on RCB<sup>6</sup>, presents the advantage of reducing the current complexity induced by the units of counts (e.g. per physical user, per device) commonly used by data providers to invoice their clients.

Importantly, the **CTP shall take specific account of the ‘discovery phase’**, during which firms will want to assess the usability of the CT data for their targeted use cases before moving into production. The introduction of a ‘testing’ fee, with the possibility of subscribing for a limited number of users at a very attractive price, will be essential to encourage firms engage in this preliminary discovery phase.

**We therefore encourage the CTP candidates to design a pricing structure that incorporates both simplicity, flexibility and a very competitive price level, to secure a widespread and rapid adoption by the industry.**

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<sup>4</sup> [The case for a viable Consolidated Tape on Equity \(Part II\)](#)

<sup>5</sup> Survey conducted by Adamantia in 2023 to assess the appetite from market participants to subscribe to the EU Equity CT

<sup>6</sup> [ESMA Final Report on the RTS on Reasonable Commercial Basis](#)

## 5. Pre-trade data

Pre-trade data is essential for the Equity CT as it feeds critical use cases for all type of participants (sell side, buy side, but also retail/end users), as outlined in our assessment<sup>7</sup>.

**The European Best Bid and Offer ('EBBO') shall aggregate the pre-trade 'core' market data on a pan-European basis**, from all applicable EU venues. We would like to reiterate that this aggregation requirement is mandated by ESMA in its MiFIR Review Final Report<sup>8</sup>. Any other level of aggregation such as that done for a security's primary listing market or any other level of aggregation may have further usage and should only be considered in addition to the EBBO.

Beyond the regulatory mandated 'core' venue-anonymised EBBO which must be available at the launch of the Equity CT, **we strongly recommend ESMA, in its assessment as per Article 52(14) of MiFIR due by 30 June 2026<sup>9</sup>, to consider the inclusion of continuous attributed pre-trade data<sup>10</sup>**, to increase the number of addressable use cases and by way of consequence the added value of the Equity CT.

While the decision to extend the scope of pre-trade data does not rest directly with the CTP, it will be **critical for the CTP to build this capability into the design of its solution from the outset**.

As a driving principle, the **CTP shall be proactive in continually assessing the opportunity to add value for users**, in light of future market developments and practices.

## 6. Post-trade aggregation for multi-currency, cross-listed instruments

Post-trade aggregation for multi-currency, cross-listed equity instruments (especially EU/UCITS ETFs, depository receipts and some shares) requires particular attention from the CTP. Investors – especially international users of UCITS – prefer to assess 'pan-EU market tradability' in such instruments, instead of liquidity at an individual listing level. To cater to these use cases and improve CT's commercial viability, **we recommend that an end-of-day post-trade aggregation for instruments with more than one EU listing be also reported at an instrument ISIN level, in a single currency** (preferably Euro). The CTP must also develop clear and transparent policies including the use of a standard FX rate and assess any impacts on the cost and latency of the tape which arise from this recommendation.

## 7. CT Governance

The CT governance shall represent the overall market's interests, with no specific group having undue influence. It should be ultimately market-driven and give market data users (intermediaries, trading

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<sup>7</sup> [The case for a viable Consolidated Tape on Equity \(Part II\)](#): 50 use cases were screened across Front Office, Risk, Middle /Back Office, Regulatory, audit and control functions. Each individual use case was assessed and challenged in terms of i) type of data consumed (pre-trade data, post-trade data, end-of-day statistics, historical data, market event) and ii) time of use (real-time, near-real time, intraday delayed, end-of-day).

<sup>8</sup> [ESMA MiFIR Review Final Report: Technical Standards related to Consolidated Tape Providers and DRSPs](#)

<sup>9</sup> Regulation (EU) 2024/791, p44

<sup>10</sup> [Adamantia's analysis](#) recommended the inclusion of the top 5 levels of best bid and offer quotes, on a real-time basis and attributed to each executing venue.

firms, retail and institutional investors, academics, etc.) alongside contributors, balanced representation. We expect the CTP candidates to **propose a balanced governance structure and decision-making process**, particularly on the key aspects of pricing, licensing schemes and development roadmap for the CT.

## 8. Data quality

A CT is only good as the quality of the data it reports. While trading venues and APA shall retain full responsibility for the accuracy of data they provide, the CT must play a key role in identifying potentially erroneous trades and contributing to establish a virtuous circle of data quality improvement over time, in collaboration with the data contributors. **The CTP candidates shall set clear policies and implement highest possible data quality mechanisms, define relevant KPIs to monitor them, that shall be published on a monthly basis** as recommended by the expert stakeholder group on data quality (DEG) in their report to ESMA<sup>11</sup>.

## 9. Voluntary consumption

We would like to draw the regulator's attention to the fact that the **use of the CT shall be and remain voluntary for users, incentivised by the quality, depth and price of the service**. There should be no regulatory obligation which forces firms to consume the CT in order to inform routing decisions or measure execution performance. Rather firms should be free to use the full variety of data sources available to satisfy both factors. While the economic viability of CT will depend on its ability to capture a sufficient number of subscribers, we believe this shall be naturally achieved if the CT provides sufficient value for the users. If this is not the case, it would be detrimental to impose compulsory use of a service that does not satisfy demand. Instead, this should lead to reconsideration of the scope of the data covered, and in particular to extending the scope of pre-trade data and dissemination speeds as recommended above, to increase demand for the CT over time.

## 10. EU and UK convergence

Finally, as both European and UK regulators are actively engaged in establishing the regulatory framework for an Equity CT in their respective jurisdictions, **we encourage the definition of common principles in terms of technical specifications, communication protocols, data fields and CT accessibility**. The greater the convergence between the UK and the EU CTP frameworks, the more efficient it will be for users, most of whom are active on both markets and will seek to easily consolidate UK and EU CT data flows into their internal processes.

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<sup>11</sup> [Reports by the expert stakeholder group](#) on equity and non-equity market data quality and transmission protocols, October 2024.

## SIGNATORIES



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### About ADAMANTIA

ADAMANTIA is an independent management consulting firm specialized in the financial services and based in Paris. Our Capital Markets team provides consultancy services to leading financial institutions across all segments of the Capital Markets activities.

We advocate both our independent nature and our integrity in our work, enabling our clients to make informed strategic decisions.

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