



European Securities and
Markets Authority

Response Form to the 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



Responding to this paper

ESMA invites comments on all matters in this paper and in particular on the specific questions summarised in Annex 1. 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 **06 September 2019**.

All contributions should be submitted online at www.esma.europa.eu under the heading 'Your input - Consultations'.

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:

1. Insert your responses to the questions in the Consultation Paper in the present response form.
2. Please do not remove tags of the type <ESMA_QUESTION_MDA_1>. Your response to each question has to be framed by the two tags corresponding to the question.
3. 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.
4. When you have drafted your response, name your response form according to the following convention: ESMA_MDA_nameofrespondent_RESPONSEFORM. For example, for a respondent named ABCD, the response form would be entitled ESMA_MDA_ABCD_RESPONSEFORM.
5. Upload the form containing your responses, in Word format, to ESMA's website (www.esma.europa.eu under the heading "Your input – Open consultations" → "Consultation on Position limits and position management in commodities derivatives").

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 publically 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 under the heading [Legal Notice](#).

Who should read this paper

All interested stakeholders are invited to respond to this consultation paper. This consultation paper is primarily of interest to users of market data and trading venues, but responses are also sought from any other market participant including trade associations and industry bodies, institutional and retail investors.

General information about respondent

Name of the company / organisation	International Capital Market Association
Activity	Banking sector
Are you representing an association?	<input checked="" type="checkbox"/>
Country/Region	Europe

Introduction

Please make your introductory comments below, if any

<ESMA_COMMENT_MDA_1>

Introduction

On behalf of the International Capital Market Association's Consolidated Tape (CT) Taskforce (Taskforce), we are pleased to provide feedback regarding ESMA's consultation paper on "the development in prices for pre- and post-trade data and on the consolidated tape for equity instruments." However, while the ESMA consultation paper (CP) is primarily focused on equities, the ICMA Taskforce is grateful for the opportunity to respond to ESMA's consultation paper, solely in relation to cash bonds.

The Taskforce response is based on consensus view from a varied group of ICMA members. The members of the Taskforce represent 12 firms from the buy-side, sell-side, trading venue and data provider communities. These 12 firms are part of an ICMA wider consolidated tape working group of 63 member firms (17 buy-side firms, 31 sell-side firms, 10 trading venues and 4 data providers). There is a unique value in conveying broad view from across the industry and we hope this response is informative and useful for ESMA's CT endeavours.

The Taskforce members welcome the efforts of ESMA to investigate how a consolidated tape may look in the future with respect to its governance and the model used, and the opportunities a consolidated tape could present for the markets. Again, while the ESMA consultation focuses specifically on the development of a CT for equity products, ICMA views this consultation paper as a valuable opportunity to highlight market considerations surrounding a CT for EU cash bond markets, which, in many aspects, are quite distinct from those of equities.

The Taskforce hopes to provide ESMA with a better understanding of the need for a consolidated tape in the cash bond market and the unique problems that a CT for cash bonds would solve.

While equities and bond markets share a few challenges, – such as fragmentation of infrastructure and an unlevel playing field, benefitting only those who can afford to pay for data – it is widely understood that their ecosystems are profoundly different. One only has to view the asset classes’ market structure and protocols to see the differences: order book vs RFQ, OTC or MTF/OTF vs local exchanges and the fact that there are approximately thirty-three times more listed bonds than listed equities.

These differences mean that the drivers for a CT in these markets are also different. For cash bonds, the driver is principally market participants needing a true consolidated picture of the market that is reliable, accessible and trustworthy. This reliable post-trade data provides the tools by which professional and retail market participants can make informed and therefore better decisions, enabling best execution.

The Taskforce decided against commenting on commercially sensitive questions in relation to cash bonds and focused instead on questions relating to CT scope, governance, operation and model, data quality and appropriate flag identifiers, venues’ obligation to provide post-trade data, and finally the fact that the cash bond CT should be viewed as the “golden source” for post-trade raw bond data. The Taskforce has not addressed any MiFID II transparency issues in this response and considers any CT cash bond solution should abide by appropriate MiFID II post-trade deferrals as set out in the regulation.

Summary

In cash bond markets today, there is a need for a consolidated tape. While ESMA’s consultation addresses equities, the Taskforce felt it was important to present how a consolidated tape would benefit cash bond markets. With this information, ESMA could consider developing parallel paths for both equities and cash bond consolidated tapes, recognising the different requirements of the distinct asset classes. The following represents a summary of ICMA’s CT taskforce responses to ESMA’s consultation on “the development in prices for pre- and post-trade data and on the post-trade consolidated tape (CT) for equity instruments”. As mentioned, the taskforce is addressing cash bond post-trade consolidated tape concerns and not that for equities.

Benefits

The Taskforce has highlighted several of the benefits of a consolidated tape in the CP response. The Taskforce considers a cash bond CT should be the cash bond “golden source” for reliable, trustworthy, good quality post-trade data. The CT could provide tools for investors for robust transaction cost analysis (“TCA”), improving best execution analysis. The CT would also provide trading venues and data providers with a source of reliable raw data to enrich their products and services. Finally, the greatest benefit of a CT is the protection it would provide for smaller investors or retail who may not have (or be able to have) access to several systems or the ability to pay for an aggregator.

Scope

The purpose of a CT is to have a meaningful view of where, when and how all price-forming and non-price forming e.g. constituent of a package trade, occurred. Scope is critical. The CT should be a centralised source of consolidated raw data: price, direction, venue, date, time of execution, reported date & time (taking into account current publication and deferral obligations under MiFID II), cancel or correction. Once there is a consolidated view of prices in the CT, the CTP could then derive yields and add those yields as another data item in the CT (noting that yield, rather than price, is a fundamental data point in the relative valuation of bonds and comparative analysis of best execution).

Governance

Governance is key if the CT is to be managed effectively. The CTP contract should be awarded by either the Commission or ESMA to a third party. The CTP should then be supervised by a “governance panel” made up from member (s) from: ESMA and/or the Commission, investor community, liquidity provider community, trading venue community, the non-trading venue data vendor community and from the retail community. This is to enable the CT to have industry expertise working alongside regulatory know-how, to the benefit of Europe’s cash bond markets. The CT fee model should be low or minimum cost to industry participants.

Operation & model

The Taskforce believes the CT provider day- to- day operations should be awarded to a firm with a high level of data management experience, as well as related knowledge of the asset class (cash bonds in relation to this response). The CT provider contract should be awarded for no less than five years. This is to allow whoever is awarded the contract, sufficient time to recoup any development costs. The firm awarded the contract should also have robust conflict-of-interest rules in place.

Publication of trades should be as soon as technically viable (as set out in the regulation/RTS¹), unless the trade qualifies for a deferral of publication under MiFID II’s post-trade transparency obligations. In addition, it is essential the responsibility for data feed provision be changed from the 'CTP’s obligation to obtain', to 'venue's obligation to provide'. However, ESMA may find it useful to consider commercial incentives for the various data contributors, which are providing data to the CT.

Of note, the CT must not be structured in a way that prevents other market participants including venues, investors, and data vendors from offering third-party commercial services around data reporting or using the CT data to offer 3rd party commercial services.

Data quality

The Taskforce believes this CP response process provides an opportunity to assess how existing standards choices may be contributing to data quality issues, and the necessary

¹ RTS 2, Article 7 (4): Post-trade information shall be made available as close to real time as is technically possible and in any case: (a) for the first three years of application of Regulation (EU) No 600/2014, within 15 minutes after the execution of the relevant transaction; (b) thereafter, within 5 minutes after the execution of the relevant transaction.

actions to fix the problems. This includes issues in ESMA's own data services, such as FIRDS and FITRS. Further suggestions are cited in the response e.g. Impose ANNA as the sole source for CFIs.

The Taskforce also considers it may be useful for ESMA to explore FINRA's bond consolidated tape in the US, TRACE. Experience with TRACE in the US shows the benefits of a consolidated tape for the cash bond market, being an example of how available data can be delivered to better understand trading activity and execution costs across the US market.

Brexit

The CT is still valuable as a tape of record after Brexit. The Taskforce preference is to encourage an industry (virtual) 'trading time zone-dependent' consolidated tape. With this in mind, the Taskforce suggests the CTP should not be prevented from offering a service that incorporates individual CTs, comprising non-EEA and UK bonds (using appropriate country flags [Swiss flag, UK flag etc]).

The taskforce would like to stipulate, even if a (virtual) 'trading time zone-dependent' CT was not feasible and the CT only consolidated EU27 transactions (where firms had to separately 'bolt on' UK transactions as such), given the fragmentation across the EU27, an EU27 CT would be greatly valuable to the market.

An EU27 CT promotes a unified view across EU27 cash bond markets for all market participants, large or small, professional or retail, making the EU more competitive and facilitating the goals of the CMU initiative.

<ESMA_COMMENT_MDA_1>

Questions

Q1 : Have prices of market data increased or decreased since the application of MiFID II/MiFIR? Please provide quantitative evidence to support your answer and specify whether you are referring to equity and/or non-equity instruments.

<ESMA_QUESTION_MDA_1>
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Q2 : If you are of the view that prices have increased, what are the underlying reasons for this development?

<ESMA_QUESTION_MDA_2>
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<ESMA_QUESTION_MDA_2>

Q3 : Following the application of MiFID II/MiFIR, are there any market data services for which new fees have been introduced (i.e. either data services that were free of charge until the application of MiFID II or any new types of market data services)?

<ESMA_QUESTION_MDA_3>
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<ESMA_QUESTION_MDA_3>

Q4 : Do you observe other practices that may directly or indirectly impact the price for market data (e.g. complex market data policies, use of non-disclosure agreements)? Please explain and provide evidence.

<ESMA_QUESTION_MDA_4>
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<ESMA_QUESTION_MDA_4>

Q5 : Do you agree that trading venues/APAs/SIs comply with the requirement of making available the information with respect to the RCB provisions? If not, please explain which information is missing in your view and for what type of entity.

<ESMA_QUESTION_MDA_5>
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<ESMA_QUESTION_MDA_5>

Q6 : Do you share ESMA's assessment on the quality of the RCB information disclosed by trading venues, APAs and SIs? If there are areas in which you disagree with ESMA's assessment, please explain.

<ESMA_QUESTION_MDA_6>
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<ESMA_QUESTION_MDA_6>

Q7 : Do you agree that the usability and comparability of the RCB information disclosed could be improved by issuing supervisory guidance? If yes, please specify in which areas you would consider further guidance most useful, including possible solutions to improve the usability and comparability of the information.

<ESMA_QUESTION_MDA_7>
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<ESMA_QUESTION_MDA_7>

Q8 : Do you think that the current RCB approach (transparency plus) can deliver on the objective to reduce the price of market data or should it be replaced by an alternative approach such as a revenue cap or LRIC+ model? Please justify your position and provide examples of possible alternatives.

<ESMA_QUESTION_MDA_8>
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<ESMA_QUESTION_MDA_8>

Q9 : Do you consider that a revenue cap model as presented above might be a feasible approach to reduce the cost of market data? Which elements would be key for successfully implementing such a model?

<ESMA_QUESTION_MDA_9>
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<ESMA_QUESTION_MDA_9>

Q10 : Did data disaggregation result in lower costs for market data for data users? If not, please explain why?

<ESMA_QUESTION_MDA_10>
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<ESMA_QUESTION_MDA_10>

Q11 : Why has there been only little demand in disaggregated data?

<ESMA_QUESTION_MDA_11>
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<ESMA_QUESTION_MDA_11>

Q12 : Do trading venues and APAs comply with the requirement to make available data free of charge 15 minutes after publication? If not, please explain in which areas you have identified deficiencies

<ESMA_QUESTION_MDA_12>
TYPE YOUR TEXT HERE
<ESMA_QUESTION_MDA_12>

Q13 : Do you consider it necessary to provide further supervisory guidance in this area (for instance by reviewing Q&As 9 and/or 10) Please justify your position and explain in which area further guidance may be needed? Please differentiate between pre- and post-trade data.

<ESMA_QUESTION_MDA_13>
TYPE YOUR TEXT HERE
<ESMA_QUESTION_MDA_13>

Q14 : Do you agree that the identified reasons, in particular the regulatory framework and competition by non-regulated entities, make it unattractive to operate an equity CT?

<ESMA_QUESTION_MDA_14>
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<ESMA_QUESTION_MDA_14>

Q15 : Do you consider that further elements hinder the establishment of an equity CT? If yes, please explain which elements are missing and why they matter.

<ESMA_QUESTION_MDA_15>
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<ESMA_QUESTION_MDA_15>

Q16 : Please explain what CTP would best meet the needs of users and the market?

<ESMA_QUESTION_MDA_16>

The goal of the cash bond consolidated tape “CT”, as perceived by taskforce members, is to improve transparency, assist decision making and protect end-investors, large or small. Adoption of the appropriate structure would benefit the whole market, by providing a centralised, high quality, affordable, trustworthy data source, offering a comprehensive market view. This would bring benefits immediately to the professional bond market, and also benefit the retail sector more widely as the service develops:

- A reliable consolidated tape will also provide market participants with dependable data access for more robust transaction cost analysis “TCA” and better input for overall best execution analysis.
- The post-trade consolidated tape is not just for post-trade purposes; it will also assist traders and portfolio managers in the pre-trade space by facilitating pre-trade price discovery before advising on or executing a trade.
- A single centralised source of data will assist the market by eliminating existing fragmented infrastructure and connectivity. It will provide an opportunity to optimise data quality, and to ensure that data standard choices deliver greater efficiency and high data quality.
- A consolidated tape would also rationalise commercial agreements through centralisation of one channel/repository.

- Trading venues and data providers will benefit from the use of a trusted streamlined source of raw data to enrich their products and services. This streamlined approach may also benefit regulators through an improved mechanism to monitor the market for execution quality.
- A consolidated tape will protect smaller investors or even retail who may not have (or be able to have) access to several systems or the ability to pay for an aggregator. The retail investor is at an information disadvantage today. Without a CT, the retail/small investor will continue to be disadvantaged in the market.

Scope

The scope of ICMA's response to ESMA's CP on CT provides our view as to how the concept might best be extended to cash bonds as defined in RTS 2. It is the taskforce view that this is an opportunity for ESMA to establish a cash bond market "golden source" of consolidated raw (date, time of execution, reported date & time [taking into account current publication and deferral obligations under MiFID II], direction, price, venue, cancel or correction) post-trade data.

As far as what trading activity should be covered is concerned, the view of the taskforce is that post-trade CT should aim to provide a comprehensive, detailed, accurate and meaningful view of where, when and how all addressable (price forming) and non-addressable (non-price forming e.g. constituent of a package trade) trades occurred. This would be achieved through appropriate post-trade flags, indicating whether they contributed to price discovery or not e.g. NPFT. Post trade data must be of the highest quality if it is to be useful for market participants. For example, aiding decision making.

The taskforce recommends the CT should have execution prices (taking into account MiFID II's deferrals) as a mandatory data item in the CT. However, the taskforce recognises that additional data items such as yields, will in all likelihood be required by market participants. Therefore, once there is a consolidated view of prices in the CT, the CTP should then derive yields and add those yields as another data item in the CT and specify as such for a successful implementation of a cash bond consolidated tape.

Scope is also important as it relates to whether the consolidated tape should have both pre-trade data and post-trade data. The taskforce view is that the CT should focus on what would benefit the market most, and that is post-trade data. A pre-trade consolidated tape is not required at this point in time for cash bond trading. ESMA could perhaps investigate a pre-trade tape (quotes) at a later date, once the post-trade tape is running smoothly and in full operation.

Governance

The view of the ICMA CT taskforce is that The CTP contract should be awarded by either the European Commission or ESMA to a third party. The CTP should then be supervised by a "governance panel". The panel should include: ESMA and/or the European Commission, member (s) from the investor community, member (s) from the liquidity provider community, member (s) from the trading venue community, member (s) from the non-trading venue data vendor community and member (s) from the retail community. The CT will have a low or minimum cost fee model. The view is that ESMA or the Commission should have oversight over the CTP contract and monitor for any breach of contract e.g. data quality, access, pricing

etc. The industry participants (buy-side, sell-side and retail) will provide industry market functioning expertise. The governance panel will have industry expertise working alongside regulatory know-how.

Operation and model

The feedback from the taskforce is that the day- to- day operation should not be conducted by ESMA or the Commission. Instead, the CT provider contract should be awarded to a firm with a high level of data management experience as well as related knowledge of the asset class (cash bonds in relation to this response). The contract should be awarded for no less than five years. This is to allow so whoever is awarded the contract, will have sufficient time to recoup any development costs. In addition, the firm awarded the contract should have robust conflict-of-interest rules in place to assess whether their policies, procedures and corporate governance structure ensure independence of the CT provider and the avoidance of conflicts of interest. Conflicts may arise where the CT provider is engaged in other activities such as acting as a market operator, investment firm or trade repository. Lastly, it is understood that day-to-day CT costs to industry participants should be kept to a minimum.

Further feedback indicates that any consolidated tape model under consideration may require a potential re-evaluation of the roles that all current market participants play today – including APAs – yet there is still a need for these workflows to be performed.

<ESMA_QUESTION_MDA_16>

Q17 : Do you agree that real-time post-trade data is available from both trading venues and APAs as well as data vendors and that the data is currently not covering 100% of the market, i.e. including all equity trading venues in the EU and all APAs reporting transactions in equity instruments? If not, please explain.

<ESMA_QUESTION_MDA_17>

TYPE YOUR TEXT HERE

<ESMA_QUESTION_MDA_17>

Q18 : Do you agree that post-trade data is provided on a timely basis and meets the requirements set out in MiFID II/MiFIR and in the level 2 provisions? If not, please explain.

<ESMA_QUESTION_MDA_18>

The taskforce view is that venues are meeting their obligations in providing trade data as close to real time as possible. The taskforce does not believe that ESMA should prescribe latency beyond “as close to real time as possible.” The view is that ESMA should consider a clarification to say that "real-time data needs to be published by the venue according to the same time standards for all destinations".

To reiterate, all publication of post-trade data should take into account current publication and deferral obligations under MiFID II.

<ESMA_QUESTION_MDA_18>

Q19 : Do you agree with the issues on the content of data and the use different data standards identified or do you consider that important issues are missing and/or not correctly presented?

<ESMA_QUESTION_MDA_19>

The taskforce view is that there are data quality issues today, however the taskforce does acknowledge the ongoing work by ESMA to improve data quality. This CP response provides an opportunity to assess how existing standards choices may be contributing to data quality issues, and the necessary actions to fix the problems. This includes issues in ESMA's own data services such as FIRDS and FITRS. Please see question 23 answer for detailed data quality recommendations.

While the taskforce does not advocate wholesale re-engineering of the standards in question, the opportunity should be taken to examine, engaging with the International Organisation for Standardisation (ISO), how complementary open identifier standards could enhance data quality.

<ESMA_QUESTION_MDA_19>

Q20 : Do you agree that the observed deficiencies make it challenging to consolidate data in a real-time data feed? If yes, how could those deficiencies best be tackled in your view?

<ESMA_QUESTION_MDA_20>

The taskforce believes any future CT provider will lack the ability to enforce quality standards on its supplying venues. Therefore, enforceability regarding the standard of quality for supplying venues, is incumbent on ESMA and/or the Commission but with guidance from the CTP governance panel.

<ESMA_QUESTION_MDA_20>

Q21 : What are the risks of not having a CTP and the benefits of having one?

<ESMA_QUESTION_MDA_21>

It is the opinion of the taskforce that if there is not a consolidated tape for cash bonds, the market will continue to not have a clear understanding as to what has traded, where, and which bonds truly are liquid. Market participants seek to increase price and trade transparency (taking into account deferrals), which helps liquidity. Having this valuable data spread over various platforms (in different formats) can only serve to decrease the benefits.

If there is no consolidated tape, the transparency that MiFID II and MiFIR generates will remain fragmented. Firms could therefore be incentivised to create their own proprietary consolidated tape. Even for large firms, buy-side or sell-side, the cost to build this may be prohibitive. For smaller firms, building an in-house consolidated tape is even less likely.

“ESMA considers it important to ensure a level playing field between different means of trading as envisaged by MiFID II/MiFIR” (ESMA - 9 November 2017). However, a single-source centralised CTP model without low fees or a predominantly cost-plus (Defined as: an amount calculated by adding the cost of producing something to a profit or charge that has been agreed) framework, could make the market unlevel (contravening the intended goals of ESMA’s MiFID II) and tilt the benefits of transparency in favour of those market participants paying for the information.

The CT benefits are clear, according to the taskforce. A single-source centralised CT for raw data will assist market participants to evaluate more accurately for themselves liquidity assessment ex-post. Today the cash bond industry does not have a true consolidated view of

volumes. With a consolidated tape, the market will. This will contribute to a better understanding of volumes traded and allow formation of a true picture of liquid instruments. The CT also provides the opportunity to optimise data quality and ensure that data standards are adequate.

Experience with TRACE in the US shows the benefits of a consolidated tape for the cash bond market, being an example of how available data can be delivered to better understand trading activity and execution costs across the market (“TRACE is consistent, clear where the data is coming from, readily available to all and there is a decent ability to provide input from market participants into the trade process”, Alliance Bernstein, a US investment management and research firm [TRADE Magazine - 7 Nov 2018]). With an appropriately governed and operated consolidated tape, every market participant will have the confidence in a single trustworthy source for cash bond trade data.

<ESMA_QUESTION_MDA_21>

Q22 : Would you be supportive of an industry-led initiative to further improve data quality and the use of harmonised standards or would you prefer ESMA guidance? Please explain.

<ESMA_QUESTION_MDA_22>

Yes, the ICMA CT taskforce believes there is a need for a cross-industry working group to work together with ESMA to improve data quality (see specific recommendations in Q23 answer) including harmonised standards.

The taskforce further believes it is important that trades reported on the CT are appropriately flagged to indicate whether they contribute to price discovery or not.

<ESMA_QUESTION_MDA_22>

Q23 : In addition to the standardisation of the reporting and format, as described before, did you identify any further relevant data quality issue to be considered for the successful establishment of CTPs?

<ESMA_QUESTION_MDA_23>

The taskforce believes there are additional data quality issues for ESMA to consider:

- CFI and FISN codes should be pre-loaded by FIRDS from ANNA, and the only data point venues reporting under RTS 23 should be concerned with is the ISIN.
- Impose ANNA as the sole source of CFIs (the legal text already states the ANNA CFI should be used – see below)
- Trading venues should not be allowed to deviate from ANNA, and FIRDS should bar multiple CFIs for the same ISIN.

This data quality logic is further backed up in ESMA Q&A’s:

“Instrument identification code and Underlying instrument code [Last update: 02/02/2017]

Question 1 [Last update: 02/02/2017] What ISINs, CFI codes and FISNs can be used to identify financial instruments? Answer 1 For the purpose of reporting reference data under the requirements of MiFIR Article 27, ISO 6166 ISINs, ISO 10962 CFI codes and ISO 18774 FISNs issued by the relevant National Numbering Agency (NNA) should be used. For further

information please refer to the following link: <http://www.anna-web.org/standards/about-identification-standards/>. “

<ESMA_QUESTION_MDA_23>

Q24 : Do you agree that the mandatory contribution from trading venues and APAs to a CTP would favour the establishment of CT?

<ESMA_QUESTION_MDA_24>

It is the taskforce view, that it is essential the responsibility for data feed provision be changed from the 'CTP's obligation to obtain', to 'venue's obligation to provide'. However, the ICMA taskforce on CT would like to stipulate that the CP response does not address ownership nor pricing of data. Nevertheless, the taskforce does consider that ESMA may find it useful to consider commercial incentives for the various data contributors, which are providing data to the CT.

<ESMA_QUESTION_MDA_24>

Q25 : Do you have preferences between the option of (i) requiring trading venues and APAs to contribute data to the CT, or, in alternative (ii) setting forth criteria to determine the price that CTPs should pay to TVs and APAs for the data? If so, please explain why.

<ESMA_QUESTION_MDA_25>

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<ESMA_QUESTION_MDA_25>

Q26 : Do you agree that the mandatory consumption could favour the establishment of a CT? If not, please explain your concerns associated with the mandatory consumption.

<ESMA_QUESTION_MDA_26>

As expressed in the answer to question 24, there should be a mandatory obligation for the venue/APA to provide post-trade data to the CT. Taskforce members disagree that consumption of post-trade data should be mandatory for market participants. See question 27 for further reasoning regarding mandatory consumption.

<ESMA_QUESTION_MDA_26>

Q27 : Would mandatory consumption impact other rules in MiFID II and if yes, how?

<ESMA_QUESTION_MDA_27>

The taskforce would like to point out, there exists no mandatory consumption of transparency data in MiFID II. As such, the taskforce agrees the CT data should not be treated any differently.

The fixed income best execution landscape has been steadily developing since 3rd Jan 2018. Availability of a bond CT for market participants will create efficiencies in terms of access to raw data. However, imposing 'mandatory consumption' of data on firms would prove unnecessary and burdensome. Furthermore, it would risk regressing development of 'evidencing of best execution' to a sole reliance on the post-trade data from a CT. The result would be the unintended setback of the best execution regime under MiFID II.

<ESMA_QUESTION_MDA_27>

Q28 : Do you consider it necessary that the CT covers all trading venues and APAs and the whole scope of equity instruments or would you be supportive of limiting the coverage of the CT? Please provide reasons for your preference and explain your preferred approach.

<ESMA_QUESTION_MDA_28>

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<ESMA_QUESTION_MDA_28>

Q29 : Do you agree with ESMA's preferred model of real-time CT? If you consider that, on the contrary, the delayed or tape of record CT are preferable, please indicate the reasons of your preference.

<ESMA_QUESTION_MDA_29>

The taskforce agrees with ESMA that there should be a real-time, at point of execution (with timestamp) consolidated tape with publication of trades as soon as technically viable, unless the trade qualifies for a deferral of publication under MiFID II's post-trade transparency obligations. Again, the taskforce would like to stress that the preferred model should maintain appropriate deferrals to protect market participants.

The taskforce does not support end-of-day publication for post-trade data, it only supports intraday publication.

In addition, the trades that are published which qualify for a deferral under MiFID II, should be annotated in the CT with a flag, indicating the trade had a deferred publication. It is important that market participants understand the true sense of timing for any trade.

<ESMA_QUESTION_MDA_29>

Q30 : Are there any measures (either technical or regulatory) that can be taken in order to mitigate the latency impacts?

<ESMA_QUESTION_MDA_30>

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<ESMA_QUESTION_MDA_30>

Q31 : Do you agree that the CT should be operated on an exclusive basis? To what extent should other entities (e.g. APA or data vendors) be allowed to compete with the CTP?

<ESMA_QUESTION_MDA_31>

The CT should be operated on a single centralised-source basis. There should be separate CTs for RTS1 and RTS2 reporting. The CT should be provided at a low cost but ensuring the CTP's efforts are worthwhile and can cover its operating costs.

The CT should be viewed as an industry "golden source" for reliable quality cash bond post-trade data. However, the CT must not be structured in a way that prevents other market

participants including venues, investors, and data vendors from offering third party commercial services around data reporting or using the CT data to offer 3rd party commercial services.

<ESMA_QUESTION_MDA_31>

Q32 : Should the contract duration of an appointed CTP be limited? If yes, to how many years?

<ESMA_QUESTION_MDA_32>

The taskforce view is that a CTP should be appointed on a formal tender cycle. From a governance perspective, either ESMA or the European Commission should monitor the performance for quality, access, pricing etc of the CT to ensure no breach of contract (their role in the governance panel of the CTP).

The initial feedback is that the CTP should be appointed for a minimum of 5 years. This is so whoever is awarded the contract will have sufficient time to build and recoup any development outlays (cost/benefit basis). However, it is understood that the cost for industry participants for a CT should be kept low or to a minimum.

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Q33 : Please indicate what would be, in your view and on the basis of your experience with TVs and data vendors, a fair monthly or annual fee to be charged by a CTP for the real-time consolidation per user?

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TYPE YOUR TEXT HERE

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Q34 : Would you agree with the abovementioned model for the CT to charge for the provision of consolidated data and redistribute part of the revenues to contributing entities? If not please explain.

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Q35 : How would Brexit impact the establishment of a CT? Would an EU27 CTP consolidating only EU27 transactions be of added value or would a CT that lacks UK data not be perceived as attractive?

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The CT is still valuable as a tape of record after Brexit. The Taskforce preference is to encourage an industry (virtual) ‘trading time zone-dependent’ consolidated tape. With this in mind, the Taskforce suggests the CTP should not be prevented from offering a service that incorporates individual CTs, comprising non-EEA and UK bonds (using appropriate country flags [Swiss flag, UK flag etc]).

The taskforce would like to stipulate, even if a (virtual) ‘trading time zone-dependent’ CT was not feasible and the CT only consolidated EU27 transactions (where firms had to

separately 'bolt on' UK transactions as such), given the fragmentation across the EU27, an EU27 CT would be greatly valuable to the market.

<ESMA_QUESTION_MDA_35>

Q36 : In your view, how would an EU27 CT impact the level playing field between the EU27 and the UK? Please explain.

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It is the ICMA taskforce view that a harmonised and representative CT with appropriate country flags and liquidity-based deferrals, will assist everyone in the EU27 (and EEA) and UK, including levelling playing fields and driving competitiveness in the EU27.

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