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29/05/2020

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Additional Information

Level 1 Regulation

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

Topic

Multilateral and bilateral systems

Subject Matter

Multilateral and bilateral systems - Authorisation as trading venue for a system facilitating the multilateral interaction of trading interests in securities financing transactions

Question

Should the operation of a system facilitating the multilateral interaction of trading interests in securities financing transactions require authorisation as a trading venue?

ESMA Answer

29-05-2020

Original language

[ESMA 70-872942901-38 MiFID II MiFIR market structures Q&A, Q&A 5.9b]

Multilateral systems are defined by MiFID II in relation to financial instruments. Securities financing transactions include, according to Article 3(11) of Regulation (UE) 2015/2365 (SFTR), repurchase transactions, securities financing lending or borrowing, buy-back or sell-buy back transactions and margin lending transactions, and such transactions can involve financial instruments. Therefore, ESMA considers that securities financing transactions could be treated as transactions in financial instruments, for the purpose of this question.

In particular, an entity operating a system in which multiple third-party buying and selling trading interests in securities financing transactions relating to financial instruments are able to interact, should seek authorisation to operate a trading venue and the relevant provisions should apply.