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Status: Answer Published

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

Topic

Direct Electronic Access and algorithmic trading

Subject Matter

Algorithmic trading

Question

Does a simple algorithm qualify as algorithmic trading?

ESMA Answer

19-12-2016

Original language

[ESMA 70-872942901-38 MiFID II MiFIR market structures Q&A, Q&A 3.1]

Yes. The fact that a person or firm undertakes trading activity by means of an algorithm which includes a small number of processes (e.g. makes quotes that replicate the prices made by a trading venue) does not disqualify the firm running such algorithm from being engaged in algorithmic trading.