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Now is the time to deliver the European consolidated tape

The past two decades have seen successive pushes to make European capital markets more transparent. The first iteration of MiFID in 2004 significantly increased post-trade data availability. The introduction of MiFID II and MiFIR gave a second push towards standardisation with the ultimate aim of 'setting the conditions' for the emergence of consolidated tape providers. But to date, Europe still does not have an authoritative, comprehensive solution for any asset class.

Its continued absence represents a market failure and a hurdle to achieving the Capital Markets Union. Delivering it would bring many benefits to Europe's evolving capital market, market participants and, crucially, end-investors such as retail savers and pension funds: investors would have a full picture of the market when they make trading and investment decisions; risk managers the ability to assess liquidity faster and more transparently – particularly important during stress events like last year's; and retail investors transparency into fair prices on all venues, with more visibility of the 'value for money' which they receive from their service providers. It would deliver ecosystem-wide benefits by addressing the current challenge of increasingly costly and complex licensing requirements for market data; by making regulatory initiatives more data-driven; and by reinforcing trading resilience and continuity in the event of exchange or venue outages.

Realising the consolidated tape should therefore be an important priority for EU policymakers and financial market participants, and an integral part of CMU. In line with the impetus of the CMU Action Plan, we believe a single consolidated tape provider per asset class should be mandated and overseen by ESMA, with clear delivery guidelines and technical specifications. Inconsistencies in market data reporting and distribution arrangements must be fixed, and fair commercial arrangements overseen by robust governance processes put in place.

We see the delivery of a consolidated tape following a three-stage process, with a real-time post trade tape for equities and ETFs coming first; followed by an extension to bonds and other instruments; and – in time – the development of a pre-trade European Best Bid and Offer metric. A pre-condition of achieving this will be to facilitate high quality source data through pre-defined standards;

a regulatory framework that mandates contributions to the tape and shares its revenue equitably; and the underpinning of strong governance arrangements.

The ongoing review of MiFID II provides an excellent opportunity to make the EU consolidated tape a reality, rather than an ambition – and in doing so improve savers' and investors' confidence and outcomes; allow a full view of the single market for capital; and drive its competitiveness at the international level.