

# FCA unveils plans for a Consolidated Tape

## AT A GLANCE

July 2023

### What's new?

- The FCA set out its [proposals](#) for UK Consolidated Tape (CT) on 5 July 2023. The consultation outlines a proposed framework for a CT for bonds, and invites feedback on the criteria for how a CT would operate and the tender process for appointing a Consolidated Tape Provider (CTP).
- The paper sets out the FCA's view on the scope and operation of a bond CT, how data will be consolidated and disseminated, the economic model for CTPs, as well as the organisational and prudential requirements that may need to be applied to CTPs.
- The FCA is also seeking input on the design of a CT framework for equities, which will be established over a longer timeline.

### What does this mean?

- Following the passage of the Financial Services and Markets Act (FSMA) 2023 in June 2023, the FCA is now able to take forward a key recommendation from the Government's [Wholesale Markets Review](#) to develop a UK CT.
- Industry feedback stressed the prioritisation of a bond CT given the more dispersed nature of bond trading information and issues with data quality. The FCA states that a bond CT will aim to lower costs of accessing trading data, improve liquidity, lower trading costs, lead to more efficient portfolio allocation for investors, and lower the costs of issuing bonds.
- The FCA's publication outlines the proposed features of a bond CT and the process through which a CTP will be appointed.
- Regarding the **scope and operation** of a CT, the FCA proposes to have a single CTP per asset class to be appointed through a tender process, and that the CT should cover the same categories of bonds as in scope of the FCA's transparency regime.
- The FCA adds that Trading Venues (TVs) and Approved Publication Arrangements (APAs) will be required to send data to the CTP and for the CTP to publish that data in as close to real time as possible.
- On **data consolidation and dissemination**, the FCA proposes that the CTP should develop a standardised, open source Application Programming Interface for data receipt. The FCA states this should improve data quality through consistent transmission of data and minimise the cumulative cost of connectivity between data providers and the CTP.
- Regarding the **economic model** for CTPs, the FCA outlines a set of proposed features of a bond CT that are designed to ensure it is 'sufficiently commercially attractive' to encourage multiple CTPs to engage in the tender process.
- In particular, the FCA proposes that CTPs will not be required to pay TVs and APAs for the data received and it will not require a bond CTP to have a revenue sharing model in place with data providers. CTPs will also not be required to contribute to data providers' cost recovery.
- To guard against the potential detrimental competition dynamics of

### Contacts

#### Joe Gennings

Director

T: +44 (0) 7764 958070  
E: [joe.gennings@pwc.com](mailto:joe.gennings@pwc.com)

#### Conor MacManus

Director

T: +44 (0) 7718 979428  
E: [conor.macmanus@pwc.com](mailto:conor.macmanus@pwc.com)

#### Rory Davis

Manager

T: +44 (0) 7483 326478  
E: [rory.davis@pwc.com](mailto:rory.davis@pwc.com)



## AT A GLANCE

July 2023

a single CTP for bonds, the FCA intends to require CTPs to provide multiple licence types to serve various CT users' needs and characteristics. Value-add services may be offered by the CTP, provided the CT is also available on a standalone basis.

- The FCA also invites feedback on the proposed auction format for the CTP tender process and the pricing models that CTPs will be able to implement.
- Regarding **organisational and prudential requirements**, the FCA proposes that CTPs should comply with existing SYSC 15A requirements on operational resilience and that requirements on outsourcing and conflicts of interest are supplemented by additional requirements in recognition of the likely reliance on third parties to enable CTPs to provide the CT. The FCA proposes to require CTPs to have sufficient financial resources for the proper performance of its duties.
- Regarding a **CT for equities**, the FCA highlights a number of discussion questions to inform its future consultation on the development of a CT for this asset class. The FCA notes that it intends for many of the same operational requirements for CTPs to be the same across bonds and equities, but there are equity-specific issues that may require a tailored approach. In particular, the FCA poses questions on whether pre-trade data should be in scope and if a revenue sharing approach should be adopted for an equity CT.

### What do firms need to do?

- The development of a CT forms a key part of the Government's wholesale market reform agenda and the FCA's proposals to establish a CT seek to substantially change the market for - and consumption of - trade data in UK markets. Firms should also take note of the outputs of the FCA's wholesale data market study that is expected to report in March 2024.
- For firms that are involved in the submission and consumption of trade data, the development of a CT has the potential to address existing cost and complexity issues associated with fragmented bond market data by developing a complete, authoritative single source of market data.
- The FCA does not propose to mandate consumption of the CT, but if firms decide to purchase the CT, they will need to make necessary operational changes to integrate and manage the change of market data feeds, either as a supplement or substitute to their existing trade data.
- Firms wishing to maintain access to trading data across the UK and EU should be prepared to manage the impact of the possible differences between UK and EU CT regimes, including the underlying transparency requirements, as these are developed.
- Following the passage of FSMA 2023, further significant reform of UK secondary market is expected over the next several years. Firms should be alert to the scale and pace of regulatory change and be prepared to meet the operational and compliance challenges this presents.

### Contacts

**Joe Gennings**  
Director

T: +44 (0) 7764 958070  
E: joe.gennings@pwc.com

**Conor MacManus**  
Director

T: +44 (0) 7718 979428  
E: conor.macmanus@pwc.com

**Rory Davis**  
Manager

T: +44 (0) 7483 326478  
E: rory.davis@pwc.com

### Next steps

The consultation closes on 15 September 2023. For an equity CT, the FCA intends to develop further detailed consultation proposals during 2024.

For a bond CT, the FCA expects to publish a policy statement in December 2023 and issue a request for tender during 2024. Separately, the FCA plans to consult on a revised transparency regime for bonds in Q4 2023, with a scheduled implementation date of summer 2025. The FCA expects a bond CT to be operationalised in 2025 following transparency rule implementation.



[www.pwc.co.uk/regdevelopments](http://www.pwc.co.uk/regdevelopments)

This content is for general information purposes only, and should not be used as a substitute for consultation with professional advisors.

© 2023 PricewaterhouseCoopers LLP. All rights reserved. PwC refers to the UK member firm, and may sometimes refer to the PwC network. Each member firm is a separate legal entity. Please see [www.pwc.com/structure](http://www.pwc.com/structure) for further details.