

**Valdis Dombrovskis**  
**Vice-President for the Euro and Social**  
**Dialogue, also in charge of Financial**  
**Stability, Financial Services and**  
**Capital Markets Union**  
**European Commission**  
**200 rue de la Loi**  
**B-1049 Bruxelles**  
**Belgium**

**Ref: ESMA's opinion on the European Commission revised proposal for amending the Commission Delegated Regulation (EU) 2017/587 (RTS 1).**

Dear Vice-President Dombrovskis,

DEAR VALDIS,

On 26 March 2018, ESMA submitted a draft amendment to the Commission Delegated Regulation (EU) 2017/587<sup>1</sup> (RTS 1) proposing in particular to further specify the concept of "prices reflecting prevailing market conditions" and to clarify that systematic internalisers' (SIs') quotes would only reflect prevailing market conditions where those quotes reflect the minimum price levels applicable to on-venue orders and quotes.

On 10 August 2018, in accordance with Article 10(1) of Regulation (EU) No 1095/2010, the European Commission notified ESMA of its intention to endorse the proposed amendments with modifications. ESMA has assessed the Commission's proposed modifications.

In its letter, the European Commission raised concerns that the proposed amendments could result in the introduction of a comprehensive application of tick sizes to quotes published by SIs and, for this reason, asked ESMA to reconsider the scope of its proposal and to limit it to shares and depositary receipts.

ESMA remains of the view that its proposal would respect the boundaries and better meet the legislative intent of the empowerment set out in Article 14(7) of Regulation (EU) No 600/2014<sup>2</sup> (MiFIR). ESMA however agrees with the Commission that any concerns about efficient

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<sup>1</sup> Commission Delegated Regulation (EU) 2017/587 of 14 July 2016 supplementing Regulation (EU) No 600/2014 of the European Parliament and of the Council on markets in financial instruments with regard to regulatory technical standards on transparency requirements for trading venues and investment firms in respect of shares, depositary receipts, exchange-traded funds, certificates and other similar financial instruments and on transaction execution obligations in respect of certain shares on a trading venue or by a systematic internaliser (OJ L 87, 31.3.2017, p. 387–410).

<sup>2</sup> Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012 (OJ L 173, 12.6.2014, p. 84)



valuation and price formation are most relevant for shares and depositary receipts. Therefore, and given the need to address the application of tick sizes to SI quotes in a timely fashion, ESMA agrees to the reformulation of Article 10 of RTS 1 set out in the annex to the European Commission's letter.

ESMA also agrees with the other changes to the draft amended RTS 1 introduced by the European Commission and that are of a more technical nature and not intended to change the substance of the ESMA proposals.

You will find the full ESMA opinion attached (ESMA70-156-769) as it will be published on ESMA's website following its submission to the European Commission.

Should you have any questions on this letter or the related ESMA opinion, please do not hesitate to contact either me or Fabrizio Planta, Head of the Markets Department.

Yours sincerely,



Steven Maijor

cc.: Roberto Gualtieri MEP, Chair of the Committee on Economic and Monetary Affairs, European Parliament

Hartwig Löger, President of the ECOFIN Council, Council of the European Union

Jeppe Tranholm-Mikkelsen, Secretary-General of the Council of the European Union

Olivier Guersent, Director General, DG Financial Stability, Financial Services and Capital Markets Union, European Commission