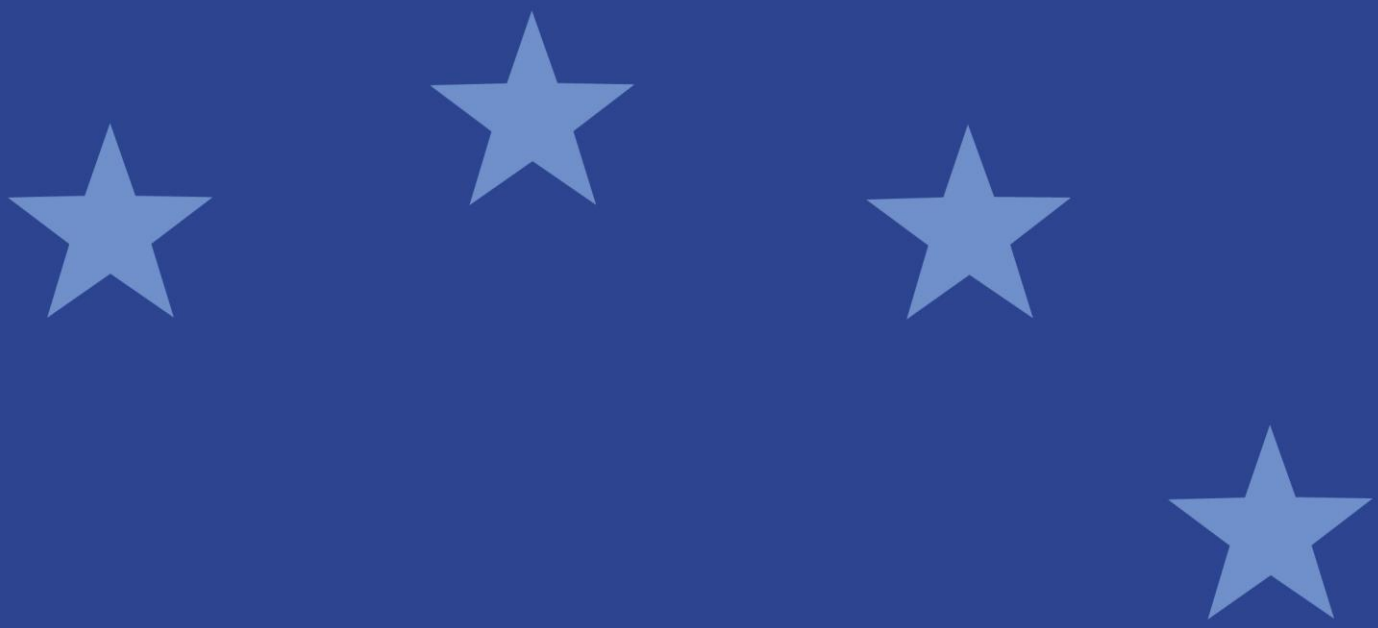
esma European Securities and Markets Authority

Response Form to the Consultation Paper

MiFID II/MiFIR review report on the development in prices for pre- and post-trade data and on the consolidated tape for equity instruments



12 July 2019 ESMA70-156-1471

Responding to this paper

ESMA invites comments on all matters in this paper and in particular on the specific questions summarised in Annex 1. Comments are most helpful if they:

- respond to the question stated;
- indicate the specific question to which the comment relates;
- contain a clear rationale; and
- describe any alternatives ESMA should consider.

ESMA will consider all comments received by **06 September 2019.**

All contributions should be submitted online at www.esma.europa.eu under the heading 'Your input - Consultations'.

Instructions

In order to facilitate analysis of responses to the Consultation Paper, respondents are requested to follow the below steps when preparing and submitting their response:

1. Insert your responses to the questions in the Consultation Paper in the present response form.

2. Please do not remove tags of the type <ESMA_QUESTION_MDA_1>. Your response to each question has to be framed by the two tags corresponding to the question.

3. If you do not wish to respond to a given question, please do not delete it but simply leave the text "TYPE YOUR TEXT HERE" between the tags.

4. When you have drafted your response, name your response form according to the following convention: ESMA_MDA_nameofrespondent_RESPONSEFORM. For example, for a respondent named ABCD, the response form would be entitled ESMA_MDA_ABCD_RESPONSEFORM.

5. Upload the form containing your responses, in Word format, to ESMA's website (www.esma.europa.eu under the heading "Your input – Open consultations" → "Consultation on Position limits and position management in commodities derivatives").

Publication of responses

All contributions received will be published following the close of the consultation, unless you request otherwise. Please clearly and prominently indicate in your submission any part you do not wish to be publically disclosed. A standard confidentiality statement in an email message will not be treated as a request for non-disclosure. A confidential response may be requested from us in accordance with ESMA's rules on access to documents. We may consult you if we receive such a request. Any decision we make not to disclose the response is reviewable by ESMA's Board of Appeal and the European Ombudsman.

Data protection

Information on data protection can be found at www.esma.europa.eu under the heading Legal Notice.

Who should read this paper

All interested stakeholders are invited to respond to this consultation paper. This consultation paper is primarily of interest to users of market data and trading venues, but responses are also sought from any other market participant including trade associations and industry bodies, institutional and retail investors.

General information about respondent

Name of the company / organisation	BlackRock
Activity	Investment Services
Are you representing an association?	☐
Country/Region	Europe

Introduction

Please make your introductory comments below, if any

<ESMA_COMMENT_MDA_1>

European equity markets have evolved dramatically in recent years in response to new regulations and advances in technology. The changes in market structure have been largely beneficial for end-investors by improving market quality and lowering transaction costs. However, new challenges, such as increased market fragmentation, accompany these developments. Solutions to these challenges would help to make European equity markets fairer and more effective.

Ensuring equal and sufficient access for all types of investors – large and small – to market data underpins capital market development, and, in an EU context, the Capital Markets Union (CMU). Market data integrity serves as the foundation for investor protection and public confidence in markets. A publicly available, aggregated view of the market is a fundamental requirement in today's fragmented and complex equity markets. Market data must be timely, accurate, and delivered on an equitable and efficient basis.

BlackRock therefore strongly supports the review of how data on stocks and bonds are disseminated, which responds to widely-held concerns that trading information is currently too disjointed and expensive to help investors accurately measure trading costs and performance. We very much appreciate the opportunity to share our view – representing the interests of European end-investors – in response to ESMA's report on developments regarding prices for pre- and post-trade data and on the consolidated tape for equity instruments since MiFID II / MiFIR took effect in January 2018.

Developments in market data provision

In recent years, the cost and complexity associated with accessing market data has increased globally – but particularly in Europe. This has primarily been driven by how market data are packaged, de facto requirements to purchase new data products that have come onto the market, and licensing agreements and policies subject to variation and regular changes. This has had the effect of increasing the costs required for market participants to access a comprehensive view of market activity.

Data licensing agreements in particular are often complex, with subscribers asked to pay for data on the basis of both individual use cases, and for each individual user. The fact that trading data from individual venues is unique and non-substitutable has, in our view, allowed data licensing agreements to become increasingly detailed and onerous. Firms receiving market data therefore face significant complexity in managing ongoing variation in their licensing agreements, incurring operation costs and risks; they also often bear the cost of complex audits of their licenses, imposed by data providers through ex-post fees.

We believe that as ESMA considers its approach to the issue at hand, it should seek to reduce complexity, and ensure costs are reasonable and sustainable. Data fees should be tied to costs, with cost increases based on a reasonable profit margin, or demonstrable growth in operating expenses (excluding contracting and audit costs). Reducing complexity would also have the effect of decreasing overall costs: regulators could consider how to rationalize licensing agreements – by, for example, requiring enterprise-level licensing, and standardizing contract terms and standards.

However, our view is that the these issues are ideally dealt with through regulatory intervention that delivers a consolidated tape that provides a comprehensive overview of market activity and acts as a repository of historical data.

European Consolidated Tape – the business case

A consolidated tape should be a de facto utility for markets: an accurate source of near real-time information on current trading activity, and a central repository of pan-European historical trading data. Such a tape is integral to delivering CMU – it would empower European retail investors by providing them with the best prices and quotes. The consolidated tape would strengthen the toolkit to achieve best execution under MiFID and enable all investors to buy at the best price. It would also bring benefits of standardised the data being reported and made available to the market.

Any investor should be able to compare their own trades against most recent market activity and measure best execution – retail and institutional alike. To improve investor confidence, and to bring about greater retail participation in European capital markets,

investors must have information about (and access to) liquidity which is currently dispersed across multiple competing trading venues in Europe. A consolidated tape would facilitate this.

Scope

To maximise the benefit of the tape, all instruments that are in scope for the various trade reporting regulations under MiFID II and MiFIR should be in scope. For example, equities, "equity-like products" such as ETFs, but also other Exchange Traded Products (such as Exchange Traded Notes and Commodities) should be included, as well as bonds. As the scope of data fields can vary across instruments – for example for bonds and equities – we see the case for separate feeds rather than one single tape.

We believe the tape could be built on infrastructure and data reporting that already exists in Europe, thanks to the interventions of MiFID I and II. To be valuable, the tape must be comprehensive, meaning all trading activity – including those trades that take place on Regulated Markets, MTFs, through Systematic Internalisers, OTFs (for non-equity), off-venue transactions, and any supplementary data from APAs – should contribute to the tape to achieve a complete data set.

Importantly, equity-like products and Exchange Traded Funds (ETFs) – irrespective of their underlying asset (for example, bond ETFs) – should be included at the same time as equities. Like European equities, liquidity of European ETFs is highly fragmented across trading venues. Often the same ETF appears with multiple ISINs on different stock exchanges, which creates a highly fragmented and distorted picture of liquidity. For that reason, it is important to bring the transparency benefits of a consolidated tape to ETFs, too. They share many characteristics of equities and therefore should be included in the same tape.

Given the differences embedded in the products and related market structures, a phased approach would be preferable where an equity / ETF consolidated post-trade tape is rolled out first before expanding into other asset classes such as bonds and then considering a pre-trade EBBO.

Governance and business model

BlackRock's preference has long been for a single consolidated tape provider to be mandated and overseen by ESMA. We recommend that potential providers tender for a specific initial amount of time, with the contract open to be re-tendered after an appropriate period. ESMA would specify the request for proposal (RFP) appropriately with clear delivery guidelines, latency requirements and other specifications.

We believe the consolidated tape could be delivered widely and at reasonable cost. Our preference is for the tape to be funded by a cost-plus-margin fee charged to users of the tape, with a portion of the revenue generated used to compensate trading venues for the data they input to the tape.

We see the tape as being complementary to the wide range of data sources that are currently available, such as proprietary data feeds. While we should strive for a comprehensive real-time tape, some latency will be inherent and unavoidable, and the tape will not be a source of all existing market and trading data. As such, specialist market participants will likely continue to require alternative data sources.

The tape would require robust governance arrangements to maintain its ongoing quality and effectiveness in stabilising market data costs. To be additive to current arrangements, the tape will need simple, straightforward, and user-friendly licensing terms – and avoid mirroring some current market practises. The governance body should consist of the regulatory community, including ESMA, 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 appropriate and sustainable, and conduct ongoing monitoring to ensure that there is no deterioration in quality or access to the tape.

Evolution of the Tape

In our view, it is appropriate to analyse the benefits and costs of a consolidated tape that eventually provides pre- and post-trade data across all asset classes in scope of MiFID. Clearly, it will not be possible to deliver all aspects of the tape at once, and so a phased approach is appropriate.

This could be delivered in a three-stage process:

1. Real-time post trade consolidated tape for equity / equity-like instruments
2. Extension of the real-time post trade consolidated tape to bonds and other instruments
3. Pre-trade European Best Bid and Offer (EBBO).

Although less discussed than the tape of post trade information, the EBBO would be equally important to enhance market quality and to open up best execution data to all investors, large and small.

Summary

A consolidated tape of post-trade information discloses execution quantities and prices after trades have occurred. Real-time trade information strengthens price discovery and optimal venue choice, in line with best execution requirements. It promotes

investor confidence in quoted prices and execution quality across electronic execution venues. We also see merit in considering the costs and benefits of eventually extending the tape to pre-trade information to create a consolidated EBBO.

In the US market, Securities Information Processors (SIPs) already perform this role, providing a high level of post-trade transparency around trading activity across 'li' and 'dark' venues. SIPs are integral to the functioning and efficiency of the US market. The SIP model is not without flaws, however, which is why we are supportive of robust oversight of the performance a European consolidated tape.

In Europe, a successfully governed consolidated tape of trades would be transformative, with clear benefits for end-investors such as increasing transparency, strengthening best execution, whilst simultaneously improving competitiveness of European capital markets.

<ESMA_COMMENT_MDA_1>

Questions

Q1 : Have prices of market data increased or decreased since the application of MiFID II/MiFIR? Please provide quantitative evidence to support your answer and specify whether you are referring to equity and/or non-equity instruments.

<ESMA_QUESTION_MDA_1>
BlackRock's experience is that the costs of market data have increased meaningfully over recent years due to changes in licensing requirements and policies. The factors impacting the costs of market data are described in ESMA's consultation paper. We have provided additional details in our introduction ('Developments in market data provision') and in the responses to questions 4 and 7.

.<ESMA_QUESTION_MDA_1>

Q2 : If you are of the view that prices have increased, what are the underlying reasons for this development?

<ESMA_QUESTION_MDA_2>
Trading has become increasingly electronic and efficient in recent years. This has driven down the costs of trading and therefore the associated revenue generated by trading venues. They have therefore looked for alternative sources of revenue, such as the commercialisation of market data. At the same time, demand for data is inelastic and non-substitutable: as ESMA has observed, it is not possible to substitute market data on the main pool of liquidity with data from other trading venues. In our view, it is these structural factors that have made possible the proliferation of complex licensing policies and re-packaging of data. As discussed in questions 4 and 7, the net effect of these practices is significant when replicated over multiple vendors.
<ESMA_QUESTION_MDA_2>

Q3 : Following the application of MiFID II/MiFIR, are there any market data services for which new fees have been introduced (i.e. either data services that were free of charge until the application of MiFID II or any new types of market data services)?

<ESMA_QUESTION_MDA_3>
Yes, there are examples of new fees and services since the introduction of MiFID II/ MiFIR but this situation is not unique to Europe, nor is it specifically tied to the introduction of new regulation.
<ESMA_QUESTION_MDA_3>

Q4 : Do you observe other practices that may directly or indirectly impact the price for market data (e.g. complex market data policies, use of non-disclosure agreements)? Please explain and provide evidence.

<ESMA_QUESTION_MDA_4>
Yes. In recent years, the cost and complexity associated with of accessing market data has increased globally, but more acutely in Europe. This has primarily been

driven by practises in packaging and licensing data. Market data agreements and policies are often highly complex, and structured in a manner that requires licensees to pay for each individual use case or individual user of data – in effect paying multiple times for the same data. This imposes direct costs on the licensee, and at a firm level, managing multiple agreements also imposes operational costs – particularly (as can often be the case) where agreements are subject to regular change and variation. To oversee their licensing agreements providers of market data conduct regular audits – the cost of which is often borne by the users through ex-post fees.

Cumulatively, this has had the effect of increasing the expenditure required for market participants to access a comprehensive view of market activity. For the reasons stated in the introduction to this response and below, we believe introducing a consolidated tape would make a major contribution to the industry-wide concerns with market data costs..<ESMA_QUESTION_MDA_4>

Q5 : Do you agree that trading venues/APAs/SIs comply with the requirement of making available the information with respect to the RCB provisions? If not, please explain which information is missing in your view and for what type of entity.

<ESMA_QUESTION_MDA_5>
TYPE YOUR TEXT HERE
<ESMA_QUESTION_MDA_5>

Q6 : Do you share ESMA's assessment on the quality of the RCB information disclosed by trading venues, APAs and SIs? If there are areas in which you disagree with ESMA's assessment, please explain.

<ESMA_QUESTION_MDA_6>
TYPE YOUR TEXT HERE
<ESMA_QUESTION_MDA_6>

Q7 : Do you agree that the usability and comparability of the RCB information disclosed could be improved by issuing supervisory guidance? If yes, please specify in which areas you would consider further guidance most useful, including possible solutions to improve the usability and comparability of the information.

<ESMA_QUESTION_MDA_7>
As mentioned previously, we believe introducing a consolidated tape solves for many of the issues relating to market data that ESMA has looked at in its consultation paper. Regardless, we believe that as ESMA considers its approach, it should bear in mind the principles of reducing complexity and ensuring costs are reasonable and sustainable: market data fees should be tied to costs (excluding contracting and audit costs). Reducing complexity in data licensing would also help reduce costs – licensing should take place at an enterprise level (rather than by user or use case), and key terms and concepts could be standardised to reduce undue variability in contracts.
<ESMA_QUESTION_MDA_7>

Q8 : Do you think that the current RCB approach (transparency plus) can deliver on the objective to reduce the price of market data or should it be replaced by an alternative approach such as a revenue cap or LRIC+ model? Please justify your position and provide examples of possible alternatives.

<ESMA_QUESTION_MDA_8>
As mentioned above and discussed further below, a consolidated tape could charge fees on a cost-plus-margin basis (excluding contracting and audit from the cost calculation), delivering a stable price for comprehensive market data. The revenue generated by the tape would be used to compensate trading venues and other primary sources of market data for submitting to the tape.

The introduction of a consolidated tape could additionally be supplemented by the measures that we discuss in question 7.

<ESMA_QUESTION_MDA_8>

Q9 : Do you consider that a revenue cap model as presented above might be a feasible approach to reduce the cost of market data? Which elements would be key for successfully implementing such a model?

<ESMA_QUESTION_MDA_9>
See question 8.
<ESMA_QUESTION_MDA_9>

Q10 : Did data disaggregation result in lower costs for market data for data users? If not, please explain why?

<ESMA_QUESTION_MDA_10>
TYPE YOUR TEXT HERE
<ESMA_QUESTION_MDA_10>

Q11 : Why has there been only little demand in disaggregated data?

<ESMA_QUESTION_MDA_11>
TYPE YOUR TEXT HERE
<ESMA_QUESTION_MDA_11>

Q12 : Do trading venues and APAs comply with the requirement to make available data free of charge 15 minutes after publication? If not, please explain in which areas you have identified deficiencies

<ESMA_QUESTION_MDA_12>
TYPE YOUR TEXT HERE
<ESMA_QUESTION_MDA_12>

Q13 : Do you consider it necessary to provide further supervisory guidance in this area (for instance by reviewing Q&As 9 and/or 10) Please justify your position and

explain in which area further guidance may be needed? Please differentiate between pre- and post-trade data.

<ESMA_QUESTION_MDA_13>
TYPE YOUR TEXT HERE
<ESMA_QUESTION_MDA_13>

Q14 : Do you agree that the identified reasons, in particular the regulatory framework and competition by non-regulated entities, make it unattractive to operate an equity CT?

<ESMA_QUESTION_MDA_14>
We agree with ESMA's assessment that it has been unattractive to operate an equity consolidated tape. However, we do not think that competition from non-regulated entities has been the primary reason why a tape has not emerged.
<ESMA_QUESTION_MDA_14>

Q15 : Do you consider that further elements hinder the establishment of an equity CT? If yes, please explain which elements are missing and why they matter.

<ESMA_QUESTION_MDA_15>
See question 14.
<ESMA_QUESTION_MDA_15>

Q16 : Please explain what CTP would best meet the needs of users and the market?

<ESMA_QUESTION_MDA_16>
A consolidated tape that meets the needs of users and the market would be an as-close-to-real-time-as-possible source of post-trade information, and a central repository of trading information. The tape would be a market utility, providing a comprehensive and authoritative source of information. It should include appropriately defined data fields and flags for types of trades to provide an accurate picture of liquidity.

A consolidated tape strengthens the toolkit to achieve best execution under MiFID and enables all investors to buy at the best price. All investors, retail or institutional, should be able to compare their own trades against most the recent market activity and measure best execution. To improve investor confidence, and to bring about greater retail participation in European capital markets, investors must have the information about (and access to) liquidity which is currently dispersed across multiple competing trading venues in Europe.

To ensure the consolidated tape solves the issues market participants currently face with market data costs, it is important that it is overseen by robust governance arrangements. We believe a governance body including ESMA and a cross section of market participants (including the buy- and sell-sides) should oversee the tape's operation: it should ensure that fees are reasonable but sustainable, maintain the quality of the tape's data, and, importantly, provide checks and balances on the tape's licensing agreements – licenses for the tape's data should be simple, and

should not mirror practises currently in place that create cost and complexity for market participants.
<ESMA_QUESTION_MDA_16>

Q17 : Do you agree that real-time post-trade data is available from both trading venues and APAs as well as data vendors and that the data is currently not covering 100% of the market, i.e. including all equity trading venues in the EU and all APAs reporting transactions in equity instruments? If not, please explain.

<ESMA_QUESTION_MDA_17>
Yes. Real-time post-trade data is available from both trading venues and APAs, but in aggregate they represent incomplete pictures of the liquidity landscape. Additionally, data vendors distribute aggregated information with the recognition that it is a best approximation of market activity based on sampling from specific data sources, and in any event is not a complete picture.

Combining data from trading venues and APAs it is possible for market participants to construct an overview of the market, but to do so they face significant complexity and costs and, regardless, still do not achieve a complete picture of the market. This leaves less sophisticated or well-resourced market participants at a significant disadvantage to others.

<ESMA_QUESTION_MDA_17>

Q18 : Do you agree that post-trade data is provided on a timely basis and meets the requirements set out in MiFID II/MiFIR and in the level 2 provisions? If not, please explain.

<ESMA_QUESTION_MDA_18>
TYPE YOUR TEXT HERE
<ESMA_QUESTION_MDA_18>

Q19 : Do you agree with the issues on the content of data and the use different data standards identified or do you consider that important issues are missing and/or not correctly presented?

<ESMA_QUESTION_MDA_19>
We agree with ESMA's assessment. Standardisation of data reported from trading venues would be a necessary step towards delivering a consolidated tape. Having a mandated tape with pre-specified criteria for what data should be included should solve for this.
<ESMA_QUESTION_MDA_19>

Q20 : Do you agree that the observed deficiencies make it challenging to consolidate data in a real-time data feed? If yes, how could those deficiencies best be tackled in your view?

<ESMA_QUESTION_MDA_20>

We agree with ESMA's assessment. As noted in question 19, a mandated consolidated tape should itself drive standardisation in data reporting, making aggregtation and processing of data simpler and quicker. However, latency and delays will be inherent in any consolidated tape architecture: even if data fed into the tape is standardised, the geographical dispersion of the venues reporting into it will mean the tape is never truly 'real-time', although the ambition should be for a tape that is as close to real time as possible.

It is important that a data provider should not be allowed to provide data to the CTP with more latency than the provision of the same data in proprietary data sets so that they operate on a level playing field.

<ESMA_QUESTION_MDA_20>

Q21 : What are the risks of not having a CTP and the benefits of having one?

<ESMA_QUESTION_MDA_21>
We see the consolidated tape as integral to delivering Capital Markets Union (CMU) since it would empower European retail investor to see the best trades and quotes, and with that stimulate greater retail participation in European capital markets. The risk of not introducting a tape is that a key part of the CMU architecture is not delivered, and that an effective opportunity to resolve the industry's issues with market data costs is missed.
<ESMA_QUESTION_MDA_21>

Q22 : Would you be supportive of an industry-led initiative to further improve data quality and the use of harmonised standards or would you prefer ESMA guidance? Please explain.

<ESMA_QUESTION_MDA_22>
As noted in question 19, mandating a consolidated tape with specific requirements for the data to be included should drive data quality and standardisation. Clearly, however, in mandating a comprehensive consolidated tape, some guidance on the content of data to be reported into it would be necessary.
<ESMA_QUESTION_MDA_22>

Q23 : In addition to the standardisation of the reporting and format, as described before, did you identify any further relevant data quality issue to be considered for the successful establishment of CTPs?

<ESMA_QUESTION_MDA_23>
TYPE YOUR TEXT HERE
<ESMA_QUESTION_MDA_23>

Q24 : Do you agree that the mandatory contribution from trading venues and APAs to a CTP would favour the establishment of CT?

<ESMA_QUESTION_MDA_24>

A truly comprehensive consolidated tape should give a complete overview of market activity. A mandated consolidated tape solution should therefore to take in data from the full range of trading venues and data sources required to do so – on and off exchange (including OTC and SI activity). Mandating contribution to the tape would also have the desirable effect of driving standardisation of data reporting, as mentioned in questions 19 and 20.
<ESMA_QUESTION_MDA_24>

Q25 : Do you have preferences between the option of (i) requiring trading venues and APAs to contribute data to the CT, or, in alternative (ii) setting forth criteria to determine the price that CTPs should pay to TVs and APAs for the data? If so, please explain why.

<ESMA_QUESTION_MDA_25>
We believe all trading venues and APAs should submit their trading data to the consolidated tape. As mentioned previously, our preferred model is for the tape to charge fees on a cost-plus-margin basis (with licensing and auditing excluded from the cost calculation), with a portion of the revenues used to compensate those that submit their data to the tape and an appropriate governance model for overseeing the CTP fees.
<ESMA_QUESTION_MDA_25>

Q26 : Do you agree that the mandatory consumption could favour the establishment of a CT? If not, please explain your concerns associated with the mandatory consumption.

<ESMA_QUESTION_MDA_26>
TYPE YOUR TEXT HERE
<ESMA_QUESTION_MDA_26>

Q27 : Would mandatory consumption impact other rules in MiFID II and if yes, how?

<ESMA_QUESTION_MDA_27>
TYPE YOUR TEXT HERE
<ESMA_QUESTION_MDA_27>

Q28 : Do you consider it necessary that the CT covers all trading venues and APAs and the whole scope of equity instruments or would you be supportive of limiting the coverage of the CT? Please provide reasons for your preference and explain your preferred approach.

<ESMA_QUESTION_MDA_28>
Yes, to be effective a consolidated tape must be comprehensive and cover all trading activity. <ESMA_QUESTION_MDA_28>

Q29 : Do you agree with ESMA's preferred model of real-time CT? If you consider that, on the contrary, the delayed or tape of record CT are preferable, please indicate the reasons of your preference.

<ESMA_QUESTION_MDA_29>
Yes, the consolidated tape should be as close to real-time as possible. As discussed under question 20, the geographical dispersion of the venues that submit data to the tape, and the data processing required to produce a consolidated feed will mean latency is inherent and unavoidable – but ESMA and the tape provider should seek to minimise this to the greatest extent possible. It is the inherent latency in any solution that leads us to believe a consolidated tape will be complementary to a range of alternative data sources that are closer to being real-time, and which would continue to be valuable to market participants.
<ESMA_QUESTION_MDA_29>

Q30 : Are there any measures (either technical or regulatory) that can be taken in order to mitigate the latency impacts?

<ESMA_QUESTION_MDA_30>
As noted in questions 19 and 20, the standardisation driven by mandating the consolidated tape could have the effect of mitigating latency impacts. Aside from this, regular investment in the technology underpinning the consolidate tape would help to minimise latency issues.
<ESMA_QUESTION_MDA_30>

Q31 : Do you agree that the CT should be operated on an exclusive basis? To what extent should other entities (e.g. APA or data vendors) be allowed to compete with the CTP?

<ESMA_QUESTION_MDA_31>
As mentioned in question 29, we believe alternative data sources will continue to be required by other market participants with specialist requirements. The consolidated tape would therefore complement other proprietary data sources, rather than supersede them completely.

However, it is important to recognize the potential conflicts of interest and governance concerns that may arise from private or proprietary market data products. We should seek to avoid a situation where parties responsible for running a consolidated tape might have conflicting commercial interests in alternative data sources which compete with a consolidated feed. This has sometimes been the case with the Securities Information Processor (SIP) in the US.[1]

With regard to competition of CT providers, BlackRock's preference has long been for a single consolidated tape provider to be mandated and overseen by ESMA. Robust governance is a more critical for the CT to be successful rather than trying to establish competition of CT provision.

<ESMA_QUESTION_MDA_31>

[1] We discussed this issue in our recent *ViewPoint:* Mark-to-market structure: An end-investor perspective on the evolution of developed equity markets, available at: https://www.blackrock.com/institutions/en-gb/literature/whitepaper/viewpoint-mark-to-market-structure-an-end-investor-perspective-on-the-evolution-of-developed-equity-markets.pdf

Q32 : Should the contract duration of an appointed CTP be limited? If yes, to how many years?

<ESMA_QUESTION_MDA_32>
TYPE YOUR TEXT HERE
<ESMA_QUESTION_MDA_32>

Q33 : Please indicate what would be, in your view and on the basis of your experience with TVs and data vendors, a fair monthly or annual fee to be charged by a CTP for the real-time consolidation per user?

<ESMA_QUESTION_MDA_33>
Our preference is for fees to be determined on a cost-plus-margin basis, with contracting and auditing costs excluded from the overall cost determination.
<ESMA_QUESTION_MDA_33>

Q34 : Would you agree with the abovementioned model for the CT to charge for the provision of consolidated date and redistribute part of the revenues to contributing entities? If not please explain.

<ESMA_QUESTION_MDA_34>
Yes, this is our preferred model for the consolidated tape.
<ESMA_QUESTION_MDA_34>

Q35 : How would Brexit impact the establishment of a CT? Would an EU27 CTP consolidating only EU27 transactions be of added value or would a CT that lacks UK data not be perceived as attractive?

<ESMA_QUESTION_MDA_35>
A consolidated tape of trades would be transformative, with clear benefits for end-investors such as increasing transparency, strengthening best execution, whilst simultaneously improving competitiveness of European capital markets. This is consistent with the objectives of CMU. A consolidated tape without UK data, whilst sub-optimal, would still add value overall to European end-investors.
<ESMA_QUESTION_MDA_35>

Q36 : In your view, how would an EU27 CT impact the level playing field between the EU27 and the UK? Please explain.

<ESMA_QUESTION_MDA_36>
The EU consolidated tape would be an important positive differentiator between the EU and UK market (in the event of Brexit), which would unlock greater retail participation and enhance competitiveness of EU markets compared with UK markets.
<ESMA_QUESTION_MDA_36>