



2021

CAPITAL MARKETS UNION

PACKAGE

CONSOLIDATED TAPE

25 November 2021 | #CMU

What is a consolidated tape?



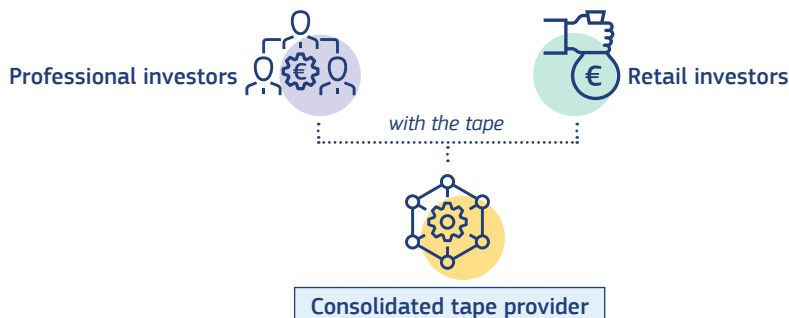
It is a system that consolidates as close to real-time as possible information on transactions taking place on trading platforms across the EU.



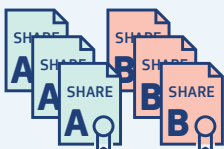
It allows investors, both professional and retail, to see in one place the price and other information about a financial instrument (such as the volume and time of transactions).



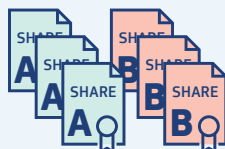
Without a consolidated tape, information on trading is scattered across multiple execution platforms, such as stock exchanges, other trading venues and investment banks (also called 'systematic internalisers').



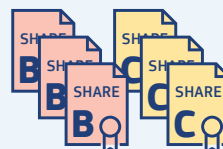
Price of transactions and volume of transactions in shares A, B, C executed across the EU are centralised in one single database



Trading platform 1
(e.g. a stock exchange)



Trading platform 2
(e.g. multilateral trading venue)



Trading platform 3
(e.g. multilateral trading venue)



Trading platform 3
(e.g. investment bank)

What are we doing?

- The proposal ensures the right conditions for a 'consolidated tape provider' to deliver a consolidated view of trading across the entire EU. All execution platforms will be required to directly contribute their trading data to the consolidated tape. A revenue sharing mechanism will ensure that exchanges, in particular smaller exchanges, can maintain a dynamic local ecosystem for all EU issuers.
- ESMA will select a consolidated tape provider who will publish the information on trading as close to real time as possible, so that investors can see transaction information for the whole EU.

Why are we doing it?

- Today, financial instruments, such as shares and bonds, are traded in the EU across about 500 execution platforms (across all asset classes). All these platforms need to publish information about each transaction, such as the volume, time and price of the transaction. This makes the information very fragmented and only few big players are able to have a comprehensive overview of the market.
- In line with the goals of the Capital Markets Union to further integrate EU capital markets, this will be a vital tool that gives investors an overview of trading conditions in the EU.
- An EU consolidated tape would provide investors with information on whether they obtained the best price (the so-called 'best execution') for selling or buying shares, bonds, Exchange Traded Funds and derivatives. It could also improve competition between trading venues, by attracting orders to execution with better prices and liquidity. This will lead to the EU capital markets becoming more attractive, not only internally, but also internationally.