

BETTER FINANCE's response to ESMA's MiFIR Review Consultation Package 2 (Consolidated Tape Providers and Data Reporting Service Providers)

—Date: 28 August 2024

—Ref: ESMA's MiFIR Review - Consultation Package 2 on CTPs and DRSPs (2024)

—Link: <https://www.esma.europa.eu/press-news/consultations/mifir-review-consultation-package-consolidated-tape-providers-and-data>

Executive Summary

Introduction to the Consultation

In light of the MiFIR/MiFID II review (which entered into force on 28 March 2024, with transposition deadlines for MiFID II amendments set for 29 September 2025), this consultation package no 2 addresses significant changes aimed at establishing a framework for Consolidated Tape Providers (CTPs) and Data Reporting Service Providers (DRSPs). ESMA focuses on the Regulatory Technical Standards (RTS) that will determine how market data is collected, processed, and distributed, ultimately reaching retail investors and market participants alike. Feedback is sought on real-time data transmission, data quality, security measures, and revenue redistribution mechanisms for CTPs. Additionally, it outlines criteria for selecting future CTP applicants and requests input on proposals for business clock synchronisation.

ESMA is expected to publish the final RTS related to input/output data for CTPs, along with other relevant mandates, by December 2024. This timeline will ensure alignment with the broader MiFIR/MiFID II framework, providing clear requirements for the selection process of equity CTPs. The selection procedure itself, critical for ensuring that the CTP framework is functional and transparent, will be influenced by these standards and should proceed without delay. Furthermore, ESMA's guidelines on business clock synchronisation and other technical elements are expected to be incorporated within this time frame.

The Consolidated Tape (CT) will play a crucial role in reducing market fragmentation and supporting the development of a more unified Capital Markets Union. For both retail investors and market participants, access to real-time, transparent market data is essential. Beyond helping retail investors evaluate whether they are receiving best execution on their trades, the CT will also provide pre-trade (anonymised) European Best Bid and Offer (EBBO) data, which reflects the highest bid and lowest offer prices in certain

lit markets. This data will offer insights such as price quotes and depth of order books, while post-trade data will cover executed trades and prices. This combination of pre- and post-trade data will indeed give investors a more comprehensive view of market liquidity and pricing trends as opposed to the current data streams available, empowering them to assess the fairness of their trades and overall market conditions.

The CT will need to be an empowering tool that allows investors to make more informed investment decisions, particularly in assessing market opportunities and ensuring best execution across fragmented European markets. However, while the CT promises to be a vital resource for retail investors and market participants, the technical nature of this consultation and the complexities surrounding the system's development may limit broader engagement from retail investors and consumer groups.

Key BETTER FINANCE Feedback

1. Data Accessibility & User-Friendliness

BETTER FINANCE stress that retail investors need a free, and understandable access to consolidated market data. Therefore, data must be available in formats that are easy to use and interpret, so that retail investors can make informed investment decisions. The data should not require any advanced technical knowledge and should be presented in a straightforward way that allows non-professional users to fully benefit from it. CTPs should be designed with retail investors in mind, ensuring that the system is not only scalable and secure but also accessible to smaller, non-professional investors.

2. Technical Standards (Section 3)

- **Transmission Protocols:** we support the identified technical criteria (performance, reliability, security, and compatibility) while we convey to ESMA our consideration for accessibility and cost-efficiency. Retail investors should not bear the burden of high costs or face barriers when accessing market data.
- **Data Format:** While we appreciate that JSON is a flexible and widely used data format, we also encourage ESMA to evaluate alternative – viable market-wise – options like SBE, which may provide better performance for large, real-time data feeds. However, JSON or similar user-friendly as CSV formats should be maintained and therefore translated for retail investors, allowing them to access and download data easily without needing relying on complex, proprietary formats. We believe a fully fledged CTPs should convert data into formats that serve retail investors' needs, ensuring that the technical efficiency of data transmission doesn't compromise accessibility.
- **Real-Time Data:** Retail investors do not require the "ultra-low latency" demanded by professional traders. While data should be provided as quickly as possible, leniency on latency for retail users can make the system more inclusive

without compromising their ability to make informed decisions. Retail investors need timely data to be empowered to evaluate best execution (conducted post-trade), since pre-trade market view will not be consolidated at this stage.

3. Retail-Specific Data

We propose the introduction of retail-specific trade flags in core and regulatory data, enabling greater visibility into retail-driven market activity. This will help retail investors monitor market liquidity and ensure their trades are executed at the best possible prices. By including these retail flags, market data will become more transparent, empowering retail investors to better understand and participate in the markets.

4. Revenue Redistribution (Section 4)

We advocate for an inclusive approach to revenue redistribution. Smaller trading venues, as well as dark pools, should be incentivised to participate in the consolidated tape, ensuring that market reporting transparency is comprehensive. Without appropriate incentives, smaller venues might opt out of the system (as permitted in level 1), which would undermine the usefulness of the consolidated tape for retail investors.

5. Educational Focus

A key part of making the consolidated tape work for retail investors is ensuring that it comes with educational tools. Many retail investors lack the expertise to interpret complex financial data, and we believe the CTP should include resources that simplify market data, making it easy for retail investors to understand what they are seeing. This could include visual tools, simplified explanations, and tutorials on how to use the data for better decision-making.

For the detailed response to the specific question, please refer to BETTER FINANCE's answer to ESMA's CP 2 consultation provided below.

Reply form: MiFIR Review

Technical Standards related to Consolidated Tape Providers and DRSPs, and assessment criteria for the CTP selection procedure

Responding to this paper

ESMA invites comments on all matters in the Consultation Paper and in particular on the specific questions in this reply form. 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 **28 August 2024**.

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:

- Insert your responses to the questions in the Consultation Paper in this reply form.
- Please do not remove tags of the type <ESMA_QUESTION_CP2_1>. Your response to each question has to be framed by the two tags corresponding to the question.
- 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.
- When you have drafted your responses, save the reply form according to the following convention: ESMA_CP2_nameofrespondent.

For example, for a respondent named ABCD, the reply form would be saved with the following name: ESMA_CP2_ABCD.

- Upload the Word reply form containing your responses to ESMA’s website (**pdf documents will not be considered except for annexes**). All contributions should be submitted online at www.esma.europa.eu under the heading ‘Your input - Consultations’.

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 publicly 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 headings 'Legal notice' and heading '[Data protection](#)'.

General information about respondent

Name of the company / organisation	BETTER FINANCE
Activity	Other Financial service providers / Retail investors
Are you representing an association?	<input checked="" type="checkbox"/>
Country/Region	Europe

Questions

Section 3 – RTS on input and output data of CTPs:

Q1: Do you agree with grounding the assessment framework of the quality of transmission protocols on the identified categories of technical criteria?

<ESMA_QUESTION_CP2_1>

Overall, we agree that grounding the assessment framework on the identified technical criteria (performance, reliability, security, and compatibility) is appropriate. These criteria are essential for ensuring a robust and resilient CTP system capable of processing and transmitting data accurately and efficiently. However, from a retail investor's perspective, accessibility and transparency are equally important. The system should remain free for retail users (free access to core market data) and offer user-friendly formats that do not require advanced technical knowledge. While scalability and security measures are critical to protect data, they must not compromise accessibility for smaller, non-professional investors. Additionally, ensuring compatibility with tiered services – such as brokers and retail platforms – would further enhance data integration and ensure cost-effective access for retail investors.

<ESMA_QUESTION_CP2_1>

Q2: Do you believe that additional categories of technical criteria should be considered for the definition of minimum requirements of the quality of transmission protocols?

<ESMA_QUESTION_CP2_2>

Yes, in addition to the current categories of performance, reliability, security, and compatibility, accessibility and cost-efficiency should be considered, especially for retail investors. It is important that retail users have access to data in user-friendly formats without facing excessive costs. The system should ensure that data can be accessed by smaller, non-professional investors easily, without technical barriers. Additionally, compatibility with tiered services such as brokers is vital to

guarantee seamless data integration and ensure that all users benefit from the consolidated tape in a cost-effective way.

<ESMA_QUESTION_CP2_2>

Q3: Do you agree with the proposal of introducing a single set of requirements across the three asset classes (equity, bonds, derivatives), or do you believe that different requirements should be tailored for each asset class?

<ESMA_QUESTION_CP2_3>

TYPE YOUR TEXT HERE

<ESMA_QUESTION_CP2_3>

Q4: Do you consider that the proposed minimum requirements for the technical criteria related to performance are technically feasible, coherent with the objective of high-quality data transmission to the CTP and in line with international standards? Please elaborate your response.

<ESMA_QUESTION_CP2_4>

TYPE YOUR TEXT HERE

<ESMA_QUESTION_CP2_4>

Q5: Do you consider that the proposed minimum requirements for the technical criteria related to reliability are technically feasible, coherent with the objective of high-quality data transmission to the CTP and in line with international standards? Please elaborate your response.

<ESMA_QUESTION_CP2_5>

TYPE YOUR TEXT HERE

<ESMA_QUESTION_CP2_5>

Q6: Do you consider that the proposed minimum requirements for the technical criteria related to security are technically feasible, coherent with the objective of high-quality data transmission to the CTP, and in line with international standards and other EU regulatory frameworks on information security (e.g. DORA)? Please elaborate your response.

<ESMA_QUESTION_CP2_6>

TYPE YOUR TEXT HERE

<ESMA_QUESTION_CP2_6>

Q7: Do you consider that the proposed minimum requirements for the technical criteria related to compatibility are technically feasible, coherent with the objective of high-quality

data transmission to the CTP and in line with international standards? Please elaborate your response.

<ESMA_QUESTION_CP2_7>
TYPE YOUR TEXT HERE
<ESMA_QUESTION_CP2_7>

Q8: Do you agree with the proposed definition of “transmission of data as close to real time as technically possible”? If not, please explain.

<ESMA_QUESTION_CP2_8>

We generally support the definition of ‘transmission of data as close to real time as technically possible’ to ensure market data dissemination under efficiency and transparency rules. We do, however, recognise that retail investors do not necessarily require ultra-low latency data when accessing market data for their investment decisions. In fact, their primary concern is evaluating what constitutes a buy/order fair price ex ante and ensuring evaluating ex post best execution as they would not engage in high-frequency trading activities. Therefore, we believe that pressure timeframes to deliver could be slightly relaxed insofar as it is sufficient as calibrated to ensure their needs and ex post checks under an efficient framework. Moreover, we see little to no value in requesting different latency requirements between pre- and post-trade data, and mandate careful consideration for ESMA to ensure an adapted best synchronisation framework under a millisecond processing time rather than microsecond for the CTP processing time. This should also enable smaller venues/trading firms players to participate as the major risks of ‘consolidation’ is that many may decide to opt out of the CTP. When considering potential outliers, this should be minimised and to maintain participation, a high percentile-based approach to data transmission may be offering some flexibility to reduce latency requirements, while maintaining data reliability, for retail investors.

<ESMA_QUESTION_CP2_8>

Q9: Should ESMA consider specific rules for real-time transmission of transactions subject to deferred publication?

<ESMA_QUESTION_CP2_9>
TYPE YOUR TEXT HERE
<ESMA_QUESTION_CP2_9>

Q10: Do you agree with the baseline proposal of adopting JSON as standards and format of data to be transmitted to the CTPs, or do you prefer alternative proposals? Please justify your answer and, if needed, provide additional advantages and disadvantages related to each proposal.

<ESMA_QUESTION_CP2_10>

While we recognise JSON as a flexible and user-friendly format, particularly for retail-facing applications, it may not be the most suitable for the large-volume, high-speed data transmission required for the CTP. We urge ESMA to further assess whether JSON's processing time and network costs can handle real-time market data, compared to faster and more efficient formats like binary protocols such as SBE. To accommodate retail investors who need easily readable data, the CTP should convert raw data into formats like JSON or CSV/XML specifically for retail consumption, ensuring that while the CTP operates efficiently, retail users still have access to understandable data, that shall also be fed in an API (accessible through an API to enable easy data consumption under specific use cases). We appreciate ESMA's goal of simplifying CTP data management with a single, universal format, but we also acknowledge that reaching consensus on such a protocol may be difficult and require compliance time. It is possible that requiring data contributors to create parallel feeds risks discrepancies in both latency and content between 'CT-compatible' and existing direct (proprietary) feeds. Without synchronisation measures, the CT feed could become delayed, inconsistent, and incomplete compared to direct feeds. These technical challenges must be addressed gradually as part of the CT implementation to avoid disruptions. Additionally, with contributors likely providing only mandatory data, important elements for quality checks may be excluded, potentially reducing the CT's effectiveness. Variations in contributors' interpretations of the format could also lead to normalisation efforts by the CTP, increasing complexity. Given these risks, a transition period could be adopted towards a single harmonised format, prioritising data quality initially to ensure contributors can align with new standards without undermining the provision of reliable market data from the CTP. Finally, those considerations shall not overlook education, affordable and free access, latency tolerance, and specific retail data flagging to ensure the CTP meets the unique needs of retail investors.

<ESMA_QUESTION_CP2_10>

Q11: Do you believe that the proposed standards and formats (baseline and any alternatives) are coherent with other CTP requirements (transmission protocols, real-time transmission and presentation of output data)? Please justify your answer.

<ESMA_QUESTION_CP2_11>

TYPE YOUR TEXT HERE

<ESMA_QUESTION_CP2_11>

Q12: Do you find more suitable to prescribe one single format across the 3 CTPs (equity, derivatives, bonds) or to prescribe distinct formats according for different asset classes?

<ESMA_QUESTION_CP2_12>

TYPE YOUR TEXT HERE

<ESMA_QUESTION_CP2_12>

Q13: Do you support the proposals on core and regulatory data? In particular, are there other relevant fields to be added to the regulatory data? Furthermore, would you propose

the inclusion of supplementary fields for input core market data beyond those intended for dissemination by the CTP?

<ESMA_QUESTION_CP2_13>

We support the proposals on core and regulatory data as a solid foundation for improving market transparency. However, to further enhance the utility of the CTP for retail investors, we propose the inclusion of retail-specific trade flags in both core and regulatory data from all trading venues or market segments. This would enable greater visibility into retail-driven market activity and help ensure best execution practices are more easily traceable for retail investors. The addition of retail flags would not only benefit retail investors but also provide deeper insights for market participants and for research purpose who assess liquidity and pricing trends, especially in retail-dominated segments. This aligns with the broader objective of improving retail investor protection and promoting informed decision-making while gathering consolidated market data. Therefore, we believe that data related to price improvement mechanisms and in particular retail-specific liquidity sources (such as those generated by Systematic Internalisers and specific retail order flows) should also be included. Specific fields shall enable and ensure clear differentiation between retail and professional market activity. This can be done through standardised flags that identify when a trade is retail-driven by trading and exchanges segments. Such differentiation will also help regulators monitor market fairness and enable retail investors to benchmark their trade executions more effectively. As core and regulatory data proposals are a good start, retail trade flagging and additional fields related to price improvement and liquidity can further ensure the CTP fully serves the needs of retail investors and enhances overall market transparency.

<ESMA_QUESTION_CP2_13>

Q14: Do you support the proposal of machine-readable and human-readable formats outlined in this section?

<ESMA_QUESTION_CP2_14>

As outlined in Q8, we fully support the inclusion of both machine-readable and human-readable data formats. Machine-readable formats are essential for processing large volumes of data efficiently, particularly for institutional and professional users. For retail investors, they will greatly benefit from human-readable formats, allowing them to easily access and interpret market information without the need for specialised tools. This dual approach ensures that both retail and professional users are well-served, promoting transparency and enhancing financial literacy for retail participants. Furthermore, we believe that the CTP should prioritise visual indication, search-capability and charts simplicity (with information layering) in presenting human-readable data to make it more accessible and comprehensible for all market participants.

<ESMA_QUESTION_CP2_14>

Q15: Do you agree with the proposal of data quality measures and enforcement standards for input data?

<ESMA_QUESTION_CP2_15>

TYPE YOUR TEXT HERE

<ESMA_QUESTION_CP2_15>

Q16: Do you agree with the proposal of data quality measures for output data?

<ESMA_QUESTION_CP2_16>
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<ESMA_QUESTION_CP2_16>

Section 4 – RTS on the revenue distribution scheme of CTPs:

Q17: On the basis of the issue presented in the above paragraph, what do you think is the right approach to identify a trading venue and group? How could a trading venue and a group be identified? How should the links with investment firms be determined?

<ESMA_QUESTION_CP2_17>
TYPE YOUR TEXT HERE
<ESMA_QUESTION_CP2_17>

Q18: Do you agree with the above assessment? If not, please explain.

<ESMA_QUESTION_CP2_18>
TYPE YOUR TEXT HERE
<ESMA_QUESTION_CP2_18>

Q19: For the identification of the venue of first admission to trading, do you prefer option (A) use of FIRDS, option (B) the CTP collects the relevant information itself? Please explain and provide any alternative option you consider more appropriate.

<ESMA_QUESTION_CP2_19>
TYPE YOUR TEXT HERE
<ESMA_QUESTION_CP2_19>

Q20: Do you agree that a flag indicating that the transaction was subject to an LIS waiver should be information to be sent to (but not published by) the CTP? If not, please explain.

<ESMA_QUESTION_CP2_20>
TYPE YOUR TEXT HERE
<ESMA_QUESTION_CP2_20>

Q21: Could the determination of the pre-trade volume be done differently by the CTP (e.g. proxy this volume with the pre-trade data received) but at the same time sufficiently accurately? If yes, please explain.

<ESMA_QUESTION_CP2_21>

We partially agree with ESMA's proposal to send, without publishing the LIS (Large in Scale) waiver flag. For retail investors, transparency is key towards understanding the market context in which trades are made. Unpublished flags would hinder retail investors' ability to fully assess market dynamics and identify 'large trades' that might affect/have affected liquidity or pricing. While LIS waivers are typically relevant for institutional participants, understanding their presence would allow retail investors to gauge overall market activity and its impact on price formation more clearly.

However, we acknowledge that publishing such information could potentially confuse less-experienced retail investors or distort the decision-making process for retail participants by introducing non-actionable data. A middle ground could be to make the flag available in a simplified, educational format: contextualise this option for retail users who wish to understand how larger transactions affect market liquidity. To balance these perspectives, we propose that LIS flags be made available (as an option) in post-trade data for transparency, while providing educational resources to help retail investors interpret this information without causing confusion.

<ESMA_QUESTION_CP2_21>

Q22: Do you agree that the methodology to distribute the revenues should require the conversion of the values into percentages? If not, please explain.

<ESMA_QUESTION_CP2_22>

While converting values into percentages may be useful for revenue distribution, the key issue is ensuring that all data (prospective) providers are covered by revenue distribution schemes so that small and dark venues do not opt out. The system should consider APAs and SIs/dark venues, ensuring they are properly incentivised to contribute accurate, high-quality data to the CTP and therefore compensated. Encouraging smaller venues to opt in and ensuring dark venues provide comprehensive data are essential for maintaining market transparency and maximising the effectiveness of the consolidated tape, both for pre-trade and post-trade data.

<ESMA_QUESTION_CP2_22>

Q23: Do you agree with the transactions to include and exclude for the determination of the volume for criteria #1 and #2? If not, please explain.

<ESMA_QUESTION_CP2_23>

TYPE YOUR TEXT HERE

<ESMA_QUESTION_CP2_23>

Q24: What would be your view on the frequency of redistribution? Which issues do you foresee in the redistribution process? How could those issues be solved? Please explain.

<ESMA_QUESTION_CP2_24>
TYPE YOUR TEXT HERE
<ESMA_QUESTION_CP2_24>

Q25: Do you agree with the proposed timeline for the update of the list of data contributors and the identified issues? How could the issues be solved? Please explain.

<ESMA_QUESTION_CP2_25>
TYPE YOUR TEXT HERE
<ESMA_QUESTION_CP2_25>

Q26: What would be your view on the issues for the first year of operations of the CTP? How could those issues be solved? Please explain.

<ESMA_QUESTION_CP2_26>
TYPE YOUR TEXT HERE
<ESMA_QUESTION_CP2_26>

Q27: Do you agree with ESMA preferred proposal to set the weights of the revenue redistribution scheme to 4.5, 4.0 and 1.5 for the small trading venue criterion, the young instruments criterion and the transparent instruments criterion, respectively? If not, please explain.

<ESMA_QUESTION_CP2_27>
TYPE YOUR TEXT HERE
<ESMA_QUESTION_CP2_27>

Q28: Would you consider appropriate that the weight (percentages) sum to 10 (100%)? If not, please explain and provide your alternative proposal for the weights (percentages).

<ESMA_QUESTION_CP2_28>
TYPE YOUR TEXT HERE
<ESMA_QUESTION_CP2_28>

Q29: Do you agree with the proposed (i) frequency of the determination of the weights (ii) timing of determination of the weights (iii) timing of application of the weights? If not, please explain.

<ESMA_QUESTION_CP2_29>
TYPE YOUR TEXT HERE
<ESMA_QUESTION_CP2_29>

Q30: Do you agree with the proposed text? Have you identified any missing points or issues?

<ESMA_QUESTION_CP2_30>
TYPE YOUR TEXT HERE
<ESMA_QUESTION_CP2_30>

Q31: Do you agree with ESMA's proposal on the criteria for a potential suspension of redistribution in case of serious and repeated breach by the CTP? If not, which alternative or/and additional criteria would you consider relevant?

<ESMA_QUESTION_CP2_31>
TYPE YOUR TEXT HERE
<ESMA_QUESTION_CP2_31>

Q32: Do you agree with ESMA's proposal on the procedure for the suspension and the resumption of redistribution? If not, which alternative approach would you consider suitable?

<ESMA_QUESTION_CP2_32>
TYPE YOUR TEXT HERE
<ESMA_QUESTION_CP2_32>

Q33: Do you agree with ESMA's proposal on the timing of the procedure for the suspension and the resumption of redistribution? If not, which alternative approach would you consider suitable?

<ESMA_QUESTION_CP2_33>
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<ESMA_QUESTION_CP2_33>

Q34: Do you agree with ESMA's proposal regarding a one-week timeframe for data contributors to furnish evidence of non-breaches? If you disagree, could you suggest an alternative approach that you find appropriate?

<ESMA_QUESTION_CP2_34>
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<ESMA_QUESTION_CP2_34>

Q35: Do you agree with ESMA's expectation on the notification to be made by the CTP to the competent authority of the data contributor once a suspension has been triggered?

<ESMA_QUESTION_CP2_35>
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<ESMA_QUESTION_CP2_35>

Q36: Do you agree with ESMA's proposal on the approach to the retained revenue? In your view, which rate should apply to compound the interest on retained revenue?

<ESMA_QUESTION_CP2_36>
TYPE YOUR TEXT HERE
<ESMA_QUESTION_CP2_36>

Section 5 – RTS on the synchronisation of business clocks

Q37: Do you agree with the proposed approach on synchronisation to reference time? If not, please explain.

<ESMA_QUESTION_CP2_37>
TYPE YOUR TEXT HERE
<ESMA_QUESTION_CP2_37>

Q38: Do you support a timestamp granularity of 0.1 microseconds for operators of trading venues whose gateway-to-gateway latency is smaller than 1 millisecond? If not, please explain. Would you argue for an even smaller granularity? If yes, please explain.

<ESMA_QUESTION_CP2_38>
TYPE YOUR TEXT HERE
<ESMA_QUESTION_CP2_38>

Q39: Do you support the proposed approach on the level of accuracy for trading venue members, participants or users? If not, please explain.

<ESMA_QUESTION_CP2_39>
TYPE YOUR TEXT HERE
<ESMA_QUESTION_CP2_39>

Q40: Do you agree with the proposed approach on traceability to UTC? If not, please explain.

<ESMA_QUESTION_CP2_40>
TYPE YOUR TEXT HERE
<ESMA_QUESTION_CP2_40>

Q41: Do you agree with the proposed accuracy levels for APAs, SIs, DPEs and CTPs? If not, please explain.

<ESMA_QUESTION_CP2_41>
TYPE YOUR TEXT HERE
<ESMA_QUESTION_CP2_41>

Q42: Do you think that more stringent requirements should be set for SIs compared to DPEs considering they have pre-trade transparency obligations? If not, please explain.

<ESMA_QUESTION_CP2_42>
TYPE YOUR TEXT HERE
<ESMA_QUESTION_CP2_42>

Section 6 – RTS/ITS on the authorisation and organisational requirements for DRSPs

Q43: Do you agree with the approach proposed by ESMA?

<ESMA_QUESTION_CP2_43>
TYPE YOUR TEXT HERE
<ESMA_QUESTION_CP2_43>

Q44: Do you agree to include new authorisation provisions on ownership structure and internal controls for APAs and ARMs?

<ESMA_QUESTION_CP2_44>
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<ESMA_QUESTION_CP2_44>

Q45: Do you have any further comments or suggestions on the draft RTS? Please elaborate your answer.

<ESMA_QUESTION_CP2_45>
TYPE YOUR TEXT HERE
<ESMA_QUESTION_CP2_45>

Q46: Do you agree with the approach proposed by ESMA?

<ESMA_QUESTION_CP2_46>
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<ESMA_QUESTION_CP2_46>

Q47: Do you foresee specific conflicts of interests that may arise between (i) CTP and data contributors and (ii) CTP and clients and users?

<ESMA_QUESTION_CP2_47>

It is possible conflicts may arise between the CTP and data contributors, as well as to some extent between the CTP and its users. Data contributors, like trading venues and APAs, may withhold or delay data if they feel under-compensated, which could result in incomplete or delayed data for retail investors. What is more, smaller venues and APAs may opt out if not sufficiently incentivised, therefore reducing market transparency. To address this, ESMA should ensure a fair revenue-sharing model that encourages full participation (and potentially also for APAs). Additionally, the CTP should ensure not to marginalise retail investors by providing free access and low-cost additional services. Therefore, a transparent fee structure and access delineation type to safeguard the business model of the CTP is essential to guarantee free access for retail users with little to no limitation, and premium use case for institutionals.

<ESMA_QUESTION_CP2_47>

Q48: What other elements, if any, should be included in the RTS on authorisation of CTPs?

<ESMA_QUESTION_CP2_48>

TYPE YOUR TEXT HERE

<ESMA_QUESTION_CP2_48>

Q49: What other elements, if any, should be included in the RTS on authorisation of CTPs?

<ESMA_QUESTION_CP2_49>

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<ESMA_QUESTION_CP2_49>

Section 7 – Criteria to assess CTP applicants**Q50: How would you define retail investors, academics and civil society organisations for the purpose of the CTP?**

<ESMA_QUESTION_CP2_50>

For the purpose of the CTP, retail investors can be defined as individual, non-professional investors who engage in trading on their behalf (for personal accounts) rather than for firms. Retail investors need to rely on transparent, easily accessible, and free access to all market data (core and detailed), and may require affordable market data analysis to enable them to make informed investment decisions. A category sub-category of semi-professional retail investors, such as those with advanced knowledge or frequent traders, may require more detailed analysis and closer to real-time data for complex strategies like portfolio optimisation or even algorithmic data

processing. As per academics and civil society organisations, those can be widely understood as comprising researchers, educational institutions, and non-profits who use market data for non-commercial, educational, research, or policy analysis. These groups also need to benefit from access to consolidated market data for research and/or public-interest work, ideally at no cost to encourage broader analysis and contribute to financial literacy and informed public debate. In all cases, the CTP should offer user-friendly, human-readable and easy-to-process formats, ensuring data accessibility to both experts and non-expert users without advanced financial knowledge. Therefore, CTPs shall leverage the opportunity to foster financial education by offering clear definitions, background information and explainers for investors directly via their website/platform. This would greatly help improving understanding of market concepts and to promote informed decision-making in investments. Thus, a CTP should offer user-friendly, human readable (and downloadable) formats , ensuring data accessibility to non-expert users without advanced financial knowledge, notably by layering information complexity and creating appropriate flags and explainers.

<ESMA_QUESTION_CP2_50>

Q51: What are in your view the most important elements that should be taken into account when defining the governance structure of the CTP?

<ESMA_QUESTION_CP2_51>

Since de facto the CTP will operate under a sole provider, we concur with ESMA that it is essential to have a balanced representation of stakeholders within its structure, those shall include retail and professional users, academics, market participants, data providers/users/processors, and financial firms, including brokers. An Advisory Committee is important to ensure stakeholder input on performance, data quality, and operations. While balanced oversight and warranting neutrality are critical, a rotation mechanism for governance members could mitigate conflict of interest but shall be managed to avoid disruption. In the event of rotations, the focus may be on expanding representation/renewing representation it when necessary to ensure inclusiveness and effectiveness in gathering feedback. Also, cost efficiency and accessibility are key, particularly for retail investors, to keep core market data freely accessible. Therefore, and since value-added services should be considered for commercial reasons, but not in a way that renders the tape unattractive or inaccessible for individual investors or researchers. External feedback and accountability mechanisms should also be established to address concerns raised by users and ensure ongoing responsiveness of CTPs. This ensures that all voices are considered in decision-making processes. Transparency and decision-making, particularly regarding fees, changes, and cost structure, should be overseen by relevant bodies (including advisory committee) to ensure accountability and fairness. Additionally, conflict of interest management is crucial to uphold the reliability and integrity of data provision, particularly in relation to best execution rules.

<ESMA_QUESTION_CP2_51>

Q52: Should the CTP include representation of other stakeholders within their governance structure?

<ESMA_QUESTION_CP2_52>

See also previous answer. BETTER FINANCE believes that retail investors and brokerage firms should be at the core of the CTP's consideration and design. The governance structure should include broad representation from all relevant sectors, ensuring diverse perspectives. This will help align the CTP's operations with the needs and expectations of a wide range of stakeholders, promoting transparency and fairness, while enabling identifying further services next to the market data consolidation basis for accessibility.

<ESMA_QUESTION_CP2_52>

Q53: Do you agree with the proposed approach on the assessment of necessity of joint application?

<ESMA_QUESTION_CP2_53>

TYPE YOUR TEXT HERE

<ESMA_QUESTION_CP2_53>

Q54: Which minimum requirements on identifying and addressing potential conflicts of interest would you consider relevant?

<ESMA_QUESTION_CP2_54>

TYPE YOUR TEXT HERE

<ESMA_QUESTION_CP2_54>

Q55: To score the applicants on their development expenditure and operating costs, ESMA intends to look at the costs the applicant will need to cover on an annual basis. Do you agree with this approach? If not, which alternative approach would you deem more appropriate?

<ESMA_QUESTION_CP2_55>

TYPE YOUR TEXT HERE

<ESMA_QUESTION_CP2_55>

Q56: The simplicity of the fee structure and licensing models can be scored by taking into account the number of tiers, fee types and licensing models. Does this accurately reflect simplicity? If not, would you propose a different approach to assess simplicity? Please elaborate.

<ESMA_QUESTION_CP2_56>

TYPE YOUR TEXT HERE

<ESMA_QUESTION_CP2_56>

Q57: The approach proposed for the assessment of the ability of CTP applicants to process data is grounded on the assessment of the technological infrastructure in ensuring

scalability, low-latency, accuracy and security throughout the data lifecycle. Do you agree with this approach, or would you consider additional elements to be assessed?

<ESMA_QUESTION_CP2_57>

Overall, BETTER FINANCE agrees with ESMA's approach in assessing the ability of CTP applicants to process data based on scalability, low-latency, accuracy, and security. While scalability and low-latency are critical for institutional participants, for retail investors, accuracy and accessibility of data are far more important. Retail-specific data streams, including flags for retail trades, could also be integrated into the data lifecycle. Retail investors typically do not require ultra-low latency but rather transparent, simplified data for fair price comparison and post-trade verification. Tools like trend charts and ensuring data clarity are particularly valuable for retail users. Additionally, the criteria should also include considerations for retail-friendly data accessibility, such as the understandability of data, potential costs for retail users only under specific additional services, and financial education resources or explainers to help retail investors make informed decisions. These elements are critical to ensure the CTP serves the needs of retail investors as effectively as it could serve institutional users, market participants, firms and regulators.

<ESMA_QUESTION_CP2_57>

Q58: Which is the minimum speed of dissemination you would consider appropriate for the CTP? Please distinguish between asset classes (and for the case of the equity CTP, between pre- and post-trade date).

<ESMA_QUESTION_CP2_58>

For retail investors, pre-trade data like the EBBO mainly provides a best market view, offering insights into pricing trends rather than being directly actionable. Retail investors don't rely on ultra-fast pre-trade data but use it to understand overall market conditions, making accuracy more important than extreme low-latency. Post-trade data, however, is critical for verifying best execution. Timely and accurate access is essential for retail investors to assess whether their trades were executed fairly. Clear and accessible post-trade data allows retail participants to evaluate execution quality without the need for high-speed updates.

<ESMA_QUESTION_CP2_58>

Q59: The proposed approach to data quality would reward additional commitments and measures that CTP applicants intend to put in place. Do you agree with this approach ? What additional commitments and measures would you consider appropriate?

<ESMA_QUESTION_CP2_59>

TYPE YOUR TEXT HERE

<ESMA_QUESTION_CP2_59>

Q60: The proposed approach to modern interface and connectivity is grounded on the assessment of the interface technology in terms of reliability, scalability, low latency and

security. Do you agree with this approach, or would you consider additional elements to be assessed?

<ESMA_QUESTION_CP2_60>

We agree with the emphasis on reliability, scalability, low latency, and security for the CTP's interface and connectivity. However, for retail investors, the accessibility of the interface should also be prioritized. The system must offer cost-effective, user-friendly formats for non-professional users. It is essential that the interface is not overly complex and integrates smoothly with broker platforms and other tiered services, ensuring proper data dissemination for all users, especially retail investors. This will promote greater usability while maintaining the necessary technological robustness.

<ESMA_QUESTION_CP2_60>

Q61: Do you agree with the proposed approach to record keeping, based on the provision of document supporting intended compliance?

<ESMA_QUESTION_CP2_61>

TYPE YOUR TEXT HERE

<ESMA_QUESTION_CP2_61>

Q62: The proposed approach to resilience, business continuity and cyber risks is grounded in assessing mandatory DORA requirements applicable to CTPs as a first step (selection criterion), to then reward additional commitments and measures CTPs applicants intended to put in place to mitigate and address outages and cyber-risk . Do you agree with this approach? What additional commitments and measures would you consider appropriate?

<ESMA_QUESTION_CP2_62>

TYPE YOUR TEXT HERE

<ESMA_QUESTION_CP2_62>

Q63: Do you agree with the use of the Power Utilisation Effectiveness (PUE) as the metric to assess the energy consumption of the CTP? If not, which alternative approach would you favour?

<ESMA_QUESTION_CP2_63>

TYPE YOUR TEXT HERE

<ESMA_QUESTION_CP2_63>

Annex II – Cost Benefit Analysis:

Q64: What costs do you expect in order to comply with the proposed minimum requirements for the quality of transmission protocols? What benefits do you expect? Please indicate to what role (data contributor, CTP, or CT user) your response refers.

<ESMA_QUESTION_CP2_64>

As CT users, retail investors benefit from more reliable and transparent data, improving access to information and execution monitoring, without directly incurring costs (free access to market data). Therefore, we would welcome measures that will ensure minimising/spreading compliance costs over time from participants.

<ESMA_QUESTION_CP2_64>

Q65: What costs do you expect in order to comply with the proposed data format for input and output data? What benefits do you expect? Please indicate to what role (data contributor, CTP, CT user) your response refers.

<ESMA_QUESTION_CP2_65>

TYPE YOUR TEXT HERE

<ESMA_QUESTION_CP2_65>

Q66: Do you expect the benefits from the proposed real time data transmission requirement for input data to outweigh the operational costs borne by data contributors?

<ESMA_QUESTION_CP2_66>

TYPE YOUR TEXT HERE

<ESMA_QUESTION_CP2_66>

Q67: Do you think that the input and output data fields strike a balance between reporting burden for data contributors/CTPs and benefits for CT users?

<ESMA_QUESTION_CP2_67>

TYPE YOUR TEXT HERE

<ESMA_QUESTION_CP2_67>

Q68: Do you think that the proposed data quality requirements are sufficient to achieve the CT's objectives without generating excessive compliance burdens? Please explain.

<ESMA_QUESTION_CP2_68>

TYPE YOUR TEXT HERE

<ESMA_QUESTION_CP2_68>

Q69: Which costs do you expect to implement the revenue distribution scheme? Please differentiate between one-off and on-going costs, between fixed and variable costs as well as between direct and indirect costs.

<ESMA_QUESTION_CP2_69>

TYPE YOUR TEXT HERE

<ESMA_QUESTION_CP2_69>

Q70: Which costs do you expect to implement the suspension and the resumption of the revenue distribution scheme? Please differentiate between one-off and on-going costs, between fixed and variable costs as well as between direct and indirect costs.

<ESMA_QUESTION_CP2_70>

TYPE YOUR TEXT HERE

<ESMA_QUESTION_CP2_70>