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Additional Information

Level 1 Regulation

Markets in Financial Instruments Directive II (MiFID II) Directive 2014/65/EU- Investor Protection and Intermediaries

Topic

Best Execution

Subject Matter

Best Execution

Question

Where RTS 27 (Article 5) requires a venue to disclose costs, can this report be aggregated and presented as venue-level information?

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Original language

[ESMA35-43-349 MiFIDII Investor protection Best execution Q&A 9]

Article 27(3) of MiFID II requires that execution venues (regulated markets, MTFs, OTFs, SIs, market makers and other liquidity providers) make information on the quality of execution available to the public in relation to price, costs, speed and likelihood of execution for individual financial instruments. Consequently, Article 5 of RTS 27 requires venues to publish for each financial instrument quarterly information on the costs applied by the venue to its members or users.

It is worth clarifying that venues are expected to provide information on costs aggregated at the level of the venue and any market segment(s) they operate (e.g. standard, high growth, dark book, lit book etc.). This approach is supported by Recital 4 of RTS 27 which provides that to avoid inappropriate comparison between execution venues and to ensure the relevance of collected data, execution venues should submit separate reports corresponding to segments that operate different order books or that are regulated differently or use different market segment identifiers. In addition, it may be relevant to differentiate cost information in relation to the business model or fee structure of the venue e.g. where venues apply different fees depending on the type of client or member e.g. maker taker fee models. In this way, venues should ensure that cost information is consolidated at the appropriate level so as to facilitate comparability between other execution venues.