

Financial Conduct Authority
12 Endeavour Square
London E20 1JN

Date: 29th Sep. 2023
Your ref.: CP23/15

Att: Stephen Hanks

The framework for a UK consolidated tape

Norges Bank Investment Management (NBIM) appreciates the opportunity to respond to consultation paper CP23/15 on the framework for a UK consolidated tape. The response we provide is based on our experience as an active participant in UK markets.

NBIM is the investment management division of the Norwegian Central Bank (“Norges Bank”) and is responsible for investing the Norwegian Government Pension Fund Global in a globally diversified manner. NBIM held assets valued at NOK 12 429 billion as of 31 December 2022, of which GBP 71 billion was in UK equities and bonds of UK issuers.

As a long-term investor NBIM has an interest in well-functioning financial markets that facilitates the efficient allocation of capital and promotes long-term economic growth and thus in a regulatory environment for trading in financial instruments that facilitates such an outcome.

Our perspective on the framework for a UK consolidated tape

We welcome the initiative to establish a framework for a consolidated tape in the UK. The collection and dissemination of prices and trade volume through a consolidated tape should be considered a core utility function in financial markets. We agree with the appointment of one Consolidated Tape Provider (CTP) per asset class. This approach should make it possible to establish effective solutions acknowledging the fundamental differences in market structures. (Question 1)

We agree that the contribution to the bond CTP of the data required under the transparency regime should be mandatory and free of charge. The consumption of the consolidated tape (CT) should be discretionary to market participants. (Question 6 and Question 12)

The appointment of a consolidated tape provider should allow for trade data to flow directly to the consolidating level and enable central, consistent, and coherent application of any deferrals of trade data publication. This would seem to be the most efficient and robust solution to the consolidation of trade data. (Question 8)

With deferred publication of trade data, the full picture of the bond market will only emerge over time. For some use cases this full picture of the market is required. Thus, the bond CT is not only a “live” tape of current trades, but also an evolving historical data base. The bond CTP must provide access to both. (Question 10)

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The purpose of the CT is to facilitate non-discriminatory transparency of market data. We consider the CT a core “utility” service. The bond CTP should not be required to reimburse data providers. While the CTP should be expected to provide a service of high quality and must be able to make a reasonable return on capital employed, it should not be allowed to extract excessive profits. An auction process as outlined by the FCA might achieve a balance of price and quality parameters in the selection of the provider and avoid monopoly rent seeking by the selected provider. (Question 13, 18, 28).

The CTP is a regulated entity providing core market data. This regulated entity should not provide value-added or auxiliary analytical services based on the CT in competition with other commercial entities. There should be non-discriminatory access to the CT to develop such services on equal commercial terms. (Question 16)

The CTP provides a key service to the broader market and the suggestion to establish a representative consultative committee is welcome. We would question if the suggested structure whereby the CTP itself appoints such a committee is ideal. The FCA might consider appointing the consultative committee independent of the current provider. (Question 30)

Yours sincerely

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