

Press Release

Brussels, 8th November 2010

FESE members deliver on their commitments to facilitate Equity Market Data Consolidation

In July 2010, FESE members committed¹ to a number of key steps in order to further contribute to an industry-led efficient consolidation of equity market data. The purpose of this report is to give a progress update and further details on the on-going work of FESE members to market participants and policy makers.

Context of FESE's actions:

Regulated Markets (RMs) fully support the industry-led consolidation of equity market data. RMs' data is of excellent quality, widely available, easily consolidatable with other data, and provided to users at a reasonable cost. According to a recent research study entitled "The cost of access to real time pre & post trade order book data in Europe,"² **the expenditure on the cost of data from exchanges accounts for 8% to 15% of total data consolidation costs**. The study also shows that the cost of data charged by the largest exchanges in Europe (75 EUR a month) is about the same as the cost charged in the US (70 EUR), a market often cited as a reference point. Thus, exchanges' user fees are not only commensurate with the value and the quality of RMs' data, but they also represent only a minor portion of the overall cost of consolidation in both absolute and relative terms.

Progress report on FESE commitments:

1. By end-2010³: Making post-trade data available separately from pre-trade information at a reasonable cost

In July, FESE members committed to offering a post-trade data product separate from pre-trade data at a reasonable cost in order to facilitate a more cost-effective availability of real-time post-trade data. According to research study cited above, the adoption by various exchanges of a separate post-trade product has already reduced the cost of data due to exchanges by 62.5% (from 200 EUR to 75 EUR). The introduction of such a product by all FESE members will produce further cost savings for investors. Therefore we are pleased to report that all FESE members have either already introduced or launched plans to introduce separate post-trade products.

2. By Q4 2010: Making the public display of 15-minute delayed data free of exchange fees for all end-users

In July, we committed to offering 15-minute delayed data free of exchange fees for all end-users. At that point, most FESE members were already providing such a service. However, we believed that it would be useful to formalise this practice and widen it to cover all FESE member exchanges. As of today, all FESE members have either already fulfilled this commitment or are in the process of doing so shortly.

3. By Q4-2010: Supporting standardisation of trading flags and CESR recommendations

¹ The commitment applies to all FESE members in the EEA and Switzerland. In addition, the LSE Group, not a FESE member, has made a similar commitment (<http://www.londonstockexchange.com/about-the-exchange/media-relations/press-releases/2010/iseglaunchesposttrademarketdataservice.htm>).

² Download study from <http://www.atradia.com/>

³ In a few limited cases, the post-trade product will be available by Q1 2011.

In July, we committed to working on the mapping of trade identifiers in order to fully facilitate the easy consolidation of equity market data. Given the intricate link with the CESR Industry Working Group, which was created to propose concrete standards for a set of identifiers, we have decided to take the trade flag identifiers proposed by CESR for Regulated Markets (RMs) and Multilateral trading Facilities (MTFs) in October⁴ as a pragmatic basis for this exercise.

The internal mapping exercise has been launched involving the data experts from all FESE members. The exercise involves mapping all the existing flags to the flags proposed by CESR, taking into account the fact that exchanges offer other trade identifiers for the needs of different markets. All key results will be shared with the public in due course.

4. Continuing to provide innovative data solutions to the market through a competitive framework and cooperation with intermediaries

In order to meet this continuous objective, we believe that a competitive framework is the right approach for Europe. Therefore, we will continue to promote a competitive regulatory approach in the MiFID Review.

“The data that exchanges currently provide is of a very good quality. When investors and traders use exchange data, they know they can fully rely on its accuracy. Moreover, exchanges’ data is fully available to all market participants, and in certain cases, it is available even for free. In addition, when the data is not for free, its cost is reasonable and in line with the economic value it creates,” says Judith Hardt, FESE’s Secretary General. **“With our current actions, we are taking our contribution to the European Single Market one step further by improving the consolidatibility and availability of equity market data.”**

Conclusion:

The provision of separate post-trade data products by FESE members as well as the overall availability of 15-minutes delayed data free of charge will support data consolidation with regard to cost efficiency. However, given the small share occupied by exchanges in the overall cost of data (8% to 15%, with a downward trend), bringing overall costs down will require a collaborative effort on the part of everyone.

Similarly, FESE’s work on trade identifiers will further improve the consolidatibility of equity data. However, no matter what actions are taken by RMs (or MTFs) to improve the consolidatibility of their data, OTC data needs to improve in terms of not only availability and timeliness but also, most importantly, in terms of quality. A “bundling” by consolidation of good and poor quality market data would result in a data consolidation product that would have no practical value or use to anyone. In order to provide a meaningful consolidated view, it is of essence that clear and detailed reporting requirements for OTC data are introduced and supported on a pan-EU Level. This will reduce uncertainty amongst investment firms regarding their reporting duties, thus avoiding over- or under-reporting and improve the reliability of OTC post-trade data. Overall, the introduction of the Approved Publication Arrangements (APAs) regime will play an important role in the achievement of this objective.

With regard to timeliness, reduced reporting times for OTC trades would help to align the information value between organised trading venues and OTC. Otherwise, non-reduced reporting time OTC data would be consolidated with real-time data made available by organised trading venues (in milliseconds after the trade takes place) and would again result in a “bundling” of varying data qualities.

⁴ See CESR Technical Advice at: http://www.cesr-eu.org/index.php?page=document_details&from_title=Documents&id=7279

We therefore acknowledge our role in facilitating consolidation by taking concrete steps while also encouraging all market participants involved in the creation and distribution of data to work together in this spirit to further work towards a meaningful data consolidation.

For a more comprehensive overview of FESE members' statement on Equity Market Data please visit the following link:

http://www.fese.eu/_mdb/pressdocs/FESE%20Statement_Equity%20Market%20Data_FINAL.pdf

Information for the Editor:

The **Federation of European Securities Exchanges** (FESE) represents 46 exchanges in equities, bonds, derivatives and commodities through 21 full members from 30 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.

For further information:

FESE Secretariat

Ms. Burçak Inel
Deputy Secretary General
Tel: +32 2 551 01 82
Email : inel@fese.eu

Ms. Rosa Armesto
Head of Fixed Income & Economics and Statistics
Tel: +32 2 551 01 85
Email: armesto@fese.eu