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Additional Information

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

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.