

**Submission Date**

10/07/2017

# **ESMA\_QA\_1055**

Status: Answer Published

## **Additional Information**

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### **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**

Do the RTS 27 reporting requirements apply to Securities Financing Transactions (SFTs)?

## **ESMA Answer**

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10-07-2017

[ESMA35-43-439 MiFID II Investor protection Best execution Q&A 15]

Article 1(5)(a) of MiFIR, subsequent to amending Regulation (EU) 2016/1033 of 23 June 2016, states that SFTs are not subject to the pre and post trade transparency obligations set out in Title II and III of MiFIR. While no specific exemption was included with respect to the RTS 27 best execution reporting obligations, Recital 10 of RTS 27 refers to the need for regulatory consistency between its requirements and those on post trade transparency. In this context, ESMA considers that the best execution reporting requirements set out in RTS 27 should not apply to SFTs.

ESMA wishes to make clear that, irrespective of the above clarification concerning the application of RTS 27 to SFTs, the MiFID II best execution requirements otherwise apply to investment firms when carrying out SFTs.

ESMA also wishes to clarify that while RTS 27 would not apply to SFTs, this would not lead to a complete absence of execution quality reports for SFTs, as RTS 28 explicitly requires investment firms to report, inter alia, on order routing behaviours specifically with respect to SFTs and to provide a summary on the quality of execution obtained. Investment firms should also note that RTS 28 already makes specific reference to how data concerning SFTs should be published.