



Public CESR consultation over micro-structural issues in European equity markets

1. High Frequency Trading

- “la Caixa” does not carry out these kinds of operations.
- We understand that this is a practice mainly followed by financial entities on their own behalf.
- This trading helps to increase the liquidity of share positions, and can therefore lead to more efficient price formation as orders are introduced at low spreads.

2. Sponsored access

- Nor does “la Caixa” operate in this area.
- Our only observation would be that if end clients can directly access platforms without having to go through any kind of affiliated control, via a broker, we would expect to see risks increase as it becomes harder to monitor positions and balances, making it difficult, for example, to control whether a client holds shares or not (short positions in the domestic market must be declared).

3. Co-location

- In the domestic market at least, we understand this to be a service offered by MEFF in order to minimise latency and increase the speed of transactions.
- This service is used, amongst others, by investors in financial markets employing the technique known as scalping, which is similar to that described in the first point: Trading with very low margins
- As far as we are concerned, there is a lawful niche market based on clients that are prepared to invest in locating their servers close to the central computer. This provides a comparative advantage for short-term trading operations.
- It probably provides the market with liquidity.

4. Fee structure.

- “la Caixa” does not currently operate the so-called market/taker fee structure.
- We do not consider it negative to incentivise figures such as market makers by offering advantageous economic conditions.
- One aspect to bear in mind is the effect that this structure has on total costs to end clients, as the MIFID Directive requires that all costs, including brokerage fees, be included.

5. Tick Size

- We believe a particular share, a specific ISIN, should operate using the same decimals in its primary market as in any other platform on which it trades.
- We believe the standardisation of decimal systems and tick sizes across Europe and all stock markets would be a positive move, as varying tick sizes can complicate client transactions when operating on various markets, with each market playing according to different rules, as well as increasing costs due to the processes that entities have to complete to provide such combinations.

6. Indications of interest (IOIs)

- We believe IOIs can be useful to prevent market distortion at certain times, making it easier to find counterparties when trading a block of significant volume.



- However, pre-established rules should always be respected, so as not to disadvantage clients that already hold positions and who cannot benefit from this matching.