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Additional Information

Level 1 Regulation
Markets in Financial Instruments Regulation (MiFIR) Regulation (EU) No 600/2014-Secondary Markets

Topic
Equity transparency

Subject Matter
Scope of the trading obligation for shares

Question
What is the scope of the trading obligation where there is a chain of transmission of orders?

ESMA Answer

15-11-2017

Original language

[ESMA 70-872942901-35 MiFIR transparency Q&A, Q&A 3.2]

Article 23(1) of MiFIR determines the scope of the trading obligation for shares admitted to trading on a regulated market or traded on a trading venue by requiring investment firms to ensure that trades they undertake in shares take place on a regulated market, MTF, systematic internaliser or equivalent third country venue. Where there is a chain of transmission of orders concerning those shares all EU investment firms that are part of the chain (either initiating the orders or acting as brokers) should ensure that the ultimate execution of the orders complies with the requirements under Article 23(1) of MiFIR.

As an example, where an EU investment firm transmits an order for a share admitted to trading on a regulated market or traded on a trading venue to an EU investment firm that subsequently passes it on to a non-EEA firm, the EU investment firms should ensure the trade is undertaken in accordance with the requirements set out in Article 23 of MiFIR, i.e. on a regulated market, MTF, systematic internaliser or equivalent third country venue.