

## PRESS RELEASE

### **ESMA launches consultation on cost of market data and consolidated tape**

The European Securities and Markets Authority (ESMA), the EU securities markets' regulator, has launched a public consultation on the development in prices for pre- and post-trade data and on the post-trade consolidated tape (CT) for equity instruments. MiFID II/MiFIR aims at ensuring fair access to and lowering the cost of market data and has established the legal framework for the provision of a CT. However, to date, no CT has emerged and, based on ESMA's analysis, it appears that MiFID II has so far not delivered on its objective to lower the prices of market data.

ESMA's consultation forms part of the reviews required by MiFID II/MiFIR. It aims to gather further information on the factors behind the cost of market data and the CT ahead of ESMA's final report to the European Commission (EC).

### **Development in the prices of market data**

The consultation paper (CP) assesses the development of prices for market data and the application of the main MiFID II/MiFIR provisions aimed at reducing the cost of market data: the requirement to publish market data on a reasonable commercial basis (RCB), the requirement to provide market data in a disaggregated format, and the requirement to make market data available free of charge 15 minutes after publication.

The CP presents a varied picture of recent developments in the price of market data as users and trading venues continue to disagree on whether the price for market data is reasonable. In data users' view, market data prices are too high and have not decreased since the start of MiFID II/MiFIR in January 2018, while in some cases prices have significantly increased.

Market data users also stress that since January 2018, new market data fees have emerged, such as fees for SIs consuming data, fees for data used for risk management and market abuse monitoring purposes. At the same time, the majority of trading venues have a different perception of the development of market data prices, that, in their view, resulted in price adjustments, and not only increases.

## **Consolidated tape for equity instruments**

MiFID II sets out the legal framework for operating a CT, however more than a year after its application, a CT is still to emerge in the EU. Despite calls from different market participants, highlighting the benefits such an initiative would bring, there remain several challenges that have prevented one emerging.

ESMA believes the lack of a CT provider can be explained by three main factors: no commercial rewards for operating a CT, a too restrictive regulatory framework, and competition from non-regulated entities. ESMA's consultation also identifies some of the major considerations in setting up a CT, notably high data quality, mandatory contribution by trading venues and APAs to the CT and mandatory consumption of the CT by data users.

In addition, ESMA has identified several clear benefits a CT could provide. In particular, a CT would provide post-trade information on the trading activity for any equity and equity-like instrument in a single place and format. Finally, the consultation sets out different potential ways of establishing a CT should the EC and co-legislators decide to do so.

Steven Maijoor, Chair, said:

“Discussions on the cost of market data in the EU have been to the fore for many years with differing views expressed by trading venues selling this data and market data users buying it - MiFID II aims to change this landscape.

“We have received a lot of feedback as to whether the price for market data is reasonable, in addition to concerns on price increases and new fees in an environment driven by technological development and a high demand for market data. This new consultation forms an important part of the reviews of MiFID II as we assess developments in this area.

“Establishing a consolidated tape in the EU has been discussed for many years. I believe it is time to decide if and how we want to go ahead with this ambitious project and ESMA is ready to provide support to the co-legislators on the right way forward.”



## **Next steps**

The consultation closes on 6 September 2019 and, based on stakeholder feedback, ESMA will develop a final review report, which it intends to submit to the EC in December 2019.

## Notes for editors

1. ESMA70-156-1065 [Consultation Paper: MiFID II/MiFIR review report on the development in prices for pre- and post-trade data and on the consolidated tape for equity instruments](#)
2. Response Form - [CP review report cost of market data and consolidated tape equity](#)
3. MiFID II/MiFIR provide for a number of review reports requiring the European Commission (EC), after consulting ESMA, to present a report to the European Parliament and the Council on various provisions. This consultation paper (CP) covers the review provisions on the development in prices for pre- and post-trade transparency data from regulated markets, multilateral trading facilities (MTFs), organised trading facilities (OTFs), approved publication arrangements (APAs) and consolidated tape providers (CTPs) as well as the functioning of the consolidated tape (CT) for equity instruments as provided for in Articles 90(1)(g) and 90(2) of MiFID II and Article 52(7) of MiFIR. Since these mandates are closely linked, ESMA decided to cover them in one single review report
4. ESMA's mission is to enhance investor protection and promote stable and orderly financial markets.

It achieves these objectives through four activities:

- i. assessing risks to investors, markets and financial stability;
  - ii. completing a single rulebook for EU financial markets;
  - iii. promoting supervisory convergence; and
  - iv. directly supervising specific financial entities.
5. ESMA achieves its mission within the European System of Financial Supervision (ESFS) through active cooperation with the European Banking Authority (EBA), the European Insurance and Occupational Pensions Authority (EIOPA), the European Systemic Risk Board, and with national authorities with competencies in securities markets (NCAs).

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