

Submission Date

14/11/2018

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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 2017/578 - 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

Requirement imposed on market makers to post simultaneous two-way quotes of comparable size

Question

Does the requirement imposed on market makers to post simultaneous two-way quotes of comparable size restrict the ability of market makers to voluntarily post additional liquidity on either side of the order book?

ESMA Answer

14-11-2018

Original language

[ESMA 70-872942901-38 MiFID II MiFIR market structures Q&A, Q&A 3.29]

No, it is not the intention of RTS 8 to prevent market makers that have live two-way quotes from adding further liquidity in the order book on a voluntary basis. Market Makers are therefore free to discretionarily post additional quotes on either side of order book in addition to the “simultaneous two-way quotes of comparable size and competitive price” imposed by Article 2(1)(b) of RTS 8. Only quotes that are posted to fulfil the obligations imposed by the market making agreement should be flagged as such in field 8 of Table 2 of the Annex of RTS 24 and field 3 of Table 3 of Annex II of RTS 6.