



## **EFAMA welcomes proposal on affordable consolidated tape** **The association continues to urge action on market data costs**

**Brussels, 25 November 2021** - EFAMA is pleased to read today the details of a robust MiFIR proposal from the European Commission addressing key areas of reform around the creation of a consolidated tape (CT), along with adjustments to transparency requirements on trading.

Representing the asset management industry, EFAMA has long called for the establishment of an affordable real-time consolidated tape to support best execution and liquidity risk management in highly fragmented capital markets. The benefits are, of course, far broader than the asset management industry's specific interests. There are wider use-cases that a real-time consolidated tape would deliver in terms of the competitiveness of the EU's capital markets and the access to capital for Europe's smaller firms, notes EFAMA.

Tanguy van de Werve, EFAMA Director General, commented: "The proposal is broad, comprehensive and well thought-out. We believe that it provides a solid basis for the launch of a meaningful consolidated tape in the not-too-distant-future, if the 'minimum revenue targets' foreseen for the exchanges remain reasonable and deliver an affordable tape."

EFAMA is especially pleased that

- the proposal supports multiple asset classes,
- a single consolidator will emerge per asset class as a result of a competitive bid,
- all trading venues and systemic internalisers (SIs) will contribute data,
- there will be voluntary consumption based on quality of service,
- the viability of including pre-trade data on the tape will be examined soon after the post-trade tape is operational.

The proposal foresees that the Consolidated Tape Provider will be mandated to deliver data in 'as close to real-time as technically possible' after receipt of the data from the different trading venues. For equities and ETFs, this will mean delivery in the second range (1000 milliseconds). For fixed income the speed can be slower (in minutes) given the specific dynamics of price-driven markets which also need to take into account the applicable waivers and deferrals. EFAMA stresses that only a tape delivering real-time data is of value to market participants, be they retail investors, EU-based asset managers or international investors. The association recently published a [use-cases](#) document, demonstrating the futility of using 15 minute data and the major potential costs of basing decisions on stale data.

The Commission also recognised the significant market failure in the proprietary market data space with the presence of onerous and complex license agreements. EFAMA fully supports the proposal to improve enforcement of Article 13 of MiFIR by converting ESMA's market data guidelines into legal obligations. But the association also stresses that a CT and Article 13 alone cannot address the problem of ever-increasing prices charged by exchanges. Here EFAMA refers back to ESMA's MiFIDII/MiFIR Report No. 1, which includes recommendations to standardise pricelists, policies and audit procedures.

Susan Yavari, EFMA Regulatory Policy Advisor, noted: "Even with a consolidated tape the issue of excessive data costs for asset managers remains. A not improbable scenario would have asset managers facing even greater costs with the current proposal by paying for a CT alongside costly proprietary data feeds for which the CT is not a substitute."

On the proposed market structure reforms, EFAMA sees the need to simplify the Double Volume Cap, into the proposed single volume cap at 7% of the whole market and a recalibration of the deferrals period to 2 weeks. The association does not however support broader changes to re-engineer a well-functioning market where SIs play an important role as liquidity providers to fund managers looking to execute large trades with little market impact.

The proposal imposes a ban on Payments for Order Flow, which is a position that EFAMA can support, given the significant liquidity impact of PFOF directing retails flows off-exchange.

– Ends –

**Notes to Editors:**

European Commission proposal: [211125-proposal-mifir\\_en.pdf \(europa.eu\)](#) & [211125-proposal-consolidated-tape\\_en.pdf \(europa.eu\)](#)

Commission Factsheet: [Factsheet: 2021 CMU package - Consolidated tape \(europa.eu\)](#)

For further information, please contact:

Paul Andrieu  
Hume Brophy  
[Efamapr@humbrophy.com](mailto:Efamapr@humbrophy.com)

Daniela Haiduc  
Head of Communications  
+32 473 562 936  
cc: [info@efama.org](mailto:info@efama.org)

**About the European Fund and Asset Management Association (EFAMA)**

EFAMA is the voice of the European investment management industry, which manages over EUR 27 trillion of assets on behalf of its clients in Europe and around the world. We advocate for a regulatory environment that supports our industry's crucial role in steering capital towards investments for a sustainable future and providing long-term value for investors. More information available at [www.efama.org](http://www.efama.org).

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