FCA
Cost Benefit
Analysis Panel

Consultation Paper title	**Policy Statement for the framework for a UK equity consolidated tape**
Summary of intervention	An equity CT collates and distributes market data, such as prices and volumes of trades in equities
Feedback date of issue	26/06/2026
CBA Panel reference number	CBAP-0023

CBA Panel advice

The Panel commends the detail and rigour of both the stakeholder responses received in the course of the public consultation, and of the FCA's responses to that input, which demonstrate the value of the CBA process in providing a systematic base of analysis and evidence for policy development.

Main recommendations

- **Emphasise uncertainty of analysis and its reliance on key assumptions.** The CBA's presentation of quantified benefits implies a degree of precision that is unlikely to be realistic given the uncertainty around the price of the new product, levels of adoption and user behaviour. Rather than presenting a single central estimate of quantified benefits, supported by a relatively narrow range, the CBA should acknowledge explicitly that the scale of benefits is difficult to assess ex ante and present a range of plausible scenarios based on different assumptions about adoption, switching and user valuation. Assumptions about how many existing users will switch to the consolidated tape and realise price or quality benefits, and how many new users will emerge, are fundamental to determining the magnitude of the benefits. These assumptions should therefore be stated clearly, brought to the front of the analysis, and explained with reference to the evidence or judgement on which they are based.

- **Reinforce analysis of the market, including with international comparative evidence.** The CBA should reinforce its discussion of the market for trade data, and adduce evidence from other jurisdictions, such as the US and EU. The current analysis does not clearly articulate in one place the expected effects of the proposed intervention on the supply and demand for trade data. In addition, the CBA should provide a more explicit explanation of what the consolidated tape will deliver that is not already available, including whether it constitutes a genuinely new product or primarily aggregates existing data. Clarifying whether the product is expected to be cheaper, higher quality, or both is critical to assessing adoption and benefits.

- **Strengthen analysis of unquantified benefits.** The CBA should provide a stronger analysis of the wider market benefits that it identifies as stemming from the proposed intervention, including the likelihood that benefits materialise, their potential scale, and the causal mechanisms involved. The analysis should distinguish clearly between private benefits, which would be reflected in users' willingness to pay, and wider market benefits that may not be captured in prices. Given that quantified net benefits are finely balanced, the Panel considers that greater transparency around these unquantified benefits is essential.

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Summary

Category	CBA Panel comments
The market	The market analysis remains too abstract and does not sufficiently anchor the CBA in the reality of how equity data is currently consumed. In particular, there is no clear articulation of the number of current users, the extent of existing access to comparable data, or the size of the addressable market for the CT. This matters because the scale of potential benefits depends directly on how many users are genuinely underserved today. The CBA should bring together, in a single place, a clearer and more quantitative picture of current demand and supply, rather than relying on a stylised description of the market.
Problem and rationale for intervention	The theoretical rationale based on market power and coordination frictions is coherent, but the evidential basis is not sufficiently robust. In particular, the existence of aggregation solutions and widespread use of existing products raises questions about whether coordination failure exists to the stated extent. The analysis should separate more clearly the identification of market failures from the downstream harms and should be more explicit about the strength of evidence at each stage of the argument.
Proposed intervention and alternative options	• The treatment of options does not adequately test whether a narrower intervention could deliver most of the benefits with lower risk. • The incremental case for including pre-trade data is not well evidenced, and the distinction between pre-trade and post-trade markets is not sufficiently developed. The analysis should be clearer about the different use cases and should more explicitly test whether a post-trade-only solution captures the majority of benefits. • The rationale presented in favour of regulating for a single Consolidated Tape Provider, rather permitting competition, is weak. • Analysis of comparative international evidence on alternative models, such as those of the US and EU, is lacking.
Assessment of costs and benefits	**Baseline and counterfactual**. It is unclear how much of the estimated benefit is incremental relative to existing data products and services, particularly given the presence of private aggregation solutions. The baseline should more explicitly reflect current usage patterns and clarify what changes under the proposed intervention.
	Evidence and data. The analysis should be more transparent about limitations in surveys conducted and avoid presenting the outputs as more robust than the underlying evidence supports.
	Assumptions. The results are driven by a small number of highly uncertain assumptions, particularly those relating to demand growth, the number of additional users and the extent of switching from existing products. These assumptions are not strongly evidenced and have been subject to significant external challenge. They should be

	made more prominent and their plausibility assessed explicitly, rather than embedded within the modelling framework.
	Economic analysis. The economic case is finely balanced and not robust. Positive net benefits are shown under central assumptions, but relatively small changes to those assumptions can eliminate these benefits or turn them negative. The analysis should reflect this sensitivity more clearly and avoid presenting a single central estimate as definitive.
Risk and uncertainty	Uncertainty is a central feature of the analysis but is underemphasised in the conclusions. The main drivers of benefits—demand, adoption and behavioural responses—are inherently uncertain, and the analysis does not fully reflect the implications of this. In addition, there are plausible risks to market structure and competition, including impacts on trading venues and data markets, which are not fully explored or quantified. Greater weight should be placed on downside risks, particularly where these may be asymmetric.
Wider economic impacts	While improvements in liquidity, price formation and capital allocation are plausible, the causal mechanisms are not well substantiated and the magnitude of these effects is highly uncertain. If the rationale is more that the cost of not having this system would be detrimental to London as a market versus the US or EU, it would be helpful to be transparent around this and focus on the cost of not intervening, rather than highly uncertain benefits of intervening.
Monitoring and evaluation	The commitment to conduct a post-implementation review two years into the proposed intervention's operation to assess its effectiveness and any case for adjusting the economic model and regulatory framework is welcome.