

**Press Release****Brussels, 7<sup>th</sup> July 2010**

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## **European Exchanges Launch Actions to Facilitate Equity Data Consolidation**

FESE members operate Regulated Markets (RMs) that offer a transparent and neutral trading infrastructure to trade equities, bonds and derivatives. Exchanges fulfil a valuable function with significant positive externalities. The whole market benefits from the price discovery function offered by exchanges, including the competitors of exchanges and a full spectrum of users and investors investing in the EU Market.

Competition, which is critical to European markets, requires a delicate balance which can be upset by unnecessary regulation. Post-trade data, like other services provided in the European trading landscape, should continue to be subject to competition and provided at a cost which is reasonable. RMs are exposed to full competition in all areas of their business – and have considerably lowered their transaction fees (as documented by the Oxera study<sup>1</sup>), further reducing their share of the costs borne by clients. Competition will force these trends to continue in all areas of services provided by exchanges.

The Markets in Financial Instruments Directive (MiFID) has enabled inter-market competition which has yielded significant benefits for European markets but also resulted in fragmentation of liquidity, making it difficult to source liquidity and assess execution quality. These challenges can be seen as a natural by-product of competition, but more attention is needed to resolve the challenges created in the area of data. High-quality data is provided by RMs, which is made available through many channels and is being consolidated along with other available data by commercial providers. The underlying problem with data in Europe is the lack of availability of pre-trade OTC data, and the lack of consistency, granularity and poor quality of post-trade OTC data. These gaps can be addressed with a combination of MiFID amendments (to require data reporting where it is not currently required, and to require more granular and more timely data in other cases) and better mechanisms for monitoring the data reporting. Some of these improvements are already being considered by European policymakers.

On the other hand, a number of commentators have put forward the idea of implementing a US-style Mandatory Consolidated Tape (MCT) or introducing price regulation, with the hope that these proposals would lower the cost of consolidation and improve transparency. In our view, these proposals will not serve the objectives of improving transparency or lowering costs, and by contrast pose serious threats to the competitive framework that MiFID has enabled.

In the FESE Statement on Equity Market Data, we provide our views on the importance of a competitive framework for market data and the key positive role Regulated Markets play in this market. Moreover, we make a number of operational commitments to further improve the availability and consolidability of market data so that the market-based solutions for pan-European consolidation can deliver their full potential.

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<sup>1</sup> The Oxera study conducted for the European Commission shows that exchanges' fees account for only 3% of the total cost of trading, and that these costs have come down by 33% over 2 years.

### Our Commitment:

In the spirit of making the broadest possible high-quality data available to the EU Single Market, FESE members commit to:

- **By Q4 2010: Making the public display of 15-minute delayed data free of exchange fees for all end-users<sup>2</sup>.**
- **By Q4 2010: Supporting standardisation of trading flags by providing and maintaining cross-referencing to industry defined standards.**
- **By end-2010: Making post-trade data available separately from pre-trade information at a reasonable cost.**
- **Continuing to provide innovative data solutions to the market through a competitive framework and cooperation with intermediaries.**

For further details, please see the FESE Statement on Equity Market Data: <http://www.fese.eu/en/>

### Information for the Editor:

The **Federation of European Securities Exchanges (FESE)** represents 45 exchanges in equities, bonds, derivatives and commodities through 20 full members from 29 countries, as well as 7 Corresponding Members from European emerging markets. FESE is a keen defender of the Internal Market and many of its members have become multi-jurisdictional exchanges, providing market access across multiple investor communities.

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<sup>2</sup> For retail end-users in the case of the Luxembourg Stock Exchange; professional and retail end-users in all other cases.