EFAMA

European Fund and Asset Management Association

EFAMA Reply to ESMA's Consultation Paper on MiFID II/ MiFIR review report on the transparency regime for equity and equity-like instruments, the DVC and the trading obligations for shares

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Introductory remarks

A. Diversity in trading choices

EFAMA[1] believes that diversity in trading mechanisms supports best execution outcomes and is a defining feature of a mature market structure. SIs plays a role in providing liquidity and price improvement within this ecosystem and act as a 'shock absorber' for end-users by limiting price impacts of buy-side positions. We believe it is important to preserve these models in the MIFID review.

There is no evidence to indicate that SIs have had any negative impact on liquidity or price discovery. As sources of liquidity, they add much needed diversity and competition which only stands to benefit investors. Should SI activity be restricted in any way, the only beneficiaries would be primary markets which risks establishing an oligopoly in European markets.

B. Best execution and investor choice

EFAMA does not believe there ought to be any limitations on our ability to execute in a manner befitting our needs as market participants. We support the removal of the share trading obligation (STO) and the double volume cap mechanism (DVC). Both requirements do not result in positive outcomes for market participants but end up creating a complex market structure in Europe to the benefit of primary exchanges only and the detriment of end-users.

C. Timing

We consider that the time between the application of the rule and its assessment is too short to propose strong improvement as requested by this consultation.

In addition, the timeline imposed to reply to the current consultation and the ESMA consultation paper MiFIR report on Systematic Internalisers in non-equity instruments is hardly compatible with the time required to collect and compile adequately the data needed.

Lastly, we urge ESMA to bear in mind that any change to regulatory reporting is a cost for the industry that should be requested only after a cost/benefit analysis.

[1] EFAMA is the voice of the European investment management industry, representing 28 member associations, 59 corporate members and 22 associate members. At end Q3 2019, total net assets of European investment funds reached EUR 17.2 trillion. These assets were managed by more than 62,500 investment funds, of which almost 34,000 were UCITS (Undertakings for Collective Investments in Transferable Securities) funds, with the remaining funds composed of AIFs (Alternative Investment Funds).For more information about EFAMA, please visit www.efama.org

Reply to questionnaire

Q1: What is your view on only allowing orders that are large in scale and orders in an order management facility to be waived from pre-trade transparency while removing the reference price and negotiated trade waivers? Instead of removing the RP and NT waivers, would you prefer to set a minimum threshold above which transactions under the RP and NT waivers would be allowed? If so, what should be the value of such threshold? What alternatives do you propose to simplify the MiFIR waivers regime while improving transparency available to market participants? Please explain.

We disagree with ESMA's proposal.
We consider that the access of information to one retail investor should not come at the detriment of the revenues of a multitude only because they chose a CIS as a vehicle for their investments.

Funds and asset managers are investing for and on behalf of their clients.

To efficiently do so and to reduce costs of transactions, our members are frequently using waivers separately or in combination with each other since they interact to safeguard and facilitate institutional investors' ability to efficiently implement substantial investment decisions.

MiFID waivers are the mechanisms through which execution choice is made possible. The use of MIFID waivers translate into benefits for end-investors and the "real economy":

- Increased liquidity
  The possibility to use waivers brings participants into the market that would not have otherwise been there. Likewise, the removal of the waivers will not, we believe, translate to a direct shift of liquidity from "dark" to the "lit" markets. Instead it will segment client orders into those which can benefit from crossing and those that cannot.

- Lower costs
  At present, a broker with two opposing institutional orders can automatically match the orders, or parts of them, at the same price. Without this possibility, the broker would be forced to incur spread costs on behalf of both of its clients by accessing a 'lit' order book. The buying client then pays a higher price than the selling client for no good reason.

- Less risk of the market moving against the client's interest
  Without the protection the waivers provide, the broker would force to publish orders and thus flag their clients' intent to the market. With this information the market could move against the client, which is an unnecessary risk and avoidable cost for the end-investor.

In any discussion as to the need to retain the waiver, it is important to be clear as to the trading venues to which the waiver would apply. For instance, the reference price waiver operates for MTFs and RMs and any executed transaction will always be required to be published without delay and could not qualify for any post-trade delay. In addition, the reference price waiver allows asset managers to place orders to buy or sell large blocks of equities on behalf of their clients, commonly a range of funds, life pools and pension schemes. These long-term investing clients are vulnerable to the risk that other market participants will identify their need to trade in large size and move the price against them. The suppression of the reference price waiver would limit the capacity of long-term investors to invest in the SME market because of important execution cost and impact finally the potential growth of the global economy.

Therefore, we consider that all waivers should remain, at least until a full-fledged Consolidated Tape for all financial instruments is in place.

We also consider that, should ESMA impose a threshold, this threshold should be at or above €30,000. This would increase the number of quotes of the lit market and allow private investors the ability to trade in their size on the same terms as institutional investors. Limiting the ability to cross stock to this threshold and above will also automatically increase the average size of dark trades. Market integrity is maintained, and transparency enhanced. ESMA should also remember that instant trade reporting also makes an important and substantial contribution to pre-trade transparency.

Lastly, and regarding alternatives to improve transparency available to market participants, we suggest ESMA to introduce a maximum of four order types a trading venue may offer. Our view is that the exchanges offer too many order types that are not for the benefit of the end-investor.

Q2: Do you agree to increase the pre-trade LIS threshold for ETFs to EUR 5,000,000? Please explain.

No.
We take note of ESMA's analysis related to the increased volume of ETF on-venue trades executed under the LIS waiver (in comparison to other financial instruments) and we acknowledge the potential benefits inherent to increasing the pre-trade LIS threshold for ETFs from EUR 1,000,000 to EUR 5,000,000.

However, in our opinion and based on the market experience of our members, increasing the pre-trade LIS threshold for ETFs could encourage more trading on request for quote (RFQ) platforms rather than trading on exchanges. In our experience, the pre-trade transparency requirements of RFQ platforms are not as clearly defined as those which apply to exchanges, and thus brokers may be commercially incentivised to trade on RFQ platforms due to the reduced levels of pre-trade transparency.

We also insist on the fact that EU ETFs market consists primarily of institutional counterparties that engage in large-scale trades, which are not subject to pre-trade transparency requirements due to the appropriate use of the LIS waiver.

The approach to calculating LIS for ETFs should therefore:

- be tailored to take greater account of the liquidity of the underlying benchmark or index to which the ETF is linked,
- aligned with the other waivers' thresholds,
- be calculated differently depending on the underlying as equities-based ETFs do not behave identically to non-equities-based ETFs, the latter being less liquid and requiring more flexibility), and
- add the liquidity of the FX instruments and hedging derivatives in the liquidity's calculation methods.

As already mentioned in 2014, we consider that relying on the volume of trading on ETF in Europe is irrelevant, as we consider that the figures registered by stock exchanges are not the representation of the market's liquidity as market makers are frequently publishing only a fraction of their capabilities.

We also insist on the fact that the major liquidity of the ETFs is coming only from the basket of underlying assets' liquidity.

Due to the open-ended nature of ETFs, this liquidity can be accessed through the Subscription and Redemption process, adding to the intrinsic liquidity of the ETF. The most appropriate view of liquidity should therefore be based upon the underlying securities held by the ETF.

Implementation of the regime is not consistent for ETFs and varies from one exchange to another. It is also applicable to some, but not all i.e. systematic internalisers (SIs) vs. non-SI. And even where ETFs can use the upper end of the liquidity bands, we still end up with tick sizes above 2bps in some instances, which is too large for some very liquid and heavily traded products. For efficient ETF markets in liquid instruments, a tick size should be closer to 1bp and no more than 1.5bps. Therefore, ETFs should have their own liquidity bands completely, or further liquidity bands should be created to capture the dynamic trading element of ETFs.

To do so, the liquidity thresholds proposed for ETFs would benefit from integrating criteria that consider the liquidity of the underlying basket. While this might be difficult to implement for some exposures (notably in the Fixed Income space), we suggest below a possible starting point to measure liquidity for equity baskets:

ETFs	**Free Float (Number of units issued for trading)**	**Average daily number of transactions**	**Average daily turnover**
	100	20	500,000

Or (for Equity ETFs)

Underlying basket of stocks for Equity ETFs	**Free Float**	**Average daily number of transactions**	**Average daily turnover**
	EUR 100,000,000	250	EUR 1,000,000

With

Free Float = $\sum_{i=1}^{n} w_i \, ff_i$ where w_i is the weight of stock i in the underlying basket and ff_i is the Free Float of stock i

ADNT = $\sum_{i=1}^{n} w_i \, ADNT_i$ where w_i is the weight of stock i in the underlying basket and $ADNT_i$ is the Average daily number of transactions of stock i

ADV = $\sum_{i=1}^{n} w_i \, ADV_i$ where w_i is the weight of stock i in the underlying basket and ADV_i is the Average daily turnover of stock i

Lastly, we consider that the efficiency of the EU ETF market would be improved by the creation of an EU Consolidated Tape including ETFs. This is particularly important for ETFs listed on more than one trading venue, where trades are reported to different APAs which can complicate data access. Only once ESMA has access to a comprehensive picture of the EU ETF market should it consider amending the applicable LIS thresholds.

Q3: Do you agree with extending the scope of application of the DVC to systems that formalise NT for illiquid instruments?

EFAMA members are opposed to extending the scope of application of the DVC support and, to the contrary, ask for the removal of the DVC. The mechanism does not result in positive outcomes for end-users and contributes to complexity in European market structure.

Furthermore, extending the scope of the DVC to NTs in illiquid instruments will not be beneficial to the liquidity of the instruments subject to negotiated trades. Indeed, ESMA should be cognizant of the risks of diminishing the limited liquidity available in markets for illiquid instruments by subjecting them to excessive pre-trade transparency requirements.

More broadly and from our perspective, MiFID II implementation has opened the market for new liquidity providers and new methods of trading beside the “historical ones” and has defined the different avenues to execute transactions.

EFAMA would like to highlight that the DVC mechanism has rendered the market more operationally complex, particularly when routing orders, in such a way as to adversely impact outcomes for end-investors. In addition, the dark trading restricted under the DVC has not migrated to lit multilateral venues but rather to alternative trading systems such as periodic auctions that can deliver better outcomes to end-investors than on-venue lit trading.

When assessing the impact of the DVC mechanism, EFAMA urges ESMA to consider the impact the suspension of on-venue dark trading has had on outcomes for end-investors. The concern for transparency should be complemented by regard for other criteria, such as best execution.

We believe that a variety of types of execution, should best serve the interest of the industry to maintain flexibility in innovation and different options when trading.

Therefore, we suggest that all types of venues and market participants, including Systematic Internalisers, be subject to rules that:

- Are coordinated but not necessarily identical,
- Foster market access and market competition,
- Offer the largest range of product offering to facilitate market liquidity,
- Regardless of the size of the orders.

Should the DVC be maintained, EFAMA does not support extending the scope of application of the DVC to systems that formalise negotiated trades for illiquid instruments.

Q4: Would you agree to remove the possibility for trading venues to apply for combination of waivers? Please justify your answer and provide any other feedback on the waiver regime you might have.

No. (see also our reply to Q1)

- waivers help us facilitate negotiation and price control on our transaction,
- waivers used in combination protect our end-client’s interests, and
- Due to the increased number of venues and the related complexity to source liquidity, we urge ESMA to maintain the regime as it currently stands.

Q5: Do you agree with the proposal to report the volumes under the different waivers separately to FITRS? Please explain.

Trade and transaction reporting are already operationally challenging. We do not believe that there is any reason to change it again this soon.

Q6: What would be in your view an alternative way to incentivise lit trading and ensure the quality and robustness of the price determination mechanism for shares and equity-like instruments? Please explain.

EFAMA does not agree with the premise of the question. There is no need to artificially incentivise lit trading vis-à-vis other modes of execution. This will not result in a positive outcome for investors and will remove optionality for firms and result in a detrimental impact on end-user objectives and strategies.

We consider that the enforcement of a consolidated tape[2] for all financial instruments is a key component to bring transparency in markets, as:

- post-trade data is the first level of pre-trade and price determination information,
- a CT constitutes a "unique centralised data source".

We also believe the quality of lit markets will be enhanced by reducing the number of order types that a venue may offer to four types of orders, as most of these order types only exist to facilitate latency arbitrage. We consider that this will enhance the quality of the execution of transactions and reporting.

Q7: Which option do you prefer for the liquidity assessment of shares among Option 1 and 2? Do you have an alternative proposal? Do you think that the frequency of trading should be kept as a criterion to assess liquidity? If so, what is in your view the appropriate thresholds for the percentage of days traded measured as the ratio between number of days traded and number of days available for trading (e.g. 95%, 90%, 85% etc.)? Please explain.

Yes, we believe that the frequency of trading should be kept as a criterion to assess liquidity as well as a threshold.

It could be enhanced by a consolidated tape with flags that identify actionable liquidity.

Q8: Do you agree in changing the approach for ETFs, DRs as proposed by ESMA? Do you have an alternative proposal? Please explain.

We disagree with ESMA's proposed changes.

Whilst ADV is relevant for shares, ESMA's approach ignores the liquidity profile of the underlying.

An optimal mechanism for assessing liquidity for ETFs and DRs would be to look through to the underlying assets and the availability of hedging instruments. In the case of ETFs, this could be coupled with the ADV of the relevant ETF in question. (See also our reply to question Q2.)

Q9: Do you agree in removing the category of certificates from the equity-like transparency scope? Please explain.

We disagree. Certificates trade like shares in many cases. Furthermore, certificates can represent a very diverse reality of instruments that represent shares (EU listing of non-EU equity shares like American depositary receipts…). Therefore, certificates should remain under the same rules as equity, accordingly**.**

Should ESMA decide to remove certificates from the list of equity-like instrument, we would encourage ESMA to apply the transparency regime of non-equities, to avoid transparency loopholes and as certificates may also be traded as ETDs.

Q10: Do you agree in deeming other equity financial instruments to be illiquid by default? Please explain.

Provided that ESMA provides clear criteria to assess the illiquid instruments, instruments that trade less frequently should be protected from unnecessarily harsh regulatory obligations.

[2] See EFAMA work on data costs and consolidated tape.

Q11: Do you agree in separating the definition of conventional periodic auctions and frequent batch auctions? Do you agree with ESMA's proposal to require the disclosure of all orders submitted to FBAs? Please explain.

Frequent batch auctions remain a very small part of the overall Equity trading market.

However, we do not support ESMA's proposal to separate the definition of conventional periodic auctions and frequent batch auctions (FBAs) as we do not agree with the proposition that the characteristics of FBAs undermine the price formation process and that all orders submitted to FBAs should be disclosed.

FBAs are an established and valued trading mechanism in capped as well as uncapped stocks and without correlation to other trading modalities.

We believe ESMA should be more concerned with the restrictive practice whereby exchanges charge more to trade in the end of day auction, as this is fracturing liquidity.

From our members' perspective, the anticipation is that, if the regime of tick size is not sufficiently flexible in its definition, the use of periodic auction would become increasingly important.

In that perspective, we welcome the ESMA report on Tick Size and the recognition that trading at mid-point for LIS transactions has merits for investors.

Therefore, we are of the view that frequent batch auctions systems should disclose indicative price and quantity of matched transactions.

Q12: Do you agree that all non-price forming systems should operate under a pre-trade transparency waiver? Please explain.

We do not agree with ESMA's proposal to impose trade transparency rules on a batch of unmatched transactions as it would be detrimental to our clients due to information leakage and consequently increase transaction costs.

The ability to trade at mid-point does not mean the transaction has not contributed to price formation. Pre-trade transparency waivers and trading at mid-point is not the same as "non price forming". Executions in dark venues contribute to price formation via post trade transparency obligations informing subsequent trading (and for which there are no waivers).

Our orders typically take multiple days to complete. Without the waiver, there would be substantial information leakage and consequently increase implementation slippage costs for our end clients.

Therefore, we are of the view that applying pre-trade transparency on batches of unmatched transactions would be detrimental to institutional investors.

Q13: What is your view on increasing the minimum quoting size for SIs? Which option do you prefer?

Overall, we are supportive of tick-size harmonisation below LIS, subject to retaining the ability of venues (exchanges, MTFs and SIs) to execute at the midpoint.

Q14: What is your view on extending the transparency obligations under the SI regime to illiquid instruments?

We can't see any benefit to this extension; instead, we are concerned that it would impose additional reporting and data costs.

Extending the quoting requirement to illiquid stocks may push SIs to stop any facilitation activity in those names if the risk profiles are not sustainable, which would impact available liquidity on those stocks without bringing more flow on venue.

Q15: With regard to the SMS determination, which option do you prefer? Would you have a different proposal? Please explain.

EFAMA does not support the increase of SMS levels.

Q16: Which option do you prefer among Options A, B and C? Would you suggest a different alternative? Please explain.

EFAMA supports the removal of the DVC.

Should the DVC continue, we would opt for option B as the least damaging to market integrity and investor choice.

Q17: Would you envisage a different system than the DVC to limit dark trading? Please explain.

No, we do not support the imposition of artificial barriers to investor choice resulting in complex market structure of little benefit.

As discussed above, we believe that all trades below €30,000 should be traded on lit markets and provided it is correctly trade reported, anything at or above this threshold, should be traded at the investor's choice.

Q18: Do you agree in removing the need for NCAs to issue the suspension notice and require trading venues to suspend dark trading, if required, on the basis of ESMA's publication? Please explain.

Yes, as this would:

- improve legal certainty,
- reduce the time required to trade back.

Q19: Do you agree in removing the requirement under Article 5(7)(b)? Please explain.

No comment

Q20: Please provide your answer to the following survey (<= click here) on the impact of DVC on the cost of trading for eligible counterparties and professional clients.

EFAMA does not believe that the application of the DVC, with its underlying intention to enforce increased lit market trading, has improved price formation. Instead, it has impacted the ability for firms to achieve best execution in line with their own objectives and for their underlying clients.

Q21: Do you agree in applying the DVC also to instruments for which there are not 12 months of available data yet? Please explain

Generally, the answer is no as the first months of trading often serve as stabilisation period, tools offered to trade in different venues might offer additional flexibility.

Q22: Do you agree foresee any issue if the publication occurs after 7 working days instead of 5? Please explain.

Agreed

Q23: Do you agree that the mid-month reports should not be published? Please explain.

Yes, as it is:

- reducing the risk of reporting errors,
- not providing useful information compared to the monthly reports.

Q24: Do you agree with ESMA's proposal to include in Article 70 of MiFID II the infringements of the DVC suspensions? Please explain.

As mentioned in earlier responses, we do not believe DVC is at all necessary.

As stated above, we believe that all trades below €30,000 should be traded on lit markets and provided it is correctly trade reported, anything at or above this threshold, should be traded at the investor's choice.

Q25: Do you agree with ESMA's assessment that the conditions for deferred publication for shares and depositary receipts should not be subject to amendments? If not, please explain.

Agreed

Q26: Do you agree with ESMA's proposal to increase the applicable threshold for ETFs and request for real-time publication for transactions that are below 20,000,000 EUR? If not, please explain.

No, we do not agree.
This is not the reason so many ETF's trade OTC. In the US, all trades are settled in one place, the Depository Trust and Clearing Corporation. By contrast the European Central Securities Depositories Association has 41 members. That is the problem ESMA need to address, especially when it comes to re-deeming ETFs.

We would argue that, while they may share certain characteristics, ETFs are fundamentally different to DRs and shares, with respect to the fact that they can track lesser liquid securities.

For example, in certain circumstances, it may not be in the best interest of the investor if a broker is obliged to publish a EUR 19,000,000 trade after 60 minutes without having completely unwound the risk attached to the trade. For lesser liquid segments of the market, brokers may then look to price in some potential impact from the disclosure requirements, which means the investor may be denied the most cost-effective execution.

As such, we urge ESMA to undertake a holistic analysis of the implications of increasing the applicable post-trade transparency threshold for ETFs, and to avoid amending the regime solely on the basis of more closely aligning ETF deferral statistics to those of DRs and shares.

Q27: Do you agree with ESMA assessment of the level of post trade transparency for OTC transactions?

Agreed

Q28: Do you agree with the proposal to report and flag transactions which are not subject to the share trading obligations but subject to post-trade transparency to FITRS? Please explain.

Agreed

Q29: What is your experience related to the publication of post-trade transparency information within 1 minute from the execution of the transaction? Do you think that the definition of "real-time" as maximum 1 minute from the time of the execution of the transaction is appropriate/too stringent/ too lenient? Please explain.

No
We encourage ESMA to maintain the actual required reporting times.
We believe it works well and is appropriate. Our concern is rather that trades contain the correct data in FIX tags 29 and 30 and post-trade reporting clearly states whether what is reported is actionable liquidity or not.

Q30: Do you agree with ESMA's approach to third-country trading venues for the purpose of transparency requirements under MiFID II? If no, please explain.

We believe that the ESMA Opinion, published in December 2017, has provided enough clarity as to the intended scope of Articles 20 and 21 of MiFIR, and therefore we would suggest that no further action is required at this time.

In addition, we do not agree with ESMA's approach that seems to go beyond ESMA powers.

Lastly, we are doubtful of the benefits for the EU investors to impose transparency requirements in third-party countries.

That said, so as to achieve the stated ambitions of the European Commission's Capital Markets Union agenda, EU policy and rule makers (including ESMA) should continue to ensure that EU capital markets continue to remain open and facilitate cross-border capital flows and market activities moving forward.

Q31: Do you agree that the scope of the share trading obligation in Article 23 of MiFIR should be reduced to exclude third-country shares? If yes, what is the best way to identify such shares, keeping in mind that ESMA does not have data on the relative liquidity of shares in the EU versus in third countries? More generally, would you include any additional criteria to define the scope of the share trading obligation and, if yes, which ones?

We agree with ESMA.
We would even encourage ESMA to support a request to remove the STO, in order to ensure legal playing field with other countries and in order to avoid fragmenting liquidity and unintentionally creating systemic risk.

Especially in the context of the UK's withdrawal from the EU and the UK's subsequent "onshoring" of the MiFIR Article 23 trading obligation, the overlapping scopes of the EU and UK trading obligations for shares creates an inherent and unnecessary market tension, and risks restricting cross-border capital flows and market activities, and splitting liquidity pools.

As such, we believe that, where the EU's trading obligation for shares overlaps in a significant manner with that of a third country jurisdiction, the EU should explore every avenue available to avoid competing regulatory obligations for investment firms operating cross-border, and minimise potential implications such as those outlined above

Regarding the identifier to use, we deem crucial to retain and foster the use of ISIN code to identify securities. This will encourage electronification and mitigation of operating risk in what is a currently a very manual and error prone process. It will also encourage greater transparency in the new issue allocation process.

Should the STO continue, then we would agree to limit its scope to those shares whose primary listing is in the EU. However, even for this EU-only STO, best execution should override the STO.

Q32: Would you support removing SIs as eligible execution places for the purposes of the share trading obligation? If yes, do you think SIs should only be removed as eligible execution places with respect to liquid shares? Please provide arguments (including numerical evidence) supporting your views.

We do not support this option.

The analysis provided by ESMA in respect of Q32 only considers the volume of trading which takes place on SIs in comparison to alternative trading systems. While alluding to the liquidity benefits provided by SIs in the broad marketplace, ESMA does not take into account the MiFIR best execution obligations which, in our experience, are met in many situations by trading on SIs, rather than exchanges or MTFs.

It is imperative that SIs are maintained as eligible execution places especially if the STO is maintained as:

- SI provide critical liquidity to markets
- Asset managers need to retain access to diversified venues with different level of transparency, to guarantee the access to liquidity.
- The suggested proposal would be against competition as exchanges would have de facto monopolies

Asset manager traders handling large orders on behalf of our underlying clients need to retain access to diversified venues with different level of transparency, to guarantee the access to liquidity.

From an anti-competition viewpoint, we fear that primary exchanges may end up with de facto monopolies without SIs. In our opinion, ESMA should encourage innovation and ways to make trading more efficient. We do not believe its role is to support out-dated and slow to react business models.

Q33: Would you support deleting the first exemption provided for under Article 23 of MiFIR (i.e. for shares that are traded on a "non-systematic, ad-hoc, irregular and infrequent" basis)? If not, would you support the introduction in MiFIR of a mandate requiring ESMA to specify the scope of the exemption? Please provide arguments supporting your views.

No, we would not support its deletion and we would welcome the introduction of a mandate requiring ESMA to specify the scope of the exemption.

Q34: Would you support simplifying the second exemption of Article 23 of MiFIR and not limiting it to transactions “carried out between eligible and/or professional counterparties”? Please provide arguments supporting your views.

We do not support that proposal as it only has limited benefits for end-investors

Q35: What is your view on the increase of volumes executed through closing auctions? Do you think ESMA should take actions to influence this market trend and if yes which one?

We encourage ESMA not to intervene in this process as it provides useful liquidity and support innovation.

The growth of volumes executed during the closing auction is a global trend which has not been developing/triggered in response to specific changes in regulation and there is little evidence to suggest that MiFID II has impacted this trend in Europe.

We encourage ESMA to investigate the way exchanges charge for this service against their charges during the rest of the trading day and to envisage a review clause or frequent assessment.

XXX