

PRESS RELEASE

ESMA recommends real-time consolidated tape for equity

The European Securities and Markets Authority (ESMA), the EU securities markets regulator, has today published a [first review report](#) on the development of prices for market data and on the consolidated tape for equity, following the application of the Markets in Financial Instruments Directive (MiFID II) for nearly two years.

The ESMA review found that, to date, MiFID II has not delivered on its objective to reduce the cost of market data charged by trading venues and Approved Publication Arrangements (APAs). Moreover, as no consolidated tape has materialised, ESMA recommends the establishment of a European Union (EU) wide real-time consolidated tape for equity instruments.

Steven Maijoor, ESMA Chair, said:

“Transparency is important to ensure that markets are fair, sound and efficient. However, after nearly two years of operating under MiFID II, we are still lacking a reliable view of liquidity across the EU. Therefore, we need to establish a real-time consolidated tape for equity instruments to remedy the fragmentation of EU markets, create a real single market and so contribute to the establishment of the Capital Markets Union.

“Access to market data is becoming increasingly important for securities markets and it is important that data users know what they are paying for. ESMA will therefore provide further guidance on the cost of market data.”

ESMA sees need for real-time consolidated tape

For ESMA, the main reasons why a market-led equity consolidated tape failed to develop are the limited commercial rewards to potential providers within the current regulatory framework, as well as possible competition by non-regulated entities such as data vendors.

In order to establish a real-time consolidated tape, the following key factors are necessary:

- A high level of data quality, in particular, for OTC data;
- The mandatory contribution of data by trading venues and APAs to the consolidated tape;
- The consolidated tape sharing revenues with contributing entities; and
- A strong governance framework.

The establishment of an EU-wide real-time consolidated tape is a technically demanding task which will require a substantial investment of both time and resources by all parties involved, including the need to change the legal framework.

ESMA proposes to frame pricing of market data

MiFID II requires venues and data providers to publish market data on a reasonable commercial basis, provide market data in a disaggregated format, and to make market data available free of charge 15 minutes after publication with the objective to lower the cost for market data.

The feedback received from stakeholders presented conflicting views with most trading venues stressing that data prices have been overall stable, while data users and vendors complained about excessive fees, complex market data policies and overall higher costs for market data. Due to the mixed achievements of the market data provisions, ESMA proposes a mix of legislative changes and supervisory guidance to improve transparency and to ensure that market data is provided on a reasonable commercial basis.

Next steps

The Report will feed into the European Commission's review of MiFID II on the development in prices for pre- and post-trade transparency data and on the consolidated tape for equity instruments it has to deliver to the European Parliament and Council.

ESMA will, in close consultation with market participants, start working on supervisory guidance on the application of the provision to provide market data on a reasonable commercial basis and towards improving the quality of OTC data.

MiFID II requires ESMA to review the implementation of the Directive's provisions. Today's report on data cost and consolidated tape is the first of a series of reports of this review.



Notes for editors

1. [ESMA70-156-1606 MiFID II/ MiFIR Review Report No. 1](#)
2. 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.
3. 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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