

12 April 2024

FCA's Final Report on wholesale Data Market Study reflects a need for further action.

The Associations below¹ welcome the final report on the FCA's Wholesale Data Market Study. This study is an important part of the wholesale market data investigation into competition in three key markets: provision of benchmarks, credit ratings data, and market data vendor (MDV) services.

The FCA's final report is, of high quality with the analysis reflecting many of our concerns. These include the persistent user concerns about how wholesale data markets are working through six cross-cutting lenses: barriers to entry and expansion, network effects, vertical integration, suppliers' commercial practices, data users' behaviour and incentives for innovation.

For example, the FCA has found evidence and drivers of market power in all three key markets in the form of market concentration, highly profitable margins, opaque pricing practices, excessive charging, bundling practices and complex licensing agreements. These issues are global by nature and require international supervisory coordination to address competition issues with a view to improve outcomes for data users globally.

With these findings in mind, we find it incomprehensible and regrettable that despite the recognized shortcomings, the FCA has decided not to make a market investigation reference to the Competition and Markets Authority and to delay any potential amendments to the reasonable commercial basis (RCB) framework until after the implementation of the consolidated tape. We encourage the FCA to provide more concrete proposals for regulatory actions covering exchange data and data vendors, including ESG, CRAs and benchmark providers.

We also note that ESMA is to develop a binding technical standard specifying the detailed application of the RCB framework and that this is due to be delivered in advance of the emergence of the consolidated tapes. Cooperation on this topic would be welcomed by data users who would benefit from robust and coordinated approach in both jurisdictions.

Furthermore, we encourage the FCA not to wait until the consolidated tapes are launched and to provide more imminent concrete proposals for regulatory actions. We would welcome a clear articulation of a workplan from the FCA laying out concretely (i) the regulatory actions that it intends to take to improve the functioning of the market and (ii) the principles / thresholds against which it is considering using powers under the Competition Act.

Data users and consumers face **high market concentration which increases costs and limits choice**. We note the FCA's finding in its previous analyses states that, while high start-up costs are not insurmountable to overcome, recent entrants have not been able to achieve the growth necessary to acquire significant market share. Certain data providers are extremely embedded in the UK and global financial ecosystem, and further concentration from mergers and consolidations have exacerbated their market power.

The previous findings from the FCA study on [Trade Data](#) reflects our concerns regarding the significant market share exchanges hold as data providers, particularly as proprietary data is unique per trading and indispensable for users to stay in business and to fulfill regulatory obligations. While concentration is less prominent in Fixed Income markets, there are reports² highlighting the rising cost of European Fixed Income market data.

¹The European Fund and Asset Management Association ([EFAMA](#)) and the European Forum of Securities Associations ([EFSA](#)).

²I.e. the AFME commissioned [report](#)

Data users and consumers **face restrictions around usage rights due to complex and unreasonable license terms**: long standing practices within licensing and data-use agreements and non-transparent pricing. These have contributed to the **rising cost of data, which is one of the most significant challenges facing the effective functioning of wholesale markets**. Users can often be required to pay multiple times for the same data or pay a rate much higher than previously for the same data with no improvement to quality or access.

The higher market data costs affect the whole value chain. In the end, the private investors and pension savers suffer from fewer choices, less transparency, higher costs, lower savings, and the companies may face reduced access to capital.

Solving this issue is of utmost importance, particularly considering the detailed evidence of abuse of dominant position highlighted in the FCA study, and the UK and EU's urgent objectives to achieve growth and competitiveness in their respective capital markets.

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