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| Reply form for the  Consultation Paper on MiFID II / MiFIR |

Responding to this paper

The European Securities and Markets Authority (ESMA) invites responses to the specific questions listed in the ESMA Consultation Paper on MiFID II / MiFIR (reference ESMA/2014/1570), published on the ESMA website.

Instructions

Please note that, in order to facilitate the analysis of the large number of responses expected, you are requested to use this file to send your response to ESMA so as to allow us to process it. Therefore, ESMA will only be able to consider responses which follow the instructions described below:

1. use this form and send your responses in Word format (do not send pdf files except for annexes);
2. do not remove the tags of type <ESMA\_QUESTION\_CP\_MIFID\_1> - i.e. the response to one question has to be framed by the 2 tags corresponding to the question; and
3. if you do not have a response to a question, do not delete it and leave the text “TYPE YOUR TEXT HERE” between the tags.

Responses are most helpful:

1. if they respond to the question stated;
2. contain a clear rationale, and
3. describe any alternatives that ESMA should consider.

To help you navigate this document more easily, bookmarks are available in “Navigation Pane” for Word 2010.

Naming protocol:

In order to facilitate the handling of stakeholders responses please save your document using the following format: ESMA\_CP\_MIFID\_NAMEOFCOMPANY\_NAMEOFDOCUMENT.

**E.g.** if the respondent were ESMA, the name of the reply form would be ESMA\_CP\_MIFID \_ESMA\_REPLYFORM or ESMA\_CP\_MIFID\_ESMA\_ANNEX1

Deadline

Responses must reach us by **2 March 2015**.

All contributions should be submitted online at www.esma.europa.eu under the heading ‘Your in-put/Consultations’.

Publication of responses

All contributions received will be published following the end of the consultation period, unless otherwise requested. **Please clearly indicate by ticking the appropriate checkbox in the website submission form if you do not wish your contribution to be publicly disclosed. A standard confidentiality statement in an email message will not be treated as a request for non-disclosure.** Note also that a confidential response may be requested from us in accordance with ESMA’s rules on access to documents. We may consult you if we receive such a request. Any decision we make is reviewable by ESMA’s Board of Appeal and the European Ombudsman.

Data protection

Information on data protection can be found at www.esma.europa.eu under the headings ’Legal notice’ and ‘Data protection’.

# General information about respondent

|  |  |
| --- | --- |
| Name of the company / organisation | Thomson Reuters |
| Confidential[[1]](#footnote-1) | ☐ |
| Activity: | Other Financial service providers |
| Are you representing an association? | ☐ |
| Country/Region | UK |

# Introduction

Please make your introductory comments below, if any:

< ESMA\_COMMENT\_CP\_MIFID\_1>

TYPE YOUR TEXT HERE

< ESMA\_COMMENT\_CP\_MIFID\_1>

1. Investor protection
2. Do you agree with the list of information set out in draft RTS to be provided to the competent authority of the home Member State? If not, what other information should ESMA consider?

<ESMA\_QUESTION\_CP\_MIFID\_1>

We broadly agree with the list of information set out in the draft RTS to be provided to the competent authority of the home Member State, however, we wish to highlight that with respect to the statement in point 3 of Article 3 of RTS1, the provision of the organisational chart indicating the main activities of each firm within the group should only relate to firms that are relevant to the applicant entity. In the case of complex organisations, it would be disproportionate and over-burdensome to expect firms to provide this information relating to all firms within the group.  In this respect we request an amendment to point 3 of Article 3 of RTS1 as follows:

***Article 3***

***Information on shareholders to be provided as part of the authorisation process***

**[…]**

3. For corporate shareholders that are members of a group, an organisational chart of the group indicating the main activities of each **relevant** firm within the group, identification of any regulated entities within the group and the names of the relevant supervisory authorities as well as the relationship between the financial entities of the group and other non-financial group entities.

<ESMA\_QUESTION\_CP\_MIFID\_1>

1. Do you agree with the conditions, set out in this CP, under which a firm that is a natural person or a legal person managed by a single natural person can be authorised? If no, which criteria should be added or deleted?

<ESMA\_QUESTION\_CP\_MIFID\_2>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_MIFID\_2>

1. Do you agree with the criteria proposed by ESMA on the topic of the requirements applicable to shareholders and members with qualifying holdings? If no, which criteria should be added or deleted?

<ESMA\_QUESTION\_CP\_MIFID\_3>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_MIFID\_3>

1. Do you agree with the approach proposed by ESMA on the topic of obstacles which may prevent effective exercise of the supervisory functions of the competent authority?

<ESMA\_QUESTION\_CP\_MIFID\_4>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_MIFID\_4>

1. Do you consider that the format set out in the ITS allow for a correct transmission of the information requested from the applicant to the competent authority? If no, what modification do you propose?

<ESMA\_QUESTION\_CP\_MIFID\_5>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_MIFID\_5>

1. Do you agree consider that the sending of an acknowledgement of receipt is useful, and do you agree with the proposed content of this document? If no, what changes do you proposed to this process?

<ESMA\_QUESTION\_CP\_MIFID\_6>

Yes, we agree that the sending of an acknowledgement of receipt is useful and that it should include the contact details of the department or section or person within the competent authority.

<ESMA\_QUESTION\_CP\_MIFID\_6>

1. Do you have any comment on the authorisation procedure proposed in the ITS included in Annex B?

<ESMA\_QUESTION\_CP\_MIFID\_7>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_MIFID\_7>

1. Do you agree with the information required when an investment firm intends to provide investment services or activities within the territory of another Member State under the right of freedom to provide investment services or activities? Do you consider that additional information is required?

<ESMA\_QUESTION\_CP\_MIFID\_8>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_MIFID\_8>

1. Do you agree with the content of information to be notified when an investment firm or credit institution intends to provide investment services or activities through the use of a tied agent located in the home Member State?

<ESMA\_QUESTION\_CP\_MIFID\_9>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_MIFID\_9>

1. Do you consider useful to request additional information when an investment firm or market operator operating an MTF or an OTF intends to provide arrangements to another Member State as to facilitate access to and trading on the markets that it operates by remote users, members or participants established in their territory? If not which type of information do you consider useful to be notified?

<ESMA\_QUESTION\_CP\_MIFID\_10>

We support the requirement to notify additional information to include a short description of the appropriate arrangements that the MTF or OTF will have in place in order to facilitate the access (e.g. data centre, HUB, connectivity cables), a short description of the business model of the MTF or OTF, including details on the type of traded financial instruments and type of participants, and the marketing approach of the MTF or OTF to potential members or participants, and we urge ESMA to be mindful that this information should be brief, i.e. a high-level overview.

<ESMA\_QUESTION\_CP\_MIFID\_10>

1. Do you agree with the content of information to be provided on a branch passport notification?

<ESMA\_QUESTION\_CP\_MIFID\_11>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_MIFID\_11>

1. Do you find it useful that a separate passport notification to be submitted for each tied agent the branch intends to use?

<ESMA\_QUESTION\_CP\_MIFID\_12>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_MIFID\_12>

1. Do you agree with the proposal to have same provisions on the information required for tied agents established in another Member State irrespective of the establishment or not of a branch?

<ESMA\_QUESTION\_CP\_MIFID\_13>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_MIFID\_13>

1. Do you agree that any changes in the contact details of the investment firm that provides investment services under the right of establishment shall be notified as a change in the particulars of the branch passport notification or as a change of the tied agent passport notification under the right of establishment?

<ESMA\_QUESTION\_CP\_MIFID\_14>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_MIFID\_14>

1. Do you agree that credit institutions needs to notify any changes in the particulars of the passport notifications already communicated?

<ESMA\_QUESTION\_CP\_MIFID\_15>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_MIFID\_15>

1. Is there any other information which should be requested as part of the notification process either under the freedom to provide investment services or activities or the right of establishment, or any information that is unnecessary, overly burdensome or duplicative?

<ESMA\_QUESTION\_CP\_MIFID\_16>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_MIFID\_16>

1. Do you agree that common templates should be used in the passport notifications?

<ESMA\_QUESTION\_CP\_MIFID\_17>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_MIFID\_17>

1. Do you agree that common procedures and templates to be followed by both investment firms and credit institutions when changes in the particulars of passport notifications occur?

<ESMA\_QUESTION\_CP\_MIFID\_18>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_MIFID\_18>

1. Do you agree that the deadline to forward to the competent authority of the host Member State the passport notification can commence only when the competent authority of the home Member States receives all the necessary information?

<ESMA\_QUESTION\_CP\_MIFID\_19>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_MIFID\_19>

1. Do you agree with proposed means of transmission?

<ESMA\_QUESTION\_CP\_MIFID\_20>

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<ESMA\_QUESTION\_CP\_MIFID\_20>

1. Do you find it useful that the competent authority of the host Member State acknowledge receipt of the branch passport notification and the tied agent passport notification under the right of establishment both to the competent authority and the investment firm?

<ESMA\_QUESTION\_CP\_MIFID\_21>

Yes, we agree that the competent authority of the host Member State should acknowledge receipt of the branch passport notification and the tied agent passport notification under the right of establishment both to the applicant’s home competent authority and to the investment firm making the application.

<ESMA\_QUESTION\_CP\_MIFID\_21>

1. Do you agree with the proposal that a separate passport notification shall be submitted for each tied agent established in another Member State?

<ESMA\_QUESTION\_CP\_MIFID\_22>

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<ESMA\_QUESTION\_CP\_MIFID\_22>

1. Do you find it useful the investment firm to provide a separate passport notification for each tied agent its branch intends to use in accordance with Article 35(2)(c) of MiFID II? Changes in the particulars of passport notification

<ESMA\_QUESTION\_CP\_MIFID\_23>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_MIFID\_23>

1. Do you agree to notify changes in the particulars of the initial passport notification using the same form, as the one of the initial notification, completing the new information only in the relevant fields to be amended?

<ESMA\_QUESTION\_CP\_MIFID\_24>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_MIFID\_24>

1. Do you agree that all activities and financial instruments (current and intended) should be completed in the form, when changes in the investment services, activities, ancillary services or financial instruments are to be notified?

<ESMA\_QUESTION\_CP\_MIFID\_25>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_MIFID\_25>

1. Do you agree to notify changes in the particulars of the initial notification for the provision of arrangements to facilitate access to an MTF or OTF?

<ESMA\_QUESTION\_CP\_MIFID\_26>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_MIFID\_26>

1. Do you agree with the use of a separate form for the communication of the information on the termination of the operations of a branch or the cessation of the use of a tied agent established in another Member State?

<ESMA\_QUESTION\_CP\_MIFID\_27>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_MIFID\_27>

1. Do you agree with the list of information to be requested by ESMA to apply to third country firms? If no, which items should be added or deleted. Please provide details on your answer.

<ESMA\_QUESTION\_CP\_MIFID\_28>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_MIFID\_28>

1. Do you agree with ESMA’s proposal on the form of the information to provide to clients? Please provide details on your answer.

<ESMA\_QUESTION\_CP\_MIFID\_29>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_MIFID\_29>

1. Do you agree with the approach taken by ESMA? Would a different period of measurement be more useful for the published reports?

<ESMA\_QUESTION\_CP\_MIFID\_30>

We welcome the intent within MiFID to ensure that trades are executed on terms favourable to an investment firm’s client. We recognise that the new requirements within Article 27(3) of MiFID are designed to enhance the conditions under which investment firms comply with their obligation.

In practice, we believe that the requirements in Article 27(3) are designed to facilitate venue selection on the part of the buy-side and the sell side. In reality, it is our understanding that firms choose execution on venues in real-time using available market data to determine whether they received a good price, what the market impact was and how effectively their orders have been filled.

Given this, we believe that many of the proposed requirements in RTS 6 are disproportionate, and would be of limited value to market participants in evaluating the quality of their execution on a trading venue. We also believe that many of the requirements in Article 6 run counter to Recital 96 of MiFID, and Recital 2 of RTS 6.

Specifically we believe:

* That data should be aggregated on a quarterly basis and reported annually. Daily averages will be of limited use for many non-equity markets given that many of those instruments do not trade on a daily basis.
* Data on the number of cancelled or modified orders would not be of meaningful use to market participants. Article 3 (3) (c) and (d) in RTS 6 should be deleted.
* Given that we believe data should be averaged over a quarterly basis, we see limited value to Article 3 (3) (e) (f) and (g). These sub articles should also be deleted from RTS 6.
* Article 4 should be deleted in its entirety or only apply to equity financial instruments or to markets with a continuous liquidity profile. Intra-day, point-in-time data will be of limited use for the majority of non-equity financial instruments, many of which do not trade on a daily basis.
* We would clarify that the information to be submitted under Article 5 would be satisfied by the publication of the venue’s commercial policy and tariffs, as opposed to information on each execution.
* More generally, it is important that trading venues have the flexibility to choose what metrics they publish so long as they meet the high level requirements laid down in Article 27(3). This is important to ensure that the metrics are relevant to the market in question, and is consistent with Recital 2 of RTS 6.

In light of our views above, we suggest that the following amendments to RTS 6 are made:

***Recital 4***

(4) In determining appropriate information for measuring price**,** **an** assessment of ~~both~~ average levels throughout a period **is required.** ~~And~~**An assessment** of point-in-time levels ~~is required~~ **may also be relevant** **where the liquidity profile of the market would make this assessment meaningful**. Execution venues should publish data average ~~daily~~ **quarterly** prices and on specific points in time **where applicable** in order to provide a more complete picture of price quality.

***Recital 8***

(8) Likelihood means measurements related to the probability of execution of a particular type of order. It is supported by details on trading volumes in a particular instrument, the order size~~, cancellation~~ and fill ratios. Likelihood of execution shall also be assessed with data on transaction volumes and values~~,~~ and average trade sizes.~~, the volume of order cancellations and the number of failed trades when relevant.~~ This data will allow for the calculation of metrics such as the market share held by any one execution venue in a particular financial instrument or class of financial instruments, ~~and cancellation~~ and fill ratios.

***Article 3 (3)***

***Content of information to be published by all execution venues***

3. The information to be published shall include for each financial instrument available to trade on each execution venue the following information relevant to the likelihood of execution, when applicable:

(a) the number of orders or requests for quotes, both in terms of volume and value, that were received on that day;

(b) the number of transactions, both in terms of volume and value, that were executed on that day;

~~(c) the number of orders or accepted/released quotes, both in terms of volume and value, that were cancelled on that day;~~

~~(d) the number of orders, both in terms of volume and value, that were modified on that day;~~

~~(e) the mean and median transaction size on that day;~~

~~(f) the mean and median transaction price on that day;~~

~~(g) Volume weighted average price on that day; and~~

(~~h~~**c**) Market makers shall also indicate the daily total value of exchange-traded product units created and redeemed at their request.

***Article 3 (4)***

***Content of information to be published by all execution venues***

4. The information to be published shall include for each financial instrument available to trade on each execution venue the following information relevant to the execution price **where the liquidity profile of the financial instrument allows for this data to be meaningful. Data shall be considered meaningful where the market is a central limit order book and price data is readily available during trading hours**

:

(a) the price excluding commission and where relevant accrued interest executed for a purchase immediately after each of 9.00.00, 11.00.00, 13.00.00 and 15.00.00 UTC each day for order sizes in the ranges set out in Article 6 for each financial instrument;

(b) the price excluding commission and where relevant accrued interest executed for a sale immediately after each of the reference times in (a) for order sizes in the ranges set out in Article 6 for each financial instrument;

(c) the execution time for each executed transaction referred to in (a) and (b);

(d) the transaction size for each executed transaction referred to in (a) and (b);

(e) whether the order was a market or a limit order for each executed transaction referred to in (a) and (b);

(f) the time the order was received or quote released by the execution venue for each executed transaction referred to in (a) and (b);

(g) the time elapsed (to the mili-second) between a market order being received by the execution venue and the subsequent execution for an order driven execution venue for each executed transaction referred to in (a) and (b);

(h) the time elapsed between the acceptance/release of a quote and the subsequent execution when applicable for a quote driven execution venue for each executed transaction referred to in (a) and (b);

(i) the market mechanism and, where applicable, the trading mode under which the transactions were executed;

(j) the trading system under which the transactions were executed;

(k) the transaction type; and

(l) the benchmark price applicable for each executed transaction referred to in (a) and (b).

***Article 8***

***Frequency of the information to be published***

The reporting period shall ~~commence on the first of each calendar month to the last day of that month for each month of the year~~ **be each calendar quarter of the year**. This data shall be published without charge within one month at each ~~quarter end~~ **calendar year end**.

<ESMA\_QUESTION\_CP\_MIFID\_30>

1. Do you agree that it is reasonable to split trades into ranges according to the nature of different classes of financial instruments? If not, why?

<ESMA\_QUESTION\_CP\_MIFID\_31>

We generally agree with the proposed approach.

<ESMA\_QUESTION\_CP\_MIFID\_31>

1. Are there other metrics that would be useful for measuring likelihood of execution?

<ESMA\_QUESTION\_CP\_MIFID\_32>

We do not believe that there are any other metrics that would be useful for calculating the likelihood of execution.

<ESMA\_QUESTION\_CP\_MIFID\_32>

1. Are those metrics meaningful or are there any additional data or metrics that ESMA should consider?

<ESMA\_QUESTION\_CP\_MIFID\_33>

We do not believe that additional metrics such as average and realised spreads, best bid and offer or depth weighted spreads would be useful, and the provision of this data would place a disproportionate burden of trading venues to produce.

<ESMA\_QUESTION\_CP\_MIFID\_33>

1. Do you agree with the proposed approach? If not, what other information should ESMA consider?

<ESMA\_QUESTION\_CP\_MIFID\_34>

While data formats should be standard, we believe that trading venues should have the flexibility to produce metrics that are relevant to their markets.

We do not believe that reporting should be based on daily averages and produced quarterly, nor do we believe that point-in-time analytics would be meaningful for many non-equity markets.

Please note the following suggested redrafts for RTS 6:

***Recital 4***

(4) In determining appropriate information for measuring price**,** **an** assessment of ~~both~~ average levels throughout a period **is required.** ~~And~~**An assessment** of point-in-time levels ~~is required~~ **may also be relevant** **where the liquidity profile of the market would make this assessment meaningful**. Execution venues should publish data average ~~daily~~ **quarterly** prices and on specific points in time **where applicable** in order to provide a more complete picture of price quality.

***Article 3 (4)***

***Content of information to be published by all execution venues***

4. The information to be published shall include for each financial instrument available to trade on each execution venue the following information relevant to the execution price **where the liquidity profile of the financial instrument allows for this data to be meaningful. Data shall be considered meaningful where the market is a central limit order book and price data is readily available during trading hours**

:

(a) the price excluding commission and where relevant accrued interest executed for a purchase immediately after each of 9.00.00, 11.00.00, 13.00.00 and 15.00.00 UTC each day for order sizes in the ranges set out in Article 6 for each financial instrument;

(b) the price excluding commission and where relevant accrued interest executed for a sale immediately after each of the reference times in (a) for order sizes in the ranges set out in Article 6 for each financial instrument;

(c) the execution time for each executed transaction referred to in (a) and (b);

(d) the transaction size for each executed transaction referred to in (a) and (b);

(e) whether the order was a market or a limit order for each executed transaction referred to in (a) and (b);

(f) the time the order was received or quote released by the execution venue for each executed transaction referred to in (a) and (b);

(g) the time elapsed (to the mili-second) between a market order being received by the execution venue and the subsequent execution for an order driven execution venue for each executed transaction referred to in (a) and (b);

(h) the time elapsed between the acceptance/release of a quote and the subsequent execution when applicable for a quote driven execution venue for each executed transaction referred to in (a) and (b);

(i) the market mechanism and, where applicable, the trading mode under which the transactions were executed;

(j) the trading system under which the transactions were executed;

(k) the transaction type; and

(l) the benchmark price applicable for each executed transaction referred to in (a) and (b).

***Article 8***

***Frequency of the information to be published***

The reporting period shall ~~commence on the first of each calendar month to the last day of that month for each month of the year~~ **be each calendar quarter of the year**. This data shall be published without charge within one month at each ~~quarter end~~ **calendar year end**.

<ESMA\_QUESTION\_CP\_MIFID\_34>

1. Do you agree with the proposed approach? If not, what other information should ESMA consider?

<ESMA\_QUESTION\_CP\_MIFID\_35>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_MIFID\_35>

1. Do you agree with the proposed approach? If not, what other information should ESMA consider?

<ESMA\_QUESTION\_CP\_MIFID\_36>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_MIFID\_36>

1. Transparency
2. Do you agree with the proposal to add to the current table a definition of request for quote trading systems and to establish precise pre-trade transparency requirements for trading venues operating those systems? Please provide reasons for your answers.

<ESMA\_QUESTION\_CP\_MIFID\_37>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_MIFID\_37>

1. Do you agree with the proposal to determine on an annual basis the most relevant market in terms of liquidity as the trading venue with the highest turnover in the relevant financial instrument by excluding transactions executed under some pre-trade transparency waivers? Please provide reasons for your answers.

<ESMA\_QUESTION\_CP\_MIFID\_38>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_MIFID\_38>

1. Do you agree with the proposed exhaustive list of negotiated transactions not contributing to the price formation process? What is your view on including non-standard or special settlement trades in the list? Would you support including non-standard settlement transactions only for managing settlement failures? Please provide reasons for your answers.

<ESMA\_QUESTION\_CP\_MIFID\_39>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_MIFID\_39>

1. Do you agree with ESMA’s definition of the key characteristics of orders held on order management facilities? Do you agree with the proposed minimum sizes? Please provide reasons for your answers.

<ESMA\_QUESTION\_CP\_MIFID\_40>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_MIFID\_40>

1. Do you agree with the classes, thresholds and frequency of calculation proposed by ESMA for shares and depositary receipts? Please provide reasons for your answers.

<ESMA\_QUESTION\_CP\_MIFID\_41>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_MIFID\_41>

1. Do you agree with the classes, thresholds and frequency of calculation proposed by ESMA for ETFs? Would you support an alternative approach based on a single large in scale threshold of €1 million to apply to all ETFs regardless of their liquidity? Please provide reasons for your answers.

<ESMA\_QUESTION\_CP\_MIFID\_42>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_MIFID\_42>

1. Do you agree with the classes, thresholds and frequency of calculation proposed by ESMA for certificates? Please provide reasons for your answers.

<ESMA\_QUESTION\_CP\_MIFID\_43>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_MIFID\_43>

1. Do you agree with the proposed approach on stubs? Please provide reasons for your answers.

<ESMA\_QUESTION\_CP\_MIFID\_44>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_MIFID\_44>

1. Do you agree with the proposed conditions and standards that the publication arrangements used by systematic internalisers should comply with? Should systematic internalisers be required to publish with each quote the publication of the time the quote has been entered or updated? Please provide reasons for your answers.

<ESMA\_QUESTION\_CP\_MIFID\_45>

We generally agree with the proposed conditions and standards that SIs should comply with and do not anticipate any issues with SIs publishing a timestamp, provided that does not restrict the SI’s ability to provide prices in illiquid markets.

<ESMA\_QUESTION\_CP\_MIFID\_45>

1. Do you agree with the proposed definition of when a price reflects prevailing conditions? Please provide reasons for your answers.

<ESMA\_QUESTION\_CP\_MIFID\_46>

Yes we agree with the proposed definition.

<ESMA\_QUESTION\_CP\_MIFID\_46>

1. Do you agree with the proposed classes by average value of transactions and applicable standard market size? Please provide reasons for your answers.

<ESMA\_QUESTION\_CP\_MIFID\_47>

Yes we agree with the proposed classes by average value of transactions and applicable standard market size.

<ESMA\_QUESTION\_CP\_MIFID\_47>

1. Do you agree with the proposed list of transactions not contributing to the price discovery process in the context of the trading obligation for shares? Do you agree that the list should be exhaustive? Please provide reasons for your answers.

<ESMA\_QUESTION\_CP\_MIFID\_48>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_MIFID\_48>

1. Do you agree with the proposed list of information that trading venues and investment firms shall made public? Please provide reasons for your answers.

<ESMA\_QUESTION\_CP\_MIFID\_49>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_MIFID\_49>

1. Do you consider that it is necessary to include the date and time of publication among the fields included in Table 1 Annex 1 of Draft RTS 8? Please provide reasons for your answer.

<ESMA\_QUESTION\_CP\_MIFID\_50>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_MIFID\_50>

1. Do you agree with the proposed list of flags that trading venues and investment firms shall made public? Please provide reasons for your answers.

<ESMA\_QUESTION\_CP\_MIFID\_51>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_MIFID\_51>

1. Do you agree with the proposed definitions of normal trading hours for market operators and for OTC? Do you agree with shortening the maximum possible delay to one minute? Do you think some types of transactions, such as portfolio trades should benefit from longer delays? Please provide reasons for your answers.

<ESMA\_QUESTION\_CP\_MIFID\_52>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_MIFID\_52>

1. Do you agree that securities financing transactions and other types of transactions subject to conditions other than the current market valuation of the financial instrument should be exempt from the reporting requirement under article 20? Do you think other types of transactions should be included? Please provide reasons for your answers.

<ESMA\_QUESTION\_CP\_MIFID\_53>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_MIFID\_53>

1. Do you agree with the proposed classes and thresholds for large in scale transactions in shares and depositary receipts? Please provide reasons for your answers.

<ESMA\_QUESTION\_CP\_MIFID\_54>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_MIFID\_54>

1. Do you agree with the proposed classes and thresholds for large in scale transactions in ETFs? Should instead a single large in scale threshold and deferral period apply to all ETFs regardless of the liquidity of the financial instrument as described in the alternative approach above? Please provide reasons for your answers.

<ESMA\_QUESTION\_CP\_MIFID\_55>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_MIFID\_55>

1. Do you agree with the proposed classes and thresholds for large in scale transactions in certificates? Please provide reasons for your answers

<ESMA\_QUESTION\_CP\_MIFID\_56>

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<ESMA\_QUESTION\_CP\_MIFID\_56>

1. Do you agree with ESMA’s proposal for the definition of a liquid market? Please provide an answer for SFPs and for each of type of bonds identified (European Sovereign Bonds, Non-European Sovereign Bonds, Other European Public Bonds, Financial Convertible Bonds, Non-Financial Convertible Bonds, Covered Bonds, Senior Corporate Bonds-Financial, Senior Corporate Bonds Non-Financial, Subordinated Corporate Bonds-Financial, Subordinated Corporate Bonds Non-Financial) addressing the following points:
   1. Would you use different qualitative criteria to define the sub-classes with respect to those selected (i.e. bond type, debt seniority, issuer sub-type and issuance size)?
   2. Would you use different parameters (different from average number of trades per day, average nominal amount per day and number of days traded) or the same parameters but different thresholds in order to define a bond or a SFP as liquid?
   3. Would you define classes declared as liquid in ESMA’s proposal as illiquid (or viceversa)? Please provide reasons for your answer.

<ESMA\_QUESTION\_CP\_MIFID\_57>

**(1)Would you use different qualitative criteria to define the sub-classes with respect to those selected (i.e. bond type, debt seniority, issuer sub-type and issuance size)?**

We have some concerns over the COFIA approach being used for Fixed Income and see some merit in the use of an IBIA approach as there is a risk that some financial instruments will be wrongly classified as liquid. We believe the following would be helpful

* an increase in the number of asset classes proposed under the COFIA approach
* an increase in issue size definition of liquid
* the addition of a New Issue asset class perhaps defined as all trading in a bond within one month
* outstanding amount of bond issues should be in threshold definitions rather than issue sizes.

**(2)Would you use different parameters (different from average number of trades per day, average nominal amount per day and number of days traded) or the same parameters but different thresholds in order to define a bond or a SFP as liquid?**

We believe the parameters are appropriate and offer an attractively simplistic approach however believe the thresholds need to significantly increase in order to accurately represent true liquidity.

**(3)Would you define classes declared as liquid in ESMA’s proposal as illiquid (or vice versa)? Please provide reasons for your answer.**

Liquid with the exception of the Covered Bond market.

<ESMA\_QUESTION\_CP\_MIFID\_57>

1. Do you agree with the definitions of the bond classes provided in ESMA’s proposal (please refer to Annex III of RTS 9)? Please provide reasons for your answer.

<ESMA\_QUESTION\_CP\_MIFID\_58>

We believe a more granular approach for bonds i.e. increasing the number of asset classes from 12 would be appropriate as there is a danger of such broad definition classifying illiquid bonds as liquid. A suggestion would be to also add a non-European public bond category.

<ESMA\_QUESTION\_CP\_MIFID\_58>

1. Do you agree with ESMA’s proposal for the definition of a liquid market? Please provide an answer per asset class identified (investment certificates, plain vanilla covered warrants, leverage certificates, exotic covered warrants, exchange-traded-commodities, exchange-traded notes, negotiable rights, structured medium-term-notes and other warrants) addressing the following points:
   1. Would you use additional qualitative criteria to define the sub-classes?
   2. Would you use different parameters or the same parameters (i.e. average daily volume and number of trades per day) but different thresholds in order to define a sub-class as liquid?
   3. Would you qualify certain sub-classes as illiquid? Please provide reasons for your answer.

<ESMA\_QUESTION\_CP\_MIFID\_59>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_MIFID\_59>

1. Do you agree with the definition of securitised derivatives provided in ESMA’s proposal (please refer to Annex III of the RTS)? Please provide reasons for your answer.

<ESMA\_QUESTION\_CP\_MIFID\_60>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_MIFID\_60>

1. Do you agree with ESMA’s proposal for the definition of a liquid market? Please provide an answer for each of the asset classes identified (FRA, Swaptions, Fixed-to-Fixed single currency swaps, Fixed-to-Float single currency swaps, Float -to- Float single currency swaps, OIS single currency swaps, Inflation single currency swaps, Fixed-to-Fixed multi-currency swaps, Fixed-to-Float multi-currency swaps, Float -to- Float multi-currency swaps, OIS multi-currency swaps, bond options, bond futures, interest rate options, interest rate futures) addressing the following points:
   1. Would you use different criteria to define the sub-classes (e.g. currency, tenor, etc.)?
   2. Would you use different parameters (among those provided by Level 1, i.e. the average frequency and size of transactions, the number and type of market participants, the average size of spreads, where available) or the same parameters but different thresholds in order to define a sub-class as liquid (state also your preference for option 1 vs. option 2, i.e. application of the tenor criteria as a range as in ESMA’s preferred option or taking into account broken dates. In the latter case please also provide suggestions regarding what should be set as the non-broken dates)?
   3. Would you define classes declared as liquid in ESMA’s proposal as illiquid (or vice versa)? Please provide reasons for your answer.

<ESMA\_QUESTION\_CP\_MIFID\_61>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_MIFID\_61>

1. Do you agree with the definitions of the interest rate derivatives classes provided in ESMA’s proposal (please refer to Annex III of draft RTS 9)? Please provide reasons for your answer.

<ESMA\_QUESTION\_CP\_MIFID\_62>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_MIFID\_62>

1. With regard to the definition of liquid classes for equity derivatives, which one is your preferred option? Please be specific in relation to each of the asset classes identified and provide a reason for your answer.

<ESMA\_QUESTION\_CP\_MIFID\_63>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_MIFID\_63>

1. If you do not agree with ESMA’s proposal for the definition of a liquid market, please specify for each of the asset classes identified (stock options, stock futures, index options, index futures, dividend index options, dividend index futures, stock dividend options, stock dividend futures, options on a basket or portfolio of shares, futures on a basket or portfolio of shares, options on other underlying values (i.e. volatility index or ETFs), futures on other underlying values (i.e. volatility index or ETFs):
   1. your alternative proposal
   2. which qualitative criteria would you use to define the sub-classes
   3. which parameters and related threshold values would you use in order to define a sub-class as liquid.

<ESMA\_QUESTION\_CP\_MIFID\_64>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_MIFID\_64>

1. Do you agree with the definitions of the equity derivatives classes provided in ESMA’s proposal (please refer to Annex III of draft RTS 9)? Please provide reasons for your answer.

<ESMA\_QUESTION\_CP\_MIFID\_65>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_MIFID\_65>

1. Do you agree with ESMA’s proposal for the definition of a liquid market? Please provide an answer detailed per contract type, underlying type and underlying identified, addressing the following points:
   1. Would you use different qualitative criteria to define the sub-classes? In particular, do you consider the notional currency as a relevant criterion to define sub-classes, or in other words should a sub-class deemed as liquid in one currency be declared liquid for all currencies?
   2. Would you use different parameters or the same parameters (i.e. average number of trades per day and average notional amount traded per day) but different thresholds in order to define a sub-class as liquid?
   3. Would you define classes declared as liquid in ESMA’s proposal as illiquid (or vice versa)? Please provide reasons for your answer.

<ESMA\_QUESTION\_CP\_MIFID\_66>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_MIFID\_66>

1. Do you agree with ESMA’s proposal for the definition of a liquid market? Please provide an answer detailed per contract type, underlying type and underlying identified, addressing the following points:
   1. Would you use different qualitative criteria to define the sub-classes? In particular, do you consider the notional currency as a relevant criteria to define sub-classes, or in other words should a sub-class deemed as liquid in one currency be declared liquid for all currencies?
   2. Would you use different parameters or the same parameters (i.e. average number of trades per day and average notional amount traded per day) but different thresholds in order to define a sub-class as liquid?
   3. Would you define classes declared as liquid in ESMA’s proposal as illiquid (or vice versa)? Please provide reasons for your answer.

<ESMA\_QUESTION\_CP\_MIFID\_67>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_MIFID\_67>

1. Do you agree with ESMA’s proposal for the definition of a liquid market? Please provide an answer detailed per contract type and underlying (identified addressing the following points:
   1. Would you use different qualitative criteria to define the sub-classes?
   2. Would you use different parameters or the same parameters (i.e. average number of trades per day and average notional amount traded per day) but different thresholds in order to define a sub-class as liquid?
   3. Would you define classes declared as liquid in ESMA’s proposal as illiquid (or vice versa)? Please provide reasons for your answer.

<ESMA\_QUESTION\_CP\_MIFID\_68>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_MIFID\_68>

1. Do you agree with ESMA’s proposal for the definition of a liquid market? Please provide an answer per asset class identified (EUA, CER, EUAA, ERU) addressing the following points:
   1. Would you use additional qualitative criteria to define the sub-classes?
   2. Would you use different parameters or the same parameters (i.e. average number of trades per day and average number of tons of carbon dioxide traded per day) but different thresholds in order to define a sub-class as liquid?
   3. Would you qualify as liquid certain sub-classes qualified as illiquid (or vice versa)? Please provide reasons for your answer.

<ESMA\_QUESTION\_CP\_MIFID\_69>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_MIFID\_69>

1. Do you agree with ESMA’s proposal with regard to the content of pre-trade transparency? Please provide reasons for your answer.

<ESMA\_QUESTION\_CP\_MIFID\_70>

(1) Definition of an RFQ

We believe that part of the definition provided by ESMA of an RFQ system is inappropriate. ESMA have stated that an RFQ system is a trading system where a quote or quotes are *published* (our emphasis) in response to a request for quote.

We believe that this new definition implies that quotes are published in a way that would infer full pre-trade transparency. This is not the case. A response to an RFQ is made exclusively to the person who made the request, and not made visible to any other client of the liquidity provider.

We are aware that pre-trade transparency will apply to RFQ systems where:

* The RFQ is of a size below the SSTI; and
* The trade is not conducted by a non-financial counterparty for the purposes of hedging; and
* The financial instrument is not subject to the trading obligation or is deemed liquid.

These three points infer that a number of RFQs will not be pre-trade transparent, meaning that in the future, the word published will continue to be inappropriate. We therefore believe that the word “published” should be replaced with the word “provided” in Article 1(6) of RTS 9.

We also note that the definition does not include the full process by which an RFQ is accepted. Ordinarily the liquidity provider will conclude the transaction after the client accepts the price.

We therefore suggest the following redraft to Article 1(6) of RTS 9:

***Article 1(6)***

***Definitions***

(6) ‘request-for-quote system’ means a trading system where a quote or quotes are ~~published~~ **provided** in response to a request for a quote submitted by one or more other members or participants; the quote is executable exclusively by the requesting member or market participant; the requesting member or participant may conclude a transaction by accepting the quote or quotes provided to it on request **and the liquidity provider may then conclude the transaction**;

We agree that the quote will executable exclusively by the person who requested the price.

**(2) Pre-trade information to be made public by an RFQ trading system**

We do not believe that individual prices and attaching volumes of each response to an RFQ should be made public when below the SSTI. We believe that this would have the effect of significantly reducing liquidity in the non-equity markets, which would have a direct and negative impact on the cost of capital for firms participating in the wholesale markets to finance their business operations and manage their treasury risk.

Many if not most non-equity markets do not have continuous buying and selling interests to support an order driven model. These markets tend to be non-standard with heterogeneous pricing models. These markets therefore rely on liquidity providers to provide prices in response to specific requests; the RFQ model has evolved over time as a highly effective way of providing liquidity to those who need it.

Making each RFQ response pre-trade transparent would significantly reduce liquidity. This is because liquidity providers face a great amount of risk when attempting to hedge out a particular position they have priced. Were it known in the market that a particular dealer held a certain position, the market impact would be such that dealers would find it difficult to unwind that position. There are two consequences of this: i) a risk to financial stability and; ii) a disincentive for dealers to provide prices, resulting in a reduction in liquidity.

We recognise that ESMA is required by Article 8 of MiFIR to provide for pre-trade transparency for non-equity markets, and to calibrate the requirements by market type. We do not believe it would be inconsistent with the level 1 for pre-trade transparency to be defined as the average price of an RFQ within certain volume bands for each class of instrument (or indeed for each instrument in the case of bonds).

We believe that adopting this approach would provide a richer set of information to the market in order to facilitate the price discovery process while helping to ensure that liquidity providers continue to be able to hedge their risk effectively. We are aware that this point is inextricably linked with the level of the SSTI threshold, which we believe should be set at 10% of LIS.

<ESMA\_QUESTION\_CP\_MIFID\_70>

1. Do you agree with ESMA’s proposal with regard to the order management facilities waiver? Please provide reasons for your answer.

<ESMA\_QUESTION\_CP\_MIFID\_71>

We generally support ESMA’s proposal on the order management waiver.

<ESMA\_QUESTION\_CP\_MIFID\_71>

1. ESMA seeks further input on how to frame the obligation to make indicative prices public for the purpose of the Technical Standards. Which methodology do you prefer? Do you have other proposals?

<ESMA\_QUESTION\_CP\_MIFID\_72>

We fully support ESMA’s proposal that the methodology for calculating indicative prices when an RFQ is above the SSTI should be at the discretion of the trading venue.

While we generally support the SSTI being the same pre-and post-trade, we do not agree with the way that ESMA has calculated the SSTI levels in Annex III of RTS 9. It is inappropriate for the SSTI to be set at 50% of the LIS because this is at a level significantly higher than that at which market participants may reasonably be expected to manage risk.

We believe that SIs and market makers can only effectively manage risk up to 10% of LIS, and that they face the greatest risk pre-trade. For this reason and to ensure that markets remain appropriately liquid, we believe that the SSTI should be set at 10% of LIS pre-trade. We believe that this would be consistent with Article 9(5)(d)(i) of MiFIR. We believe that Article 11(6) of RTS 9 should be redrafted as follows and the associated tables in Annex III updated accordingly:

***Article 11 (6)***

***Size of orders that are large in scale compared with the normal market size, orders that are above the size specific to a financial instrument, relevant minimum large in scale size of transactions and size of the transactions that are above the size specific to a financial instrument***

*6. The size specific to the financial instrument referred to in paragraph 1(b), shall be calculated as ~~50%~~* ***10%*** *of the corresponding large in scale size as determined in accordance with paragraphs 2, 3, 4 and 5.*

Alternatively, we would recommend that pre-trade, the SSTI is set at 10% and 50% for post-trade, thereby separating out the thresholds pre- and post-trade.

Regarding ESMA’s proposal in paragraph 38 of the CP, we do not agree that this clarification is required. Article 2(1)(c) of MiFIR is quite clear that waivers are available for derivatives which are not subject to the trading obligation and for other instruments which are deemed illiquid. Further, we are not aware of any empowerment provided for in Article 9(5) of MiFIR for ESMA to provide guidance on this Level 1 requirement. We believe that Recital 4 of RTS 9 should be redrafted as follows:

*(4) Regulation (EU) No 600/2014 provides in Article 9(1)(c) for a pre-trade transparency waiver for “derivatives which are not subject to the trading obligation specified in Article 28 and other financial instruments for which there is not a liquid market”. This means that the following instruments are eligible under this waiver: (i) derivatives ~~subject to the clearing obligation but for which ESMA has determined~~ that ~~they shall~~*  ***are*** *not ~~be~~ subject to the trading obligation; and (ii) bonds, derivatives, structured finance products and emission allowances deemed illiquid as per Annex III.*

<ESMA\_QUESTION\_CP\_MIFID\_72>

1. Do you consider it necessary to include the date and time of publication among the fields included in Annex II, Table 1 of RTS 9? Do you consider that other relevant fields should be added to such a list? Please provide reasons for your answer.

<ESMA\_QUESTION\_CP\_MIFID\_73>

Yes we believe that the date and time of publication should be included because this would provide greater clarity on whether a deferral was applied to the report and provides greater certainty that the deferrals have been correctly applied.

<ESMA\_QUESTION\_CP\_MIFID\_73>

1. Do you agree with ESMA’s proposal on the applicable flags in the context of post-trade transparency? Please provide reasons for your answer.

<ESMA\_QUESTION\_CP\_MIFID\_74>

We do not believe that the inclusion of a cancellation flag will be useful. The use of these flags will vary by participant, and therefore the application of this flag is likely to be inconsistent.

We believe that intra-group transactions should be included in Article 9 as non price forming and therefore included under Flag G.

We note that there are two flag Gs Table 2 and that this needs to be addressed by ESMA.

<ESMA\_QUESTION\_CP\_MIFID\_74>

1. Do you agree with ESMA’s proposal? Please specify in your answer if you agree with:
   1. a 3-year initial implementation period
   2. a maximum delay of 15 minutes during this period
   3. a maximum delay of 5 minutes thereafter. Please provide reasons for your answer.

<ESMA\_QUESTION\_CP\_MIFID\_75>

We fully support ESMA’s proposal for a three year implementation period, during which time the maximum delay for publication of trades that do not qualify for a deferral will be 15 minutes.

However, we believe that once this period has expired, ESMA should be required to conduct a review into the readiness and ability for the market to operationally handle the reduction to 5 minutes, instead of the period being shortened automatically.

<ESMA\_QUESTION\_CP\_MIFID\_75>

1. Do you agree that securities financing transactions and other types of transactions subject to conditions other than the current market valuation of the financial instrument should be exempt from the reporting requirement under article 21? Do you think other types of transactions should be included? Please provide reasons for your answers.

<ESMA\_QUESTION\_CP\_MIFID\_76>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_MIFID\_76>

1. Do you agree with ESMA’s proposal for bonds and SFPs? Please specify, for each type of bonds identified, if you agree on the following points, providing reasons for your answer and if you disagree providing ESMA with your alternative proposal:
   1. deferral period set to 48 hours
   2. size specific to the instrument threshold set as 50% of the large in scale threshold
   3. volume measure used to set the large in scale threshold as specified in Annex II, Table 3 of draft RTS 9
   4. pre-trade and post-trade thresholds set at the same size
   5. large in scale thresholds: (a) state your preference for the system to set the thresholds (i.e. annual recalculation of the thresholds vs. no recalculation of the thresholds) (b) in the case of a preference for a system with no recalculation (i.e. option 1) provide feedback on the thresholds determined. In the case of a preference for a system with recalculation (i.e. option 2) provide feedback on the thresholds determined for 2017 and on the methodology to recalculate the thresholds from 2018 onwards including the level of granularity of the classes on which the recalculations will be performed.

<ESMA\_QUESTION\_CP\_MIFID\_77>

**Point 1**

We support a deferral period of 48 hours, and would like to clarify that this means 48 hours and not up to 48 hours.

**Points 2 and 4**

We fully support ESMA’s proposal that the methodology for calculating indicative prices when an RFQ is above the SSTI should be at the discretion of the trading venue.

While we generally support the SSTI being the same pre-and post-trade, we do not agree with the way that ESMA has calculated the SSTI levels in Annex III of RTS 9. It is inappropriate for the SSTI to be set at 50% of the LIS because this is at a level significantly higher than that at which market participants may reasonably be expected to manage risk.

We believe that SIs and market makers can only effectively manage risk up to 10% of LIS, and that they face the greatest risk pre-trade. For this reason and to ensure that markets remain appropriately liquid, we believe that the SSTI should be set at 10% of LIS pre-trade. We believe that this would be consistent with Article 9(5)(d)(i) of MiFIR. We believe that Article 11(6) of RTS 9 should be redrafted as follows and the associated tables in Annex III updated accordingly:

*6. The size specific to the financial instrument referred to in paragraph 1(b), shall be calculated as ~~50%~~* ***10%*** *of the corresponding large in scale size as determined in accordance with paragraphs 2, 3, 4 and 5.*

Alternatively, we would recommend that pre-trade, the SSTI is set at 10% and 50% for post-trade, thereby separating out the thresholds pre- and post-trade.

<ESMA\_QUESTION\_CP\_MIFID\_77>

1. Do you agree with ESMA’s proposal for interest rate derivatives? Please specify, for each sub-class (FRA, Swaptions, Fixed-to-Fixed single currency swaps, Fixed-to-Float single currency swaps, Float -to- Float single currency swaps, OIS single currency swaps, Inflation single currency swaps, Fixed-to-Fixed multi-currency swaps, Fixed-to-Float multi-currency swaps, Float -to- Float multi-currency swaps, OIS multi-currency swaps, bond options, bond futures, interest rate options, interest rate futures) if you agree on the following points providing reasons for your answer and, if you disagree, providing ESMA with your alternative proposal:
   1. deferral period set to 48 hours
   2. size specific to the instrument threshold set as 50% of the large in scale threshold
   3. volume measure used to set the large in scale and size specific to the instrument threshold as specified in Annex II, Table 3 of draft RTS 9
   4. pre-trade and post-trade thresholds set at the same size
   5. large in scale thresholds: (a) state your preference for the system to set the thresholds (i.e. annual recalculation of the thresholds vs. no recalculation of the thresholds) (b) in the case of a preference for a system with no recalculation (i.e. option 1), provide feedback on the thresholds determined. In the case of a preference for a system with recalculation (i.e. option 2), provide feedback on the thresholds determined for 2017 and on the methodology to recalculate the thresholds from 2018 onwards including the level of granularity of the classes on which the recalculations will be performed (c) irrespective of your preference for option 1 or 2 and, with particular reference to OTC traded interest rates derivatives, provide feedback on the granularity of the tenor buckets defined. In other words, would you use a different level of granularity for maturities shorter than 1 year with respect to those set which are: 1 day- 1.5 months, 1.5-3 months, 3-6 months, 6 months – 1 year? Would you group maturities longer than 1 year into buckets (e.g. 1-2 years, 2-5 years, 5-10 years, 10-30 years and above 30 years)?

<ESMA\_QUESTION\_CP\_MIFID\_78>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_MIFID\_78>

1. Do you agree with ESMA’s proposal for commodity derivatives? Please specify, for each type of commodity derivatives, i.e. agricultural, metals and energy, if you agree on the following points providing reasons for your answer and if you disagree, providing ESMA with your alternative proposal:
   1. deferral period set to 48 hours
   2. size specific to the instrument threshold set as 50% of the large in scale threshold
   3. volume measure used to set the large in scale threshold as specified in Annex II, Table 3 of draft RTS 9
   4. pre-trade and post-trade thresholds set at the same size
   5. large in scale thresholds: (a) state your preference for the system to set the thresholds (i.e. annual recalculation of the thresholds vs. no recalculation of the thresholds) (b) in the case of a preference for a system with no recalculation (i.e. option 1) provide feedback on the thresholds determined. In the case of a preference for a system with recalculation (i.e. option 2) provide feedback on the thresholds determined for 2017 and on the methodology to recalculate the thresholds from 2018 onwards including the level of granularity of the classes on which the recalculations will be performed.

<ESMA\_QUESTION\_CP\_MIFID\_79>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_MIFID\_79>

1. Do you agree with ESMA’s proposal for equity derivatives? Please specify, for each type of equity derivatives [stock options, stock futures, index options, index futures, dividend index options, dividend index futures, stock dividend options, stock dividend futures, options on a basket or portfolio of shares, futures on a basket or portfolio of shares, options on other underlying values (i.e. volatility index or ETFs), futures on other underlying values (i.e. volatility index or ETFs)], if you agree on the following points providing reasons for your answer and if you disagree, providing ESMA with your alternative proposal:
   1. deferral period set to 48 hours
   2. size specific to the instrument threshold set as 50% of the large in scale threshold
   3. volume measure used to set the large in scale threshold as specified in Annex II, Table 3 of draft RTS 9
   4. pre-trade and post-trade thresholds set at the same size
   5. large in scale thresholds: (a) state your preference for the system to set the thresholds (i.e. annual recalculation of the thresholds vs. no recalculation of the thresholds) (b) in the case of a preference for a system with no recalculation (i.e. option 1) provide feedback on the thresholds determined. In the case of a preference for a system with recalculation (i.e. option 2) provide feedback on the thresholds determined for 2017 and on the methodology to recalculate the thresholds from 2018 onwards including the level of granularity of the classes on which the recalculations will be performed.

<ESMA\_QUESTION\_CP\_MIFID\_80>

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<ESMA\_QUESTION\_CP\_MIFID\_80>

1. Do you agree with ESMA’s proposal for securitised derivatives? Please specify if you agree on the following points providing reasons for your answer and if you disagree, providing ESMA with your alternative proposal:
   1. deferral period set to 48 hours
   2. size specific to the instrument threshold set as 50% of the large in scale threshold
   3. volume measure used to set the large in scale threshold as specified in Annex II, Table 3 of draft RTS 9
   4. pre-trade and post-trade thresholds set at the same size
   5. large in scale thresholds: (a) state your preference for the system to set the thresholds (i.e. annual recalculation of the thresholds vs. no recalculation of the thresholds) (b) in the case of a preference for a system with no recalculation (i.e. option 1) provide feedback on the thresholds determined. In the case of a preference for a system with recalculation (i.e. option 2) provide feedback on the thresholds determined for 2017 and on the methodology to recalculate the thresholds from 2018 onwards including the level of granularity of the classes on which the recalculations will be performed.

<ESMA\_QUESTION\_CP\_MIFID\_81>

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<ESMA\_QUESTION\_CP\_MIFID\_81>

1. Do you agree with ESMA’s proposal for emission allowances? Please specify if you agree on the following points providing reasons for your answer and if you disagree, providing ESMA with your alternative proposal:
   1. deferral period set to 48 hours
   2. size specific to the instrument threshold set as 50% of the large in scale threshold
   3. volume measure used to set the large in scale threshold as specified in Annex II, Table 3 of draft RTS 9
   4. pre-trade and post-trade thresholds set at the same size
   5. large in scale thresholds: (a) state your preference for the system to set the thresholds (i.e. annual recalculation of the thresholds vs. no recalculation of the thresholds) (b) in the case of a preference for a system with no recalculation (i.e. option 1) provide feedback on the thresholds determined. In the case of a preference for a system with recalculation (i.e. option 2) provide feedback on the thresholds determined for 2017 and on the methodology to recalculate the thresholds from 2018 onwards including the level of granularity of the classes on which the recalculations will be performed.

<ESMA\_QUESTION\_CP\_MIFID\_82>

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<ESMA\_QUESTION\_CP\_MIFID\_82>

1. Do you agree with ESMA’s proposal in relation to the supplementary deferral regime at the discrection of the NCA? Please provide reasons for your answer.

<ESMA\_QUESTION\_CP\_MIFID\_83>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_MIFID\_83>

1. Do you agree with ESMA’s proposal with regard to the temporary suspension of transparency requirements? Please provide feedback on the following points:
   1. the measure used to calculate the volume as specified in Annex II, Table 3
   2. the methodology as to assess a drop in liquidity
   3. the percentages determined for liquid and illiquid instruments to assess the drop in liquidity. Please provide reasons for your answer.

<ESMA\_QUESTION\_CP\_MIFID\_84>

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<ESMA\_QUESTION\_CP\_MIFID\_84>

1. Do you agree with ESMA’s proposal with regard to the exemptions from transaprency requirements in respect of transactions executed by a member of the ESCB? Please provide reasons for your answer.

<ESMA\_QUESTION\_CP\_MIFID\_85>

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<ESMA\_QUESTION\_CP\_MIFID\_85>

1. Do you agree with the articles on the double volume cap mechanism in the proposed draft RTS 10? Please provide reasons to support your answer.

<ESMA\_QUESTION\_CP\_MIFID\_86>

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<ESMA\_QUESTION\_CP\_MIFID\_86>

1. Do you agree with the proposed draft RTS in respect of implementing Article 22 MiFIR? Please provide reasons to support your answer.

<ESMA\_QUESTION\_CP\_MIFID\_87>

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<ESMA\_QUESTION\_CP\_MIFID\_87>

1. Are there any other criteria that ESMA should take into account when assessing whether there are sufficient third-party buying and selling interest in the class of derivatives or subset so that such a class of derivatives is considered sufficiently liquid to trade only on venues?

<ESMA\_QUESTION\_CP\_MIFID\_88>

We support ESMA’s proposal to adopt a flexible approach when applying the liquidity criteria. We believe that this is essential because of the heterogeneous nature of the markets and asset classes that may become subject to the obligation. We fully endorse Recital (2) of RTS 11 on this point and would make the point that the average frequency and size of trades should ordinarily receive a greater weight to the number and type of participants and the average size of spreads.

Regarding the average size of transactions, we welcome ESMA’s approach in using both notional divided by trading days and notional divided by trades. We believe that dividing the notional by the number of trades is a more accurate method of calculating the average size. We therefore believe that Article 3(b) of RTS 11 should be weighted more heavily over 3(a).

With regard to spreads, we believe that paragraph 15 of section 3.11 is not fully reflected in Article 5 (2) of RTS 11. In paragraph 15, ESMA alludes to not applying the spread criterion where this data is not available. Article 5(2) states that where this data is not available, a proxy for this assessment may be used. We believe that where spreads data is not available; as will often be the case in an RFQ market, this criterion should not be applied at all in determining whether the class of derivative is sufficiently liquid.

Finally we believe that it is essential that ESMA clearly and publicly state their methodology for when determining whether a class of derivative is sufficiently liquid. For example, it is unclear in what circumstances ESMA would use a different method for calculating average frequency of transactions and average size of transactions. We would welcome additional clarity on that.

<ESMA\_QUESTION\_CP\_MIFID\_88>

1. Do you have any other comments on ESMA’s proposed overall approach?

<ESMA\_QUESTION\_CP\_MIFID\_89>

We support ESMA’s proposal to adopt a flexible approach when applying the liquidity criteria. We believe that this is essential because of the heterogeneous nature of the markets and asset classes that may become subject to the obligation. We fully endorse Recital (2) of RTS 11 on this point and would make the point that the average frequency and size of trades should ordinarily receive a greater weight to the number and type of participants and the average size of spreads.

Regarding the average size of transactions, we welcome ESMA’s approach in using both notional divided by trading days and notional divided by trades. We believe that dividing the notional by the number of trades is a more accurate method of calculating the average size. We therefore believe that Article 3(b) of RTS 11 should be weighted more heavily over 3(a).

With regard to spreads, we believe that paragraph 15 of section 3.11 is not fully reflected in Article 5 (2) of RTS 11. In paragraph 15, ESMA alludes to not applying the spread criterion where this data is not available. Article 5(2) states that where this data is not available, a proxy for this assessment may be used. We believe that where spreads data is not available; as will often be the case in an RFQ market, this criterion should not be applied at all in determining whether the class of derivative is sufficiently liquid.

Finally we believe that it is essential that ESMA clearly and publicly state their methodology for when determining whether a class of derivative is sufficiently liquid. For example, it is unclear in what circumstances ESMA would use a different method for calculating average frequency of transactions and average size of transactions. We would welcome additional clarity on that.

<ESMA\_QUESTION\_CP\_MIFID\_89>

1. Do you agree with the proposed draft RTS in relation to the criteria for determining whether derivatives have a direct, substantial and foreseeable effect within the EU?

<ESMA\_QUESTION\_CP\_MIFID\_90>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_MIFID\_90>

1. Should the scope of the draft RTS be expanded to contracts involving European branches of non-EU non-financial counterparties?

<ESMA\_QUESTION\_CP\_MIFID\_91>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_MIFID\_91>

1. Please indicate what are the main costs and benefits that you envisage in implementing of the proposal.

<ESMA\_QUESTION\_CP\_MIFID\_92>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_MIFID\_92>

1. Microstructural issues
2. Should the list of disruptive scenarios to be considered for the business continuity arrangements expanded or reduced? Please elaborate.

<ESMA\_QUESTION\_CP\_MIFID\_93>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_MIFID\_93>

1. With respect to the section on Testing of algorithms and systems and change management, do you need clarification or have any suggestions on how testing scenarios can be improved?

<ESMA\_QUESTION\_CP\_MIFID\_94>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_MIFID\_94>

1. Do you have any further suggestions or comments on the pre-trade and post-trade controls as proposed above?

<ESMA\_QUESTION\_CP\_MIFID\_95>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_MIFID\_95>

1. In particular, do you agree with including “market impact assessment” as a pre-trade control that investment firms should have in place?

<ESMA\_QUESTION\_CP\_MIFID\_96>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_MIFID\_96>

1. Do you agree with the proposal regarding monitoring for the prevention and identification of potential market abuse?

<ESMA\_QUESTION\_CP\_MIFID\_97>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_MIFID\_97>

1. Do you have any comments on Organisational Requirements for Investment Firms as set out above?

<ESMA\_QUESTION\_CP\_MIFID\_98>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_MIFID\_98>

1. Do you have any additional comments or questions that need to be raised with regards to the Consultation Paper?

<ESMA\_QUESTION\_CP\_MIFID\_99>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_MIFID\_99>

1. Do you have any comments on Organisational Requirements for trading venues as set out above? Is there any element that should be clarified? Please provide reasons for your answer.

<ESMA\_QUESTION\_CP\_MIFID\_100>

Thomson Reuters is supportive of the rationale for maintaining adequate controls in an automated trading environment; however, we make the following points in respect of RTS14:

* **Overall comment in respect of RTS14**: we ask ESMA to clarify in RTS 14 that the term “order” excludes firm quotes and actionable IOIs, and believe that Recital 1 would be an appropriate place for this clarification.
* **Article 1 – Subject Matter and Scope (2):** Thomson Reuters strongly disagrees with the definition of “allowing algorithmic trading” as set out in the RTS; this definition is too broad and will bring a variety of trading activities that are not exposed to genuine algorithmic trading into the scope of Article 48 of Directive 2014/65/EU.  This will have multiple unintended consequences and will be unworkable for models such as trading venues operating an RFQ system where a quote is requested and an order is then submitted electronically.  In addition, this is inconsistent with the definition of “algorithmic trading” set out in Article 4 of Directive 2014/65/EU in paragraph 1 (39).  We therefore propose amending the definition to read: ***“(2) For the purposes of this regulation, it is considered that a trading venue allows or enables algorithmic trading where orders placed by electronic means are derived from members using computers to automate their trading activity on the basis of pre-defined programming on a central limit order book model in accordance with the definition stated in Article 4 of Directive 2014/65/EU* in *paragraph 1 (39); this definition of algorithmic trading does not capture activity carried out on voice, hybrid, quote-driven or request for quote activity models”.***

In this respect, we also propose that Recital 2 of RTS 14 is amended as follows:  *the potential impact of technological developments is one of the main drivers to determine the capacity and arrangements to manage the potential risks of a trading venue.  The risks arising from algorithmic trading can be present in any trading model ~~that is supported by electronic means~~****where orders placed by electronic means are derived from members using computers to automate their trading activity on the basis of pre-defined programming on a central limit order book model.*** *Therefore, these Standards apply* ***to*** *regulated markets, multilateral trading facilities and organised trading facilities allowing for or enabling algorithmic trading* ***as per this description*** *through their systems considering as such those where algorithmic trading may take place as opposed to trading venues which do not permit algorithmic trading* ***or which operate voice, hybrid, quote-driven or request for quote activity models****.*

* **Article 3 – Organisational Requirements for Trading Venues and the Proportionality Principle 1.:** We believe it would be appropriate to include a point in this section to the effect that the extent to which Article 48 of Directive 2014/65/EU and RTS 14 is applied by trading venues may take into account the nature, scale and complexity of their business.  The RTS as drafted refers to the proportionality principle as a factor in self-assessment, however, our view is that venues should be able to apply a proportionality rule in their implementation of the requirements of Article 48 of Directive 2014/65/EU and RTS 14 overall.
* **Article 7 – Outsourcing 1. (a)**: In many markets the trading venue itself is operated and governed by a different legal entity than that of the legal owner of the system and its associated intellectual property itself.  Set-ups such as these are already considered acceptable evidenced by existing regulatory permissions granted by a national competent authority to the operating/governing entity, rather than to the legal entity owning the system itself.   Further clarification within RTS 14 that this provision does not refer to such internal arrangements within the same corporate group is necessary to avoid any confusion in this respect.
* **Article 8** – **Due Diligence for Members or Participants of Trading Venues 1.:** We believe the term “publicly available” should be defined as meaning “available to the Members or Participants of the Trading Venue”.
* **Article 8** – **Due Diligence for Members or Participants of Trading Venues 3.:** It would be appropriate for this requirement to be applied using a risk-based approach.
* **Article 8** – **Due Diligence for Members or Participants of Trading Venues 5.:** Consistent with record-keeping requirements, this proposal should be for a minimum of five years.
* **Article 10** – **Testing the member’s capacity to access trading systems:** It is not appropriate that this requirement extends to algorithms used in other trading venues; each trading venue can only require testing in respect of algorithms to be used in their own venue.
* **Article 12 – Trading Venues’ capacity 1.**: We believe that the infrastructure of trading venues should be robust and resilient.  However, we do not agree with the proposal to require trading venues to be able to accommodate at least twice the historical peak of messages; this is inconsistent with the minimum record-keeping requirements.  A more appropriate measure would be to require trading venues to be able to accommodate at least twice the peak reached during the previous 5 years.  The cross-references in Articles 4 and 15 should also be amended accordingly.
* **Article 16 – Business Continuity Arrangements 2.:** Trading venues already have a significant commercial incentive to ensure a timely resumption of trading.  We do not consider it appropriate to mandate a specific recovery time of no later than 2 hours in the RTS; this is because reasons for a system shut-down will vary, and may well be dependent on externalities beyond the venue operator’s control.  Two hours may not be sufficient time to ensure a robust recovery; putting operators under pressure to reach this target may result in unwanted consequences or rapid decisions being made ahead of all the facts being known.  We propose amending point 2 of Article 16 to read as follows: **The business continuity arrangements shall ensure the best possible timely resumption of trading appropriate to the circumstances causing the shut-down.**
* **Article 19 – Prevention of Disorderly Trading Conditions 1.:** These requirements should be determined by the trading venue according to the extent to which algorithmic activity takes place on that venue.
* **Article 19 – Prevention of Disorderly Trading Conditions 1. (c):** ESMA should clarify in the RTS whether the reference to pre- and post-trade controls refers to the items listed in point 2, or if this refers to another section.
* **Article 19 – Prevention of Disorderly Trading Conditions 2. (d):** Trading venues which operate markets that settle bi-laterally are not technically or legally able to cancel or correct transactions.  In these circumstances it is dependent on the parties to the trade to make the correction.  The best that a trading venue could do would be to request a correction, however it would have no oversight of the contractual changes to the transaction.  We consider that this requirement would not be workable for many venues and suggest that ESMA delete this requirement from the RTS.
* **Article 19 – Prevention of Disorderly Trading Conditions 4.:** The requirement to make these items public should be limited to members / participants using the trading venue.
* **Article 20 – Mechanisms to Manage Volatility 1.:** We propose that ESMA introduces a specific proportionality rule to the effect that venues which have a low proportion of algorithmic activity implement volatility halting mechanisms (circuit breakers) using a risk-based approach to determine the extent to which such mechanisms are required taking into account the factors cited in point 3 of Article 20.  Implementing volatility mechanisms as a mandatory requirement would prove very costly to venues with a low proportion of algorithmic activity.In addition, the requirement to be informed where there is a significant price movement in a financial instrument traded on another venue where the same instrument is traded is unworkable.  In markets that do not have a defined primary listing, or where instruments may have variable attributes, e.g. currency swaps, or which are traded across multiple jurisdictions, it is not possible to take a price feed from all the other venues.  The requirement to halt volatility must be both proportionate and also relevant to the each venue in question; venues must be responsible for determining their own volatility mechanisms appropriate to their markets.
* **Article 20 – Mechanisms to Manage Volatility 8.:** We request ESMA to confirm that “website” may be limited to a member-only accessible site.
* **Article 21 – Pre-trade controls 1.**: We propose that the requirement for venues to operate the pre-trade controls specified in Article 21 of RTS 14 is not mandated by ESMA, but rather left to the discretion of venues according to their risk assessment and the extent to which algorithmic activity takes place on the venue.  The controls proposed may not be relevant to all markets.  The imposition of price collars may also have adverse effects on Members that wish to leave “stop-loss” or resting orders; a more appropriate control would take into account both price limit and size, but this should be a matter for individual venues to determine.  In addition, the reference in ( c ) to shares or lots is not appropriate to all markets and should be struck.
* **Article 23 – Pre-determination of the conditions to provide direct electronic access 1.:** The requirement to “make public” should be limited to members / participants accessing the system.

We therefore propose a redraft of the relevant points commented on above in RTS 14 as follows:

***Recital 1***

Articles 18(5) and 48 of Directive 2014/65/EU determine the obligation of trading venues (regulated markets, multilateral trading facilities and organised trading venues) to have adequate arrangements and capacity so as to undertake their business appropriately.  In this context, recitals (59) to (68) of Directive 2014/65/EU frame the obligations of trading venues permitting algorithmic trading through their systems under Article 48. Article 17 of Directive 2014/65/EU determines the organisational requirements for investment firms engaging in algorithmic trading.  **For clarity, the expression “order” does not refer to firm quotes or actionable IOIs.**

***Recital 2***

The potential impact of technological developments is one of the main drivers to determine the capacity and arrangements to manage the potential risks of a trading venue.  The risks arising from algorithmic trading can be present in any trading model ~~that is supported by electronic means~~**where orders placed by electronic means are derived from members using computers to automate their trading activity on the basis of pre-defined programming on a central limit order book model in accordance with the definition stated in Article 4 of Directive 2014/65/EU in paragraph 1 (39).**  Therefore, these Standards apply **to** regulated markets, multilateral trading facilities and organised trading facilities allowing for or enabling algorithmic trading **as per this description** through their systems considering as such those where algorithmic trading may take place as opposed to trading venues which do not permit algorithmic trading **or which operate voice, hybrid, quote-driven or request for quote activity models**.

***Article 1***

***Subject matter and scope***

(2) For the purposes of this regulation, it is considered that a trading venue allows or enables algorithmic trading where ~~order submission and order matching is facilitated by electronic means~~ **orders placed by electronic means are derived from members using computers to automate their trading activity on the basis of pre-defined programming on a central limit order book model in accordance with the definition stated in Article 4 of Directive 2014/65/EU in paragraph 1 (39); this definition of algorithmic trading does not capture activity carried out on voice, hybrid, quote-driven or request for quote activity models**.

***Article 3***

***Organisational requirements for trading venues and the proportionality principle***

1. Before the deployment of a trading system and at least once a year, trading venues shall elaborate a report to assess their degree of compliance with Article 48 of Directive 2014/65/EU, taking into account the nature, scale and complexity of their business.  **The degree to which trading venues should apply Article 48 of Directive 2014/65/EU and RTS 14 should also take account of the elements listed in Annex 1.**

***Article 4***

***Governance***

2.            The senior management of the trading venue shall at least approve:

[…]

(b)          the measures planned to expand the capacity of the trading venue following a **five-year** historical peak of messages;

[…]

***Article 7***

***Outsourcing***

1. If a trading venue outsources all or part of its operational functions, it shall ensure that:

(a) the outsourcing exclusively relate**s** to operational functions and does not encompass the responsibilities of the senior management and the management body of their responsibilities **except for internal intercompany outsourcing arrangements where the legal owner of the system and the operating/managing entity are within the same corporate group**;

[…]

***Article 8***

***Due diligence for members or participants of trading venues***

1. A trading venue shall have pre-defined~~, publicly available~~ standards **available to the members or participants of the trading venue and** specifically relevant to its trading model which cover the knowledge and technical arrangements of the staff of the members for using the order submission systems of the trading venue. The standards shall cover, at least:

[…]

3.  At least once a year, a trading venue shall ~~assess~~ **conduct an assessment using a risk-based approach of the** compliance of its members with the standards in paragraph 1 and check whether its members remain registered as investment firms.

5. ~~A t~~**T**rading venues shall maintain **for at least five years** records of:

[…]

***Article 10***

***Testing the member’s capacity to assess trading systems***

1. Trading venues shall pre-determine and require their members to undertake conformance testing:

[…]

(b) before deploying new algorithms ~~or, algorithms used in other trading venues~~; and

[…]

***Article 12***

***Trading venues’ capacity***

1. Trading venues shall ensure that their trading systems have sufficient capacity to accommodate at least twice the highest number of messages per second and per value as the maximum recorded on that system in one day **as recorded during the previous five years** (**five-year** historical peak).

***Article 15***

***Periodic review of the performance and capacity of the trading systems***

1. (a) the **five-year** historical peak of messages managed by the system and successive multipliers beyond that level;

[…]

***Article 16***

***Business continuity arrangements***

2. The business continuity arrangements shall ensure a timely resumption of trading~~, targeting a recovery time no later than 2 hours and a recovery point objective close to zero~~ appropriate to the circumstances causing the shut-down.

***Article 19***

***Prevention of disorderly trading conditions***

1. Trading venues shall have at least the following arrangements to prevent disorderly trading and breaches of capacity limits **appropriate to the nature, scale and complexity of the algorithmic activity prevalent on that venue as determined and applied using a risk-based approach**:

(a) limits per member on the number of orders sent (throttle limits) per second to prevent flooding of the order book;

(b) mechanisms to manage volatility;

(c) pre- and post-trade controls **as detailed in point 2 below**;

(d) requirements on their members to have pre- and post-trade controls;

2. Trading venues shall be able to:

(a) obtain information from any member/participant or user to monitor compliance with the rules and procedures of the trading venue relating in particular to organisational requirements and trading controls;

(b) suspend the access of a member or a trader’s ID to the trading system at the trading venue’s own initiative or at the request of that member, a clearing member, the CCP (in the pre-defined cases by the CCP’s governing rules) or the competent authority;

(c) cancel orders at least under the following circumstances:

(i) on request of a member that is technically unable to delete its own orders;

(ii) when the order book is corrupted by erroneous duplicated orders;

(iii) in cases of a suspension initiated either by the market operator or the regulator; and

(iv) in cases of a request from the CCP in the pre-defined cases of the CCP’s governing rules~~.~~**; and**

~~(d) cancel or correct transactions; and~~

(~~e~~**d**) balance order entrance between their different gateways to avoid collapses.

4.  Trading venues shall make ~~public~~ **available to its members / participants** the policies and procedures listed in paragraph 3.

***Article 20***

***Mechanisms to manage volatility***

1. Trading venues shall ensure that ~~appropriate~~ mechanisms **that are appropriate to the nature, scale and complexity of the algorithmic activity prevalent on that venue as determined using a risk-based approach** to automatically halt or constrain trading are operational at all times in all phases of trading (from opening to close of trading) **taking into account the factors cited in point 3 of Article 20.** ~~and, to be informed where there is a significant price movement in a financial instrument traded on another trading venue where the same instrument is traded.~~

8. Trading venues shall disclose on their **member/participant accessible** websites the rules, policies and procedures relating to the operating conditions of the mechanisms to manage volatility. This obligation does not include the specific parameters of dynamic mechanisms to manage volatility.

***Article 21***

***Pre-trade controls***

1. Trading venues shall ensure that their members operate the pre-trade risk limits and controls described in the Regulation on the organisational requirements for investment firms engaged in algorithmic trading. Additionally, trading venues ~~shall~~**should determine using a risk-based approach and depending on the nature, scale and complexity of algorithmic activity prevalent on the venue whether any pre-trade controls appropriate to their market should be implemented.**

(~~a) price collars which automatically block or cancel orders that do not meet set price parameters with respect to different financial instruments, both on an order-by-order basis and over a specified period of time~~

~~(b) maximum order value (fat-finger notional limits) which prevent orders with uncommonly large order values from entering order books by reference to notional values per financial instrument; and~~

~~(c) maximum order volume which prevent orders with an uncommonly large order size from entering order books by reference to limits set in shares or lots.~~

***Article 23***

***Pre-determination of the conditions to provide direct electronic access***

1. Trading venues permitting direct electronic access (DEA) through their systems shall set out and make ~~public~~ **available to members and participants** the rules and conditions pursuant to which their members may provide DEA to their own clients [DEA users]. These rules and conditions shall at least cover: […]

<ESMA\_QUESTION\_CP\_MIFID\_100>

1. Is there any element in particular that should be clarified with respect to the outsourcing obligations for trading venues?

<ESMA\_QUESTION\_CP\_MIFID\_101>

**Article 7 –** Thomson Reuters is supportive of the rationale for maintaining adequate controls in an automated trading environment; however, we make the following points in respect of RTS14:

**Outsourcing 1. (a)**: In many markets the trading venue itself is operated and governed by a different legal entity than that of the legal owner of the system and its associated intellectual property itself.  Set-ups such as these are already considered acceptable evidenced by existing regulatory permissions granted by a national competent authority to the operating/governing entity, rather than to the entity owning the system itself.   Further clarification within the RTS that this provision does not refer to such internal arrangements within the same corporate group is necessary to avoid any confusion in this respect.  We propose amending the RTS as follows:

***Article 7***

***Outsourcing***

1. If a trading venue outsources all or part of its operational functions, it shall ensure that:

(a) the outsourcing exclusively relate**s** to operational functions and does not encompass the responsibilities of the senior management and the management body of their responsibilities **except for internal intercompany outsourcing arrangements where the legal owner of the system and the operating/managing entity are within the same corporate group**;

<ESMA\_QUESTION\_CP\_MIFID\_101>

1. Is there any additional element to be addressed with respect to the testing obligations?

<ESMA\_QUESTION\_CP\_MIFID\_102>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_MIFID\_102>

1. In particular, do you agree with the proposals regarding the conditions to provide DEA?

<ESMA\_QUESTION\_CP\_MIFID\_103>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_MIFID\_103>

1. Do you agree with the proposed draft RTS? Please provide reasons for your answer.

<ESMA\_QUESTION\_CP\_MIFID\_104>

We generally agree with the RTS but make the following observations:

* It is absolutely essential that the trading venue, and not the market maker, has the power to waive the market making obligation in exceptional circumstances. A trading venue has a responsibility to ensure fair and orderly markets, and this simply cannot be achieved if market makers have the ability to waive their obligations as they see fit.
* Trading venues should be able to retain the flexibility to determine the length of time that market makers are required to provide prices, and also to decide on what “competitive” means. This is especially important in a 24 hour market where the term competitive may differ (i.e. the spread) at different points of the day.
* Market making agreements should apply to a class of derivatives and not to individual instrument. Applying an agreement to individual instruments would not be appropriate for many non-equity markets, and would also rapidly become unworkable for other markets which have a large number of instruments, such as the bond market.

<ESMA\_QUESTION\_CP\_MIFID\_104>

1. Should an investment firm pursuing a market making strategy for 30% of the daily trading hours during one trading day be subject to the obligation to sign a market making agreement? Please give reasons for your answer.

<ESMA\_QUESTION\_CP\_MIFID\_105>

We generally agree with this proposal but believe that clarity is required on what constitutes “daily trading hours”. We believe that this term should be defined by the trading venue in consideration of the characteristics of the market.

<ESMA\_QUESTION\_CP\_MIFID\_105>

1. Should a market maker be obliged to remain present in the market for higher or lower than the proposed 50% of trading hours? Please specify in your response the type of instrument/s to which you refer.

<ESMA\_QUESTION\_CP\_MIFID\_106>

We generally agree with this proposal but believe that clarity is required on what constitutes “daily trading hours”. We believe that this term should be defined by the trading venue in consideration of the characteristics of the market. We also believe that the trading venue should retain the ability to stipulate the period in which a market maker should provide liquidity, with 50% acting as a minimum requirement.

<ESMA\_QUESTION\_CP\_MIFID\_106>

1. Do you agree with the proposed circumstances included as “exceptional circumstances”? Please provide reasons for your answer.

<ESMA\_QUESTION\_CP\_MIFID\_107>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_MIFID\_107>

1. Have you any additional proposal to ensure that market making schemes are fair and non-discriminatory? Please provide reasons for your answer.

<ESMA\_QUESTION\_CP\_MIFID\_108>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_MIFID\_108>

1. Do you agree with the proposed regulatory technical standards? Please provide reasons for your answer.

<ESMA\_QUESTION\_CP\_MIFID\_109>

* We strongly believe that the resilience and robustness of trading venues systems should be managed by the trading venue. We do not believe that the OTR should be used automatically to reduce a participant’s order flow.
* Trading venues are obligated, in Article 48, to ensure the capacity of their systems. Indeed they are required to ensure that the system’s capacity can handle twice the maximum historic values recorded within the system. However, in our response to Q100 we proposed that a five year historic peak would be more appropriate.
* We therefore believe that trading venues should have the ability to impose an OTR where they believe that a participant is submitting significant message flows inappropriately, but that the OTR should not be used as a blanket measure to control message flows.

<ESMA\_QUESTION\_CP\_MIFID\_109>

1. Do you agree with the counting methodology proposed in the Annex in relation to the various order types? Please provide reasons for your answer.

<ESMA\_QUESTION\_CP\_MIFID\_110>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_MIFID\_110>

1. Is the definition of “orders” sufficiently precise or does it need to be further supplemented? Please provide reasons for your answer.

<ESMA\_QUESTION\_CP\_MIFID\_111>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_MIFID\_111>

1. Is more clarification needed with respect to the calculation method in terms of volume?

<ESMA\_QUESTION\_CP\_MIFID\_112>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_MIFID\_112>

1. Do you agree that the determination of the maximum OTR should be made at least once a year? Please specify the arguments for your view.

<ESMA\_QUESTION\_CP\_MIFID\_113>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_MIFID\_113>

1. Should the monitoring of the ratio of unexecuted orders to transactions by the trading venue cover all trading phases of the trading session including auctions, or just the continuous phase? Should the monitoring take place on at least a monthly basis? Please provide reasons for your answer.

<ESMA\_QUESTION\_CP\_MIFID\_114>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_MIFID\_114>

1. Do you agree with the proposal included in the Technical Annex regarding the different order types? Is there any other type of order that should be reflected? Please provide reasons for your answer.

<ESMA\_QUESTION\_CP\_MIFID\_115>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_MIFID\_115>

1. Do you agree with the proposed draft RTS with respect to co-location services? Please provide reasons for your answer.

<ESMA\_QUESTION\_CP\_MIFID\_116>

We generally agree with the proposals in RTS 17 on the requirements for co-location.

However, we do not believe that Article 2(5) will always be feasible. This is because, in order to monitor all connections and latency measurements, the trading venue would need to install proprietary software into a client’s server – which the client will often be resistant to because they will need to give up a measure of control over the operations of that box.

We therefore believe that Article 2(5) of RTS 17 should be redrafted as follows:

*CHAPTER II*

***Co-location services***

*Article 2*

***Fair and non-discriminatory co-location services***

*5. A trading venue shall* ***make all reasonable efforts to*** *monitor all connections and latency measurements to ensure the non-discriminatory treatment of any of the users according to the different types of latency provided.*

<ESMA\_QUESTION\_CP\_MIFID\_116>

1. Do you agree with the proposed draft RTS with respect to fee structures? Please provide reasons for your answer.

<ESMA\_QUESTION\_CP\_MIFID\_117>

We agree with most of the provisions in RTS 17 regarding fee structures. However, we do not believe that cliff edge pricing should be banned.

It is the responsibility of the trading venue to ensure that its systems are appropriately resilient to deal with spikes in message flows and to ensure that the system’s capacity can handle twice historic maximum flows. We therefore believe that banning cliff edge pricing in an effort to protect market infrastructure from spike in volumes that may occur where a participant attempts to breach a size threshold is unnecessary.

We also believe that banning cliff edge pricing is inappropriate. Trading venues should be free to design their own commercial polices so long as they are based on objective, transparent and non-discriminatory criteria. Removing the ability for a trading venue to choose to apply cliff edge pricing fundamentally runs counter to this principle.

We therefore believe that Recital 7 and Article 5 of RTS 17 should be deleted in their entirety.

***Recital 7***

*~~(7) The practice of 'cliff edge' pricing is to be explicitly banned as it may encourage intensive trading before a certain time limit to reach a threshold or to obtain a higher market share, leading to a potential stress of market infrastructures.~~*

*CHAPTER IV*

***Fee structures that may create incentives for disorderly trading***

*~~Article 5~~*

***~~General~~***

*~~A trading venue shall not use a fee structure where, upon reaching a certain threshold of total trading volume, the total number of trades or the cumulated trading fees generated by a trader benefit from a discount including those trades already executed.~~*

<ESMA\_QUESTION\_CP\_MIFID\_117>

1. At which point rebates would be high enough to encourage improper trading? Please elaborate.

<ESMA\_QUESTION\_CP\_MIFID\_118>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_MIFID\_118>

1. Is there any other type of incentives that should be described in the draft RTS?

<ESMA\_QUESTION\_CP\_MIFID\_119>

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<ESMA\_QUESTION\_CP\_MIFID\_119>

1. Can you provide further evidence about fee structures supporting payments for an “early look”? In particular, do you agree with ESMA’s preliminary view regarding the differentiation between that activity and the provision of data feeds at different latencies?

<ESMA\_QUESTION\_CP\_MIFID\_120>

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<ESMA\_QUESTION\_CP\_MIFID\_120>

1. Can you provide examples of fee structures that would support non-genuine orders, payments for uneven access to market data or any other type of abusive behaviour? Please provide reasons for your answer.

<ESMA\_QUESTION\_CP\_MIFID\_121>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_MIFID\_121>

1. Is the distinction between volume discounts and cliff edge type fee structures in this RTS sufficiently clear? Please elaborate

<ESMA\_QUESTION\_CP\_MIFID\_122>

We believe that the distinction between volume discounts and cliff edge pricing in RTS 17 are sufficiently clear.

However we do not believe that cliff edge pricing should be banned.

It is the responsibility of the trading venue to ensure that its systems are appropriately resilient to deal with spikes in message flows and to ensure that the system’s capacity can handle twice historic maximum flows. We therefore believe that banning cliff edge pricing in an effort to protect market infrastructure from spike in volumes that may occur where a participant attempts to breach a size threshold is unnecessary.

We also believe that banning cliff edge pricing is inappropriate. Trading venues should be free to design their own commercial polices so long as they are based on objective, transparent and non-discriminatory criteria. Removing the ability for a trading venue to choose to apply cliff edge pricing fundamentally runs counter to this principle.

We therefore believe that Recital 7 and Article 5 of RTS 17 should be deleted in their entirety.

***Recital 7***

*~~(7) The practice of 'cliff edge' pricing is to be explicitly banned as it may encourage intensive trading before a certain time limit to reach a threshold or to obtain a higher market share, leading to a potential stress of market infrastructures.~~*

*CHAPTER IV*

***Fee structures that may create incentives for disorderly trading***

*~~Article 5~~*

***~~General~~***

*~~A trading venue shall not use a fee structure where, upon reaching a certain threshold of total trading volume, the total number of trades or the cumulated trading fees generated by a trader benefit from a discount including those trades already executed.~~*

<ESMA\_QUESTION\_CP\_MIFID\_122>

1. Do you agree that the average number of trades per day should be considered on the most relevant market in terms of liquidity? Or should it be considered on another market such as the primary listing market (the trading venue where the financial instrument was originally listed)? Please provide reasons for your answer.

<ESMA\_QUESTION\_CP\_MIFID\_123>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_MIFID\_123>

1. Do you believe a more granular approach (i.e. additional liquidity bands) would be more suitable for very liquid stocks and/or for poorly liquid stocks? Do you consider the proposed tick sizes adequate in particular with respect to the smaller price ranges and less liquid instruments as well as higher price ranges and highly liquid instruments? Please provide reasons for your answer.

<ESMA\_QUESTION\_CP\_MIFID\_124>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_MIFID\_124>

1. Do you agree with the approach regarding instruments admitted to trading in fixing segments and shares newly admitted to trading? Please provide reasons for your answer.

<ESMA\_QUESTION\_CP\_MIFID\_125>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_MIFID\_125>

1. Do you agree with the proposed approach regarding corporate actions? Please provide reasons for your answer.

<ESMA\_QUESTION\_CP\_MIFID\_126>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_MIFID\_126>

1. 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.

<ESMA\_QUESTION\_CP\_MIFID\_127>

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<ESMA\_QUESTION\_CP\_MIFID\_127>

1. In your view, should other equity-like financial instruments be considered for the purpose of the new tick size regime? If yes, which ones and how should their tick size regime be determined? Please provide reasons for your answer.

<ESMA\_QUESTION\_CP\_MIFID\_128>

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<ESMA\_QUESTION\_CP\_MIFID\_128>

1. To what extent does an annual revision of the liquidity bands (number and bounds) allow interacting efficiently with the market microstructure? Can you propose other way to interact efficiently with the market microstructure? Please provide reasons for your answer.

<ESMA\_QUESTION\_CP\_MIFID\_129>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_MIFID\_129>

1. Do you envisage any short-term impacts following the implementation of the new regime that might need technical adjustments? Please provide reasons for your answer.

<ESMA\_QUESTION\_CP\_MIFID\_130>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_MIFID\_130>

1. Do you agree with the definition of the “corporate action”? Please provide reasons for your answer.

<ESMA\_QUESTION\_CP\_MIFID\_131>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_MIFID\_131>

1. Do you agree with the proposed regulatory technical standards?

<ESMA\_QUESTION\_CP\_MIFID\_132>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_MIFID\_132>

1. Which would be an adequate threshold in terms of turnover for the purposes of considering a market as “material in terms of liquidity”?

<ESMA\_QUESTION\_CP\_MIFID\_133>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_MIFID\_133>

1. Data publication and access
2. Do you agree with ESMA’s proposal to allow the competent authority to whom the ARM submitted the transaction report to request the ARM to undertake periodic reconciliations? Please provide reasons.

<ESMA\_QUESTION\_CP\_MIFID\_134>

We agree that this proposal seems reasonable and in line with the remit and responsibilities of the relevant competent authority. However, there should be some guidelines as to periodicity of any such reconciliation to avoid unreasonable overhead and administrative burden, and in addition, guidance on whether this would be a systematic review of ARMs on a periodic basis or a random event. We also urge ESMA to consider the consequences of unearthing high level of errors and the process for addressing and monitoring improvement in reporting errors.

<ESMA\_QUESTION\_CP\_MIFID\_134>

1. Do you agree with ESMA’s proposal to establish maximum recovery times for DRSPs? Do you agree with the time periods proposed by ESMA for APAs and CTPs (six hours) and ARMs (close of next working day)? Please provide reasons.

<ESMA\_QUESTION\_CP\_MIFID\_135>

We agree that rapid resumption of trade and transaction reporting following any outage or break in service is key to maintaining market transparency; however, further consideration needs to be made and agreement reached on the consequences of breaching the proposed recovery times and what would be considered extenuating circumstances when even a robust disaster recovery plan would be compromised.

<ESMA\_QUESTION\_CP\_MIFID\_135>

1. Do you agree with the proposal to permit DRSPs to be able to establish their own operational hours provided they pre-establish their hours and make their operational hours public? Please provide reasons. Alternatively, please suggest an alternative method for setting operating hours.

<ESMA\_QUESTION\_CP\_MIFID\_136>

We agree with ESMAs revised proposal in that mandating 24x7 for 7 days a week is unnecessarily onerous on the DRSPs and that market forces will determine appropriate hours that are relevant to different financial instruments.

<ESMA\_QUESTION\_CP\_MIFID\_136>

1. Do you agree with the draft technical standards in relation to data reporting services providers? Please provide reasons.

<ESMA\_QUESTION\_CP\_MIFID\_137>

We generally agree with the draft technical standards in relation to data reporting services providers; however, we believe there is potentially scope for misinterpretation in point 1 of Article 10: Shared Resources.  We therefore request that RTS 20 relating to this point is amended as follows:

***Article 10***

***Shared Resources***

1. A data reporting services provider shall provide the competent authority of its home Member State with a description of the resources, both human and technical, shared by the data reporting services provider and the group of undertakings to which it belongs.  **This description should include a summary of headcount type associated to the project e.g.  technology developers, business analysts, product managers, business managers and should also set out the tasks they are assigned to that as specific to being a DRSP.**

<ESMA\_QUESTION\_CP\_MIFID\_137>

1. Do you agree with ESMA’s proposal?

<ESMA\_QUESTION\_CP\_MIFID\_138>

Thomson Reuters supports the concept that data from a new trading venue should be added to the consolidated tape as soon as is reasonably possible to provide the market with a holistic view of trading activity; however, we strongly believe the proposed time scale is too short given the complexities of on-boarding new sources.  The proposal sets a timeframe that is potentially unachievable for the CTP and could act as a deterrent to potential CTP candidates (depending on the consequences of missing this target).

Issues, such as time to negotiate contracts and commercial terms, building feed handlers to the trading venue/APA’s feed specifications, budgeting, and ordering and installing infrastructure and telecommunications lines could all contribute to extended on-boarding times.  Our experience as a data provider is that a realistic timeframe for end-to-end on-boarding of a venue to a data service is approximately 12 months from the time that the venue goes live.

Nevertheless, we agree that the market should have full transparency of data services, but in order to allow venues the opportunity to meet deadlines in an achievable and non-disruptive manner, we request that the requirement detailed in point 5 of section 5.2 of the consultation paper is expanded to confirm that a CTP should collect data from a new trading venue or a new APA as soon as possible and in any case no later than 3 months after the start of the APA’s or trading venue’s operations, **and** that the APA or trading venue must formally engage with the CTP provider **at least** 9 months prior to launch and provide full and finalised data and technical specifications and agreements.

<ESMA\_QUESTION\_CP\_MIFID\_138>

1. Do you agree with this definition of machine-readable format, especially with respect to the requirement for data to be accessible using free open source software, and the 1-month notice prior to any change in the instructions?

<ESMA\_QUESTION\_CP\_MIFID\_139>

We do not agree with this proposal in two areas. Firstly, mandating the use of free of charge open source software is inappropriate as there are many potential issues regarding the robustness, compatibility, performance and support of relevant solutions that may not be addressed through available open source software. It would be better to define as broadly available software that is widely adopted across the financial services industry, whether commercially available or open source. Examples might include Microsoft Excel (generically used across the industry). While we understand ESMA’s objective is to ensure wide distribution of the data to support market transparency, stipulation of free, open source software does not necessarily support this goal.

Secondly, the proposed one month’s notification period for changes to the instructions (effectively the feed specifications) creates a likelihood that consumers would not be able to keep their systems up to date with sufficient time to adopt changes in the feeds, resulting in loss of access to content and potential impact to business critical systems. Depending on the nature of the change it may create significant work for the consumers in adapting their systems and applications to any new format or additional fields. We would strongly recommend a minimum of a three-month notification period for major changes and a one-month notification period for minor changes (these two categories would require definition).

<ESMA\_QUESTION\_CP\_MIFID\_139>

1. Do you agree with the draft RTS’s treatment of this issue?

<ESMA\_QUESTION\_CP\_MIFID\_140>

We agree that a provision is required to ensure that where multiple APAs are publishing the same trade reports there is a mechanism for consumers to view consolidated data in a way that addresses the issue of multiple reports of an individual trade. While the proposal seems reasonable, the mechanism for investment firms identifying the primary APA at any given time needs to be established. And while nominating a single APA might seem a simpler solution, is consolidation of the reporting service providers to single entities helpful to the industry (it could result in highly consolidated reporting, but could also result in highly fragmented reporting if each investment firm nominated a single, but different APA).

<ESMA\_QUESTION\_CP\_MIFID\_140>

1. Do you agree that CTPs should assign trade IDs and add them to trade reports? Do you consider necessary to introduce a similar requirement for APAs?

<ESMA\_QUESTION\_CP\_MIFID\_141>

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<ESMA\_QUESTION\_CP\_MIFID\_141>

1. Do you agree with ESMA’s proposal? In particular, do you consider it appropriate to require for trades taking place on a trading venue the publication time as assigned by the trading venue or would you recommend another timestamp (e.g. CTP timestamp), and if yes why?

<ESMA\_QUESTION\_CP\_MIFID\_142>

We agree with the proposal that the time stamp should be applied by the trading venue at the time the data is released. This would be closer to and more representative of the actual time of trade as it avoids any latency in the CTP collecting and aggregating the data and applying a timestamp. It has the additional benefit of ensuring a time stamp is applied to the data should a connection issue ever occur between the APA and CTP.

<ESMA\_QUESTION\_CP\_MIFID\_142>

1. Do you agree with ESMA’s suggestions on timestamp accuracy required of APAs? What alternative would you recommend for the timestamp accuracy of APAs?

<ESMA\_QUESTION\_CP\_MIFID\_143>

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<ESMA\_QUESTION\_CP\_MIFID\_143>

1. Do you agree with ESMA’s proposal? Do you think that the CTP should identify the original APA collecting the information form the investment firm or the last source reporting it to the CTP? Please explain your rationale.

<ESMA\_QUESTION\_CP\_MIFID\_144>

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<ESMA\_QUESTION\_CP\_MIFID\_144>

1. Do you agree with the proposed draft RTS? Please indicate which are the main costs and benefits that you envisage in case of implementation of the proposal.

<ESMA\_QUESTION\_CP\_MIFID\_145>

We are generally in support of disaggregating data to an appropriate level, so consumers are able to subscribe to only the content they actually require. This not only reduces the cost of data fees, but also the cost of infrastructure that only needs to be scaled to the subset of content needed.

However, we do agree with the feedback that at a certain level disaggregation becomes overly onerous and drives up cost and complexity, so point ii) which refers to ‘further criteria’ needs to be reviewed to understand its implications and point iii) regarding ‘sufficient demand’ is an important caveat.

From a market data vendor’s perspective, creating data packages that map to the disaggregated content from the venues does have a significant impact on costs and effort. It also has an impact on the customer in terms of the overhead from managing more granular invoicing and trying to map individual user needs to complex menus of content choices – a challenge that already exists today.

So while we broadly support disaggregation where meaningful, i.e. by asset class or pre and post-trade data, we are also of the opinion that too much disaggregation drives up cost and complexity for the industry.

<ESMA\_QUESTION\_CP\_MIFID\_145>

1. Do you agree with the proposed draft RTS? Please indicate which are the main costs and benefits that you envisage in case of implementation of the proposal.

<ESMA\_QUESTION\_CP\_MIFID\_146>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_MIFID\_146>

1. With the exception of transaction with SIs, do you agree that the obligation to publish the transaction should always fall on the seller? Are there circumstances under which the buyer should be allowed to publish the transaction?

<ESMA\_QUESTION\_CP\_MIFID\_147>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_MIFID\_147>

1. Do you agree with the elements of the draft RTS that cover a CCP’s ability to deny access? If not, please explain why and, where possible, propose an alternative approach.

<ESMA\_QUESTION\_CP\_MIFID\_148>

We believe that the ability of the CCP to deny access on grounds of the anticipated volumes of transactions may only be used where a clearing obligation has not been applied to a class of derivatives. Denying access to a trading venue where a clearing obligation exists could place FCs and NFC+s in non-compliance with their obligations in EMIR. A CCP, as part of its authorisation under EMIR, is required to make an assessment of potential volumes in the market, and scale its capacity accordingly. We would view the use of Article 2 in RTS 24 by a CCP where a clearing obligation applies as a breach of the CCP’s authorisation.

We recommend the following drafting changes for Article 2 of RTS 24:

***Article 2***

***Denial of access based on the anticipated volume of transactions***

*A CCP may deny an access request on grounds of the anticipated volume of transactions* ***in a class of derivatives not subject to the clearing obligation in accordance with Article 5 of REGULATION (EU) No 648/2012*** *only when the reasonably anticipated volume of transactions arising from such access would create significant undue risks by:*

*(a) exceeding the scalable design of the CCP to such an extent that the CCP cannot adapt its systems so as to deal with the anticipated volume; or*

*(b) exceeding the planned capacity of the CCP in a way that the CCP would not be able to acquire the required extra capacity in due time.*

We do not agree that the incompatibility of IT systems between a trading venue and a CCP provides valid grounds for a CCP to deny access to a trading venue. We can not envisage a scenario in which this would be an issue, and believe that such technical issues should be rectifiable at the point when a trading system arranges access to the CCP.

We recommend the following drafting changes to Article 3 of RTS 24

***Article 3***

***Denial of access based on operational risk and complexity***

*1. A CCP may deny an access request on grounds of operational risk and complexity arising from such access only when it cannot adopt arrangements to adequately manage those risks such that there would be significant undue risk remaining.*

*2. For the purposes of the previous paragraph,* ***the*** *relevant ~~types of~~ risk~~s~~ ~~are~~* ***is****~~, among others~~:*

*~~(a) Incompatibility of CCP and trading venue IT systems such that the CCP cannot provide for connectivity between the systems;~~*

*(~~b~~ a) the CCP does not have, nor is it able to get in due time, the necessary human resources with the necessary knowledge, skills and experience to perform its functions regarding the risk stemming from additional financial instruments where these differ from financial instruments already cleared by the CCP.*

We do not believe that an incompatibility in the rules between the CCP and the trading venue would be valid grounds to deny access because the rules of a CCP and a trading venue are, for the most part, based upon the requirements of MiFID and EMIR and, secondly, this issue appears to be mitigated by Article 4(c) where access may be denied because of legal risk. We therefore recommend the following drafting changes to Article 4 of RTS 24:

***Article 4***

***Denial of access based on other factors creating significant undue risks***

*1. In addition to the circumstances identified in Articles 2 and 3 of this Regulation, a CCP may deny an access request, only when it cannot adopt arrangements to adequately manage any of the following risks arising from granting access such that there would be significant undue risk remaining:*

*(a) the CCP does not have, nor is it able to get in due time, the necessary authorisations consistent with meeting the relevant requirements set out in Title IV of Regulation (EU) No 648/2012 regarding the financial instruments in question;*

*(b) granting access would threaten the economic viability of the CCP or its ability to meet minimum capital requirements under Article 16 of Regulation (EU) No 648/2012;*

*(c) legal risks; or*

*~~(d) there is an incompatibility of CCP and trading venue rules that the CCP cannot remedy in cooperation with the trading venue.~~*

We agree that the types of users of a trading venue should not be valid grounds on which a CCP may deny access to a trading venue.

<ESMA\_QUESTION\_CP\_MIFID\_148>

1. Do you agree with the elements of the draft RTS that cover a trading venue’s ability to deny access? If not, please explain why and, where possible, propose an alternative approach.

<ESMA\_QUESTION\_CP\_MIFID\_149>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_MIFID\_149>

1. In particular, do you agree with ESMA’s assessment that the inability to acquire the necessary human resources in due time should not have the same relevance for trading venues as it has regarding CCPs?

<ESMA\_QUESTION\_CP\_MIFID\_150>

No, we do not agree with the assessment. We believe that trading venues face similar issues to CCPs, and that similar consideration is required. Trading venues will need to require adequate and appropriately skilled human resources for the provision of feeds to multiple CCPs. This is particularly relevant if the product category in the access request is new, i.e. the venue does not provide for trading in that product (but the CCP provides for clearing).

<ESMA\_QUESTION\_CP\_MIFID\_150>

1. Do you agree with the elements of the draft RTS that cover an CA’s ability to deny access? If not, please explain why and, where possible, propose an alternative approach.

<ESMA\_QUESTION\_CP\_MIFID\_151>

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<ESMA\_QUESTION\_CP\_MIFID\_151>

1. Do you agree with the elements of the draft RTS that cover the conditions under which access is granted? If not, please explain why and, where possible, propose an alternative approach.

<ESMA\_QUESTION\_CP\_MIFID\_152>

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<ESMA\_QUESTION\_CP\_MIFID\_152>

1. Do you agree with the elements of the draft RTS that cover fees? If not, please explain why and, where possible, propose an alternative approach.

<ESMA\_QUESTION\_CP\_MIFID\_153>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_MIFID\_153>

1. Do you agree with the proposed draft RTS? Please indicate which are the main costs and benefits that do you envisage in case of implementation of the proposal.

<ESMA\_QUESTION\_CP\_MIFID\_154>

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<ESMA\_QUESTION\_CP\_MIFID\_154>

1. Do you agree with the elements of the draft RTS specified in Annex X that cover notification procedures? If not, please explain why and, where possible, propose an alternative approach.

<ESMA\_QUESTION\_CP\_MIFID\_155>

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<ESMA\_QUESTION\_CP\_MIFID\_155>

1. Do you agree with the elements of the draft RTS specified in [Annex X] that cover the calculation of notional amount? If not, please explain why and, where possible, propose an alternative approach.

<ESMA\_QUESTION\_CP\_MIFID\_156>

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<ESMA\_QUESTION\_CP\_MIFID\_156>

1. Do you agree with the elements of the draft RTS that cover relevant benchmark information? If not, please explain why and, where possible, propose an alternative approach. In particular, how could information requirements reflect the different nature and characteristics of benchmarks?

<ESMA\_QUESTION\_CP\_MIFID\_157>

We broadly agree with the elements of the draft RTS that cover relevant benchmark information; however, we believe there should be explicit acknowledgement that persons with proprietary rights to a benchmark should be able to decline requests from trading venues or CCPS, if there are valid grounds for so doing.  Valid grounds might include:

*          Having a reasonable belief that the trading venue or CCP does not in fact need access to the benchmark or information underpinning the benchmark
*          The request includes proprietary commercially sensitive information such as proprietary algorithms, or technical details of systems
*          Bulk or indiscriminate requests for data.

We therefore propose an amendment to recital 25 of RTS 24 as follows:

(25) Nonetheless, persons with proprietary rights to a benchmark should set conditions for trading venues and CCPs to access their benchmark. Persons with proprietary rights to a benchmark may set different conditions for different categories of trading venues and CCPs to access their benchmarks only if justified by objective criteria, such as quantity, scope or field of use demanded, and these conditions should be applied on a non-discriminatory basis and in a proportionate manner. The criteria defining the different categories of trading venues and CCPs should be made publicly available. The trading venues and CCPs before requesting access should assess to what category ~~its~~ their activity correspond**s** and subsequently request to see the conditions applicable to that category. **Persons with proprietary rights to a benchmark should also be able to decline requests from trading venues or CCPS, if there are valid grounds for so doing.  Valid grounds might include:**

* **Having a reasonable belief that the trading venue or CCP does not in fact need access to the benchmark or information underpinning the benchmark**
* **The request includes proprietary commercially sensitive information such as proprietary algorithms, or technical details of systems**
* **Bulk or indiscriminate requests for data.**

<ESMA\_QUESTION\_CP\_MIFID\_157>

1. Do you agree with the elements of the draft RTS that cover licensing conditions? If not, please explain why and, where possible, propose an alternative approach.

<ESMA\_QUESTION\_CP\_MIFID\_158>

Yes, we agree with the elements of the draft RTS that cover licensing conditions.  It is appropriate that that persons with proprietary rights to a benchmark should be able to differentiate between their clients and the ways in which these different clients will use the benchmark information, and apply appropriate licensing conditions.   These will of course have to fit into an overarching framework designed to ensure that there is fair and non-discriminatory access to benchmark data, as well as meeting the concerns relating to valid grounds for declining requests from a CCP or trading venue to access a benchmark.  We propose that this concern is addressed by amending recital 25 of RTS 24 as follows:

(25) Nonetheless, persons with proprietary rights to a benchmark should set conditions for trading venues and CCPs to access their benchmark. Persons with proprietary rights to a benchmark may set different conditions for different categories of trading venues and CCPs to access their benchmarks only if justified by objective criteria, such as quantity, scope or field of use demanded, and these conditions should be applied on a non-discriminatory basis and in a proportionate manner. The criteria defining the different categories of trading venues and CCPs should be made publicly available. The trading venues and CCPs before requesting access should assess to what category ~~its~~ their activity correspond**s** and subsequently request to see the conditions applicable to that category. **Persons with proprietary rights to a benchmark should also be able to decline requests from trading venues or CCPS, if there are valid grounds for so doing.  Valid grounds might include:**

* **Having a reasonable belief that the trading venue or CCP does not in fact need access to the benchmark or information underpinning the benchmark**
* **The request includes proprietary commercially sensitive information such as proprietary algorithms, or technical details of systems**
* **Bulk or indiscriminate requests for data.**

<ESMA\_QUESTION\_CP\_MIFID\_158>

1. Do you agree with the elements of the draft RTS that cover new benchmarks? If not, please explain why and, where possible, propose an alternative approach.

<ESMA\_QUESTION\_CP\_MIFID\_159>

Yes, we believe that the only workable approach is to assess a benchmark’s “newness” on a case by case approach, and so we welcome the proposal to adopt this.

<ESMA\_QUESTION\_CP\_MIFID\_159>

1. Requirements applying on and to trading venues
2. Do you agree with the attached draft technical standard on admission to trading?

<ESMA\_QUESTION\_CP\_MIFID\_160>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_MIFID\_160>

1. In particular, do you agree with the arrangements proposed by ESMA for verifying compliance by issuers with obligations under Union law?

<ESMA\_QUESTION\_CP\_MIFID\_161>

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<ESMA\_QUESTION\_CP\_MIFID\_161>

1. Do you agree with the arrangements proposed by ESMA for facilitating access to information published under Union law for members and participants of a regulated market?

<ESMA\_QUESTION\_CP\_MIFID\_162>

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<ESMA\_QUESTION\_CP\_MIFID\_162>

1. Do you agree with the proposed RTS? What and how should it be changed?

<ESMA\_QUESTION\_CP\_MIFID\_163>

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<ESMA\_QUESTION\_CP\_MIFID\_163>

1. Do you agree with the approach of providing an exhaustive list of details that the MTF/OTF should fulfil?

<ESMA\_QUESTION\_CP\_MIFID\_164>

We agree with the approach of providing an exhaustive list of details that the MTF/OTF should fulfil.

<ESMA\_QUESTION\_CP\_MIFID\_164>

1. Do you agree with the proposed list? Are there any other factors that should be considered?

<ESMA\_QUESTION\_CP\_MIFID\_165>

We agree with the proposed list and have no further suggestions to make.

<ESMA\_QUESTION\_CP\_MIFID\_165>

1. Do you think that there should be one standard format to provide the information to the competent authority? Do you agree with the proposed format?

<ESMA\_QUESTION\_CP\_MIFID\_166>

We agree with the proposal that the information should be provided by the proposed standard format.

<ESMA\_QUESTION\_CP\_MIFID\_166>

1. Do you think that there should be one standard format to notify to ESMA the authorisation of an investment firm or market operator as an MTF or an OTF? Do you agree with the proposed format?

<ESMA\_QUESTION\_CP\_MIFID\_167>

We agree with the proposed format to notify ESMA of the authorisation of an investment firm or market operator as an MTF or OTF.

<ESMA\_QUESTION\_CP\_MIFID\_167>

1. Commodity derivatives
2. Do you agree with the approach suggested by ESMA in relation to the overall application of the thresholds? If you do not agree please provide reasons.

<ESMA\_QUESTION\_CP\_MIFID\_168>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_MIFID\_168>

1. Do you agree with ESMA’s approach to include non-EU activities with regard to the scope of the main business?

<ESMA\_QUESTION\_CP\_MIFID\_169>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_MIFID\_169>

1. Do you consider the revised method of calculation for the first test (i.e. capital employed for ancillary activity relative to capital employed for main business) as being appropriate? Please provide reasons if you do not agree with the revised approach.

<ESMA\_QUESTION\_CP\_MIFID\_170>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_MIFID\_170>

1. With regard to trading activity undertaken by a MiFID licensed subsidiary of the group, do you agree that this activity should be deducted from the ancillary activity (i.e. the numerator)?

<ESMA\_QUESTION\_CP\_MIFID\_171>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_MIFID\_171>

1. ESMA suggests that in relation to the ancillary activity (numerator) the calculation should be done on the basis of the group rather than on the basis of the person. What are the advantages or disadvantages in relation to this approach? Do you think that it would be preferable to do the calculation on the basis of the person? Please provide reasons. (Please note that altering the suggested approach may also have an impact on the threshold suggested further below).

<ESMA\_QUESTION\_CP\_MIFID\_172>

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<ESMA\_QUESTION\_CP\_MIFID\_172>

1. Do you consider that a threshold of 5% in relation to the first test is appropriate? Please provide reasons and alternative proposals if you do not agree.

<ESMA\_QUESTION\_CP\_MIFID\_173>

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<ESMA\_QUESTION\_CP\_MIFID\_173>

1. Do you agree with ESMA’s intention to use an accounting capital measure?

<ESMA\_QUESTION\_CP\_MIFID\_174>

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<ESMA\_QUESTION\_CP\_MIFID\_174>

1. Do you agree that the term capital should encompass equity, current debt and non-current debt? If you see a need for further clarification of the term capital, please provide concrete suggestions.

<ESMA\_QUESTION\_CP\_MIFID\_175>

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<ESMA\_QUESTION\_CP\_MIFID\_175>

1. Do you agree with the proposal to use the gross notional value of contracts? Please provide reasons if you do not agree.

<ESMA\_QUESTION\_CP\_MIFID\_176>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_MIFID\_176>

1. Do you agree that the calculation in relation to the size of the trading activity (numerator) should be done on the basis of the group rather than on the basis of the person? (Please note that that altering the suggested approach may also have an impact on the threshold suggested further below)

<ESMA\_QUESTION\_CP\_MIFID\_177>

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<ESMA\_QUESTION\_CP\_MIFID\_177>

1. Do you agree with the introduction of a separate asset class for commodities referred to in Section C 10 of Annex I and subsuming freight under this new asset class?

<ESMA\_QUESTION\_CP\_MIFID\_178>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_MIFID\_178>

1. Do you agree with the threshold of 0.5% proposed by ESMA for all asset classes? If you do not agree please provide reasons and alternative proposals.

<ESMA\_QUESTION\_CP\_MIFID\_179>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_MIFID\_179>

1. Do you think that the introduction of a de minimis threshold on the basis of a limited scope as described above is useful?

<ESMA\_QUESTION\_CP\_MIFID\_180>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_MIFID\_180>

1. Do you agree with the conclusions drawn by ESMA in relation to the privileged transactions?

<ESMA\_QUESTION\_CP\_MIFID\_181>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_MIFID\_181>

1. Do you agree with ESMA’s conclusions in relation to the period for the calculation of the thresholds? Do you agree with the calculation approach in the initial period suggested by ESMA? If you do not agree, please provide reasons and alternative proposals.

<ESMA\_QUESTION\_CP\_MIFID\_182>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_MIFID\_182>

1. Do you have any comments on the proposed framework of the methodology for calculating position limits?

<ESMA\_QUESTION\_CP\_MIFID\_183>

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<ESMA\_QUESTION\_CP\_MIFID\_183>

1. Would a baseline of 25% of deliverable supply be suitable for all commodity derivatives to meet position limit objectives? For which commodity derivatives would 25% not be suitable and why? What baseline would be suitable and why?

<ESMA\_QUESTION\_CP\_MIFID\_184>

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<ESMA\_QUESTION\_CP\_MIFID\_184>

1. Would a maximum of 40% position limit be suitable for all commodity derivatives to meet position limit objectives. For which commodity derivatives would 40% not be suitable and why? What maximum position limit would be suitable and why?

<ESMA\_QUESTION\_CP\_MIFID\_185>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_MIFID\_185>

1. Are +/- 15% parameters for altering the baseline position limit suitable for all commodity derivatives? For which commodity derivatives would such parameters not be suitable and why? What parameters would be suitable and why?

<ESMA\_QUESTION\_CP\_MIFID\_186>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_MIFID\_186>

1. Are +/- 15% parameters suitable for all the factors being considered? For which factors should such parameters be changed, what to, and why?

<ESMA\_QUESTION\_CP\_MIFID\_187>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_MIFID\_187>

1. Do you consider the methodology for setting the spot month position limit should differ in any way from the methodology for setting the other months position limit? If so, in what way?

<ESMA\_QUESTION\_CP\_MIFID\_188>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_MIFID\_188>

1. How do you suggest establishing a methodology that balances providing greater flexibility for new and illiquid contracts whilst still providing a level of constraint in a clear and quantifiable way? What limit would you consider as appropriate per product class? Could the assessment of whether a contract is illiquid, triggering a potential wider limit, be based on the technical standard ESMA is proposing for non-equity transparency?

<ESMA\_QUESTION\_CP\_MIFID\_189>

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<ESMA\_QUESTION\_CP\_MIFID\_189>

1. What wider factors should competent authorities consider for specific commodity markets for adjusting the level of deliverable supply calculated by trading venues?

<ESMA\_QUESTION\_CP\_MIFID\_190>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_MIFID\_190>

1. What are the specific features of certain commodity derivatives which might impact on deliverable supply?

<ESMA\_QUESTION\_CP\_MIFID\_191>

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<ESMA\_QUESTION\_CP\_MIFID\_191>

1. How should ‘less-liquid’ be considered and defined in the context of position limits and meeting the position limit objectives?

<ESMA\_QUESTION\_CP\_MIFID\_192>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_MIFID\_192>

1. What participation features in specific commodity markets around the organisation, structure, or behaviour should competent authorities take into account?

<ESMA\_QUESTION\_CP\_MIFID\_193>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_MIFID\_193>

1. How could the calculation methodology enable competent authorities to more accurately take into account specific factors or characteristics of commodity derivatives, their underlying markets and commodities?

<ESMA\_QUESTION\_CP\_MIFID\_194>

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<ESMA\_QUESTION\_CP\_MIFID\_194>

1. For what time period can a contract be considered as “new” and therefore benefit from higher position limits?

<ESMA\_QUESTION\_CP\_MIFID\_195>

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<ESMA\_QUESTION\_CP\_MIFID\_195>

1. Should the application of less-liquid parameters be based on the age of the commodity derivative or the ongoing liquidity of that contract.

<ESMA\_QUESTION\_CP\_MIFID\_196>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_MIFID\_196>

1. Do you have any further comments regarding the above proposals on how the factors will be taken into account for the position limit calculation methodology?

<ESMA\_QUESTION\_CP\_MIFID\_197>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_MIFID\_197>

1. Do you agree with ESMA’s proposal to not include asset-class specific elements in the methodology?

<ESMA\_QUESTION\_CP\_MIFID\_198>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_MIFID\_198>

1. How are the seven factors (listed under Article 57(3)(a) to (g) and discussed above) currently taken into account in the setting and management of existing position limits?

<ESMA\_QUESTION\_CP\_MIFID\_199>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_MIFID\_199>

1. Do you agree with the proposed draft RTS regarding risk reducing positions?

<ESMA\_QUESTION\_CP\_MIFID\_200>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_MIFID\_200>

1. Do you have any comments regarding ESMA’s proposal regarding what is a non-financial entity?

<ESMA\_QUESTION\_CP\_MIFID\_201>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_MIFID\_201>

1. Do you agree with the proposed draft RTS regarding the aggregation of a person’s positions?

<ESMA\_QUESTION\_CP\_MIFID\_202>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_MIFID\_202>

1. Do you agree with ESMA’s proposal that a person’s position in a commodity derivative should be aggregated on a ‘whole’ position basis with those that are under the beneficial ownership of the position holder? If not, please provide reasons.

<ESMA\_QUESTION\_CP\_MIFID\_203>

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<ESMA\_QUESTION\_CP\_MIFID\_203>

1. Do you agree with the proposed draft RTS regarding the criteria for determining whether a contract is an economically equivalent OTC contract?

<ESMA\_QUESTION\_CP\_MIFID\_204>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_MIFID\_204>

1. Do you agree with the proposed draft RTS regarding the definition of same derivative contract?

<ESMA\_QUESTION\_CP\_MIFID\_205>

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<ESMA\_QUESTION\_CP\_MIFID\_205>

1. Do you agree with the proposed draft RTS regarding the definition of significant volume for the purpose of article 57(6)?

<ESMA\_QUESTION\_CP\_MIFID\_206>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_MIFID\_206>

1. Do you agree with the proposed draft RTS regarding the aggregation and netting of OTC and on-venue commodity derivatives?

<ESMA\_QUESTION\_CP\_MIFID\_207>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_MIFID\_207>

1. Do you agree with the proposed draft RTS regarding the procedure for the application for exemption from the Article 57 position limits regime?

<ESMA\_QUESTION\_CP\_MIFID\_208>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_MIFID\_208>

1. Do you agree with the proposed draft RTS regarding the aggregation and netting of OTC and on-venue commodity derivatives?

<ESMA\_QUESTION\_CP\_MIFID\_209>

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<ESMA\_QUESTION\_CP\_MIFID\_209>

1. Do you agree with the reporting format for CoT reports?

<ESMA\_QUESTION\_CP\_MIFID\_210>

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<ESMA\_QUESTION\_CP\_MIFID\_210>

1. Do you agree with the reporting format for the daily Position Reports?

<ESMA\_QUESTION\_CP\_MIFID\_211>

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<ESMA\_QUESTION\_CP\_MIFID\_211>

1. What other reporting arrangements should ESMA consider specifying to facilitate position reporting arrangements?

<ESMA\_QUESTION\_CP\_MIFID\_212>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_MIFID\_212>

1. Market data reporting
2. Which of the formats specified in paragraph 2 would pose you the most substantial implementation challenge from technical and compliance point of view for transaction and/or reference data reporting? Please explain.

<ESMA\_QUESTION\_CP\_MIFID\_213>

Thomson Reuters proposes that ESMA keeps the format flexible, options open, and does not mandate a specific format.

<ESMA\_QUESTION\_CP\_MIFID\_213>

1. Do you anticipate any difficulties with the proposed definition for a transaction and execution?

<ESMA\_QUESTION\_CP\_MIFID\_214>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_MIFID\_214>

1. In your view, is there any other outcome or activity that should be excluded from the definition of transaction or execution? Please justify.

<ESMA\_QUESTION\_CP\_MIFID\_215>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_MIFID\_215>

1. Do you foresee any difficulties with the suggested approach? Please justify.

<ESMA\_QUESTION\_CP\_MIFID\_216>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_MIFID\_216>

1. Do you agree with ESMA’s proposed approach to simplify transaction reporting? Please provide details of your reasons.

<ESMA\_QUESTION\_CP\_MIFID\_217>

Thomson Reuters supports the concepts of transaction reporting and the efforts made to reduce complexity in this area, however, some of the proposed changes would not be workable in the case of Trading Venues reporting on behalf of non-MiFID firms, as follows:

* If a venue is the reporting firm, it will populate a member in the Buyer field and a member in the Seller field for each transaction and itself in the Reporting Firm field.  To which member therefore does the Trading Capacity field refer?  We propose that if Trading Capacity is a mandatory field for venues to report, that two new fields, rather than one single field for trading capacity, are introduced: buyer capacity and seller capacity.
* In the case of a currency swap, it is not clear who would be the Buyer and who would be the Seller.  We propose that ESMA clarifies this by stating that the Buyer would be the buyer of the spot leg of the swap.  This could be clarified in RTS 32 as follows:

**Article 1**

**Definitions**:

**(h)          For the purposes of transaction reporting in currency swaps, the buyer of the transaction is the buyer of the spot leg of the swap.**

In addition we make a general comment about the ability of Trading Venues to have access to all the fields required; some jurisdictions have tighter data and privacy controls than others and many of the fields proposed in RTS 32 require information that is not normally provided to Trading Venues.   In some cases it may not be possible either practically or legally for trading venues to compel the information from non-MiFID firms.  If venues are forced to make this requirement a condition of membership, it may drive activity outside the EU, which we believe is not the intention of MiFID.  We propose that RTS 32 clarifies that Trading Venues should only be required to populate fields where they are able to provide this information by appending an additional Recital as follows:

**(25)  Article 26 (5) of Regulation (EU) 600/2014 prescribes the operator of a trading venue to report details of transactions in financial instruments traded on its platform which are executed through its systems by a firm which is not subject to this Regulation in accordance with paragraphs 1 and 3.  ESMA recognises that that there may be legal, technical or operational impediments to fulfilling this requirement beyond the trading venue’s control meaning that it will not be able to provide all the information required.  Trading venues are therefore required to report as many of the required fields as they possibly can, or invite participants or clients that are not subject to MiFIR to report via an EU ARM.**

<ESMA\_QUESTION\_CP\_MIFID\_217>

1. We invite your comments on the proposed fields and population of the fields. Please provide specific references to the fields which you are discussing in your response.

<ESMA\_QUESTION\_CP\_MIFID\_218>

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<ESMA\_QUESTION\_CP\_MIFID\_218>

1. Do you agree with the proposed approach to flag trading capacities?

<ESMA\_QUESTION\_CP\_MIFID\_219>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_MIFID\_219>

1. Do you foresee any problem with identifying the specific waiver(s) under which the trade took place in a transaction report? If so, please provide details

<ESMA\_QUESTION\_CP\_MIFID\_220>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_MIFID\_220>

1. Do you agree with ESMA’s approach for deciding whether financial instruments based on baskets or indices are reportable?

<ESMA\_QUESTION\_CP\_MIFID\_221>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_MIFID\_221>

1. Do you agree with the proposed standards for identifying these instruments in the transaction reports?

<ESMA\_QUESTION\_CP\_MIFID\_222>

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<ESMA\_QUESTION\_CP\_MIFID\_222>

1. Do you foresee any difficulties applying the criteria to determine whether a branch is responsible for the specified activity? If so, do you have any alternative proposals?

<ESMA\_QUESTION\_CP\_MIFID\_223>

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<ESMA\_QUESTION\_CP\_MIFID\_223>

1. Do you anticipate any significant difficulties related to the implementation of LEI validation?

<ESMA\_QUESTION\_CP\_MIFID\_224>

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<ESMA\_QUESTION\_CP\_MIFID\_224>

1. Do you foresee any difficulties with the proposed requirements? Please elaborate.

<ESMA\_QUESTION\_CP\_MIFID\_225>

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<ESMA\_QUESTION\_CP\_MIFID\_225>

1. Are there any cases other than the AGGREGATED scenario where the client ID information could not be submitted to the trading venue operator at the time of order submission? If yes, please elaborate.

<ESMA\_QUESTION\_CP\_MIFID\_226>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_MIFID\_226>

1. Do you agree with the proposed approach to flag liquidity provision activity?

<ESMA\_QUESTION\_CP\_MIFID\_227>

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<ESMA\_QUESTION\_CP\_MIFID\_227>

1. Do you foresee any difficulties with the proposed differentiation between electronic trading venues and voice trading venues for the purposes of time stamping? Do you believe that other criteria should be considered as a basis for differentiating between trading venues?

<ESMA\_QUESTION\_CP\_MIFID\_228>

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<ESMA\_QUESTION\_CP\_MIFID\_228>

1. Is the approach taken, particularly in relation to maintaining prices of implied orders, in line with industry practice? Please describe any differences?

<ESMA\_QUESTION\_CP\_MIFID\_229>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_MIFID\_229>

1. Do you agree on the proposed content and format for records of orders to be maintained proposed in this Consultation Paper? Please elaborate.

<ESMA\_QUESTION\_CP\_MIFID\_230>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_MIFID\_230>

1. In your view, are there additional key pieces of information that an investment firm that engages in a high-frequency algorithmic trading technique has to maintain to comply with its record-keeping obligations under Article 17 of MiFID II? Please elaborate.

<ESMA\_QUESTION\_CP\_MIFID\_231>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_MIFID\_231>

1. Do you agree with the proposed record-keeping period of five years?

<ESMA\_QUESTION\_CP\_MIFID\_232>

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<ESMA\_QUESTION\_CP\_MIFID\_232>

1. Do you agree with the proposed criteria for calibrating the level of accuracy required for the purpose of clock synchronisation? Please elaborate.

<ESMA\_QUESTION\_CP\_MIFID\_233>

We do not agree with the proposed criteria for calibrating the level of accuracy required for the purpose of clock synchronisation.  The proposals are not appropriate for negotiated or non-CLOB models for many reasons, including the inappropriate definition of gateway-to-gateway latency.  We therefore propose that this carve out described for voice trading systems in paragraph 3 of Article 3 in RTS 36 is extended to negotiated and non-CLOB models, as follows:

***Article 3***

***Level of accuracy and granularity***

3.  A trading venue that ~~only~~ operates voice, **negotiated or non-CLOB** trading systems shall ensure that its business clocks do not diverge more than one second from the reference time **in respect of those systems**.

Secondly, we doubt whether CLOB trading venues will be able to meet the degrees of accuracy specified in Table 1.  Since many venue operators, including Thomson Reuters, have already expressed difficulty in achieving granularity greater than 1 millisecond, we doubt that the divergences relating to 1 microsecond and 1 nanosecond are technically achievable, and they would require significant and costly upgrades to the entire technology environment.  These costs would ultimately be passed on to end-users.  From our own experience with a CLOB system, the Network Time Protocol used to synchronise servers to a GPS time source can drift 2-3 milliseconds before correcting.  Making the necessary updates to Precision Time Protocol in order to achieve divergence of less than 1 millisecond would be very costly and would require an update of all servers.  We therefore urge ESMA to reconsider the framework and to propose a better solution including amending Table 1 in RTS 36 to allow sufficient flexibility of the time divergence allowed of several milliseconds.

<ESMA\_QUESTION\_CP\_MIFID\_233>

1. Do you foresee any difficulties related to the requirement for members or participants of trading venues to ensure that they synchronise their clocks in a timely manner according to the same time accuracy applied by their trading venue? Please elaborate and suggest alternative criteria to ensure the timely synchronisation of members or participants clocks to the accuracy applied by their trading venue as well as a possible calibration of the requirement for investment firms operating at a high latency.

<ESMA\_QUESTION\_CP\_MIFID\_234>

Yes, we foresee many difficulties related to the requirement for members or participants of trading venues to ensure that they synchronise their clocks in a timely manner according to the same time accuracy applied by their trading venue, including:

* The definition proposed by ESMA for gateway-to-gateway latency is meaningless in a non-CLOB market, and therefore impossible for members of these markets to implement
* Due to the differences in the way servers are set up in different markets, mandating members to synchronise to a base-level accuracy based on one system would be likely to produce inaccurate results in identifying the sequence of events across different trading venues and would not achieve ESMA’s aims of detecting market abuse
* Trades carried out on negotiated or non-CLOB systems, e.g. RFQ systems, may take several seconds or longer to complete.  Applying this degree of unnecessary accuracy to clients would impose significant and unnecessary costs (which would ultimately be passed on to end users).

We therefore propose that at a very minimum the amendment to RTS 36 as proposed in Q233 is implemented as follows:

***Article 3***

***Level of accuracy and granularity***

3.  A trading venue that ~~only~~ operates voice, **negotiated or non-CLOB** trading systems shall ensure that its business clocks do not diverge more than one second from the reference time **in respect of those systems**.

<ESMA\_QUESTION\_CP\_MIFID\_234>

1. Do you agree with the proposed list of instrument reference data fields and population of the fields? Please provide specific references to the fields which you are discussing in your response.

<ESMA\_QUESTION\_CP\_MIFID\_235>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_MIFID\_235>

1. Do you agree with ESMA‘s proposal to submit a single instrument reference data full file once per day? Please explain.

<ESMA\_QUESTION\_CP\_MIFID\_236>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_MIFID\_236>

1. Do you agree that, where a specified list as defined in Article 2 [RTS on reference data] is not available for a given trading venue, instrument reference data is submitted when the first quote/order is placed or the first trade occurs on that venue? Please explain.

<ESMA\_QUESTION\_CP\_MIFID\_237>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_MIFID\_237>

1. Do you agree with ESMA proposed approach to the use of instrument code types? If not, please elaborate on the possible alternative solutions for identification of new financial instruments.

<ESMA\_QUESTION\_CP\_MIFID\_238>

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<ESMA\_QUESTION\_CP\_MIFID\_238>

1. Post-trading issues
2. What are your views on the pre-check to be performed by trading venues for orders related to derivative transactions subject to the clearing obligation and the proposed time frame?

<ESMA\_QUESTION\_CP\_MIFID\_239>

We believe that the 60 second check period from the receipt of an order is too focused on liquid markets, and is not appropriate for less liquid markets where an order may sit on the book for a significant period of time, during which the credit conditions may change. We believe that the requirements should be prior to execution, not on receipt.

<ESMA\_QUESTION\_CP\_MIFID\_239>

1. What are your views on the categories of transactions and the proposed timeframe for submitting executed transactions to the CCP?

<ESMA\_QUESTION\_CP\_MIFID\_240>

We believe that the 10 second window open to trading venues to transmit data to the CCP is reasonable.

<ESMA\_QUESTION\_CP\_MIFID\_240>

1. What are your views on the proposal that the clearing member should receive the information related to the bilateral derivative contracts submitted for clearing and the timeframe?

<ESMA\_QUESTION\_CP\_MIFID\_241>

We believe that this is reasonable and that the clearing member should have the opportunity to reject a bilateral trade. This is because the counterparty may have inadvertently exceeded their credit limit in a bilateral trade. Theoretically this risk should not arise where the trade is executed on a trading venue because the trading venue is required to conduct pre-trade checks.

<ESMA\_QUESTION\_CP\_MIFID\_241>

1. What are your views on having a common timeframe for all categories of derivative transactions? Do you agree with the proposed timeframe?

<ESMA\_QUESTION\_CP\_MIFID\_242>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_MIFID\_242>

1. What are your views on the proposed treatment of rejected transactions?

<ESMA\_QUESTION\_CP\_MIFID\_243>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_MIFID\_243>

1. Do you agree with the proposed draft RTS? Do you believe it addresses the stakeholders concerns on the lack of indirect clearing services offering? If not, please provide detailed explanations on the reasons why a particular provision would limit such a development as well as possible alternatives.

<ESMA\_QUESTION\_CP\_MIFID\_244>

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<ESMA\_QUESTION\_CP\_MIFID\_244>

1. Do you believe that a gross omnibus account segregation, according to which the clearing member is required to record the collateral value of the assets, rather than the assets held for the benefit of indirect clients, achieves together with other requirements included in the draft RTS a protection of equivalent effect to the indirect clients as the one envisaged for clients under EMIR?

<ESMA\_QUESTION\_CP\_MIFID\_245>

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<ESMA\_QUESTION\_CP\_MIFID\_245>

1. The field will used for consistency checks. If its value is different from the value indicated during submission on the website form, the latest one will be taken into account. [↑](#footnote-ref-1)