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### Increasing CMU's transparency and fairness – Insights on the ESAP and the EU CT

A well-functioning and integrated market for capital across the EU requires a high level of transparency and the accessibility of comprehensive and reliable information. As outlined in its CMU action plan, the European Commission intends to cope with this challenge by establishing a European Single Access Point (ESAP) for corporate disclosure and an EU Consolidated Tape (CT) for market data.

ESMA fully supports the creation of a single access point to financial and non-financial regulated information, including sustainability information, based on a harmonised digital format. The ESAP is expected to enable cross-border investments and enhance the visibility of less known entities, including SMEs.

To achieve this aim, the ESAP needs to (i) be implemented in a progressive way (to avoid the risk of building an overly complex and thus inefficient architecture), (ii) cover comparable information rendered in machine readable format (giving cross-border investors access to easily consumable data), and (iii) be underpinned by a clear data governance accompanied by data checks (to ensure the highest quality of the data and the protection of investors).

Given its expertise and its extensive experience in designing and managing large scale EU-wide public IT and data systems, ESMA is in an ideal position to setup and run the ESAP. Of course, the project needs to be matched with adequate resources.

Together with the ESAP, ESMA views a CT for equity as a must-have feature of the CMU, to enable investors to access meaningful information at pan-European level. The creation of a real-time post-trade EU CT for equities will give a reliable view of liquidity across the Union and mitigate the fragmentation of markets.

Looking back, MiFID II laid out the requirements applicable for CT providers but left the creation of a CT open to a market-led initiative, which did not materialise. It appears that the lack of commercial and regulatory incentives for potential providers, the competition of unregulated data vendors as well as shortcomings in the quality of OTC data prevented its emergence.

Now, looking ahead, to reap the full benefit of an EU CT certain conditions need to be met, notably the mandatory contribution of high-quality data by trading venues and Approved Publication Arrangements (APAs), the

sharing of revenues with contributing entities, the operation of the CT on an exclusive basis, and the definition of a strong governance framework.

The Commission is expected to soon clarify its proposals on both projects. Regardless of the approach taken, ESMA stands ready to assist the Commission with its expertise to create the ESAP and the EU CT that will move the EU closer to a fully-fledged CMU. In a wider perspective, this commitment is in line with ESMA's objectives and priorities, including the support of the sustainable finance and digitalisation agenda, as well as the need for transparency and data quality in securities markets.