FISD Madrid

Welcome Speech

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Ladies and Gentlemen,

Good afternoon and a warm welcome to this FISD event in Madrid, hosted by BME in our cherished Palacio de la Bolsa. It is an honor to address such a distinguished audience of industry experts.

Today, we gather to discuss an essential component of our financial ecosystem: market data. Market data is the lifeblood of modern capital markets, providing transparency, facilitating informed decision-making, and underpinning the very foundation of market integrity and efficiency. In an era defined by rapid technological advancements and ever-evolving financial instruments, the importance of accurate, timely, and comprehensive market data cannot be overstated.

In addition to traditional applications, accurate and reliable market data is pivotal for the advancement of Artificial Intelligence (AI) within the financial sector. AI algorithms rely on high-quality data to train machine learning models that can predict market trends, optimize trading strategies, and enhance risk management. Without precise data, the effectiveness of AI systems diminishes, leading to suboptimal performance and increased risk. As AI continues to evolve, the integrity of market data will be the key to unlocking its full potential in creating more efficient and intelligent financial markets.

At the heart of this data-rich landscape are the lit Exchanges. These exchanges play a pivotal role in our market ecosystem. They are the venues where genuine price discovery occurs, where buyers and sellers meet in a

transparent environment to trade securities. The prices generated on these public order books are not merely joint products of trading activities; they are, in fact, price discovery. These prices serve as vital reference points for all market participants, ensuring fairness and fostering investor confidence.

Lit Exchanges are the cornerstone of a healthy market structure, and their data is a valuable asset that drives the operations of various market players. Data vendors, for instance, rely on exchange data to provide their clients with real-time insights and analytics. Traders use this data to make informed decisions, manage risks, and execute strategies with precision. Index providers depend on accurate and transparent exchange data to construct and maintain indices that guide investment products and benchmarks. Additionally, alternative trading and execution venues benefit from the robust price discovery process facilitated by lit exchanges, enabling them to offer competitive and efficient trading solutions.

However, it is crucial to acknowledge the challenges and pressures faced by market data providers in the current market environment. Regulatory changes, commercial interests, and evolving market dynamics have all contributed to a complex landscape that requires careful navigation.

As we delve into these discussions today, let us remember that the value of exchange data extends beyond mere aggregation; it is about creating a sustainable structure that incentivizes participation in displayed markets.

Regulation in financial markets plays a crucial role in maintaining stability, protecting investors, and fostering a level playing field.

However, a fine line separates effective and necessary regulation, and a burdensome and overreaching one. In the market data industry, this issue is not confined solely to market data generators, such as exchanges; the extent of the regulation may soon encompass other segments of the market data value chain, including data vendors, benchmark administrators and credit rating agencies. It is imperative that regulators possess a deep understanding of how the financial markets industry operates to ensure that regulations are aligned with the realities of the market. Effective regulation should not impose unnecessary burdens on the ecosystem but rather support and enhance its functionality.

Financial markets stand as one of the most innovative and dynamic industries in the world.

 They are characterized by their competitive nature and a relentless pursuit of advancement, continuously evolving to meet the demands of an ever-changing global economy. Competition within financial markets is not merely a catalyst for innovation; it is the bedrock upon which healthy market dynamics are built. By fostering an environment where market participants strive to outperform one another, competition drives continuous improvement, encourages the development of new technologies, and promotes efficiency. Market data generation is, as much as the trading, a highly competitive industry, and innovation and growth should not be constrained by regulation designed to satisfy partisan interests.

As we embark on today's discussions, let us recognize the indispensable role of lit exchanges and work towards solutions that preserve the integrity of our markets while promoting innovation and competition.

In closing, I extend my gratitude to all of you for your participation and engagement. Together, we can shape the future of market data in financial markets, ensuring that it continues to serve as a catalyst for growth, transparency, and prosperity.

Thank you, and I wish you all a productive and insightful event.