

ICI Global Position Paper on the Review of the Markets in Financial Instruments Framework

The implementation of MiFID/MiFIR has spurred innovation and improved competition across parts of the trading and market structure landscape over the last decade. ICI Global¹ urges European policymakers to pursue reforms to meaningfully enhance transparency and ensure that fund managers can maximise execution quality for fund investors.²

Make markets more transparent, fair, and efficient by establishing a consolidated tape

We support the European Commission's initiative to establish a real-time consolidated tape (CT). This should be complemented by necessary investment protection measures to ensure that investment funds can continue to effectively trade at scale on behalf of their investors.

A comprehensive, thoughtfully implemented CT with fair pricing, high data quality, timely coverage and delivery, and appropriate governance would provide a multitude of benefits to investors. The lack of a CT in the EU makes it needlessly complicated and expensive for funds to obtain accurate last sale information and other data, such as best bid and offer, necessary to engage in transaction cost analysis. It also makes it similarly difficult to obtain a complete and accurate picture of available liquidity in European markets.³

We urge European policymakers to develop a CT with the following features.

Reasonable cost

A cost-plus margin basis should be adopted for the CT to enable users to access data at a reasonable cost while providing sufficient margins to ensure the long-term, stable commercial viability of the CT. European policymakers should ensure that the European Commission's proposed "minimum revenue targets" for market data consolidators do not result in excessive costs for users of the CT as the Commission has asserted that the revenue of the CT provider should significantly exceed the cost of its production.⁴

¹ [ICI Global](#) carries out the international work of the [Investment Company Institute](#), the leading association representing regulated funds globally. ICI's membership includes regulated funds publicly offered to investors in jurisdictions worldwide, with total assets of \$41.6 trillion. ICI seeks to encourage adherence to high ethical standards, promote public understanding, and otherwise advance the interests of regulated investment funds, their managers, and investors. ICI Global has offices in London, Brussels, Hong Kong, and Washington, DC.

² See ICI Global's response to the European Commission's MiFID/R consultation, available at <https://www.ici.org/system/files/attachments/pdf/mifidresponse.pdf>

³ See also ICI Global's response to ESMA's consultation on the MiFID II/MiFIR review report on the development in prices for pre- and post-trade data and on the consolidated tape for equity instruments, available at <https://www.ici.org/system/files/attachments/pdf/31938a.pdf>

⁴ Recital 21, European Commission's proposed MiFIR reforms, available at <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52021PC0727>

High data quality

We support the European Commission's efforts to advance standardisation through the development of "core market data" to improve the completeness and accuracy of data in the CT.

Appropriate governance

The CT should be overseen by a governance model that is free from material conflicts of interest and delivers effective revenue transparency. The independent operating committee proposed by the European Commission to establish and review the CT, including minimum revenue targets, should operate in a transparent manner. The Committee should also take input from users of the CT to ensure that revenue targets reflect the use made of the tape and other parameters such as price referencing and indexing.

Timely coverage and delivery

We support aspirations for a CT with broad market coverage. The staggered approach proposed by the European Commission maximises the immediacy of benefits from a CT for investors by taking steps that are practically achievable in the short-term and are seen to provide value. Incorporating post-trade data will support the assessment of execution quality for asset classes where there is already a higher-level of standardisation (e.g., equities and ETFs). We encourage European policymakers to expedite incorporating other asset classes and pre-trade data in the CT (e.g., to make order routing determinations).

Easy, fair and non-discriminatory access to market data at a lower average cost

We support policymakers' efforts to provide market participants, including regulated investment funds, with easier, fairer and non-discriminatory access to market data at a lower average cost.⁵ A CT has the potential to provide the greatest enhancement to market transparency but additional reforms should be pursued to further enhance EU market data.

Reasonable Commercial Basis Information

We support empowering ESMA to develop the content, format and terminology of published Reasonable Commercial Basis (RCB) Information. ESMA should be empowered to:

- Enhance its proposed template of RCB information;
- Require market data providers (MDPs) to highlight where their RCB information has been published (e.g., a common location on the MDPs' website); and
- Explore the merits of developing a database of MDP's RCB information, including analytical tools to support easy user access and side-by-side MDP comparison.

⁵ See ICI Global's response to ESMA's consultation on MiFID/R obligations on market data, available at <https://www.ici.org/system/files/2021-12/33035a.pdf>

Market Data Access

European policymakers should pursue the following additional market data reforms:

- Non-discriminatory access – MDPs should ensure that terms, conditions, and technical arrangements for data access are non-discriminatory for all customers.
- Per user basis charging – MDPs should charge for display data on a per user basis – only requiring customers to meet bare minimum qualifying conditions.
- Unbundled data – MDPs should disclose the bundled price of all the MDP's products and services alongside the price for each item of unbundled data.