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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 2017/578 - RTS on market making agreements and market making schemes (RTS 8)

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

Under which circumstances a trading venue may cancel, vary or correct a transaction?

Question
Under which circumstances a trading venue may cancel, vary or correct a transaction?

ESMA Answer

07-07-2017

Original language

[ESMA 70-872942901-38 MiFID II MiFIR market structures Q&A, Q&A 3.21]

Trading venues enabling or allowing algorithmic trading through their systems shall be able to cancel or revoke transactions in case of malfunctioning of the trading venue's mechanisms to manage volatility or of the trading system in the context of disorderly trading conditions, according to Article 18 of RTS 7.

However, Article 47(1)(d) of MiFID II also establishes the general organisational requirement for all trading venues "to have transparent and non-discriminatory rules and procedures that provide for fair and orderly trading and establish objective criteria for the efficient execution of orders". Therefore, the rulebook of a trading venue may foresee other exceptional situations in which transactions might be cancelled provided that those situations are transparent and non-discriminatory.