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Additional Information

Level 1 Regulation
Markets in Financial Instruments Directive II (MiFID II) Directive 2014/65/EU- Secondary Markets

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
Authorisation as an investment firm under MiFID II to provide DEA to an EU trading venue

Question

Does a firm need to be authorised as an investment firm under MiFID II to provide DEA to an EU trading venue?

ESMA Answer

15-11-2017

Original language

[ESMA 70-872942901-38 MiFID II MiFIR market structures Q&A, Q&A 3.25]

Yes, Article 48(7) of MiFID II provides that trading venues should only permit a member or participant to provide DEA “if they are investment firms authorised under [MiFID II] or credit institution authorised under Directive 2013/36/EU”. Therefore, non-EU firms (including non-EU firms licensed in an equivalent jurisdiction) or EU firms without a MiFID II licence are not allowed to provide DEA to their clients. This applies regardless of where the clients using the DEA service are located.