

Open Letter: European Consolidated Tape Delivery Plan

27 November 2012

Dear Key Stakeholder,

Almost immediately after the launch of MiFID in November 2007 and the subsequent fragmentation of liquidity in equity markets, investors across Europe were calling for the introduction of a pan-European Consolidated Tape.

The financial services industry has recognised the need for a pan-European Consolidated Tape as a means to:

1. Restore market transparency
2. Enable execution performance attribution & compliance monitoring (best execution, TCA, benchmarks, market abuse monitoring, circuit breakers, etc.)
3. Facilitate broad availability of consolidated pan-European data at a reasonable cost

Whilst significant progress has been made in harmonising technical standards, conflicting commercial interests have resulted in a level of inertia which has stifled our industry's progress in addressing its own needs.

The COBA Project was established six months ago with the sole focus of applying our experience in an independent capacity to coordinate the implementation of an industry-led pan-European Consolidated Tape. Although complete consensus cannot be expected, our extensive consultations with legislative and regulatory leaders at EU and local levels, Regulated Exchanges, MTFs, key buy-side & sell-side institutions and data vendors have allowed us to establish a framework which now has sufficient support to move forward.

The plan outlined below provides a summary of the collaborative efforts required to achieve the initial phase of implementation, currently targeted for late Q2 2013. We request written confirmation of your support, upon receipt of which, we will provide the non-binding terms of reference for participation going forward.

We look forward to your participation.

Yours sincerely,



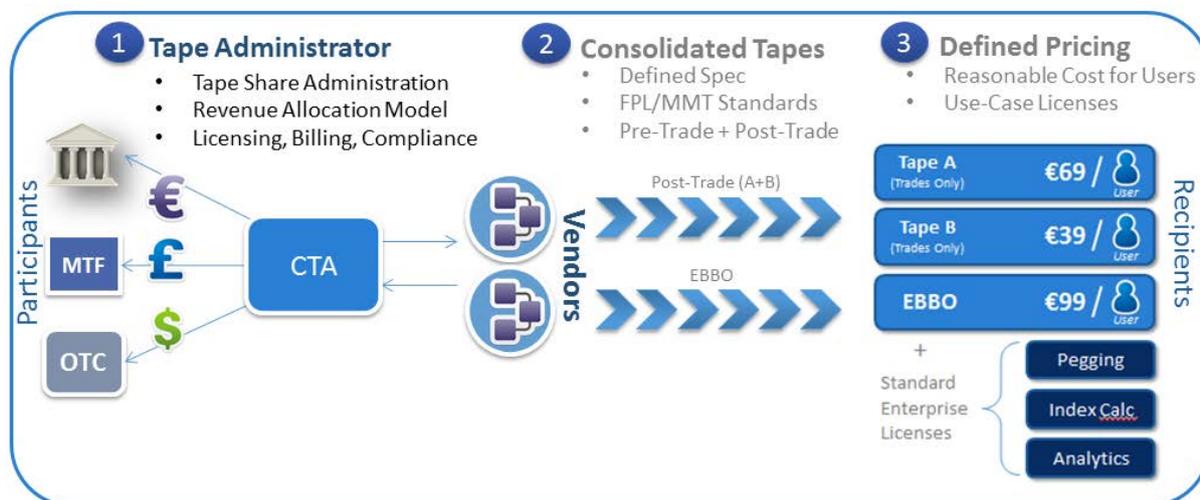
Graham Dick
Managing Partner



Mark Schaedel
Managing Partner

Appendix I: Plan Overview

The COBA Project proposes the following framework as the basis for establishing a pan-European consolidated tape.



1. Establish an independent ‘Consolidated Tape Administrator’ (“CTA”) that will be responsible for the centralised allocation of participant revenues, as well as, data recipient licensing, billing and compliance functions.

2. Define Unified Tape Specifications and prescribe to data consolidators (vendors) for the provisioning of consolidated post-trade data (Tape A for addressable liquidity & Tape B for reporting events) and a pre-trade European Best Bid and Offer (EBBO). Specifications will include the required market venue sources, security selection¹ and rules for consolidation and the application of trade data standards consistent with [industry-defined best practices](#) (FPL).

3. Address Commercial Pricing Issues by: (a) establishing a reasonable cost for recipients of consolidated post-trade data and a pre-trade EBBO; (b) Establishing a revenue allocation model which provides an alternative to the existing commercial model while recognizing the information value associated with price formation events and addressable liquidity. Participation in this plan will be open to all markets and data contributors.

¹ The initial scope of the phased implementation will involve only the most fragmented equities, and ultimately, scale to include all 67 EU markets and all relevant underlying equity and ‘equity-like’ securities, as well as, fixed income and other asset classes possibly at a later stage.

Appendix II: Next Steps

The COBA Project will coordinate participation from the appropriate key stakeholders to address the following critical issues and to finalise the comprehensive implementation timeline and plan:

A) Commercial

- Validate recipient pricing and pricing policy
- Approve, test and refine the Revenue Allocation Model
- Define common data licensing agreement as the basis for the centralised licensing function
- Define data contribution requirements & performance criteria

B) Technical Standards & Best Practices

- Endorse and collectively adopt the [best practice recommendations](#) of the Fix Protocol organisation's Trade Data Standards Working Group which incorporate the Market Model Typology data standards and include OTC trade reporting guidelines.
- Validate and endorse the proposed EBBO calculation methodology

C) Regulatory²

- Align the role of the Consolidated Tape Administrator (CTA) to MiFID proposals (Article 67) and provide guidance on CTA Independent Governance.
- Clarify the role & function of the proposed Approved Publication Agent (APA) regime.

² Although, it is understood that this plan calls for commercial implementation, it should be acknowledged that a close working partnership be established with ESMA. To this end, we recommend that the CESR (now ESMA) Joint Industry Technical Working Group be re-established.

Appendix III: Expectation, Roles & Responsibilities

As a prerequisite to participation in the implementation working group, acceptance of non-binding terms is required. These terms are meant to establish an understanding of the respective roles of each constituent group and initiate a focused implementation effort. The summary below will be further detailed upon your confirmation and conveyance of any conditions you may wish to specify.

1. Data Redistributors/Market Data Vendors

- Agree to provide consolidated data in a manner which conforms to a uniform data specification and licensing agreement under alternative commercial terms and data provisioning policy.
- Adopt & support MMT data standards and FPL best practices.
- Cooperate and support efforts to maintain consistency across consolidate tapes.

2. Market Participants (Exchanges, MTFs, OTC trade reporting venues, etc.)

- Participate in a defined commercial plan which includes a revenue allocation for revenues associated exclusively with the redistribution and receipt of a uniform consolidated tape through an agreed methodology and common data licensing agreement.
- Adopt, support and maintain MMT data standards and FPL best practices for consolidated tape contributions.

3. Buyside/Sellside Institutions

- Adopt an agreed set of OTC trade data reporting best practices and standards.
- Actively participate in user advisory groups to define recommendations for a consolidated tape which achieves sufficient market demand.