APARMA

FCA CP25/31 consultation on the framework for a UK equity consolidated tape
The APA Association's response

Introduction

The APA Association (APAA) welcomes the opportunity to respond the FCA's consultation on the framework for a UK equity consolidated tape and would be delighted to discuss our views with the FCA in the future.

Responses to consultation questions

Question 6: Do you agree with our proposal not to require revenue sharing arrangements between the equity CTP and data contributors? Y/N. Please give your reasons.

No, the APAA does not agree with the FCA's proposals. The APAA have always recommended that a CTP revenue share would be the optimal way to align data contributor and CTP interests to maintain high data quality in the long term.

That said, if the FCA or CTP do not create revenue sharing schemes in the first contract period, the APAA would strongly recommend that a cost recovery scheme is provided by the CTP.

The cost of developing, testing and maintaining connectivity to the CTP, currently not documented in the CBA (paragraph 210), is significant and available on request from each regulated APA. The APAA recommends the CTP reimburses APAs for both one-off and on-going costs from the revenues they earn after the deduction of their own initial establishment costs.

The APAA continues to work on ideas as to how the mechanism of a cost recovery scheme would work in practice and will revert to the FCA in due course.

Question 9: Do you agree with our proposed latency requirements for data contributors? Y/N. Please give your reasons.

No, the APPA does not agree with the FCA's proposed latency requirements. The APAA continues to believe that for OTC business there should be no input data transmission latency requirements for APA publication to the CTP.

As noted by the FCA in paragraph 3.105 "…disseminating data with latency of 50 milliseconds would be a new requirement on data contributors (currently they must publish reports as soon as technically possible and no longer than 1 minute after a trade has occurred)". This new requirement of data contributors is expensive in terms of the investment in the technical infrastructure needed.

As the FCA themselves acknowledge in paragraph 3.107, it is indeed a challenge for APAs to send information to the CTP including the time they published a trade. As, on receipt of data, an APA still needs to conduct its extensive data checks to ensure data quality, publish and then send the data to the CTP – all within 50 milliseconds. We therefore suggest only keeping the below wording in the draft MAR 9.2B.34BR(3):

david.bullen@aparma.org www.aparma.org
C/o MarketAxess Post Trade Services BV
Keizersgracht 264, 1016 EV Amsterdam, Netherlands

...(in the case of the data specified in MAR 9.2B.34AR(2)(b) relating to transactions executed outside of a UK trading venue) to the CTP for equities as close to real time as is technically possible.

If a complete exemption from this requirement for OTC business is not possible, APAA members would see benefit in increasing the latency requirement for OTC business from 50ms to 100ms and relaxing the 95% success rate to 90%.

As already mentioned, there are significant differences to the duties of APAs regarding checking and processing OTC business versus the activities required for trade processing of on-venue trading. A non-exhaustive list of these checks is provided in Appendix 1. These extra checks fully justify either the exemption or the requested 100ms and 90% threshold request to support high data quality. It may also make the UK a more attractive competitive location for conducting OTC business versus other jurisdictions.

Question 10: Do you think there are specific types of trading protocol that should be subject to a higher latency requirement? Y/N. If yes, explain which types of flow and why.

The APAA has no specific views on whether trading protocol should drive different latency requirements.

The APAA does however believe that whether the trade is conducted on-venue or OTC should drive a difference in latency requirements.

The APAA believes that for OTC business there should be no input data transmission latency requirements for APA publication to the CTP.

Question 11: Do you see any potential challenges in UK data contributors meeting these requirements, including around cancellations and amendments? If so, do you think the alternative options outlined would help reduce these challenges? Please also provide any further suggestions.

<u>Trade Cancellations and Amendments</u>

Yes, the APAA does see potential challenges in UK data contributors meeting these requirements for all trade reports and especially around cancellation, amendments and deferred trades.

As the FCA state in paragraph 3.102, "However, we are aware that this may be a challenging timeframe given the work required to process amendments and cancellations in a way that maintains data quality". The APAA would agree this timeframe is too challenging to be able to process amendments and cancellations whilst maintaining data quality.

Given even more additional processes are required to process trade cancellations and amendments beyond those required for 'new' trades, the APAA would recommend amendments and cancellations are entirely excluded from CTP input data transmission latency requirements.

Deferred trades

For deferred trades, even with the proposals stated in paragraph 3.101 "Where the publication of a trade is deferred, the requirements could apply to data contributors from the point at which the deferral ends, or information about a deferred trade has been received by an APA after the deferral has ended", there will still be significant challenges for APAs to meet these requirements for deferred trades. For deferred trades this is an additional latency requirement beyond what is required for an EU Share/ETF CTP.

Deferred trades clearly have less information value to market participants therefore the importance of speed to meet transparency objectives is significantly reduced if not eliminated entirely. Therefore, the APAA recommends that they should also be entirely excluded from CTP input data transmission latency requirements.

The FCA seems to think (reference paragraph 3.104) that such requirements would be in line with the approach taken by the EU. The APAA is of the understanding that ESMA will exclude cancellations, amendments and deferred trades from CTP input data transmission latency requirements.

Question 14: Do you agree we should have a single CTP for the first 5-year contract period for the equity CT? Y/N. Please give your reasons.

The APAA continues to believe there should only be one CTP per asset class.

In this consultation paper the FCA appears not to have ruled out more than one CTP in the equity asset class.

Therefore, if the FCA is considering having multiple competing CTPs in the equity asset class, other issues need to be reviewed, for example, the increased chances of duplicates appearing on the CTP.

Additionally, several of the points we have already made would be magnified or accentuated by the existence of multiple CTPs, for example:

- the duplication of connectivity costs
- data quality checks being different using different definitions of 'quality'
- data contributors being required to contribute the same data to different CTs in multiple formats and technical protocols.

If the FCA is contemplating multiple CTPs in the equity asset class, we would welcome the opportunity to expand on these additional concerns later which, in the interests of time and likelihood, we have not fully documented here.

Question 21: Do you have any comments on the treatment of ETNs and ETCs for equity and bond CTs?

The APAA agrees with the FCA's proposal to exclude ETNs and ETCs from the requirement to transmit trades to the CTP.

david.bullen@aparma.org www.aparma.org
C/o MarketAxess Post Trade Services BV
Keizersgracht 264, 1016 EV Amsterdam, Netherlands

Question 23: Do you agree with our proposed pre-trade input table for the information trading venues have to provide to the equity CTP? If not, please set out the amendments you think we should make and the reasons for those amendments.

As a general observation, APAs note that the current 'handbook' level text covering the precise specification of the Input/Output for core data is not yet available.

To fully and properly comment on matters raised within these proposals those details are required. For example, until the details of all core data elements are known in detail, the challenges involved in the transmission speeds required to which APAs must bind themselves is impossible to fully and accurately assess.

Question 27: Do you agree an equity CTP should not be required to flag trades they or an APA think are potentially incorrect? Y/N. Please give your reasons.

APAA members are supportive of improving data quality.

Yes, the APAA agrees an equity CTP should not be required to flag trades they or an APA think is potentially incorrect.

Generally, the APAA agrees with the proposals made by the FCA regarding the management of data quality.

The APAA would also recommend that the way APAs are advised of and feed back resolutions to the CTP privately for data quality issues needs to be kept simple, efficient and cost effective.

The APAs would welcome being involved, bilaterally and collectively, in designing the data quality metrics and the approach adopted working collaboratively with the CTP.

Question 41: Do you agree data contributors should not be required to send the specified input data to the CTP using a format adhering to the ISO 20022 methodology? Y/N. Please give your reasons.

The APAA would support the FCA's proposal not to mandate the use of ISO20022 standards. This will allow for greater flexibility and keep industry costs lower.

<u>Cost benefit analysis questions</u>

Question 1: Do you have any comments on our cost benefit analysis?

Yes, the APAA has material comments about a deficiency in the Cost Benefit Analysis (CBA) regarding connectivity costs. See our full answer to CBA Question 3.

Queston 3: Are there any significant costs or benefits to the market that we did not adequately consider in our cost benefit analysis?

Yes, the CBA entirely fails to consider connectivity costs (reference Annex 2, paragraph 210). Given the significant development and testing required to implement new feeds to the CTP, or perhaps multiple CTPs, and maintain the currency of those additional feeds plus the on-going connectivity to data centre locations, the absence of these costs in the CBA is very concerning. APAA members stand ready to provide the FCA with these cost estimates bilaterally given they cannot be shared in a group setting for anti-competition reasons. A lack of specific cost numbers here should not be mistaken for the materiality of these undocumented costs in the CBA.

The APAA's members will work to provide the FCA with these cost estimates bilaterally whilst in parallel attempting a group effort to estimate these costs subject to careful anti-competition measures. If this group effort is successful in gathering useful cost estimates, the APAA will revert to the FCA directly. This will likely be after 13th February.

The APAA would like to make the following additional points to the overall consultation

Operating Hours

The APAA would note that APAs currently have different opening and closing times, driven by their own commercial considerations, whilst all are still meeting their regulatory requirements.

Therefore, the APAA would recommend that nothing in the FCA's CTP Technical standards, when issued, should introduce or require APAs to adjust their current behaviour/set-up in terms of operating hours. The APAA also believes that the CTP should accommodate the current varying operating hours provided by APAs and internalise any associated costs, e.g. the later consumption of trades "queued" by APAs whilst they are closed.

Sensible Implementation timeline

The APAA's experiences with other CTP project efforts have highlighted an issue not covered in this consultation paper. The FCA must agree a sensible implementation timeline with the winner of the equity CTP contract to onboard data contributors (APAs). This implementation timeline must be developed with due care to provide a complete and robust CT in the medium and long term. Our investigations and experience to date lead us to advise that data contributors should be given a minimum of 6 months from the availability and issuance of full and final connectivity details, documented commercial licencing model, full legal documentation and onboarding implementation specifications to every data contributor. The APAA would be delighted to be involved in documenting a sensible implementation timeline in conjunction with the FCA and the winning operator.

Appendix 1

As per the requirements of MAR 9.2B.12R (1)(c) and MAR 9.2B.15R(4)-(6), regulated APAs may perform the below additional functions, checks and validations beyond those performed by a trading venue. The following is a non-exhaustive sample of functions and validations that a regulated APA may perform to check whether a trade is potentially erroneous and/or incomplete.

All these additional functions and validations add to the processing times of an APA for OTC transactions and justify either a complete exemption for OTC business from input latency requirements or additional time and a lower percentage threshold. Please refer to our answer to Q9.

Function / validation	Example description of function/validation performed
Interface processing	Regulated APA interface parses trade details from the investment firm
	Regulated APA acknowledges the trade submission, and applies unique APA reference ID /or rejection of trade
Validation of format standard	Regulated APA validations of the instrument reference per ISO 6166 or UPI reference per ISO 4914
	Regulated APA validation of valid currencies per ISO 4217
	Regulated APA validation of trade date/time per ISO 8601 and rejects if trade is in future.
Validation of scope	Regulated APA validations if the traded instrument is subject to publication (Equities UK ToTV or CAT 1) (Instruments out of scope are rejected)
Validation of transparency flags	Regulated APA validates that the transparency flags submitted are valid for the instrument/asset class
Validation for unique trade submission	Regulated APA validations for unique new trade references and rejects duplicates based on (submitter provided) reference IDs
Application of Transaction Identification Code (TIC)	Regulated APA applies new TIC to new trades published.
	Regulated APA looks up the original TIC for amended and cancelled trades, and publishes the original TIC
Potential erroneous trade checks	Regulated APA checks volume against certain thresholds based on the instrument and validates against reference data, including outstanding issuance.
	Regulated APA checks the price against thresholds based on the instrument, liquidity, and other characteristics, relative to historical reference data and/or the last price.
Deferrals	Regulated APA validates that deferral flags are valid for the instrument.
	Regulated APA apply deferral timings in accordance with instructions on submission.
Publication timestamp	Apply publication timestamp (publication timestamp required prior to submitting to CTP)

All of these checks contribute directly to data quality and APAs will struggle to perform all these crucial checks in the 50ms that is being proposed.

February 2026

david.bullen@aparma.org www.aparma.org
C/o MarketAxess Post Trade Services BV
Keizersgracht 264, 1016 EV Amsterdam, Netherlands

About the APAA

The APA Association, APAA, represents common APA interests on regulations and laws impacting APA businesses in the EU and UK and the associated supervisory framework to ensure efficient dialogue with regulatory policymakers. The APAA focuses on developing and supporting the adoption of best practices with the common aim of improving industry data quality. The APAA aims to assist authorities and regulators with advice on practicalities related to implementing laws and rules, bearing in mind the practicalities of the data sets involved. Its six members are affiliates of Bloomberg, Cboe Europe, London Stock Exchange, MarketAxess, Nasdaq Nordic and Tradeweb Markets.

david.bullen@aparma.org www.aparma.org
C/o MarketAxess Post Trade Services BV
Keizersgracht 264, 1016 EV Amsterdam, Netherlands