ESMA_QA_1043

Submission Date
04/04/2017

Status: Answer Published

Additional Information

Level 1 Regulation
Markets in Financial Instruments Regulation (MiFIR) Regulation (EU) No 600/2014 - Investor Protection and Intermediaries

Topic
Best Execution

Subject Matter
Best Execution

Question
If portfolio managers or receivers and transmitters of orders use different entities within a single group to execute orders, should they list those entities separately, or aggregate them and list the group parent as a single entry for the purposes of the RTS 28 report that it is required to be published under Article 65(6) of the Delegated Regulation?

ESMA Answer

04-04-2017

Original language

[ESMA35-43-439 MiFIDII Investor protection Best execution 11]

Where portfolio managers or receivers and transmitters send orders for execution to different brokers or entities within a common legal or corporate group, ESMA is of the view that, in line with Article 65(6) of the Delegated Regulation, the annual report on the top five entities chosen for execution should be provided at the level of the individual firm and not be aggregated or consolidated at the group level.

Where an investment firm’s top five entities listed in the annual report are dominated by individual brokers or entities from a single group, thereby potentially displacing other third party brokers or entities that it uses on a regular basis, then, in these circumstances, the investment firm could consider providing additional information on these other third-party brokers or entities chosen for execution that is deems relevant to its order execution practices, so as to provide a complete picture of the various entities it selects for execution services (in line with Recital 15 of RTS 28).