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From:	Presidency
To:	Working Party on Financial Services and the Banking Union (MiFID-MiFIR)
Subject:	Prioritization of the Consolidated Tapes - Presidency Non-Paper



Prioritization of the Consolidated Tapes

Presidency non-paper

One of the lingering questions relating to the consolidated tapes (CTs) for various asset classes is one of **prioritization**.

On numerous occasions, Member States (MSs) have expressed their preferences, and the **consensus** seems to be that the Bonds CT is the most needed and urgent, i.e. deserves to be introduced first. The Equities CT also follows as a relatively high-priority matter. While the Derivatives CT seems to be a rather complicated matter for a number of reasons (the most important of which are the ISINs) and its parameters require further analysis.

Nonetheless, prioritizing these potential CTs has never been orderly discussed and explicitly agreed upon; the Presidency would therefore like to proffer a **prioritization hierarchy** for discussion and possible confirmation:

- 1) Bonds CT
- 2) Equities CT (i.e., Shares + ETF CTs)
- 3) Derivatives CT

The prioritization hierarchy will determine the logical **sequence for establishing** these potential CTs, whereby the application process for the Bonds CT could be launched immediately after the entry into force of the amended regulation. The application process for the Equities CT could be launched within one year after the entry into force of the regulation, and the launch date for the Derivatives CT cannot yet be determined (the Presidency does not intend to propose a Derivatives CT setup).

Please note that if there is any mandate for ESMA to provide any specification, e.g., RTS on remuneration for Shares CT, the process would need to be extended further as ESMA would need to conduct consultations and prepare an RTS for the delegated act. Therefore, the application process could not be launched earlier than approximately one year after the entry into force of the regulation—another practical reason to delay implementing the Shares CT. Otherwise, the Shares CT design would need to be made less complicated (i.e., without requiring a delegated act prepared by ESMA).

Question 1: *Do you agree with the proposed prioritization hierarchy?*

Question 2: *Do you agree with the proposed timeframes for the launch of the various CTs?*



Annex:

For the sake of illustration and better orientation, below is an overview of the important parameters of the individual CTs as proposed by the Presidency and discussed so far. Please note that some parameters are still under negotiation and may differ in the final compromise text.

Table 1: Comparison of parameters of the various asset classes CTs

	Bonds CT	Shares CT	ETF CT	Derivatives CT
Priority	High	Medium	Medium	Low
Real-time	No	Close to	Close to	No
Delay	Depending on deferrals	None of an artificial nature	None of an artificial nature	Up to 2 days
Data contributors	RMs, MTFs, OTFs, SIs/IFs – through APAs	RMs, MTFs, SIs/IFs – through APAs	RMs, MTFs, SIs/IFs – through APAs	Trade repositories under EMIR
Remuneration	Yes	Yes	Yes	Yes
Preference mechanism in remuneration	No	Yes	No	Yes
Opt-in mechanism	No	Yes	No	No
Share of the market visible (%)	100%	98%	100%	100 % of the Mandatory Centrally Cleared derivatives (which is broader than MIFIR's current scope) + voluntarily cleared derivatives
Post-trade data	Yes	Yes	Yes	Yes
Pre-trade data	No	No	Yes (top-of--book)	No
Pre-trade elements inclusion	No	EBBO snapshots on an ex-post basis in connection to the concluded trades.	Depending on the pre-trade (see above)	No
Deferrals	Yes	Yes (if any)	Yes (if any)	Up to 2 days
Other considerations				In the long-term, proper identification system is a prerequisite for a well-functioning Derivatives CT.