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|  03 October 2016 | ESMA/2016/1422 |

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| Reply form for the Consultation Paper on RTS specifying the scope of the consolidated tape for non-equity financial instruments |
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| Date: 03 October 2016 |

Responding to this paper

The European Securities and Markets Authority (ESMA) invites responses to the specific questions listed in the ESMA Consultation Paper on the scope of the consolidated tape for non-equity financial instruments, published on the ESMA website.

*Instructions*

Please note that, in order to facilitate the analysis of the large number of responses expected, you are requested to use this file to send your response to ESMA so as to allow us to process it properly. Therefore, ESMA will only be able to consider responses which follow the instructions described below:

* use this form and send your responses in Word format (pdf documents will not be considered except for annexes);
* do not remove the tags of type <ESMA\_ QUESTION\_MIFID\_NET\_1> - i.e. the response to one question has to be framed by the 2 tags corresponding to the question; and
* if you do not have a response to a question, do not delete it and leave the text “TYPE YOUR TEXT HERE” between the tags.

Responses are most helpful:

* if they respond to the question stated;
* contain a clear rationale, including on any related costs and benefits; and
* describe any alternatives that ESMA should consider.

**Naming protocol**

In order to facilitate the handling of stakeholders responses please save your document using the following format:

ESMA\_MiFID\_NET\_NAMEOFCOMPANY\_NAMEOFDOCUMENT.

e.g. if the respondent were ESMA, the name of the reply form would be:

ESMA\_MiFID\_NET\_ESMA\_REPLYFORM or

ESMA\_MiFID\_NET\_ESMA\_ANNEX1

***Deadline***

Responses must reach us by **05 December 2016.**

All contributions should be submitted online at [www.esma.europa.eu](http://www.esma.europa.eu) under the heading ‘Your input/Consultations’.

***Publication of responses***

All contributions received will be published following the end of the consultation period, unless otherwise requested. **Please clearly indicate by ticking the appropriate checkbox in the website submission form if you do not wish your contribution to be publicly disclosed. A standard confidentiality statement in an email message will not be treated as a request for non-disclosure.** Note also that a confidential response may be requested from us in accordance with ESMA’s rules on access to documents. We may consult you if we receive such a request. Any decision we make is reviewable by ESMA’s Board of Appeal and the European Ombudsman.

***Data protection***

Information on data protection can be found at [www.esma.europa.eu](http://www.esma.europa.eu) under the heading ‘Legal notice’.

# Introduction

Please make your introductory comments below, if any:

< ESMA\_COMMENT\_MIFID\_NET\_0>

TYPE YOUR TEXT HERE

< ESMA\_COMMENT\_MIFID\_NET\_0>

1. Do you agree with ESMA’s proposal to allow non-equity CTPs to specialize their offering? Do you agree to the level of specialisation proposed or would you recommend a less granular or more granular approach?

<ESMA\_QUESTION\_MIFID\_NET\_1>

The Investment Association (IA) is supportive of the proposals to introduce a non-equity consolidated tape (CT). A CT will help reduce the costs of market data from trading venues across Europe which are far too high, particularly in comparison to the US. A European CT will make trading and execution services more efficient.

We welcome ESMA’s focus on ensuring that there is a viable business case for providing a non-equity CT and therefore allow consolidated tape providers (CTPs) to specialise in/ provide services covering only one or a group of asset classes rather than the entire disparate universe of non-equity instruments as this may limit the ability of CTPs to adapt to changing user requirements.

From a user’s perspective, it is important that CTPs have the capacity to offer an instrument-by-instrument based product, if the market participant would like to purchase the data in this format. CTPs should also be required to have the capacity to provide data as a comprehensive tape and data at various degrees of disaggregation, including at a sub asset class level as defined under MiFID II.

In addition, where a CT opts for specialisation, the CT should only be required to purchase the data stream for the asset classes that it covers based on its specialisation decision without the need for any additional products to be purchased alongside. Approved Publication Arrangements (APAs) and trading venues should not be allowed to bundle any data streams that feed into a CT. This will help ensure that the cost of accessing the CT in real-time is not onerous on the end-user as is currently case with accessing real time market data.

However, we are concerned that there may be some asset classes that where no CTP registers to provide the tape. In addition, we are also concerned that if there are multiple tapes for one asset class (e.g. sovereign bonds) this may give rise to inconsistencies across the tapes. To ensure that this does not occur, ESMA may need to consider mandating only one CT per asset class. Nonetheless, we note that the risk with this approach is an increase in costs to asset managers to access multiple CTs on a real time basis.

<ESMA\_QUESTION\_MIFID\_NET\_1>

1. Do you agree that the threshold determining whether a trading venue or APA needs to be included in the CT should be based both on the volume and the number of transactions? If not, please explain and present an alternative approach.

<ESMA\_QUESTION\_MIFID\_NET\_2>

No Comment

<ESMA\_QUESTION\_MIFID\_NET\_2>

1. Do you agree with the proposed level for the threshold? In particular, do you agree that the threshold is set at the same level across all asset classes and for both the volume and number of transactions? If not, please explain why and propose an alternative approach.

<ESMA\_QUESTION\_MIFID\_NET\_3>

CTPs should not be required to collect information from all trading venues and APAs across the EU. This would significantly increase the cost to users while at the same time adding little value, many of these sources have potentially very limited trading activity. We agree that a trading venue or APA should be included in the CT if they meet either a volume threshold *or* a threshold based on the number of transactions reported across the union. However, we do not believe that the thresholds should be set at the same level for all asset classes given the different liquidity profiles non-equity instruments (e.g. Corporate Bonds vs FX Derivatives). Consideration should be given to how to effectively calibrate the volume or number of transaction thresholds to reflect this.

<ESMA\_QUESTION\_MIFID\_NET\_3>

1. Which entity should perform the calculations? Should it be the data source, i.e. trading venues and APAs, or the CTP?

<ESMA\_QUESTION\_MIFID\_NET\_4>

Once the appropriate thresholds have been set for the different asset classes, the onus should be on the trading venues and APAs to make an assessment on whether they should be included in a CT as they would have the aggregated information on the volume and number of trades reported per asset class. ESMA should provide the denominators needed for the calculations alongside the transparency calculations to allow trading venues and APAs to make these assessments.

<ESMA\_QUESTION\_MIFID\_NET\_4>

1. Do you agree with the proposed calculation and publication frequency? Do you agree that only trading venues and APAs that have reported transactions covering the full reference period of 6 months should be required to carry out the assessment? If not, please explain why and propose an alternative solution.

<ESMA\_QUESTION\_MIFID\_NET\_5>

No Comment

<ESMA\_QUESTION\_MIFID\_NET\_5>

1. Do you consider it appropriate to provide for a grace period of up to 6 months after the first assessment date for including new sources into the data stream? Do you consider the proposed length appropriate?

<ESMA\_QUESTION\_MIFID\_NET\_6>

No Comment

<ESMA\_QUESTION\_MIFID\_NET\_6>

1. Do you agree that a source be only excluded if the thresholds are not met for at least three consecutive periods? If not, what do you consider to be the appropriate length of time?

<ESMA\_QUESTION\_MIFID\_NET\_7>

No Comment

<ESMA\_QUESTION\_MIFID\_NET\_7>