

15 September 2023

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**London**  
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Submit via email to: [cp23-15@fca.org.uk](mailto:cp23-15@fca.org.uk)

**RE: CP23/15: The Framework for a UK Consolidated Tape**

BlackRock<sup>1</sup> is pleased to have the opportunity to respond to the CP23/15: The Framework for a UK Consolidated Tape.

BlackRock supports a regulatory regime that increases transparency, protects investors, and facilitates responsible growth of capital markets while preserving consumer choice and assessing benefits versus implementation costs.

We welcome the opportunity to comment on the issues raised by this consultation paper, and will continue to contribute to the thinking of the FCA on any issues that may assist in the delivery of a wholesale markets regime which truly works for end investors.

We welcome further discussion on any of the points that we have raised.

Yours faithfully,

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<sup>1</sup> BlackRock is one of the world's leading asset management firms. We manage assets on behalf of institutional and individual clients worldwide, across equity, fixed income, liquidity, real estate, alternatives, and multi-asset strategies. Our client base includes pension plans, endowments, foundations, charities, official institutions, insurers and other financial institutions, as well as individuals around the world.

## Executive summary

We welcome the FCA's proposals for the introduction of a consolidated tape (CT) framework. Currently, UK market participants do not have access to a comprehensive source of real-time trading data for fixed income or equity, ETF, and other equity-like instruments. Consolidated tapes empower all types of investors, improve market transparency and liquidity, and enhance the competitiveness of the UK's capital markets.

Overall, we believe that in this Consultation Paper the FCA has appropriately defined the scope and the operational and commercial model of the bond consolidated tape. In particular, the appointment of a single Consolidated Tape Provider (CTP) per asset class and mandatory contribution of data represents, in our view, a meaningful step forward from previous efforts to develop a CT.

As the FCA suggests, the template for a bond consolidated tape set out in the consultation document is largely applicable to other securities' tapes. The development of a pre- and post-trade CT for EQ & EQ-like instruments is critically important. As such, we would urge the FCA to lay out a timetable for its development and begin work on formal proposals as soon as is feasible.

Beyond this, we think it is paramount that the FCA requires that the bond CT and future equity CT licenses be made available at enterprise level. This will help to mitigate the effects of complex and costly licensing models currently in use, which have contributed to the increasing cost of market data. We look forward to the FCA's proposals being operationalised as soon as possible.

## Responses to questions

### **Number of CTs per asset class**

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

Yes. We agree with the FCA's analysis. The appointment of a single CTP per asset class allows each tape to be a single point of reference for market participants and will also support commercial viability of the tape.

***Q2: What success criteria should be used in the postimplementation framework review?***

In the first instance, widespread voluntary adoption of the tape, effective output of data, and a functioning governance framework will demonstrate success. For users in industry, a successful tape will be easy to adopt and integrate, provide clean data that requires minimal manipulation, and help lower data and administrative costs with simpler data licensing terms.

### **Scope and operation of CT**

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

Yes, we agree with all the FCA's proposals regarding the scope of the CT. We would also suggest the CT publish portfolio & program trade flags in addition to the content that is already part of the post-trade requirements; and that new venues and APAs should be required to provide data immediately upon go-live and not "as soon as possible/no later than 6 months."

## Data consolidation and dissemination

***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?***

Yes, we agree information should be standardised. We support the use of an open-source API, such as for example the FIX protocol.

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

No.

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

Yes, we agree that there should be no mandatory consumption.

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

We agree that the CT's dissemination of data should only take place after changes to bond transparency come into effect. Under the current deferral regime, the CT is unlikely to have enough data to begin operating – it would be preferable for it to begin operating with clean data. However, we do not see a reason that development of a CT and the relevant regulatory framework underpinning its model cannot be done in parallel to changes to the bond transparency regime.

***Q8: Do you agree that responsibility for applying deferrals should remain with data providers?***

Yes, we agree.

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

While a deferral checking service would be useful, it is difficult to see how it would operate in practise. Mandatory usage would only be of value if the CTP had enforcement powers over data providers, or if discrepancies were reported to the FCA. As such, we believe that the checking of deferrals should be part of the CTP's required remit to perform on-going data quality checks which the CTP should publish and discuss with data providers. This may be more useful than a mandatory checking service.

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

We believe there should be a mandatory obligation for the CT to provide historical raw data which should be seen as part of the CTP's core remit. The data should be made available so that investment firms or data vendors can perform historical analysis or offer historical data services. Types of historical data should include a version which is a record of the exact reports, a version which additionally contains deferred trades after they have been published; and offer

a version with corrections, for example, a version where data errors or amendments have been rectified.

**Q11: If you think that a CTP should be required to provide a historical data service, what minimum requirements do you think should be established for such a service? For example, should data only be available in response to queries, or should there be a requirement to provide access to some of or all the data through a downloadable database?**

Whilst we suggest that the availability of historical data should be mandatory, this does not need to be a commercialised service. We believe market participants that subscribe to the CT should be able to access the full collection of historical data with the ability to store and use it as their own internal database and not distribute for commercial reasons.

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

Yes.

**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?**

Yes.

**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?**

Yes.

**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. The requirement should be removed, as it is an impediment to a CT's commercial viability. It is important for academics and retail investors to have unrestricted access to the data; but given the structural difference between bond markets and equities, making data for bond markets free after 15 minutes is inappropriate. We suggest that the FCA consider displaying the records without sharing in a machine-readable format to limit its use except for retail and academic users and extend the delay for a longer time period than 15 minutes.

**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?**

Yes, we agree provided the core CT service is fully standalone.

**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?**

We believe that the CT should be licensed at enterprise level. Currently, the model for market data licensing is costly and complex, often requiring subscribers to pay multiple times for the same data on the basis of both individual use cases and individual users within an organisation.

**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?**

No comments.

**Q19: Do you agree that the tender process should be undertaken based on multiple descending rounds of price-based bidding? Do you have a preference between a clock auction or Anglo-Dutch hybrid auction?**

No comments.

**Q20: What factors should be considered when determining bidding price parameters, standardisation of bids (if bidders are allowed to specify their own price list), and minimum price reduction in bids between rounds?**

No comments.

**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?**

No comments.

**Q22: Do you agree with the proposed mitigants to address any potential incumbency advantage of the first bond CTP? Are there additional factors that we ought to consider?**

No comments.

## Rules Framework

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

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

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

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

Questions 23 to 26 are answered together here. We agree that appropriate measures should be put in place to ensure the CT delivers a resilient service.

## Data pricing and licensing

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

Market data costs are currently high due to the complexity of data licensing terms. We think a solution to making costs reasonable is to issue enterprise-wide licenses. See answer to Q17. We recommend that there is clear guidance provided on non-discriminatory price setting, encouragement of enterprise-level licensing of CT data, and an appropriate governance model for overseeing the CTP fees with an aim to make market data more affordable. Having these standards in place reduces the likelihood of licensing practises that have historically contributed to high market data costs. In addition, the tender process will set the price and, as such, the vague “reasonable commercial basis” guidance is not required any longer.

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

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

Questions 28 and 29 are answered together here. Yes, we agree with the FCA’s proposals regarding price change transparency and providing data on a non-discriminatory basis.

## Governance

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

The governance body should consist of the regulatory community, as well as a broad range of market participants including trading venues, market infrastructure providers, and the buy- and sell-sides. It should be tasked with ensuring the business model of the tape is economically viable, and conduct ongoing monitoring to ensure that there is no deterioration in quality of or access to the tape. While we support the FCA’s proposals as a starting point, we see the need to further embed protections for data users in the governance model. This could take the form of a formal mechanism – possibly supported by the FCA – that ensures views of data users are acted on, rather than simply being considered.

***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?***

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

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

Questions 31 to 33 are answered together here. Yes, we agree with the FCA’s proposals.

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

No comments.

## Pricing around CT

## APAs and ARMs

**Q35: Do you have any comments on our consolidation in the Handbook of the requirements applying to ARMs and APAs?**

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

**Q37: Are there any revisions to the requirements applying to ARMs and APAs you think we should make in future?**

No comments on questions 35-37.

## Discussion for a consolidated tape for equities

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

Yes, the FCA's proposals for the bond tape have relevance for an equity tape, too. Although there are market structure differences between bond and equity markets, we do agree that the general requirements for an organisational rules framework regarding pricing and governance are similar.

**Q39: Do you agree that an equities CT should cover shares, depository receipts, ETFs, certificates, other similar instruments? Should it also include ETCs and ETNs?**

Yes, we agree. All shares and exchange-traded instruments such as depository receipts, ETFs, ETCs, and ETNs should be part of a combined "equity market" tape.

**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?**

Yes, an Equities CT should include pre-trade data. This will make liquidity visible and more accessible to all investors, improving execution quality. Additionally, a pre-trade CT helps with market resiliency issues. See question 44.

## Revenue sharing

**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 in the revenues be set?**

Any revenue-sharing model should be simple: for example, based on the percentage of traded notional of each contributor or a similarly simple key for pre-trade submissions. There should be no preferential treatment of particular entities.

At a minimum, for the contributors of data to receive a share of revenue, the data contributed to the tape must meet certain minimum standards regarding timeliness, quality, and accuracy.

## Economic model

***Q42: Do you think that there will be demand for disaggregated feeds, by instrument or industry sector, of the data included in an equities CT?***

We do not see the need for disaggregated feeds by instrument type. Instead, the focus should be on delivering clean data for all instruments in scope, allowing users to disaggregate the data themselves.

***Q43: Do you agree that the equities CT should provide a single, combined feed of trade reports from different instrument categories?***

Yes, see question 42.

***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?***

The CT can play a significant role in enhancing market resilience if there are outages at a primary trading venue. Primary venues at present provide the reference price used by market participants and other venues, such that any outages cause market-wide trading stoppages. In the event of an outage, a CT can continue providing trade and quote information, allowing trading to migrate away from the venues impacted by an outage and towards other venues. We also suggest that the CT could include a flag denoting venue status in real time, providing investors with information as to whether a venue is currently operational. Overall, this would improve the resilience of equity markets, by reducing reliance on a single venue.

## **Conclusion**

We appreciate the opportunity to address and comment on the issues raised by the Consultation Paper and look forward to continuing to work with the FCA on any specific issues which may assist in the ongoing review of the Consolidated Tape.