**Reply** **form: MiFIR Review**

Technical Standards related to Consolidated Tape Providers and DRSPs, and assessment criteria for the CTP selection procedure

Responding to this paper

ESMA invites comments on all matters in the Consultation Paper and in particular on the specific questions in this reply form. Comments are most helpful if they:

* respond to the question stated;
* indicate the specific question to which the comment relates;
* contain a clear rationale; and
* describe any alternatives ESMA should consider.

ESMA will consider all comments received by **28 August 2024.**

Instructions

In order to facilitate analysis of responses to the Consultation Paper, respondents are requested to follow the below steps when preparing and submitting their response:

* Insert your responses to the questions in the Consultation Paper in this reply form.
* Please do not remove tags of the type <ESMA\_QUESTION\_CP2\_1>. Your response to each question has to be framed by the two tags corresponding to the question.
* If you do not wish to respond to a given question, please do not delete it but simply leave the text “TYPE YOUR TEXT HERE” between the tags.
* When you have drafted your responses, save the reply form according to the following convention: ESMA\_CP2\_nameofrespondent.

For example, for a respondent named ABCD, the reply form would be saved with the following name: ESMA\_CP2\_ABCD.

* Upload the Word reply form containing your responses to ESMA’s website (**pdf documents will not be considered except for annexes**). 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 close of the consultation, unless you request otherwise. Please clearly and prominently indicate in your submission any part you do not wish to be publicly disclosed. A standard confidentiality statement in an email message will not be treated as a request for non-disclosure. 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 not to disclose the response 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 headings ‘Legal notice’ and heading ‘[Data protection](https://www.esma.europa.eu/about-esma/data-protection)’.

# General information about respondent

|  |  |
| --- | --- |
| Name of the company / organisation | The Alternative Investment Management Association (AIMA) |
| Activity | Investment Services |
| Are you representing an association? |  |
| Country/Region | International |

# Questions

Section 3 – RTS on input and output data of CTPs:

**Q1: Do you agree with grounding the assessment framework of the quality of transmission protocols on the identified categories of technical criteria?**

<ESMA\_QUESTION\_CP2\_1>

The Alternative Investment Management Association[[1]](#footnote-2) (AIMA) welcomes the opportunity to submit comments to the European Securities and Markets Authority (ESMA) in response to its consultation paper on technical standards related to consolidated tape providers (CTPs) and data reporting services providers (DRSPs) and the assessment criteria for the CTP selection procedure (the “consultation”)[[2]](#footnote-3).

AIMA supports the objectives of the MiFIR Review[[3]](#footnote-4) to facilitate the emergence of an EU consolidated tape for each asset class, improve transparency on markets in financial instruments, enhance the level playing field between regulated markets and systematic internalisers (SIs) and increase the international competitiveness of the EU’s capital markets. We welcome the introduction of measures to encourage supervised entities to apply for authorisation to act as a CTP, specifically the requirement on all trading venues and Approved Publication Arrangements (APAs) to transmit harmonised market data directly to CTPs as close to real-time as technically possible; mandating the inclusion of post-trade and pre-trade data in a CT for shares and exchange-traded funds (ETFs), with the pre-trade tape displaying the European Best Bid and Offer with corresponding volumes and without venue attribution; allowing consumption of data published by the CT to be discretionary, not mandatory, by market participants; and empowering ESMA to organise a competitive selection procedure periodically to select a single CTP per asset class - bonds, shares and ETFs and over-the-counter (OTC) derivatives - for a specified period. We believe that such measures would facilitate the emergence of consolidated tapes for market data, creating a level playing field for trade data and enhancing market functioning.

In this response, AIMA would like to highlight several principles for ESMA to consider when finalising the technical standards relating to CTPs and the criteria to assess CTP applicants.

* Ensure the robustness, resilience and efficiency of the CTP in receiving, consolidating and disseminating data

A CTP must be robust, resilient and efficient to drive the successful operation of the CT and enhance market functioning.

AIMA believes that the quality of CTP transmission protocols should be evaluated in respect of technical criteria including performance (latency; throughput; connection setup time optimisation; scalability); reliability (error detection mechanism; error correction mechanism; recovery mechanism); security (data confidentiality; authentication; authorisation; non-repudiation); and compatibility (open solution; interoperability).

* Ensure that the fees charged by the CTP to data users are reasonable with simple fee structures and licensing models

AIMA believes that CTP applicants should be assessed in relation to the level of fees that they intend to charge, the simplicity of their fee and licensing models and their ability to provide ESMA with details on the actual costs of producing and disseminating market data. CTPs must offer simple fee structures and licensing models and charge reasonable fees to the different types of users. In addition, we believe that adequate procedures must be in place to ensure price control after the initial tender – CTPs should not be allowed to raise prices unreasonably during the first tender contract after the CTP commences its service.

Noting existing challenges with rising costs of market data, we welcome ESMA’s mandate under the MiFIR Review to develop an RTS specifying the content of trading venues’, APAs’, CTPs’ and SIs’ obligation to provide market data on a 'reasonable commercial basis'. The current regulatory framework has led to a situation in which market data vendors and trading venues are charging unreasonable prices for market data. This impacts smaller alternative investment managers in particular and acts as a barrier to competition in the wider investment management industry.

* Ensure that the CTP governance structure includes proper representation of data users

A robust governance structure is key for the successful operation of a CTP.

We strongly support ESMA’s suggestion for CTPs to set up an Advisory Committee that includes representatives of data users and market data contributors. The Committee should ensure that the views of different types of market participants are taken into consideration, with appropriate rotation of representatives of the Committee, and promote neutrality, transparency of decision making, avoidance of conflicts of interest, and stakeholder accountability. The Committee should receive key indicators and information on areas including the CTP’s costs, the level of fees charged (including any proposed changes to the fee schedule), data quality indicators, technological updates and the quality of the transmission protocol. It is important that decisions such as matters relating to pricing and licensing are reflective of users’ interests and that ESMA specifies the consequences of a CTP not taking into account any proposals or recommendations of Committee representatives where appropriate.

We agree that, at the time of application, CTP applicants should provide ESMA with necessary information to ensure they comply with the authorisation requirements set out in the RTS on: (i) CTP authorisation, including information on the organisation and the CTP’s corporate governance, its management body and the arrangements in place to identify, manage and disclose existing and potential conflicts of interest; (ii) CTP governance model, to ensure an appropriate level of stakeholder involvement, in particular of data contributors and data users; and (iii) CTP governance structure, to enable stakeholders to make recommendations to the CTP, including on the performance, operation and quality of the CT.

* Ensure that the CTP disseminates data at an optimal speed while ensuring data quality

AIMA believes that CTPs must receive, consolidate and disseminate pre-trade and post-trade data robustly and in a low cost and efficient manner, fulfilling all reliability, scalability, low latency and security requirements.

The provision and display of data as close to real-time as is technically possible is necessary to provide market participants with a current snapshot of market trading activity and maximise the value of CTs to market participants. From an investment management perspective, real-time data feeds are critical for enabling investment managers to understand liquidity and manage and monitor portfolios. Investment managers require a clear and on-going picture of liquidity to analyse the short and long-term liquidity of assets in a fund. This is particularly important during times of market stress. Real-time CTs would also contribute to market resilience as they would enable firms and supervisors to monitor for price swings more easily. Moreover, real-time CTs would provide reliable reference prices to support uninterrupted trading in the event of an outage at a stock exchange or venue. Outages are highly disruptive, particularly during official opening and closing auctions where they prevent participants from trading affected stocks due to a lack of initial price formation prior to continuous trading and achieving the official closing price.

At the same time, the quality of input and output data must be ensured to maximise the effectiveness of CTs. Accordingly, we support data quality measures for output data including continuous real-time monitoring of the performance of the CTP’s IT systems to ensure that the information it has received from data contributors has been published successfully; periodic reconciliations between the trade reports that CTPs receive from data contributors and the trade reports that CTPs publish; and communication channels between CTPs and data users to gather direct input regarding the quality and accuracy of the disseminated market data.

In addition, we support rewarding indications provided by CTP applicants that go beyond the minimum data quality requirements prescribed by the RTS. As ESMA suggests, indications could include (i) a CTP offering a more detailed or comprehensive elaboration of the requirements prescribed on data quality measures, such as a thorough and detailed plan for implementing data quality assurance measures including specific and concrete strategies for addressing potential challenges or shortcomings; and (ii) by a CTP proposing additional measures not envisaged by the RTS to ensure data quality dimensions such as accuracy, consistency and timeliness of input and output data. Further to this, we believe that CTPs should be subject to effective governance procedures, such as a requirement on CTPs to articulate and document comprehensively the procedures triggering their tools for contributing to the achievement of high data quality standards and to make these documented procedures available publicly.

* Ensure that the revenue distribution scheme of the CTP and arrangements for the suspension and resumption of redistribution is fair and workable

AIMA believes that the revenue distribution scheme of the CTP must treat venues operating under each transparency model fairly. A fair and workable revenue distribution scheme must be selected to ensure the effectiveness and sustainability of CTs.

We would be happy to discuss our position further.

<ESMA\_QUESTION\_CP2\_1>

**Q2: Do you believe that additional categories of technical criteria should be considered for the definition of minimum requirements of the quality of transmission protocols?**

<ESMA\_QUESTION\_CP2\_2>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP2\_2>

**Q3: Do you agree with the proposal of introducing a single set of requirements across the three asset classes (equity, bonds, derivatives), or do you believe that different requirements should be tailored for each asset class?**

<ESMA\_QUESTION\_CP2\_3>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP2\_3>

**Q4: Do you consider that the proposed minimum requirements for the technical criteria related to performance are technically feasible, coherent with the objective of high-quality data transmission to the CTP and in line with international standards? Please elaborate your response.**

<ESMA\_QUESTION\_CP2\_4>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP2\_4>

**Q5: Do you consider that the proposed minimum requirements for the technical criteria related to reliability are technically feasible, coherent with the objective of high-quality data transmission to the CTP and in line with international standards? Please elaborate your response.**

<ESMA\_QUESTION\_CP2\_5>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP2\_5>

**Q6: Do you consider that the proposed minimum requirements for the technical criteria related to security are technically feasible, coherent with the objective of high-quality data transmission to the CTP, and in line with international standards and other EU regulatory frameworks on information security (e.g. DORA)? Please elaborate your response.**

<ESMA\_QUESTION\_CP2\_6>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP2\_6>

**Q7: Do you consider that the proposed minimum requirements for the technical criteria related to compatibility are technically feasible, coherent with the objective of high-quality data transmission to the CTP and in line with international standards? Please elaborate your response.**

<ESMA\_QUESTION\_CP2\_7>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP2\_7>

**Q8: Do you agree with the proposed definition of “transmission of data as close to real time as technically possible”? If not, please explain.**

<ESMA\_QUESTION\_CP2\_8>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP2\_8>

**Q9: Should ESMA consider specific rules for real-time transmission of transactions subject to deferred publication?**

<ESMA\_QUESTION\_CP2\_9>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP2\_9>

**Q10: Do you agree with the baseline proposal of adopting JSON as standards and format of data to be transmitted to the CTPs, or do you prefer alternative proposals? Please justify your answer and, if needed, provide additional advantages and disadvantages related to each proposal.**

<ESMA\_QUESTION\_CP2\_10>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP2\_10>

**Q11: Do you believe that the proposed standards and formats (baseline and any alternatives) are coherent with other CTP requirements (transmission protocols, real-time transmission and presentation of output data)? Please justify your answer.**

<ESMA\_QUESTION\_CP2\_11>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP2\_11>

**Q12: Do you find more suitable to prescribe one single format across the 3 CTPs (equity, derivatives, bonds) or to prescribe distinct formats according for different asset classes?**

<ESMA\_QUESTION\_CP2\_12>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP2\_12>

**Q13: Do you support the proposals on core and regulatory data? In particular, are there other relevant fields to be added to the regulatory data? Furthermore, would you propose the inclusion of supplementary fields for input core market data beyond those intended for dissemination by the CTP?**

<ESMA\_QUESTION\_CP2\_13>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP2\_13>

**Q14: Do you support the proposal of machine-readable and human-readable formats outlined in this section?**

<ESMA\_QUESTION\_CP2\_14>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP2\_14>

**Q15: Do you agree with the proposal of data quality measures and enforcement standards for input data?**

<ESMA\_QUESTION\_CP2\_15>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP2\_15>

**Q16: Do you agree with the proposal of data quality measures for output data?**

<ESMA\_QUESTION\_CP2\_16>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP2\_16>

Section 4 – RTS on the revenue distribution scheme of CTPs:

**Q17: On the basis of the issue presented in the above paragraph, what do you think is the right approach to identify a trading venue and group? How could a trading venue and a group be identified? How should the links with investment firms be determined?**

<ESMA\_QUESTION\_CP2\_17>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP2\_17>

**Q18: Do you agree with the above assessment? If not, please explain.**

<ESMA\_QUESTION\_CP2\_18>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP2\_18>

**Q19: For the identification of the venue of first admission to trading, do you prefer option (A) use of FIRDS, option (B) the CTP collects the relevant information itself? Please explain and provide any alternative option you consider more appropriate.**

<ESMA\_QUESTION\_CP2\_19>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP2\_19>

**Q20: Do you agree that a flag indicating that the transaction was subject to an LIS waiver should be information to be sent to (but not published by) the CTP? If not, please explain.**

<ESMA\_QUESTION\_CP2\_20>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP2\_20>

**Q21: Could the determination of the pre-trade volume be done differently by the CTP (e.g. proxy this volume with the pre-trade data received) but at the same time sufficiently accurately? If yes, please explain.**

<ESMA\_QUESTION\_CP2\_21>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP2\_21>

**Q22: Do you agree that the methodology to distribute the revenues should require the conversion of the values into percentages? If not, please explain.**

<ESMA\_QUESTION\_CP2\_22>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP2\_22>

**Q23: Do you agree with the transactions to include and exclude for the determination of the volume for criteria #1 and #2? If not, please explain.**

<ESMA\_QUESTION\_CP2\_23>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP2\_23>

**Q24: What would be your view on the frequency of redistribution? Which issues do you foresee in the redistribution process? How could those issues be solved? Please explain.**

<ESMA\_QUESTION\_CP2\_24>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP2\_24>

**Q25: Do you agree with the proposed timeline for the update of the list of data contributors and the identified issues? How could the issues be solved? Please explain.**

<ESMA\_QUESTION\_CP2\_25>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP2\_25>

**Q26: What would be your view on the issues for the first year of operations of the CTP? How could those issues be solved? Please explain.**

<ESMA\_QUESTION\_CP2\_26>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP2\_26>

**Q27: Do you agree with ESMA preferred proposal to set the weights of the revenue redistribution scheme to 4.5, 4.0 and 1.5 for the small trading venue criterion, the young instruments criterion and the transparent instruments criterion, respectively? If not, please explain.**

<ESMA\_QUESTION\_CP2\_27>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP2\_27>

**Q28: Would you consider appropriate that the weight (percentages) sum to 10 (100%)? If not, please explain and provide your alternative proposal for the weights (percentages).**

<ESMA\_QUESTION\_CP2\_28>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP2\_28>

**Q29: Do you agree with the proposed (i) frequency of the determination of the weights (ii) timing of determination of the weights (iii) timing of application of the weights? If not, please explain.**

<ESMA\_QUESTION\_CP2\_29>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP2\_29>

**Q30: Do you agree with the proposed text? Have you identified any missing points or issues?**

<ESMA\_QUESTION\_CP2\_30>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP2\_30>

**Q31: Do you agree with ESMA’s proposal on the criteria for a potential suspension of redistribution in case of serious and repeated breach by the CTP? If not, which alternative or/and additional criteria would you consider relevant?**

<ESMA\_QUESTION\_CP2\_31>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP2\_31>

**Q32: Do you agree with ESMA’s proposal on the procedure for the suspension and the resumption of redistribution? If not, which alternative approach would you consider suitable?**

<ESMA\_QUESTION\_CP2\_32>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP2\_32>

**Q33: Do you agree with ESMA’s proposal on the timing of the procedure for the suspension and the resumption of redistribution? If not, which alternative approach would you consider suitable?**

<ESMA\_QUESTION\_CP2\_33>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP2\_33>

**Q34: Do you agree with ESMA’s proposal regarding a one-week timeframe for data contributors to furnish evidence of non-breaches? If you disagree, could you suggest an alternative approach that you find appropriate?**

<ESMA\_QUESTION\_CP2\_34>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP2\_34>

**Q35: Do you agree with ESMA’s expectation on the notification to be made by the CTP to the competent authority of the data contributor once a suspension has been triggered?**

<ESMA\_QUESTION\_CP2\_35>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP2\_35>

**Q36: Do you agree with ESMA’s proposal on the approach to the retained revenue? In your view, which rate should apply to compound the interest on retained revenue?**

<ESMA\_QUESTION\_CP2\_36>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP2\_36>

Section 5 – RTS on the synchronisation of business clocks

**Q37: Do you agree with the proposed approach on synchronisation to reference time? If not, please explain.**

<ESMA\_QUESTION\_CP2\_37>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP2\_37>

**Q38: Do you support a timestamp granularity of 0.1 microseconds for operators of trading venues whose gateway-to-gateway latency is smaller than 1 millisecond? If not, please explain. Would you argue for an even smaller granularity? If yes, please explain.**

<ESMA\_QUESTION\_CP2\_38>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP2\_38>

**Q39: Do you support the proposed approach on the level of accuracy for trading venue members, participants or users? If not, please explain.**

<ESMA\_QUESTION\_CP2\_39>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP2\_39>

**Q40: Do you agree with the proposed approach on traceability to UTC? If not, please explain.**

<ESMA\_QUESTION\_CP2\_40>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP2\_40>

**Q41: Do you agree with the proposed accuracy levels for APAs, SIs, DPEs and CTPs? If not, please explain.**

<ESMA\_QUESTION\_CP2\_41>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP2\_41>

**Q42: Do you think that more stringent requirements should be set for SIs compared to DPEs considering they have pre-trade transparency obligations? If not, please explain.**

<ESMA\_QUESTION\_CP2\_42>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP2\_42>

Section 6 – RTS/ITS on the authorisation and organisational requirements for DRSPs

**Q43: Do you agree with the approach proposed by ESMA?**

<ESMA\_QUESTION\_CP2\_43>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP2\_43>

**Q44: Do you agree to include new authorisation provisions on ownership structure and internal controls for APAs and ARMs?**

<ESMA\_QUESTION\_CP2\_44>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP2\_44>

**Q45: Do you have any further comments or suggestions on the draft RTS? Please elaborate your answer.**

<ESMA\_QUESTION\_CP2\_45>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP2\_45>

**Q46: Do you agree with the approach proposed by ESMA?**

<ESMA\_QUESTION\_CP2\_46>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP2\_46>

**Q47: Do you foresee specific conflicts of interests that may arise between (i) CTP and data contributors and (ii) CTP and clients and users?**

<ESMA\_QUESTION\_CP2\_47>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP2\_47>

**Q48: What other elements, if any, should be included in the RTS on authorisation of CTPs?**

<ESMA\_QUESTION\_CP2\_48>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP2\_48>

**Q49: What other elements, if any, should be included in the RTS on authorisation of CTPs?**

<ESMA\_QUESTION\_CP2\_49>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP2\_49>

Section 7 – Criteria to assess CTP applicants

**Q50: How would you define retail investors, academics and civil society organisations for the purpose of the CTP?**

<ESMA\_QUESTION\_CP2\_50>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP2\_50>

**Q51: What are in your view the most important elements that should be taken into account when defining the governance structure of the CTP?**

<ESMA\_QUESTION\_CP2\_51>

The Alternative Investment Management Association[[4]](#footnote-5) (AIMA) welcomes the opportunity to submit comments to the European Securities and Markets Authority (ESMA) in response to its consultation paper on technical standards related to consolidated tape providers (CTPs) and data reporting services providers (DRSPs) and the assessment criteria for the CTP selection procedure (the “consultation”)[[5]](#footnote-6).

AIMA supports the objectives of the MiFIR Review[[6]](#footnote-7) to facilitate the emergence of an EU consolidated tape for each asset class, improve transparency on markets in financial instruments, enhance the level playing field between regulated markets and systematic internalisers (SIs) and increase the international competitiveness of the EU’s capital markets. We welcome the introduction of measures to encourage supervised entities to apply for authorisation to act as a CTP, specifically the requirement on all trading venues and Approved Publication Arrangements (APAs) to transmit harmonised market data directly to CTPs as close to real-time as technically possible; mandating the inclusion of post-trade and pre-trade data in a CT for shares and exchange-traded funds (ETFs), with the pre-trade tape displaying the European Best Bid and Offer with corresponding volumes and without venue attribution; allowing consumption of data published by the CT to be discretionary, not mandatory, by market participants; and empowering ESMA to organise a competitive selection procedure periodically to select a single CTP per asset class - bonds, shares and ETFs and over-the-counter (OTC) derivatives - for a specified period. We believe that such measures would facilitate the emergence of consolidated tapes for market data, creating a level playing field for trade data and enhancing market functioning.

In this response, AIMA would like to highlight several principles for ESMA to consider when finalising the technical standards relating to CTPs and the criteria to assess CTP applicants.

* Ensure the robustness, resilience and efficiency of the CTP in receiving, consolidating and disseminating data

A CTP must be robust, resilient and efficient to drive the successful operation of the CT and enhance market functioning.

AIMA believes that the quality of CTP transmission protocols should be evaluated in respect of technical criteria including performance (latency; throughput; connection setup time optimisation; scalability); reliability (error detection mechanism; error correction mechanism; recovery mechanism); security (data confidentiality; authentication; authorisation; non-repudiation); and compatibility (open solution; interoperability).

* Ensure that the fees charged by the CTP to data users are reasonable with simple fee structures and licensing models

AIMA believes that CTP applicants should be assessed in relation to the level of fees that they intend to charge, the simplicity of their fee and licensing models and their ability to provide ESMA with details on the actual costs of producing and disseminating market data. CTPs must offer simple fee structures and licensing models and charge reasonable fees to the different types of users. In addition, we believe that adequate procedures must be in place to ensure price control after the initial tender – CTPs should not be allowed to raise prices unreasonably during the first tender contract after the CTP commences its service.

Noting existing challenges with rising costs of market data, we welcome ESMA’s mandate under the MiFIR Review to develop an RTS specifying the content of trading venues’, APAs’, CTPs’ and SIs’ obligation to provide market data on a 'reasonable commercial basis'. The current regulatory framework has led to a situation in which market data vendors and trading venues are charging unreasonable prices for market data. This impacts smaller alternative investment managers in particular and acts as a barrier to competition in the wider investment management industry.

* Ensure that the CTP governance structure includes proper representation of data users

A robust governance structure is key for the successful operation of a CTP.

We strongly support ESMA’s suggestion for CTPs to set up an Advisory Committee that includes representatives of data users and market data contributors. The Committee should ensure that the views of different types of market participants are taken into consideration, with appropriate rotation of representatives of the Committee, and promote neutrality, transparency of decision making, avoidance of conflicts of interest, and stakeholder accountability. The Committee should receive key indicators and information on areas including the CTP’s costs, the level of fees charged (including any proposed changes to the fee schedule), data quality indicators, technological updates and the quality of the transmission protocol. It is important that decisions such as matters relating to pricing and licensing are reflective of users’ interests and that ESMA specifies the consequences of a CTP not taking into account any proposals or recommendations of Committee representatives where appropriate.

We agree that, at the time of application, CTP applicants should provide ESMA with necessary information to ensure they comply with the authorisation requirements set out in the RTS on: (i) CTP authorisation, including information on the organisation and the CTP’s corporate governance, its management body and the arrangements in place to identify, manage and disclose existing and potential conflicts of interest; (ii) CTP governance model, to ensure an appropriate level of stakeholder involvement, in particular of data contributors and data users; and (iii) CTP governance structure, to enable stakeholders to make recommendations to the CTP, including on the performance, operation and quality of the CT.

* Ensure that the CTP disseminates data at an optimal speed while ensuring data quality

AIMA believes that CTPs must receive, consolidate and disseminate pre-trade and post-trade data robustly and in a low cost and efficient manner, fulfilling all reliability, scalability, low latency and security requirements.

The provision and display of data as close to real-time as is technically possible is necessary to provide market participants with a current snapshot of market trading activity and maximise the value of CTs to market participants. From an investment management perspective, real-time data feeds are critical for enabling investment managers to understand liquidity and manage and monitor portfolios. Investment managers require a clear and on-going picture of liquidity to analyse the short and long-term liquidity of assets in a fund. This is particularly important during times of market stress. Real-time CTs would also contribute to market resilience as they would enable firms and supervisors to monitor for price swings more easily. Moreover, real-time CTs would provide reliable reference prices to support uninterrupted trading in the event of an outage at a stock exchange or venue. Outages are highly disruptive, particularly during official opening and closing auctions where they prevent participants from trading affected stocks due to a lack of initial price formation prior to continuous trading and achieving the official closing price.

At the same time, the quality of input and output data must be ensured to maximise the effectiveness of CTs. Accordingly, we support data quality measures for output data including continuous real-time monitoring of the performance of the CTP’s IT systems to ensure that the information it has received from data contributors has been published successfully; periodic reconciliations between the trade reports that CTPs receive from data contributors and the trade reports that CTPs publish; and communication channels between CTPs and data users to gather direct input regarding the quality and accuracy of the disseminated market data.

In addition, we support rewarding indications provided by CTP applicants that go beyond the minimum data quality requirements prescribed by the RTS. As ESMA suggests, indications could include (i) a CTP offering a more detailed or comprehensive elaboration of the requirements prescribed on data quality measures, such as a thorough and detailed plan for implementing data quality assurance measures including specific and concrete strategies for addressing potential challenges or shortcomings; and (ii) by a CTP proposing additional measures not envisaged by the RTS to ensure data quality dimensions such as accuracy, consistency and timeliness of input and output data. Further to this, we believe that CTPs should be subject to effective governance procedures, such as a requirement on CTPs to articulate and document comprehensively the procedures triggering their tools for contributing to the achievement of high data quality standards and to make these documented procedures available publicly.

* Ensure that the revenue distribution scheme of the CTP and arrangements for the suspension and resumption of redistribution is fair and workable

AIMA believes that the revenue distribution scheme of the CTP must treat venues operating under each transparency model fairly. A fair and workable revenue distribution scheme must be selected to ensure the effectiveness and sustainability of CTs.

We would be happy to discuss our position further.

<ESMA\_QUESTION\_CP2\_51>

**Q52: Should the CTP include representation of other stakeholders within their governance structure?**

<ESMA\_QUESTION\_CP2\_52>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP2\_52>

**Q53: Do you agree with the proposed approach on the assessment of necessity of joint application?**

<ESMA\_QUESTION\_CP2\_53>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP2\_53>

**Q54: Which minimum requirements on identifying and addressing potential conflicts of interest would you consider relevant?**

<ESMA\_QUESTION\_CP2\_54>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP2\_54>

**Q55: To score the applicants on their development expenditure and operating costs, ESMA intends to look at the costs the applicant will need to cover on an annual basis. Do you agree with this approach? If not, which alternative approach would you deem more appropriate?**

<ESMA\_QUESTION\_CP2\_55>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP2\_55>

**Q56: The simplicity of the fee structure and licensing models can be scored by taking into account the number of tiers, fee types and licensing models. Does this accurately reflect simplicity? If not, would you propose a different approach to assess simplicity? Please elaborate.**

<ESMA\_QUESTION\_CP2\_56>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP2\_56>

**Q57: The approach proposed for the assessment of the ability of CTP applicants to process data is grounded on the assessment of the technological infrastructure in ensuring scalability, low-latency, accuracy and security throughout the data lifecycle. Do you agree with this approach, or would you consider additional elements to be assessed?**

<ESMA\_QUESTION\_CP2\_57>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP2\_57>

**Q58: Which is the minimum speed of dissemination you would consider appropriate for the CTP? Please distinguish between asset classes (and for the case of the equity CTP, between pre- and post-trade date).**

<ESMA\_QUESTION\_CP2\_58>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP2\_58>

**Q59: The proposed approach to data quality would reward additional commitments and measures that CTP applicants intend to put in place. Do you agree with this approach ? What additional commitments and measures would you consider appropriate?**

<ESMA\_QUESTION\_CP2\_59>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP2\_59>

**Q60: The proposed approach to modern interface and connectivity is grounded on the assessment of the interface technology in terms of reliability, scalability, low latency and security. Do you agree with this approach, or would you consider additional elements to be assessed?**

<ESMA\_QUESTION\_CP2\_60>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP2\_60>

**Q61: Do you agree with the proposed approach to record keeping, based on the provision of document supporting intended compliance?**

<ESMA\_QUESTION\_CP2\_61>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP2\_61>

**Q62: The proposed approach to resilience, business continuity and cyber risks is grounded in assessing mandatory DORA requirements applicable to CTPs as a first step (selection criterion), to then reward additional commitments and measures CTPs applicants intended to put in place to mitigate and address outages and cyber-risk . Do you agree with this approach? What additional commitments and measures would you consider appropriate?**

<ESMA\_QUESTION\_CP2\_62>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP2\_62>

**Q63: Do you agree with the use of the Power Utilisation Effectiveness (PUE) as the metric to assess the energy consumption of the CTP? If not, which alternative approach would you favour?**

<ESMA\_QUESTION\_CP2\_63>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP2\_63>

Annex II – Cost Benefit Analysis:

**Q64: What costs do you expect in order to comply with the proposed minimum requirements for the quality of transmission protocols? What benefits do you expect? Please indicate to what role (data contributor, CTP, or CT user) your response refers.**

<ESMA\_QUESTION\_CP2\_64>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP2\_64>

**Q65: What costs do you expect in order to comply with the proposed data format for input and output data? What benefits do you expect? Please indicate to what role (data contributor, CTP, CT user) your response refers.**

<ESMA\_QUESTION\_CP2\_65>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP2\_65>

**Q66: Do you expect the benefits from the proposed real time data transmission requirement for input data to outweigh the operational costs borne by data contributors?**

<ESMA\_QUESTION\_CP2\_66>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP2\_66>

**Q67: Do you think that the input and output data fields strike a balance between reporting burden for data contributors/CTPs and benefits for CT users?**

<ESMA\_QUESTION\_CP2\_67>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP2\_67>

**Q68: Do you think that the proposed data quality requirements are sufficient to achieve the CT’s objectives without generating excessive compliance burdens? Please explain.**

<ESMA\_QUESTION\_CP2\_68>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP2\_68>

**Q69: Which costs do you expect to implement the revenue distribution scheme? Please differentiate between one-off and on-going costs, between fixed and variable costs as well as between direct and indirect costs.**

<ESMA\_QUESTION\_CP2\_69>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP2\_69>

**Q70: Which costs do you expect to implement the suspension and the resumption of the revenue distribution scheme? Please differentiate between one-off and on-going costs, between fixed and variable costs as well as between direct and indirect costs.**

<ESMA\_QUESTION\_CP2\_70>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP2\_70>

1. AIMA, the Alternative Investment Management Association, is the global representative of the alternative investment industry, with more than 2,100 corporate members in over 60 countries. AIMA’s fund manager members collectively manage more than US$3 trillion in hedge fund and private credit assets. AIMA draws upon the expertise and diversity of its membership to provide leadership in industry initiatives such as advocacy, policy and regulatory engagement, educational programmes and sound practice guides. AIMA works to raise media and public awareness of the value of the industry. AIMA set up the Alternative Credit Council (ACC) to help firms focused in the private credit and direct lending space. The ACC currently represents over 250 members that manage over US$1 trillion of private credit assets globally. AIMA is committed to developing skills and education standards and is a co-founder of the Chartered Alternative Investment Analyst designation (CAIA) – the first and only specialised educational standard for alternative investment specialists. AIMA is governed by its Council (Board of Directors). For further information, please visit AIMA’s website, [www.aima.org](http://www.aima.org). [↑](#footnote-ref-2)
2. Available at: <https://www.esma.europa.eu/sites/default/files/2024-05/ESMA74-2134169708-7225_-_MiFIR_MiFID_Review_-_CP_on_CTPs_and_DRSPs.pdf>. [↑](#footnote-ref-3)
3. Available at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=OJ:L_202400791>. [↑](#footnote-ref-4)
4. AIMA, the Alternative Investment Management Association, is the global representative of the alternative investment industry, with more than 2,100 corporate members in over 60 countries. AIMA’s fund manager members collectively manage more than US$3 trillion in hedge fund and private credit assets. AIMA draws upon the expertise and diversity of its membership to provide leadership in industry initiatives such as advocacy, policy and regulatory engagement, educational programmes and sound practice guides. AIMA works to raise media and public awareness of the value of the industry. AIMA set up the Alternative Credit Council (ACC) to help firms focused in the private credit and direct lending space. The ACC currently represents over 250 members that manage over US$1 trillion of private credit assets globally. AIMA is committed to developing skills and education standards and is a co-founder of the Chartered Alternative Investment Analyst designation (CAIA) – the first and only specialised educational standard for alternative investment specialists. AIMA is governed by its Council (Board of Directors). For further information, please visit AIMA’s website, [www.aima.org](http://www.aima.org). [↑](#footnote-ref-5)
5. Available at: <https://www.esma.europa.eu/sites/default/files/2024-05/ESMA74-2134169708-7225_-_MiFIR_MiFID_Review_-_CP_on_CTPs_and_DRSPs.pdf>. [↑](#footnote-ref-6)
6. Available at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=OJ:L_202400791>. [↑](#footnote-ref-7)