

**Submission Date**

01/02/2019

# ESMA\_QA\_1487

Status: Answer Published

## **Additional Information**

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### **Level 1 Regulation**

Markets in Financial Instruments Directive II (MiFID II) Directive 2014/65/EU- Secondary Markets

### **Level 2 Regulation**

Regulation 2017/565 - MiFID II Delegated Regulation

### **Level 3 Regulation**

ESMA70-872942901-38 - Q&A on MiFID II and MiFIR market structures topics

### **Topic**

Direct Electronic Access and algorithmic trading

## **Subject Matter**

Direct Electronic Access (DEA) and algorithmic trading - Article 19 of CDR 2017/565 - high frequency trading techniques tests

### Question

How should the tests to identify high frequency trading techniques, described in Article 19 of CDR 2017/565, be undertaken?

### ESMA Answer

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01-02-2019

Original language

[ESMA 70-872942901-38 MiFID II MiFIR market structures Q&A, Q&A 3.30]

Article 19 of Commission Delegated Regulation (EU) 2017/565 states the requirements for a trading technique to be deemed as high frequency algorithmic trading. Regarding the indicators in Articles 19(1)(a) & (b) firms should assess each instrument based on the relevant trading hours of that instrument for Article 19(1)(a), and sum those calculated indicators for all relevant instruments traded on a trading venue together for Article 19(1)(b). Regarding the applicability established in Article 19(2) firms should apply these calculations to liquid instruments according to the relevant ESMA publications at the time of calculation.