



Electronic Debt Markets Association

EDMA Response to FCA's Consultation (CP26/30) on supporting equity market transparency and considering market structure developments

EDMA appreciates the opportunity to submit the following responses:

Question 1: Do you agree with our assessment that current evidence does not justify prescriptive intervention to steer trading towards particular execution mechanisms, but that continued monitoring is warranted? If not, why not?

- EDMA agrees with the FCA's assessment that current evidence does not justify prescriptive intervention to steer trading towards particular execution mechanisms. Market participants should remain free to choose the execution mechanism that best meets their needs, and to move between mechanisms and venues as their needs change. A one size fits all approach would risk reducing choice and competition between venues, to the detriment of the UK's international competitiveness.
- EDMA supports continued monitoring, provided it draws on data the FCA already receives and does not add to the reporting burden on firms.

Question 4: Do you agree with our proposal to extend existing post-trade reporting exemptions currently applicable to off-venues trades to off-book on-exchange trades and delete the NPFT flag?

- EDMA would like to draw the FCA's attention to a drafting issue in the proposed Handbook text. If MAR 11A as a whole remains titled 'Pre-trade transparency (equity financial instruments)', introducing MAR 11A.9 on 'Post-trade transparency (equity financial instruments)' within it does not fit the Handbook's structure. EDMA asks the FCA to address this in the final drafting.
- In addition, EDMA urges the FCA to reconsider whether pre-trade transparency is necessary for RFQ trading systems in this context, given the limited information value it provides to the market.

Question 7: Do you agree with our proposal on back-reporting? If not, what would be your preferred approach?

- EDMA supports any reasonable step to limit how far back firms must report, and welcomes the certainty of an outer limit. Within that limit, EDMA would prefer firms to decide case by case whether public back reporting is warranted, based on the likely



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benefit or detriment to the market, given how quickly the value of transparency data decays.

- MAR 11.4.5BR would require back reports to be published outside 'the trading venue's trading hours'. EDMA is supportive of the notion that any back reporting should be done at a point where it is least disruptive.
- In light of the implementation experience from the UK non-equity transparency reforms, EDMA asks that any change to the transparency regime is accompanied by a proper implementation period. EDMA welcomes the FCA's statements at paragraphs 4.41 to 4.43 that firms will not be expected to back report trades their approved publication arrangement (APA) cannot technically accept, or to enrich historical data to meet new standards. EDMA asks the FCA to give these statements the force of a transitional rule, similar to MAR TP 2, for trades executed before any new regime takes effect.

Question 12: Do you agree that we should consider developing further guidance for consolidated tape providers on how they should prepare for and respond to outages? If so, what issues should such guidance cover, and how should it differ from the proposed guidance for trading venues?

- EDMA considers that, at a minimum, trading venues should not be expected to transmit Trading system status to the equity consolidated tape provider (CTP) during an outage. CTPs should already be covered by each venue's wider outage communication plan, in the same way as any other market participant, and there is no case for a dedicated communication channel or data field for CTPs during an outage.
- Resilience expectations should be proportionate to the risk an outage poses to the wider market. A venue suffering an outage may be unable to transmit data over the very systems that have failed, and an expectation to keep a regulatory data feed to the CTP running at that point would add little to what participants already receive through the venue's outage communications.
- Where the FCA develops further guidance for CTPs, EDMA asks that it does not create new obligations for trading venues, and that its timing is aligned with the implementation deadlines for the other resilience measures members are already delivering.

Question 13: Do you agree with the guidance for trading venues to publish an outage playbook on their website that sets out what and how the venue would communicate in the event of an outage?

- The problems described in Chapter 6 do not arise in non-equity markets, in exchange traded funds (ETFs), or on secondary market venues such as multilateral trading



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facilities (MTFs). In these markets, trading does not depend on a single listing venue, and if one venue suffers an outage, participants can continue to trade on others or by voice. Where trading takes place predominantly by RFQ, the liquidity is provided by dealers, who can continue to respond to clients on other venues or bilaterally, so natural alternatives exist for investor flows affected by an outage at any one venue. ESMA itself concluded in 2023 that outages may not be a major cause of concern for non-equity instruments, and noted that no particular issues had been reported for bonds. EDMA members are not aware of any evidence that the way these venues communicate during outages has caused market disruption.

- EDMA does not believe a published playbook is necessary for its members. The published playbook is a new expectation in the UK, layered onto the business continuity requirements the FCA proposes to carry over from UK MiFID RTS 7. EDMA members have long considered that RTS 7 was designed with central limit order book driven cash equity markets in mind and fits their trading environments poorly. This has long been recognised in RTS 7 itself. Recital 5¹ acknowledges that some organisational requirements may not be appropriate for certain trading models, and that the requirements for RFQ and hybrid systems should reflect the nature of the trading activity undertaken. If the FCA believes non-equity venues need outage guidance, it should consult on that separately, so that it can establish whether participants on those venues see a problem to solve.
- Extending equity provisions to fixed income markets without considering their different structure is a longstanding concern for EDMA members, and a targeted approach would better support the FCA's secondary objective on international competitiveness and growth and its wider commitment to reducing regulatory burden.

Question 14: Do you agree with the proposed content of the outage playbook? If not, why not?

- If the FCA proceeds with the playbook, EDMA would support the FCA making clear that these are minimum expectations rather than prescribing identical operational procedures for all venues. The playbook should also be reviewed periodically and following material changes to a venue's systems or operating model.

Question 15: Do you agree with the above additional guidance in relation to communication plans? If not, why not?

¹ <https://www.legislation.gov.uk/eur/2017/584/introduction>



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- EDMA supports clear and timely communication with participants during an outage. For venue operators within scope of SYSC 15A, the communication standards in SYSC 15A.8 already apply during operational disruptions, and PS26/2 will change how venues report incidents from March 2027. EDMA asks the FCA to ensure that MAR 16.16 does not create overlapping or conflicting expectations, and that any implementation is aligned with PS26/2.
- EDMA welcomes the flexibility in MAR 16.16.5G and MAR 16.16.6G, which allow venues to use the communication channels they consider most effective and to tailor communications to individual participants. EDMA asks that this principle is applied across the communication guidance as a whole, so that expectations on the frequency and content of updates reflect the risk an outage on a given venue poses to the wider market.
- As set out in response to Question 12, CTPs should be treated as one of the participants covered by the venue's existing communication plan, with no separate channel or data field.

Question 16: Do you agree with the additional guidance in relation to order handling? If not, why not?

- Concepts such as the last good trade, outstanding orders, and the cancellation of unexecuted orders in MAR 16.17.3G were designed for order books and do not translate to RFQ systems, where clients request quotes from dealers and no orders rest on the venue. EDMA asks the FCA to make clear that MAR 16.17 applies only where these concepts are relevant to the venue's trading system.

Question 17: What factors, in your view, limit or prevent liquidity from moving to other trading venues during an outage affecting a primary market, and the continuation of effective price formation on those venues?

- Reference prices from a primary exchange do not exist for fixed income instruments, and the reference price waiver the FCA discusses is an equity transparency provision. There is no primary market in fixed income on which other venues depend for the provision of liquidity. Where liquidity is provided by dealers, an outage on one venue does not remove that liquidity from the market, since dealers can continue to respond to clients on other venues, bilaterally, or by voice.
- EDMA therefore asks that any future guidance arising from this analysis is confined to equity markets with a primary listing venue.



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Question 18: Do you have any views on setting a definite timeframe for confirming orders, followed by a specific period to transition to alternative arrangements for the purpose of ensuring liquidity becomes available on alternative venues when there is an outage on the primary market? Please explain.

- As set out in response to Question 17, a definite timeframe would address a problem specific to equity primary markets, and EDMA would not support any such timeframe being applied to non-equity venues.

Question 19: Do you have any views on how to best facilitate the continuation of trading during an outage on the primary market? Please explain.

- As set out in response to Question 17, the dependency on a primary market that this question addresses does not exist in fixed income markets. Participants already continue trading on other venues, bilaterally, or by voice during an outage, without regulatory intervention.
- EDMA does not consider any intervention necessary to facilitate continued trading in those markets, and asks that any measures the FCA develops in this area are confined to equity markets with a primary listing venue.

Question 20: Do you agree that venues should establish and disclose the arrangements that would apply where an outage may affect the determination of an official closing price, including the use of alternative arrangements and any pre-determined fallback arrangements? If not, why not?

- Closing auctions do not exist on fixed income trading venues, and so we ask the FCA to state expressly that this applies only to venues that determine an official closing price.

Question 21: Where the official closing price would normally be determined through a closing auction, do you agree that venues should have clearly defined alternative arrangements to support the continuation of an auction-based price formation process during an outage? If not, why not?

- Closing auctions do not exist on fixed income trading venues, and so we ask the FCA to state expressly that this applies only to venues that determine an official closing price.

Question 22: Do you agree that venues should have a pre-determined fallback methodology for establishing the official closing price where the closing auction cannot proceed or would not be appropriate? If not, why not?



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- Closing auctions do not exist on fixed income trading venues, and so we ask the FCA to state expressly that this applies only to venues that determine an official closing price.

Other comments

- EDMA welcomes the FCA's intention, at paragraph 5.27, to consider feedback on the bonds and derivatives transparency regime as part of its post-implementation review. EDMA's members operate electronic trading venues for these instruments, and EDMA stands ready to engage with the FCA on the four issues set out at paragraph 5.28 as that review progresses. These issues are: PORT vs. TPAC flag distinction, cross-regime reporting alignment, package trade deferral rules, and Category 2 instrument deferral framework consistency.
- EDMA notes the FCA's proposal, at paragraph 6.25, to move UK MiFID RTS 7 into MAR 16 as a set of rules so that the RTS can be revoked. EDMA considers that transposing RTS 7 largely unchanged misses an opportunity to review elements of it that would benefit from updating, and would welcome the opportunity to discuss these with the FCA.

About EDMA

About EDMA Electronic Debt Markets Association represents the common interests of companies whose primary business is the operation of regulated electronic fixed income trading venues (multilateral trading facilities and regulated markets) in Europe. EDMA seeks to foster and promote liquid, transparent, safe and fair markets and act as the voice and a source of consultation between the members in their roles as operators of such venues. EDMA projects collective views on regulatory matters and market structure topics to governments, policy makers and regulators for the benefit of the electronic fixed income markets. Our 6 members are: BGC Fenics, Bloomberg, BrokerTec, MarketAxess, Euronext MTS and Tradeweb. More information at www.edmae.org

Contact information

Sander Schol, Secretary General of EDMA

Email: info@edmae.org

Office address: Avenue Marnix 13-17, 1000 Bruxelles, Belgium

Website: <https://edmae.org/>