

Aquis Exchange Limited

Response to Consultation Paper – Amendments to Commission Delegated Regulation (EU) 2017/587 (RTS 1)

Q1: Do you agree with ESMA's proposal to clarify that SIs' quotes would only reflect prevailing market conditions where the price levels could be traded on a trading venue at the time of publication?

Aquis is in full agreement with ESMA and agrees with the proposal to clarify that SI's quotes would only reflect prevailing market conditions where the price levels could be traded on a trading venue at the time of publication.

Aquis believes that the tick size regime of Article 49 of MiFID II which has been introduced to harmonise price increments across all European trading venues should also apply to SIs. Failure to do so appears contradictory to the general MiFID II objective of levelling the playing field and may result in volumes of trading moving away from trading venues to SIs where not all participants could have access.

Failure to make this change could have a detrimental impact on the measurement of 'Best Execution' where a bank or broker may feel it is necessary to go to an SI over that of a trading venue simply as a result of the SI having a marginal price improvement which the trading venue is not allowed to make. As these trades are conducted bilaterally with the SI, and the SI can choose which counterparty they wish to trade with, it would result in the fact that other market participants will not be able to achieve 'Best Execution'.

Aquis fully supports the proposal to amend RTS 1 to make SI's reflect the same minimum tick size applicable to trading venues.