

Response to CESR call for evidence around Consolidation of Market Transparency Data

Reuters welcomes the CESR call for evidence to address concerns about the consolidation of data to be published as required by the transparency elements of MiFID. We recognise this as another example of full consultation during the process of MiFID implementation for which CESR should be commended.

We set out below specific answers to the questions raised in the call for evidence.

Publication

1. *What are the costs and benefits of firms publishing their transparency information in a uniform format? E.g. standards for date and time, instrument identifiers, format for price and quantity.*

Clearly this question is for the investment firms to answer. However, we would want to state that we would welcome standardisation around formats for reporting in terms of a single or limited number of API or identifiers. However, we do not think that a single format should or can be mandated. We believe that commercial forces guided by initiatives by trade associations will drive standardisation and that the mandating of particular standards by regulators or the Commission could be counterproductive

2. *What is the minimum length of time transparency information needs to remain published (and accessible)?*

Prices will be published and displayed for as long as they are live. Trades will be published as a rolling display and be superseded by more recent trades. However a record of the trades displayed and time they were published will remain accessible via the data vendor's services for as long as there is sufficient demand to view them. Historic Price and trade data will be stored and made available on reasonable commercial terms.

3. *What steps could firms take in order to ensure the information they publish is accurate/reliable?*

It is clear from the draft Level 2 measures that firms will be required to publish data through a service that monitors for errors. It would be reasonable to expect any such service to apply price and volume testing of post-trade data, to flag any trades that fall out from such testing.

Please bear in mind that it will not be possible for the providers of these services to identify over-reporting by firms, as firms may well use more than one publication mechanism and will not have all the data. Instead they could make all data available to the home regulators of the firms, who would then be able to identify over-reporting through examination of all the firm's reporting. It may well be that the exchanges can provide the regulators with the tools to identify this when it happens.

As a general point, we would stress that it must be for regulators, and not for information vendors and others that collect and disseminate prices information, to discipline any investment firm that fails to meet its publication obligations. Furthermore, we recommend that any existing regulation exercised by exchanges in this area should be transferred to the competent authority. It will be much more satisfactory if a single competent authority exercises responsibility over investment firms. We recall that in the related case of the collection and dissemination of price sensitive information from listed companies, the British Treasury, when first opening up this activity to full competition, transferred the "quality control" powers previously exercised by the London Stock Exchange to the Financial Services Authority. We believe that this example provides a good precedent to follow.

Consolidation

1. *What are the needs for consolidation from differing market participants?*
 - *What is the scope of the information they would want to see?*
 - *How should it be presented?*

- *How important is it to see a complete consolidated view of all trading?*
- *What proportion of total trading do you need to see?*
- *Are there different needs for pre and post trade information?*

Clearly all of these factors are going to differ according to the differing needs of the different consumers of the data. At one end of the scale, for some data consumers it will be sufficient to see only delayed summary data of trades and prices. At the other end of the scale, other data users will require to see all data and with the minimum latency possible. There will be different solutions for receiving the data with correspondingly different commercial terms associated with them, and competition between vendors will ensure that the costs or consumption reflect the cost of delivery and the level of demand.

2. What are the obstacles to consolidation? What is needed to remove them and by whom?

We feel that the draft level 2 measures are clear that firms should employ a mechanism for publication that does not discriminate against any vendors or consumers.

In order to avoid duplication of reported trades we would recommend that firms are required to publish a specific trade to a single exchange, MTF or other reporting service and that those providers are then required to make that data available to any party that requests it on the same commercial terms.

In order to assist consumers and vendors to identify where to go to obtain the data published by firms, each investment firm should be required to advise its regulator what services it chooses to use for its own data publication. Then the regulators, or preferably CESR should maintain and publish a list of the service providers and the firms that use them. In this way the consumers and vendors can ensure that they have access to all the data they want or need.

- *To what extent can the adoption of common technical standards lessen these obstacles?*

It should reduce the cost of collecting and consolidating the data if all firms and providers used a common or limited set of technical standards. (See also our answer to Question 3 below about the advantages of standardising market definitions)

- *To what extent would intervention by regulators remove or lessen these obstacles and how?*

We believe that further intervention by the regulators may be necessary to clarify that the publication of data by an investment firm through a proprietary website would only facilitate consolidation, and thereby accord with MiFID, if the mechanism used provides access to the data in a machine readable format, as close to real time as possible, by any information vendor or other disseminator party on non-discriminatory and reasonable commercial terms. See also our answer to Question 3 below for where intervention by regulators could be useful.

- *To what extent does allowing firms to charge on a reasonable commercial basis impose a burden on bodies that wish to consolidate the data?*

It is Reuters' intention to provide a mechanism for consolidating and publishing the data from multiple sources. For us to do so, will require a significant investment in our own systems. To justify this investment we need the originators of this data to charge fees that are acceptable to as wide a group of users of this data as possible.

3. Are there actions that that require to be prioritised above others? Is there a particular timeframe that needs to be followed?

It would be helpful to reach conclusions in relation to recommending common market standards in relation to issues such as the definition of "end of day prices". It may well be that CESR could play a very valuable role in facilitating discussions aimed at achieving Europe-wide consistency in market definitions.

4. What cost would arise from the measures to remove the obstacles to consolidation and who would bear those costs?

We believe that the measures we outlined above would not add significant additional cost to any particular party, but would result in important cost savings and transparency gains.

5. *What role should CESR play in the process to remove the obstacles to consolidation?*

In addition to our suggestions made above it would be useful if CESR could in the future conduct periodic reviews of the levels of transparency in the market and of any obstacles to consolidation that arise, and recommend any further action that might be needed to address any obstacles identified.

We hope these comments are useful.

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