

European Securities and Markets Authority (ESMA)

103, rue de Grenelle
Paris 75007
France

2 March 2015

Dear Sirs,

Consultation Paper MiFID II/MiFIR (ESMA/2014/1570)

Introduction

AEM, the Portuguese Issuers Association, is a non-profit organization that aims to promote the common interests of its members, the companies issuing securities which are traded on a regulated market based, or operating, in Portugal.

Currently, AEM represents all the issuing corporations and group of companies listed on the Lisbon Stock Exchange Index PSI 20, as well as the majority of other issuing companies.

AEM is a member of the Board of European Issuers, which represents over 9,000 quoted companies in fourteen European countries.

Response

4.6. Tick sizes (Article 48(6) and Article 49 of MiFID II)

Q127. In your view, are there any other particular or exceptional circumstances for which the tick size may have to be specifically adjusted? Please provide reasons for your answer.

We believe there are particular circumstances in which tick sizes will need to be adjusted. Examples for such circumstances include, but are not limited to, situations in which the tick size is constraining the spread and/or has a negative impact on liquidity.

These specific situations could be identified and measured based on objective criteria – e.g. the spread to tick ratio or the spread adjustment factor, which could be monitored by trading venues, market makers and issuers alike. When these indicators show that the minimum tick size according to the ESMA table is not appropriate anymore, trading venues could alert their national competent authority.

The national regulator, after consultation with its peers and with ESMA, would then be able to adjust / reduce the tick size in the instrument in question. That decision would be applicable to all trading venues on which that instrument is admitted to trading.

We note that ESMA is proposing a minimum tick size table. We understand this to mean that trading venues will retain the flexibility to adjust tick sizes upwards if and when required by market conditions.

If you would like to discuss our response in more detail, we would be happy to attend a meeting.

Yours faithfully,



Abel Sequeira Ferreira
Executive Director