

EVIA welcomes the opportunity to respond to the FCA consultation on a Consolidated Tape for the UK. In operating MiFIR trading venues across the relevant asset classes members both submit transactions directly to the FCA MDP and also deploy the services of APAs to do so. Members also operate commercial data businesses which supply MiFIR transparency data to customers.

Summary Comments

- i. Whilst some trading venues utilise APAs for their transparency arrangements, others use internal systems and direct reporting, and others also use derogated third-party services for data quality and transmission services. Our response seeks to cover this array of business arrangements and that FCA rules do not differentiate between them.
- ii. Governance and Data standards are key to the establishment of a UK Consolidated Tape. Both should be open and specifically drafted to prevent the establishment of monopolies which could dangerously be empowered to provide and charge for ancillary services. The use and ownership of any derived data should be tightly prescribed.
- iii. The simplest and most effective ways to mitigate the apparent risks would be to:
 - a. authorise more than a single CTP provider per asset class; and
 - b. restrict the services that the CTP provides. We advocate FINRA’s TRACE as a suggested model. Unlike the FCA’s proposed approach, this use-case is a public-private partnership with a narrow scope of activities (i.e. the provision of a CT, without other services). As a result, value added services should either not be permitted, or data contributors should be compensated for any data provided to the CTP which is then used to create a value added service.
- iv. There is a risk that the CTP cannot simply be reassigned, terminated or taken over by the authorities with the inclusion of all the necessary pre-established CapEx, OpEx, IPR and Databases and data rights. These do not appear to have been given due regard by the FCA, who have not set out how, what and when the authorities may take over the operations of a CTP which could be in breach or in commercial failure.
- v. Given the intention for broadly similar CTPs in the UK and the EU, the UK should seek the benefits of a common approach across all facets. This is best served by embedding explicit objectives and outcomes in the newly agreed UK – EU MOU on Financial Services.

Answers to Questions

Q1: Do you agree with the appointment of a single CTP per asset class through a tender process?

No.

Whilst we appreciate the FCA’s preference is for a single operator, we would prefer at a minimum the competition of a duopoly. This would mitigate potential conflicts of interest that may arise when any group operating a CTP also undertakes competing commercial activities (such as operating data generating trading venues). Although a single CTP operator may appear to conform with a more straightforward approach to the authorities, the anointment of a monopoly with exclusive rights to operate both the “trains and the track” (i.e. the CT but also ancillary services) would pose a significant risk to competition, to existing data businesses and trading venues, and to forward innovation.

In broad terms, the UK should facilitate competition under common data standards. While the current proposals relate primarily to a CTP for bonds, with some discussion points in relation to a CTP for equities, we are concerned with the eventual impact across all asset classes traded on UK trading venues. We appreciate that any proposals for a CTP for other asset classes will take into account the nature and market for trading of those asset classes, however it is important that before the establishment of the first CTP, these concerns are given proper consideration.

Given that it’s unclear how any exclusive franchise could be terminated, taken over by the authorities or transferred to a third-party provider, whether at the five-year term or consequent to any cause, having multiple providers will create optionality versus future events.

Q2: What success criteria should be used in the post-implementation framework review?

Possible success criteria could include the amount and breadth of market participation, “churn” or turnover data, trading locus, price spreads, repo-market efficiency, settlement fails or the migration to common adherence around standard protocols. None of these are simple or easy to isolate and measure but should be observed subjectively and in context.

We would ask that the FCA add to this list the criteria for parties to not be required to decompose or disaggregate the pricing data into components out of packages and spreads. We do not recognise any effective method that could recreate the single instrument terms that would not be entirely predicated on the assumptions made and therefore prone to both systematic and trade-level errors.

We would commend as assessment of the wider use of standards in a consistent way, together with the UK and its ‘on-venue’ market share of activity.

Q3: Do you agree with our proposals on the scope of a bond CTP?

Yes.

Q4: Do you agree that data should be transmitted from data providers and received by the CTP via a standardised, open-source API developed by the CTP? Should this be based on the FIX protocol?

No.

More adaptors are more failure points. A new API developed by the CTP would also incur significant costs to data contributors.

Whilst we strongly endorse the requirement for open and common data standards and protocols, the FIX protocol current satisfies this as the pre-eminent exponent¹. Any completely new API, owned and licensed by the CTP, or its affiliates, would result in more adaptors are more failure points, likely conflicting with the current FIX pathways toward ISO20022 and should be keenly avoided.

Moreover, since there are already ample API converters and translators currently in widespread use, the opportunity is open to facilitate and foster a plurality of protocols able to conform to the CTP requirements, as currently witnessed across the trading venue ecosystem.

Requiring data providers to set up a new API developed by the CTP will incur significant costs to data providers. Noting the proposal that the CTP should not be required to contribute to data providers' cost recovery (c/f Q12 and Q14), and the fact that existing API technology is fit for purpose, the costs associated with new APIs appear particularly disproportionate.

With this in mind, we challenge the relevance of the justification provided by the FCA at paragraph 5.46 of the CP. Here the FCA states that the CTP should not be required to contribute to data providers' cost recovery because equivalent recompense is not paid to connecting to an APA or an ARPM or to the FCA for the purposes of sending reference data, data for transparency calculations or transaction reports.

¹ * Noting also that the CP infers that FIX is not an open standard or free to use, which is incorrect. We understand that by the mid 2025 proposed launch of the CTP, that FIX should be integrated with ISO 20022 Business Models.

The FCA states that these costs are simply part of the costs of compliance with the MiFID framework. While that may be the case, all trading venues required to contribute data to the CTP will already have an API set up for these MiFID purposes. So, the justification provided is theoretical and does not have any practical relevance to the trading venues who will actually provide the data. In practice, the cost to achieve the provision of data in a new API is disproportionate when existing technology should already suffice.

It would be helpful to consider the outcomes of recent ESMA calls for evidence on data standards. A separation between the protocol and the encodings methodologies should also be sought.

Q5: Do you think that our rules should be more specific about the means of dissemination of a CT?

No.

The proposed rules would appear adequate because they endorse sufficient protocols and embed the use of open standards with all FI flags being encompassed. Further specificity could run the risk of denying future proofing, since probably rapid changes to data ingestion and analytical capabilities may reward a principle led approach over a prescriptive one.

We would support the proposed inclusion for both machine readable and human readable outputs.

Q6: Do you agree that the consumption of the data published by the CT should be discretionary for market participants?

Yes.

Q7: Do you agree that the CT should only start operation after bond transparency regime changes come into effect?

Yes.

Given that technical changes at scale do take time and resources to implement, we consider that the prospective changes to transparency and other conduct rules should first become embedded and codified within the trading venue systems and architecture.

Q8: Do you agree that responsibility for applying deferrals should remain with data providers and not the CTP?

Yes.

This should remain the responsibility of both APAs and trading venues. Contrary to the suggestions in the consultation, the CTP validation and inclusion criteria should be a narrow service which solely publishes validated data rather than a consultancy with recourse.

The question of nominating who applies the deferrals has been debated across the recent EU MiFIR trilogues with the clear outcome that the application of deferrals should remain with data providers and not with the CTP. The alternative would impinge directly upon data quality as well as requiring duplicative processes. Moreover, deferred trades in bonds and other in-scope instruments are usually part of contingent or package transactions which are therefore arranged over time with component or average pricing subject to related legs and financing and therefore not immediately available.

Contrary to the comments in the consultation paper, we are not aware of any market participants who argue that the CTP should receive the trade data prior to the appropriate deferral periods. It may be the case in respect of equities markets, which are less often negotiated in packages, that these do frequently present a simpler model and some contributors may choose to pass the deferral process over to the CTP which should not be applicable in bonds.

Q9: Should the CTP offer a deferral checking service? If so, should use of this service by data providers be mandated?

No.

It is not clear what benefit this service would bring and if it is even needed by trading venues, APAs or other market participants as a matter of policy. For the avoidance of doubt, we do not consider any deferral checking service to be in the same bucket as “ancillary services”.

The responsibility for data quality should remain simply with the trading venue or the APA, since any cases where the CTP seeks to change the data or ask the trading venue to restate its data could only lead to unnecessary complexities impacting trade chains, margin payments and commercial negotiations. Any such service requirement may require unwanted real-time iteration between the CTP data validation and all the contributing TVs.

Under any mandate, the terms of service and deliverables of any “deferral checking service” would require a conformance with regulatory technical standards adding a prescriptive framework which is likely to be costly, inflexible and inappropriate.

Q10: Do you agree that the provision of a historical data service should be optional for a CTP?

Yes.

Since a historical database is essentially the logical integration of the CTP publications over time, any designated provision of this service should be constituted in the form of a straightforward replay of prior publications. Therefore the CTP should not be in a position of requesting historical data files from the data contributors.

Any historical data service that goes beyond such an elemental file publication should either not be permitted due to the anti-competitive impact on existing data providers, or the CTP should, like any other, be required to licence data from providers for a standard fee for use in any such services or products. Equally, any creation of derived data from contributions should be expressly reserved to be a separately licensable activity.

Please see our response to question 16 which applies equally here.

Q12: Do you agree that trading venues and APAs should be required to provide data to a CTP without charge?

No.

Trading venues and APAs should be required to provide data to a CTP with a predefined revenue share from that data feed. This could be organised according to the following waterfall:

1	CapEx and OpEx.	Data supply infrastructure and processing to be treated in parri-passu with the CTP operators' costs.
2	Data compensation value for mandated submissions	Revenue sharing of excess fee income over aggregate CapEx and OpEx.
3	Commercial negotiation for value added services	Any data enrichment or activities outside the CTP mandated schedule of services

Firstly the principle of “*same activity, same regulation,*” should be applied. The consultation sets out that the “*Costs of connectivity are likely to bear most heavily on smaller trading venues...*” Therefore, and at a minimum, the framework should specify that revenues received by the CTP should cover the specific and excess trading venue incurred costs, both CapEx and OpEx, in the same way that the CTP would consider its own infrastructure and operating costs. We do not consider that whilst the CTP operator itself is able to charge for data supply and dissemination to pay for the relevant costs, that the same principle would not equally apply along that same data chain.

Secondly, in view of the proposals to delete the reliance on a fair and reasonable commercial basis, the rules should better address how the data contributor should be compensated for the mandatory provision of data for which there is normally a licence fee.

Value-added services or historical data services should either (i) not be permitted; or (ii) be clearly segregated such that the data used to build an offering for any such services itself be specified and licensed from data contributors for a fee.

Under the case of prohibition, the model would be similar to the FINRA protocol. Here, a narrow CTP mandate would be limited to basic validation metrics and the publication of raw data according to the agreed aggregation and publication rules without any creation of derived data.

Q13: Do you agree that a bond CTP should not be required to share revenues with data providers but be allowed to offer incentives to data providers for high quality data?

No.

For the reasons set out in the answer to Q12. The suggestion to replace recompense with incentives confers a great deal of commercial power and discretion onto the monopoly operator of a bond CTP. Experience suggests that CTP operators would deem matters around both revenue distribution and the allocation of incentives to be overtly commercial and therefore excluded from the scope of external governance and stakeholder groups.

We consider that such discretionary incentives would increase the scope of conflicts of interest and potential for abuse, as well placing the responsibility on regulatory supervision to assess the qualitative judgements and to police the delivery of any such obligations.

For instance, incentives could take many forms, often opaque, including penalties and fines, access arrangements, rebates from group ancillary services, or preferred treatment across aspects of related business services. None of these complications would benefit the UK financial services ecosystem.

Q14, Do you agree that a bond CTP should not be required to contribute to data providers' connectivity cost recovery? If you think that a bond CTP should contribute to data providers' connectivity cost recovery, on what basis should the terms of this arrangement be set?

No.

Please refer to our answers to Q4 and Q12 as to why the connectivity costs to data contributors should be viewed as exactly the same system as those incurred by the CTP to receive those files and should be treated together as parri-passu. This means that the CTP must necessarily contribute to data provider's connectivity costs.

Q15: Do you agree that the requirement for a CTP to provide data free of charge 15 minutes after publication should be removed? If so, how best should we seek to ensure that academic and retail users of the data have low-cost or free access to the data?

Yes.

Clearly the commercial business models around the distribution of fixed income data are not solely predicted on its latency in contrast to those in equities and its use-cases retain value over much longer time periods, a contrast clearly identified by the FCA in the consultation.

We would also note that there are currently standard protocols for data dissemination to be freely available to "Not for Profits" which could be codified either into the rules or as related guidance.

Q16: Do you agree that the CTP should be able to offer value-added services, provided that the CT service is available on a stand-alone basis and the provision of such services does not give the CTP an unfair advantage?

No.

EVIA has identified significant concerns with respect to this proposal as drafted.

Either the CTP should have a narrow "FINRA-style" remit, which only publishes an 'as is' CT without out of scope value-added services, or data providers are compensated for their data which is used in those services.

Value-added data services are a fundamental component of trading venues' affiliated data businesses. Domain expertise of creating and maintaining derived data products should remain with data gatherers and not to be subject to monopolistic exploitation by a CTP.

The data business of an interdealer broker (IDB) typically takes data generated in the IDB's broking business (including trading venues) and creates derived products for its customers. These products and services are commercially and strategically important to the large IDBs.

The proposal that the CTP is able to offer value-added services presents several issues:

1. The CTP will obtain data from *all* UK trading venues where in-scope bonds are traded on those venues. As such, the amount of "raw" data that the CTP can use to create value-added products vastly outweighs the amount of data anyone trading venue or affiliated data business can use to create a similar or competing value-added product. The CTP therefore would have an inherent monopolistic advantage.
2. Input data, as currently proposed, must be provided by data providers with no revenue sharing arrangement or recompense. Yet the CTP, again as currently proposed, will not be constrained in its ability to charge data users for these value-added products. Therefore, trading venues will be obligated to provide free data used for a product which could be highly profitable for the CTP contrary to the regulatory purpose.
3. The draft rule under MAR 9.2B.14R does not prescribe sufficient mitigants to the likely anti-competitive consequences described above. This simply provides that a CTP may perform these services provided they do not, (1) create any risk affecting the quality of the consolidated tape or the independence of the CTP that cannot be adequately prevented or mitigated; or (2) give the CTP an unfair advantage relative to other persons seeking to provide the same service (emphasis added).

Requiring that the CTP determine for itself whether value-added products create an unfair advantage presents an inherent conflict of interest for the CTP. The notion of "unfair advantage" in this context is also both too general and nebulous.

These points are compounded noting that there could be one CTP per asset class, giving the CTP a de facto monopoly. While we note the proposals in the paper aimed at addressing competition issues in that respect, these appear to have in mind the CTP in the provision of its core service (i.e. a real time feed of consolidated bond data) rather than value added products.

Therefore, to reiterate:

- The CTP utility should be confined to a prescriptive set of service provisions; notably the provision of a CT; or that
- trading venues and APAs be compensated for any data the CTP intends to use to create value added services. The CTP should be required to enter into contractual arrangements with data providers for these purposes, where the terms of the relevant agreement set out an appropriate fee arrangement according to the type and amount of data submitted.
- Those contractual arrangements would, for example, permit the CTP to derive and internally and/or externally distribute the trading venue’s data products for a fee. The redistribution licence would require that such derivation and distribution does not result in price discrimination against any of the trading venue’s existing clients or partners. Where the CTP wishes to externally distribute any derived product, a form of revenue share would be agreed with the trading venue under such licencing arrangements..

Q17: *Do you agree that CT licences should be separated according to re-use/direct use? For direct use licences, do you agree that users should be charged on a per-user basis?*

- *For re-use licences, should users be charged on a per-volume basis or on a use case basis?*
- *Which ways of licensing would encourage competition and innovation?*

No.

Requirements should conform to the FCA recommendations yet to be set out in the final publication of the ongoing *Wholesale Market Data Review*.

The requirement should mirror standard market data usage structures. These are a per desktop or by enterprise licence and conformity would make any pass-through arrangements be more straightforward.

Q18: *Should the FCA specify a set of components for which CTP bidders must submit price bids, or should bidders be given the option of specifying their own price list?*

Yes.

To encourage standardisation and enhance the required “narrow model” of any CTP service, the FCA should specify the very few set of components for which CTP bidders must submit price bids.

Q21: Do you agree that the duration of the initial CTP contract should be five years?

- *How would the length of the contract affect costs, revenues and incentives of a CTP?*

Yes.

We agree that any initial CTP contract should be for a defined, and a fixed term, and as such, five years would appear to appropriately balance the initial constraints and commitments given that any such proposed model poses challenges common to other utility supply licenses.

We also advocate that FCA conclude the process in close cooperation with ESMA such that any singular monopoly CTP operator should be that same entity as any awarded the same service in the European Union.

Q22: Do you agree with proposed mitigants to address any potential incumbency advantage of the first bond CTP?

- *Are there additional factors that we ought to consider?*

No.

The incumbency advantages are more systemic and run deeper than the consultation paper outlines, principally by the creation of a single portal. We do not therefore consider that the two line-item mitigations in paragraph 5.66 of the consultation are enforceable or could offer any beneficial effect. Please also refer to the comments in our answers to questions 16 and 21.

We flag the cases of regulated utility monopolies in other sectors where the mandated regulatory “Offices” are seldom viewed by the public or press as providing effective mitigation against high prices or excess profits, nor for providing confidence in the quality of outcomes.

In contrast to equity instruments, it’s evident that a consolidated bond tape publishes data on which there are minimal instrument trademarks and intellectual property rights. However the plurality or fragmentation has consequently produced a very active ecosystem of application protocols (i.e. APIs) as well as trading venues in order to aggregate interests and trades through either common data standards or commonly used private methods. In this context it is difficult to identify any underlying rationale as to why any additional or replacement protocol need be instituted via regulation. Existing

protocols would appear to provide for shopping around and form an effective, cheaper and certainly more agile alternative.

The case of an equity CTP does present contrasting questions by dint of the matters set out in the consultation around the number of the instruments, trade size and frequency, the role of exchanges and autonomous market ecosystems; and also because of the widespread ownership of the underlying equity instrument IPR rights.

Q23: Do you agree with our proposed extension of the operational resilience requirements in SYSC 15A to a CTP?

Yes.

Given that the operation of any CTP would be a regulated activity, we do not foresee any designation as a “Critical Third Party [“CTP”]. Rather, SYSC 15a could helpfully be deployed, or aligned with, together with both the BOE Operational Resilience requirement as well as EU DORA requirements. These existing provisions already fulfil the basis to provide for effective Operational Resilience and could be applied as an extension of the existing prudential requirements pertaining to Data Reporting Services Providers [“DRSPs”] and Benchmark Administrators [“BAs”].

Q24: Do you agree with our proposed additional outsourcing and conflicts requirements applying to a CTP?

Yes.

Q25: Do you agree with our proposed retention unchanged of the obligations currently contained in Regulations 13, 44 and 45 of the DRSPs and Articles 5 to 9 of MIFID RTS 13?

Yes.

Q26: Do you agree with our proposed prudential regime for CTPs?

Yes.

The FCA Prudential Sourcebook, including the relevant ICARA requirements should be applied to CTP supervision. This would therefore include the relevant the standards on business governance as a matter of course.

Q27: Do you agree with our proposed deletion of the requirement for a CTP to price on a reasonable commercial basis?

Yes.

Q28: Do you agree with the retention of the requirement for a CTP to provide market data on a non-discriminatory basis?

Yes.

Q29: Do you agree with our proposed changes to the transparency obligations in respect of pricing?

Yes.

Q30: Do you agree with our proposed governance requirements for the bond CTP?

Yes, but only in part as the proposals remain at a high level.

The approach of a proportionately applied Senior Manager Regime, (which excludes the Certification Regime aspects) which is currently applied to Benchmark Administrators should also form the supervisory basis for the governance of a CTP operator.

Q31: Do you agree with our proposals on requirements for trading venues and APAs to provide data to the CTP?

- *Do you agree with our proposals on the management by the CTP of potentially erroneous information?*

Yes.

We are concerned however that the FCA leaves open an array of issues concerning technical details, the resolvability of the real-time processing, and consequential scope for feedback interactions between the CTP and the Trading Venue, including where an APA intermediates that provision. A technical standard for data provision specifying such matters as sufficiency, quality, timeframes, and cut-offs would be necessary to arbitrate any mismatches, both in real-time situations and where data is being supplied

under the applicable deferrals. Indemnifications and the limitations for any liabilities linked to any obligations and mandates should also be prescribed.

We note that requirements for data submissions to a CTP focuses greater scrutiny on the application of the trading venue perimeter and the meaning of trade execution versus trade arrangement within a multilateral system. Detailed guidelines as to where and when trade execution should be deemed to have occurred together with aspects such as the treatment of contingent packages, spreads and trade aggregation should accompany the rules for a CTP regime.

Q32: Do you agree with our proposals on data quality?

Yes.

We agree that integral to a CTP governance regime is the fundamental need for a strict and prescriptive regime for data quality. Whilst the CTP should not replicate or duplicate the functions of TVs and APAs regarding quality, it should hold a prescribed responsibilities to carry out validation and inclusion of trade submissions according to technical regulatory standards such as the scope, the granularity and the modes of data validation checks, and indeed decision trees thereafter.

Data quality standards would not be best addressed by a CTP developing proprietary APIs since this would add more complexity to the data translations from the various market adopted protocols and may also prevent data contributors from applying further checks to their outbound data files. Open-source solutions such as the services of FIX are clearly preferable. This includes work to identify the correct combinations and applications of trade flags as being also relevant when considering data quality.

Q33: Do you agree with our proposal to require a CTP to provide a feed of its data to the FCA?

Yes.

Q34: Do you have any comments on our guidance on the tender and retender process?

It may be helpful for the FCA to require any tendering CTP provider to commit to a set of overarching principles based on autonomy, open standards, open access, strong governance, ring fencing, transparent outsourcing and revenue sharing.

In respect of the re-tender process, unless the upfront costs of submitting a tender (e.g., being able to provide a POC) and launching the CTP offering are modest, the initial winner of the CTP tender is unlikely to ever be unseated. The FCA raises this issue in its CP, but the mitigants proposed seem unlikely to be sufficient. In the monopoly model, clearly all Capex should be amortised into the five-year term, such that any new bidder adopts the franchise, including call IPR and Data.

This appears burdensome and difficult to us. An alternative approach that could mandate a limit of two terms is perhaps equally concerning if it were to dissuade applicants. Therefore either an agency approach akin to FINRA, or a model of plural CTP providers into a common standard and protocol appears to constitute the superior approach, especially given the fact that all stakeholders shall anyway be connecting to multiple CTPs across different countries.

We would commend that whatever term the FCA concludes, it should be the same as that to be proposed by ESMA.

Q36: Do you agree with not including material from the recitals in the Handbook?

Yes.

Q38: Do you agree that changes to the existing framework of rules discussed in Chapter 6 are also relevant for an equities CT?

Yes.

Q39: Do you agree that an equities CT should cover shares, depositary receipts, ETFs, certificates, other similar instruments?

- *Should it also include ETCs and ETNs?*

Yes.

We agree that an equities CT should cover shares, depositary receipts, ETFs, certificates, and any other similar instruments on a MiFID2 basis.

No, an equities CT need not extend to ETCs and ETNs at the outset on the basis of a minimal approach framework for a “Narrow CTP.”

Q40: Should an equities CT include pre-trade data?

- *If so, why do you think this is necessary and what scope of data (including but not limited to depth of order book) should be included? If not, why not?*

No.

An equities CT need not extend to include pre-trade data at the outset of the regime on the basis of a minimal approach framework for a “Narrow CTP”. Whilst there are some valid use-case arguments to include pre-trade data, in the first instance, the approach should be kept simple in order to be timely and deliverable.

Q41: Should an equities CTP be required to remunerate data providers through a form of revenue sharing?

- *If employed, which data providers should a revenue-sharing model reward, how should the revenues to be shared be determined and how should shares of the revenues be set?*

Yes.

The principle of simplicity should apply a straightforward volumetric approach. This accords with the principle of a “Narrow CTP” approach.

Q44: Do you agree that the equities CT should include data on market outages, and, if so, exactly what data on market outages do you think should be included?

Yes.

The equities CTP should be a place for the aggregation of market messages, made under formal “outage protocols and guidance” from the submitting trading venues.
