Commissione congiunta AIFIRM-ASSIOM FOREX

***Natura operatività algoritmica*** *e* ***Stress test***

**

**Risposta a livello associativo al**

**Consultation Paper sulla**

**negoziazione algoritmica**

**AIFIRM
Associazione Italiana Financial Industry Risk Managers**

**ASSIOM FOREX
Associazione Operatori dei Mercati Finanziari**

*Marzo 2021*

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# Introduzione

## Premessa

### Informazioni sull’iniziativa

|  |  |  |
| --- | --- | --- |
| Referenti iniziativa | AIFIRM - Associazione Italiana Financial Industry Risk Managers | Carlo Frazzei (Banca Sella)Gabriele Bonini (Deloitte) |
| ASSIOM FOREX - Associazione Operatori dei Mercati Finanziari | Giacomo Elena (Banca Akros)Stefano Masante (Intesa Sanpaolo) |
| Capitani GdL | GdL-1 “Definizioni e perimetro di applicazione” | Francesco Ciarambino (Deloitte) |
| GdL-2 “Notifiche al Regolatore e processo di autovalutazione” | Viviana Abico (Intesa Sanpaolo)Giacomo Andreucci (Intesa Sanpaolo) |
| GdL-3 “Regole per il corretto funzionamento dei mercati” | Emiliano Pavesi (Banca Akros) |

Lo scorso 18 dicembre ESMA ha avviato, ai sensi dell’articolo 90(1)c di MiFID II, una [consultazione](https://www.esma.europa.eu/press-news/consultations/consultation-paper-mifid-iimifir-review-report-algorithmic-trading) che riguarda le disposizioni normative complessivamente attinenti la negoziazione algoritmica e finalizzata alla produzione da parte di ESMA di un Final Report che sarà trasmesso entro il mese di luglio 2021 alla Commissione Europea.

Per analizzare il [documento in consultazione](https://www.esma.europa.eu/sites/default/files/library/esma-70-156-2368_mifid_ii_consultation_paper_on_algorithmic_trading.pdf) e produrre la relativa [risposta](https://www.esma.europa.eu/sites/default/files/library/esma70-156-4086_response_form_cp_on_algorithmic_trading.docx), in funzione delle tematiche trattate e delle relative competenze richieste, sono stati identificati i seguenti Gruppi di Lavoro:

|  |  |  |  |
| --- | --- | --- | --- |
| GdL-1 | Negoziazione algoritmica e HFT | Framework normativo | Q.1-2 |
| Negoziazione algoritmica | Q.3-4, Q.9 e Q.15-16 |
| High Frequency Trading (HFT) | Q.5 |
| DEA | Direct Electronic Access | Q.6-8 e Q.10 |
| GdL-2 | Notifiche e Relazione di convalida | Scambio di informazioni con il Regolatore | Q.12-14 |
| Processo di autovalutazione e convalida | Q.21-22 |
| Test | Test per le imprese di investimento | Q.17-19 |
| Test per le sedi di negoziazione | Q.25-27 |
| GdL-3 | Market Making | Accordi e sistemi di market making | Q.42-45 |
| Trading venue | Self-assessment | Q.23-24 |
| Circuit breakers | Q.28-29 |
| Servizi di co-location e Fee structure | Q.30-31 |
| Order to Trade Ratio | Q.32-34 |
| Monitoraggio applicazione regole trading venue | Q.35-36 |
| Tick di negoziazione | Q.37-41 |
| Speedbumps | Q.46-51 |
| Asimmetria tra flussi di dati privati e pubblici | Q.52-54 |

L’obiettivo è sia produrre una risposta a livello associativo (il Form sarà trasmesso a nome di AIFIRM e ASSIOM FOREX) sia eventualmente fornire anche elementi utili ai partecipanti per rispondere anche individualmente alla consultazione nell’ambito delle rispettive Organizzazioni, in modo tale da rafforzare le rispettive posizioni rappresentate nei singoli invii.

### Istruzioni per la compilazione

In fase di prima condivisione, si richiede ai Partecipanti di fornire il proprio feedback attraverso:

* proposte di modifica in inglese, effettuate in track-changes nel corpo del documento;
* eventuali suggerimenti, proposte o note non destinate al Regolatore, aggiungendo un commento e non apportando modifiche al corpo del documento.

L’invio dei feedback deve essere effettuato in maniera aggregata a livello di Organizzazione, mentre possono essere previsti invii distinti per Gruppo di Lavoro (es. trasmettendo prima i feedback sul GdL-1, poi sul GdL-2, etc.). Per tale ragione, ove possibile, chiederemmo la cortesia di inserire nelle risposte i colleghi appartenenti alla propria Organizzazione e aggiungere nel titolo del documento il nome della propria Organizzazione.

Nelle successive condivisioni, si richiede ai Partecipanti di fornire eventuali proposte specifiche di integrazione, modifica o cancellazione delle risposte contenute nel documento direttamente in inglese e inviando tali contributi in maniera aggregata a livello di Organizzazione, sempre inserendo in copia i colleghi appartenenti alla propria Organizzazione e che stanno prendendo parte a lavori della Commissione congiunta.

### Versioni del documento

|  |  |  |  |
| --- | --- | --- | --- |
| v1 | Prima versione del documento in condivisione | Inviato il 24/02/2021 | * Predisposizione prima bozza di risposte ai quesiti relativi al GdL-1, al GdL-2 e al GdL-3 (con particolare riferimento alla sezione “Market Making”)
 |
| v2 | Seconda versione del documento in condivisione | Inviato il 03/03/2021 | * Revisione delle risposte trasmesse con il primo invio
* Predisposizione prima bozza di risposte ai quesiti relativi al GdL-3 con particolare riferimento alla sezione “Trading venue”
 |
| v2rev | Versione aggiornata del documento in condivisione | Inviato il 04/03/2021 | * Revisione dei quesiti Q.8 e Q.25 trasmesse con il precedente invio
 |
| v3 | Versione condivisa del documento in condivisione | Inviato il 04/03/2021 | * Revisione dei quesiti Q.6, Q.8, Q.9, Q.10, Q.12, Q.13, Q.22, Q.25 e Q.44
 |
| v4 | Versione finale del documento | Inviato il 09/03/2021 | * Correzione refusi e omogeneizzazione finale delle risposte tra diverse sezioni
* Revisione dei quesiti Q.8, Q.12, Q.21 e Q.44
 |

## Informazioni iniziali da inserire nel form ESMA

### Informazioni generali sul soggetto rispondente

|  |  |
| --- | --- |
| Nome Società / Organizzazione | Indicare il nome dell’Associazione che invia il documento:* AIFIRM - Associazione Italiana Financial Industry Risk Managers
* ASSIOM FOREX - Associazione Operatori dei Mercati Finanziari
 |
| Activity | Banking sector |
| Are you representing an association? |[x]
| Country/Region | Italy |

### Sezione introduttiva

The following answers have been prepared by a dedicated Working Group within the Joint Commission AIFIRM-ASSIOM FOREX (“JC” from now onward). The Working Group was composed of Italian professionals of banks, trading venues and consulting firms, members of AIFIRM and ASSIOM FOREX Association. For further information about the JC, please visit the following page: <https://www.aifirm.it/commissione-congiunta-aifirm-assiom-forex-trading/>.

The Italian Financial Risk Management Association - AIFIRM aggregates and represents over 600 professionals operating in Risk Management for Italian Financial Institutions. For further information about the Association, please visit the following page: <https://www.aifirm.it/>.

The Italian Association of Financial Market Operators - ASSIOM FOREX aggregates and represents over 1,200 professionals operating on Financial Markets for over 220 Financial Institution. For further information about the Association, please visit the following page: <https://www.assiomforex.it/en/assiom>.

Moreover, JC published in February 2020 a Position Paper on validation report on algorithmic trading system and trading algorithms (“JC Position Paper” from now onward), that provides shared best practice supporting investment firms in the compliance with MiFID II framework and the self-assessment process. The document is available at the following link: <https://www.aifirm.it/wp-content/uploads/2021/02/2020-Position-Paper-19-Algotrading.pdf>.

# Definizioni e perimetro di applicazione

## Negoziazione algoritmica e HFT

### Framework normativo

#### Q.1 What is your overall assessment of the MiFID II framework for algorithmic trading, HFT and DEA?

JC has expressed an overall positive evaluation on MiFID II framework for algorithmic trading, HFT and DEA; the Covid-19 emergency period from March to April 2020 is considered by JC like a real stress test in production environment on algorithms, strategies and systems both on investment firms and trading venues’ side, and could also be considered as a proof of this achievement.

Indeed, JC agrees that the overall algorithmic trading framework is working properly, as systems, algorithms and strategies have been able to guarantee sufficient liquidity to trading venues during high volatility situations and no particular malfunctions have been identified, neither on procedures and controls.

In conclusion, the opinion of JC is that the algorithmic trading activities, thanks to the introduction of MiFID II framework, have impacted positively on the functioning of financial markets both in ordinary and stressed market conditions; for instance, during Covid-19 crisis, the algorithmic trading has helped financial markets to work actively, especially allowing market markers to post quotes continuously.

#### Q.2 In your views, are there risks other than the one mentioned in MiFID II or impacts on market structure developments due to market electronification / algorithmic trading that would deserve further regulatory attention? Please elaborate

No. JC hasn’t identified any additional risks or impacts on market structure developments other than those highlighted in the ESMA’s Consultation Paper, which was properly mitigated by MiFID II algorithmic trading framework.

As further considered in the following answers to this Consultation Paper, JC suggests that would be useful to amend particular provisions about MiFID II key definitions and specific topics.

### Negoziazione algoritmica

#### Q.3 Do you consider that the potential risks attached to algorithmic trading should also be given consideration in other trading areas? Please elaborate.

No. As properly explained by ESMA both in Q&A on Market Structures Issues and in the present Consultation Paper, the potential risks attached to algorithmic trading should impact only on the overall fair and orderly functioning among multilateral trading system or more precisely, among a system that allows the meeting of multiple interests of purchase and sale of third parties in a way that results in a contract; these systems are characterized by a plurality of counterparties admitted to negotiating with each other.

Indeed, in other trading areas, such as OTC bilateral trading, an investment firm enters into every trade on its own account, even as a riskless counterparty interposed between the buyer and seller. In bilateral trading activities, each firm can only interface with one counterparty per trade and information about transactions could not easily have an impact both on the prices of the instruments traded on the trading venues and on the algorithms by means of the investment firms could trade on them.

As a consequence, even if an investment firm uses an algorithm to provide quotes to a client bilaterally, this could create risks for this investment firm itself and cannot alter the orderly functioning of the market or contribute to disorderly trading conditions, that is the main goal of the algorithmic trading framework.

#### Q.4 Do you agree with this analysis? If not, please explain why.

Yes, JC agrees with ESMA’s analysis and therefore with the application of MiFID II algorithmic trading framework also to DEA clients using algorithmic trading (and HFT) technique as defined in MiFID II.

#### Q.9 Do you agree with ESMA’s proposal? If so, do you consider that the requirements considered above relevant? Should there be additional ones? If you disagree with ESMA’s proposal, please explain why.

JC has considered that the new Systematic Internaliser regime introduced with MiFID II framework has completely changed the operating model of investment firms trading on their own account; for this reason, the first evaluation concerns the trading system’s features and the potential impacts of the algorithms used by investment firms operating as Systematic Internaliser.

For instance, the Italian banks operating as Systematic Internaliser offer mainly liquidity to clients with an RFQ microstructure (or in few cases with a quote-driven trading system); based on Italian experience, JC believes that quotes provided on a Systematic Internaliser with these trading systems cannot alter the orderly functioning of the market or contribute to disorderly trading conditions, but could create risk for the investment firm itself (as already mentioned in the answer for question 3).

As also explained in Section 5.6 of the present Consultation Paper, ESMA has noted that the investment firms use solely the main market for their data reference point and therefore the case where a Systematic Internaliser could be a source of confusion, disruption and potential chain reaction in the markets should be considered marginal.

Moreover, many Italian investment firms have already incurred in significant costs in order to adapt their systems to the MiFID II Systematic Internaliser regime; the algorithmic trading framework extension, originally not designed for OTC trading, would represent an additional cost, which could lead to fewer number of Systematic Internalisers and consequently to a decrease in overall liquidity.

For these reasons, even if there is an underlying automated price quotation mechanism, JC is not of the opinion to extend the requirements for algorithmic trading (RTS 6) to a Systematic Internaliser.

Instead, where the algorithmic trading framework is considered applicable to Systematic Internalisers, JC believes that it would be useful to clarify the applicability of the following requirements:

* HFT definition and consequent obligations (i.e. record keeping and notifications);
* stress testing, conformance and behavioral testing;
* automated surveillance system to detect market manipulation;
* pre-trade controls on order entry.

Indeed, the operating model of Systematic Internalisers, qualified from MiFID II as an execution venue, is not properly similar to algorithmic traders that operate in a trading venue and the use of algorithms could be heterogeneous among different investment firms. Moreover, JC does not consider that it would be proportionate to extend the requirements set in RTS 7 to Systematic Internalisers.

#### Q.15 What is your view on clarifying the definition of algorithmic trading? If you deem it beneficial to refine the definition and account for further types of algorithms or algorithmic trading strategies, please provide your suggestion as well as underlying rationale.

JC agrees that it would be useful to explicitly exclude certain types of algorithms from the scope of the MiFID II algorithmic trading regulatory framework, better than clarifying the definition. For this purpose, according to the JC Position Paper, particular types of algorithms, strategies and trading systems have been analyzed in order to evaluate the inclusion in the scope of algorithmic trading as defined in MiFID II. In particular, the most significant cases are the following:

* Request For Quote (RFQ) trading system:
	+ automatic quoting systems providing executable quotes in financial instruments on trading venues (e.g. MTFs) operating under a Request For Quote (RFQ) trading system are considered in scope;
	+ automatic quoting systems providing indicative quotes that require manual intervention by traders to confirm and execute the transaction is considered in most cases out of scope, whereas there would not be “limited human intervention”;
* Trading platform provided by a trading venue: algorithmic functionalities available in the front end of trading venue’s trading platforms are not considered in scope, as investment firms have only partial (and sometimes marginal) control of such functionalities and can only insert few parameters, in a similar way to what is done for individual orders;
* Automated Order Routers (AORs) vs Smart Order Routers (SORs): best execution engines with “sweeping” functionalities have been considered differently among JC participants and a clarification would be useful; JC has identified two types of “sweeping” engine:
	+ the system manages the unexecuted part of the order re-transmitting the orders to other trading venues up to the total execution. This type of router is considered out of scope since it manages sequentially only the part of the order that couldn’t be totally executed in the previous trading venue;
	+ the system manages the order on multiple trading venues based on the distribution of prices published on every single venue and slices them into child orders before the transmission. This case is mainly considered by JC participants as AORs, according to Q&A on Market Infrastructures issue (Question 3, Section 3 on Direct Electronic Access (DEA) and algorithmic trading).

In the Position Paper, JC also suggests performing the recognition of algorithmic trading perimeter at the beginning of the investment firms’ annual self-assessment process.

#### Q.16 Do you think there should be specific requirements for different type of algorithms or algorithmic trading strategies in RTS 6? Please explain.

No. JC has considered it more effective to have general requirements for the algorithmic trading framework overall, considering that current provisions of RTS 6 have worked well (as described in Q.1) and specific requirements would add complexity for investment firms.

For this purpose, the JC Position Paper suggests analyzing algorithms and algorithmic trading strategies in order to assess case by case the requirements that could not be applicable and to describe in the validation report for the Competent Authority the relative evaluation.

### High Frequency Trading (HFT)

#### Q.5 Did you encounter any specific issue with the definition of HFT? Do you consider that the definition should be amended? Do you have any suggestion to replace the high message intraday rates with other criteria or amend the thresholds currently set in Level 2? Please elaborate and provide data supporting your response where available.

JC would not suggest amending the logic behind the criteria introduced by MiFID II to verify the applicability of HFT definition to firm’s algorithmic trading activity and in particular the static thresholds set for the calculation of the high message intraday in article 19 of CDR 2017/565, but proposes some clarifications on the following topics:

* obligation to perform the calculation of the high message intraday rates: considering the criteria defined by article 4(1)(40) of MiFID II, JC would suggest specifying if the calculation of the high message intraday rates could not be performed where the other two conditions do not apply to the investment firm’s systems, considering that all the three conditions have to be identified to determine the use of HFT techniques. For this purpose, it could also be useful to specify which messages have to be considered in the calculation and what trading activities have to be considered in the HFT definition where the firm operates with 2 or more trading platforms and not all of them meet the qualitative criteria;
* period to consider for the calculation of the high message intraday rates: according to article 19(5) of CDR 2017/565 investment firms should take into account all messages submitted during the preceding 12 months for the calculation of the high message intraday rates. However, given the amount of data to be extracted from the systems and to be processed, especially for the number of unexecuted quotes related to market making activity, JC would suggest requiring to consider a shorter period (i.e. last quarter, last six months) or a sample analysis on a limited number of trading days selected randomly and non-consecutive;
* obligations for algorithmic traders applying HFT techniques: according to article 19(5) of CDR 2017/565, investment firms should perform the calculation of the high message intraday rates on a monthly basis. However, where an algorithmic trader has already qualified itself as HFT on selected trading venues or financial instruments, JC is of the opinion that the calculation of the high message intraday rates on that perimeter could be carried out with a lower frequency (e.g. yearly) and/or when the investment firm significantly changes its trading systems. This proposal takes into account the following considerations:
	+ an HFT should have already required authorization as MiFID II investment firm (if is not already authorized before the HFT declaration to the Competent Authority);
	+ an HFT should have already adopted the record keeping format established in Annex 2 of RTS 6 to record the messaging activity related to activity using HFT technique and timestamped the HFT’s activity within 1 microsecond (or better). JC points out that most Italian banks, that performs algorithmic trading or HFT techniques, use Annex 2 of RTS 6 to record also their non-HFT trading activity;
	+ infrastructures, systems, level of automation and the high message intraday rates don’t change so fast.

Finally, regarding qualitative criteria to verify if the firm’s infrastructure intended to minimize network and other types of latencies, JC would require more clarification about proximity hosting. Indeed, if the definition of co-location is clear and exactly regulated by MiFID II, it could be useful to specify criteria and/or specific situations to recognize the presence of proximity hosting, for instance infrastructures located in another city compared to the trading venues’ infrastructures (or with a distance greater than a specific value) or connected to the trading venues’ systems with dedicated networks.

Further details are provided in the JC Position Paper.

## DEA

### Direct Electronic Access

#### Q.6 Based on your experience, is sub-delegation of DMA access a frequent practice? In which circumstances? Which benefits does it provide to the DEA user and to the sub-delegates? Are you aware of sub delegation arrangements in the context of Sponsored access? If so, please elaborate.

Providing DEA service is not a recurring practice for Italian investment firms, as also confirmed both by the experiences of JC’s participants and by the ESMA’s analysis, which also shows that only 3 Italian investment firms have sent the notification to Consob.

Regarding Italian trading venue, the ESMA’s analysis shows that 21 investment firms are providing DEA service to their clients by Direct Market Access or Sponsored Access, where both the types of clients could, in turn, have sub-delegated the service to their own clients.

#### Q.7 (for DEA Tier 1clients) Do you sub-delegate direct electronic access? If so, are your Tier 2 clients typically regulated entities/investment firms? Are they EU-based or third country based?

No. As told in Q.6, none of the Italian investment firms participating in the works of JC provides DEA service to their clients.

#### Q.8 Do you agree with this analysis? If not, please explain why. Do you consider that further clarification is needed in this area? If so, what would you suggest?

Yes. JC agrees with ESMA’s analysis and the exclusion of On-line Brokerage from the definition of DEA.

Moreover, according to ESMA’s goal of harmonization of DEA application among EU, JC suggests further specification on other types of interconnection services that not fall in the scope of DEA service, as defined in MiFID II framework.

For this purpose, it should be clarified when a person can “exercise discretion regarding the exact fraction of second of order entry and the lifetime of the order within that time frame”. More in details, JC suggests using one or more qualitative and/or quantitative requirements to determine if a subject would fall under the definition of DEA provider; in doing so, similar to HFT discipline, it would become more practical as intermediaries would have to evaluate factual elements easier to consider rather the ability of a client to “exercise discretion regarding the exact fraction of second of order entry”.

Here below a list of possible requirements for:

* qualitative criteria:
	+ a client benefits from a dedicated network/link for its trading activities, namely its orders run on a specific data connection line where no other orders can go through;
	+ clients benefit from a dedicated network/link for their trading activities, namely their orders run on a specific data connection line where no orders of clients that in lieu of DEA requested the basic interconnection service can go through. In doing so, two clusters would be created: 1) DEA service clients, and 2) other services clients;
	+ clients benefit from a dedicated network/link for their trading activities, namely their orders run on a dedicated network/link where no orders for the purpose of proprietary trading of the DEA provider can go through;
	+ client is an investment firm or a credit institution, rather than another kind of firm or a natural person;
	+ the investment firm providing the service performs some specific activities or controls (in addition to the ones imposed by art. 15.1 of EU Regulation 2017/589) that prevent the client to exercise discretion regarding the exact faction of the second, and/or the trading venue knows the final client;
* quantitative criteria, introducing a threshold that could be defined in absolute terms by the Regulator or in relative terms by the investment firms compared to other activities (e.g. trade of own account and/or order execution), relative to the time elapsed time elapsed between an order from a client is received by potential DEA provider and the transmission of such order to the trading venue.

#### Q.10 Do you agree with ESMA’s proposals above? Please elaborate.

Yes. JC is of the opinion that European and Third Country must comply with the same rules, mostly in consideration of the fact that:

* the algorithmic trading framework has the main goal to alter the orderly functioning of the market or contribute to disorderly trading conditions and in this sense there is any difference that can justify a disparity;
* the existence of an additional level playing field can put European (investment and non-investment) firms at a completive disadvantage with Third Country firms, in particular at the end of Brexit transition period;
* the harmonization of the authorization practice is important within the EU, also concerning the authorization regime for Third Country firms.

In detail, JC agrees that all firms member or participant of trading venue, applying HFT techniques or providing access to European trading venue need to be authorized as an investment firm, regardless of whether it is established in EU or a Third Country.

JC also agrees on the exemption to be authorized as investment firms for all DEA clients, except where they qualify as HFT firms or allow access to their clients by the DEA sub-delegation. This provision must apply both to European and Third Country firms.

Regarding the sub-delegation, Tier 2 clients must be considered as DEA clients, but according to above it should not be authorized as investment firms; instead, DEA clients that intend to sub-delegate should not only be authorized but also comply with the same requirements of their DEA providers.

Finally, considering that DEA is a service provided by investment firms and so the clients could vary during the year, JC suggests establishing not a periodic but an on-demand communication to NCAs by investment firms, that should keep a repository with the information about their clients. Moreover, information about the number and types of DEA clients could be provided within the annual validation report.

# Notifiche al Regolatore e Processo di autovalutazione

## Notifiche e relazione di convalida

### Notifiche e scambio di informazioni con il Regolatore

#### Q.12 Do you see merit in ESMA developing a template for notifications to NCAs under Articles 17(2) and 17(5) of MiFID II?

Yes. It would certainly be beneficial the definition of a standardized template that investment firms could use to accomplish the NCA notification. This is going to enhance the consistency and comparability across the whole sector, making the notification process simpler and more efficient for both the investment firm and the NCA.

For this purpose, the right trade-off between the effort required to fill the template with a significant amount of information and the benefits in terms of standardization and frequent update could be achieved by only including the following contents:

* Date of the notification;
* LEI code;
* Company name and address;
* Key contact person within the investment firm, specifying if that person should be at the level of the specific notified activities or more in general of algorithmic trading activities, and in the second case if it could not fulfill in case it is not changed since the previous declarations;
* First declaration or update;
* Date of launch of the activity;
* Identification of the trading venue(s);
* Classes of financial instruments, clarifying if it should be used the clustering of asset class defined in the RTS 1 and 2 or in Paragraph 3.2.1.2 of the present Consultation Paper (i.e. shares, bonds and derivatives);
* Investment services, specifying if the activities are carried out in relation to investment firm’s trading on own account, execution of client orders, or providing DEA service.

Therefore, the following contents should not require notification:

* Types of algorithmic strategies;
* Number of trading algorithms used;
* Short description of trading algorithms;
* Interdependency between trading algorithms.

#### Q13 Do you agree that it would be useful to clarify that notifications should be done ‘without undue delay’?

Yes. JC agrees with ESMA’s proposal but is also of the opinion that, concerning the sake of harmonizing the notification process across investment firms in the different EU Member States, it would be preferable to specify the notification submission deadline, reducing the discretion margin inherent in the current definition.

#### Q14 Do you agree with ESMA’s approach for the exchange of information between NCAs? If not, please justify your position.

Yes. In global and integrated financial markets, the prompt exchanges of information between the different NCAs are crucial for proper monitoring of the investment firms and the prevention of market disorders.

For this purpose, JC suggests amending article 17 of MiFID II in order to ask investment firms to send their notifications only to their NCAs, which could therefore make the information available to the others; indeed, according to ESMA’s analysis, the exchange of information between NCAs has been effective and therefore, once the format of the notifications will be harmonized at EU level, this sending only to investment firms’ NCAs (and not also to the NCAs of the trading venue where they operate with algorithms) could produce a simplification and efficiency improvement in the notification process.

### Processo di autovalutazione e convalida

#### Q.20 Would you agree that it could be beneficial if ESMA develops a prescribed format for the self-assessment foreseen in Article 9 of RTS 6?

Yes. It would be beneficial for both investment firms and NCAs to develop an EU standard format for the self-assessment implementation.

Also according to the purpose of conducting a due diligence assessment, JC has already developed and shared a template that could serve as a sector best practice for the Italian investment firms that have to carry out the self-assessment process and draw up the validation report. Many Italian players have adopted this standard template adapting it to their specific algorithmic trading activities.

The index of such a standard template is defined as below:

| **Sections** | **Contents** | **References** |
| --- | --- | --- |
| **1** | **Introduction** |
| 1.1 | Reference Regulation | Overview of European and National regulatory framework |  |
| 1.2 | Definitions | List of the main definitions contained in the validation report | CRD 2017/565, art. 18-20 |
| 1.3 | Roles and responsibilities | Key roles and responsibilities of investment firms’ Bodies and Functions involved in algorithmic trading activities | CRD 2017/565, art. 1 |
| 1.4 | Objective and contents of the document | Short description of validation report purpose and summary of the following Sections | CRD 2017/565, art. 9 |
| **2** | **Key evidence of annual self-assessment** |
| 2.1 | Status of the last remediation plan | Description of the status of the remedy actions terminated last year |  |
| 2.2 | Update on algorithmic trading activities | Description of the main updates on algorithmic trading activities during the current year |  |
| **3** | **Algorithmic Trading in scope** |
| 3.1 | Nature of business | Detailed descriptions of algorithmic trading activities, according to the relevant MiFID II definitions (i.e. trading on own accounting, market making, brokerage, DEA services) and criteria (i.e. nature, scale and complexity), and the statistics provided by ESMA in Paragraph 3.2.1.2 of the present Consultation Paper | MiFID II, art. 17CRD 2017/565, art. 18-20RTS 6, Annex I |
| 3.2 | Scale of business |
| 3.3 | Complexity of business |
| **4** | **Algorithmic Trading Framework** |
| 4.1 | General organizational requirements  | Description of the framework adopted by the investment firm to govern, manage and control the algorithmic trading activities (included role of the Compliance Function and staffing) | RTS 6, art. 1-3 |
| 4.2 | Testing and deployment of trading systems and strategies | Description of the process and the methodologies adopted by the investment firms to test and deploy trading algorithms, systems and strategies | RTS 6, art. 4-8 |
| 4.3 | Means to ensure resilience | Description of the organizational and automated measures adopted by the investment firms to ensure resilience (e.g. kill functionality, automated surveillance system to detect market manipulation, business continuity arrangements, pre and post trade controls, real-time monitoring, security and limit to access) | RTS 6, art. 12-18 |
| 4.4 | DEA Provider | Description of the measures adopted by the investment firms to govern, manage and control the service | RTS 6, art. 19-23 |
| 4.5 | Direct participation to CCP | Description of the measures adopted by the investment firms to govern, manage and control the service | RTS 6, art. 24-27 |
| 4.6 | Trading system and algorithms inventory | Description of the investment firm’s repository for the information about trading algorithms, systems and strategies | MIFID II , art. 17(2) |
| 4.7 | Record keeping | Description of the investment firm’s repository for the recording of quotes, orders and transactions originated by algorithmic trading activities, consistent with the potential qualification of investment firm as HFT | MIFID II , art. 17(2)RTS 6, art. 28RTS 8, art. 2(1)g |
| **5** | **Resilience monitoring and control systems** |
| 5.1 | Daily business | Analysis of the proper functioning of trading algorithms, system and control measures during the last year, verifying if any critical issues, malfunctions, or anomalies have arisen and identifying the relevant remedy actions carried out by the investment firm |  |
| 5.2 | Stress testing | Description of both tests and the environment adopted by the investment firm in compliance with the RTS scenario and results and related actions identified | RTS 6, art. 10 |
| **6** | **Final considerations** |
| 6.1 | Self-assessment outcome | Synthesis of the result of the annual due diligence assessment | RTS 6, art. 9 |
| 6.2 | Remediation plan | Definition and planning of the remedy actions for the following year | RTS 6, art. 9 |

The detailed contents of each Section of the template are available in the JC Position Paper.

#### Q.21 Do you agree with the changes proposed to the self-assessment of Article 9 of RTS 6?

Yes. Following the previous answer, JC agrees with ESMA’s consideration about the key goal of the self-assessment process, which should be a due diligence assessment and not only a statement of compliance.

Related to the submission of validation reports by investment firms to their NCAs, it is already required by national regulation, according to article 49(2)a of Regolamento Mercati; JC agrees that it is important to increase the quality not only of such assessment but also of the dialogue between investment firms and NCAs.

Moreover, JC would deem it appropriate to keep the frequency of the self-assessment exercise on yearly basis, rather than extending it to 2 years, in order to make the timeline of this submission consistent with the stress test one. Always intending to harmonizing the practices among EU, the opinion of JC is to specify both reference period and submission due date; for this purpose JC suggests as reference period the solar year (i.e. from January 1st to December 31st) and as submission due date the 30th of April of the following year, giving to the investment firm a whole quarter to perform a proper due diligence assessment rather than a simple statement of compliance.

Finally, JC agrees with the request for additional information related to the testing environment used to test the compliance with the criteria set in article 5 of RTS 6 and for which algorithms it is held, since this would provide additional transparency on the proper testing verification, also in terms of full usage of the testing environment.

#### Q.22 Would you propose any other targeted legislative amendments to RTS 6? Please include a detailed explanation of the proposed amendment and of the underlying issue that this amendment would aim to tackle.

No further proposals for amendments are submitted by JC with respect to those indicated in the previous answers for the self-assessment process.

Related to the stress test, article 10 of RTS provides some requirements for the investment firms carrying out the stress test of their algorithmic trading systems and procedures and controls. For this purpose, it could be useful for ESMA to provide guidelines and/or further clarification regarding specific topics, such as those indicated below:

* characteristics of the environments to be used to carry out the tests, specifying if such environments should be able to replicate both the operating rules of the trading venues where the investment firms operate and virtual interactions with other traders;
* granularity of tests, specifying at which of the following level the test should be carried out: trading activity type, trading venue, financial instrument, platform, algorithm, and/or strategy;
* metrics to be considered for the doubling of trade volumes specifying if it should be used the value or the quantity;
* the time elapsed for identifying the peak, specifying whether it should be identified with the day or the period that overall has the highest number of messages and trade volume in the previous 6 months;
* the time elapsed for carrying out the tests, specifying whether it should be the same as that considered for identifying the peak or, if lower, the number of messages and the trade volumes should be a fraction of double the peak;
* the methodologies to be used to generate the stress conditions for algorithms where the number of messages and the trade volumes mostly depend on the evolution of the market conditions (e.g. market making strategies);
* the KPIs to be considered to test the controls referred to in Articles 12 to 18 of RTS 6.

## Test

### Test per le imprese di investimento

#### Q.17 What is your experience with testing environments? Are they used frequently? If not, why? Do you see a need for any improvements?

Many intermediaries are used to relying on UAT (User Acceptance Testing) environments to test new algorithms or changes to existing algorithms; in many cases environments are supplied by the software providers of the algorithmic platforms.

The issue with this approach is the limitation of those test environments since often they are not able to replicate all the information available in production environments, but only a limited set of data is made available due to the huge effort that would be required to maintain a parallel environment containing as much information as the production environments.

Additionally, in order to improve the quality of the testing taking into account also part of the possible interdependency between the different trading algorithms, it would be suitable to organize open testing sessions on the trading venues, with as many investment firms as possible.

#### Q.18 Do you agree that the definition of “disorderly trading conditions” should be clarified? If yes, how would you define such trading conditions?

Yes. JC agrees that the definition of “disorderly trading conditions” should be clarified by both extending its high-level formulation, leveraging different definitions provided by other financial market participants, as well as providing specific instances to help concretely identify such conditions.

For instance, NASDAQ defines a disorderly market as “a characterization of market conditions whereby there is excessive volatility at a time when there is no news. The volatility is often caused by order imbalances. In some markets, shorts trying to cover can cause disorderly conditions. If disorderly conditions arise, sometimes trading is halted”.

#### Q.19 Do you agree that ESMA should provide additional guidance on the expectations concerning the checks and testing to be done, in particular for testing on disorderly trading conditions?

Yes. Consistent with the previous answer, an accurate definition of specific scenarios to be tested would be beneficial for the whole sector, since this is going to enhance the consistency and comparability of the results obtained by the different investment firms.

The scenarios could be based on both technical issues (e.g. connectivity issues, latency issues due to increased processing times to put in place the orders, etc.) and historical flash crash scenarios (e.g. Covid-19 Crisis, Dow Jones Flash Crash 2018, etc.).

### Test per le sedi di negoziazione

#### Q.25 Do you agree with ESMA’s analysis about the overlapping requirements between RTS 6 and 7? Are those overlaps considered beneficial, should they be removed or are there any gaps? Are there any further points that should be clarified?

JC is of the opinion that the issue does not lie much on the overlapping between the provisions for investment firms and trading venues, rather than the need of further clarification on:

* some specific points on the behavioral test, as defined in the answer to Q.18 and Q.19;
* the obligations and the relevant activities required for both investment firms and trading venues regarding all types of tests (i.e. behavioral test, conformance test, and stress test), so that the requirements of RTS 6 and RTS 7 would be fully complementary to each other.

#### Q.26 What is your view with regards to the testing of algorithms requirements? Do you agree that more robust testing scenarios should be set?

JC would deem it appropriate a better specification of the testing of algorithm requirements, that would possibly contemplate well-defined testing scenarios, similar to what has been aforementioned in the answer to Q.19, and consider potential synergy between behavioral tests required to investment firms and trading venues.

#### Q.27 Are the testing environments available for the testing of algorithms appropriate for this purpose?

The testing environments currently available are appropriate for testing the basic functioning logic of the algorithms, for instance for the purposes of conformance tests and essentially for behavioral tests; further considerations could be done once regulatory scenarios will be defined for testing disorderly treading conditions.

However, similarly to what has been pointed out in the answer to Q.17, the effectiveness of the testing environment would be improved for instance regarding stress test, since it is not easy for investment firms to:

* replicate the operating logics of the trading venues on which they operate, if these tests are not carried out directly on the trading venues’ systems;
* simulate the presence of traders that operate and exacerbate possible interdependency between different trading algorithms, for instance if these tests are not carried out with the simultaneous participation of many investment firms to a testing session on the trading venues;
* create the stress conditions defined by article 10 of RTS 6 for algorithms used in Market Making strategies, where the number of message and volume of transactions mostly depend on the evolution of the market conditions;
* test the algorithms that simultaneously operate on different trading venues.

# Regole per il corretto funzionamento dei mercati

## Market Making

### Accordi e sistemi di market making

#### Q.42 Do you agree with ESMA findings and assessment of the current MiFID II market making regime?

Yes. JC agrees with ESMA’s analysis. Further information is provided within the answers to the following questions.

#### Q.43 What do you think of ESMA proposals and suggested amendments to RTS 8? In your view, what other aspects of the market making regime require to be amended and how?

JC agrees with ESMA’s proposal to limit the application of the scope of articles 1 and 7 of RTS 6 to continuous order trading book trading system; according to ESMA’s analysis, this proposal seems to be consistent with the de facto situation and it would facilitate the application of the framework. For this purpose, JC also suggests moving from Annex I of RTS 2 to the Annexes of MiFID II Level 1 the list of trading systems, so it could be easily considered even for other topics (e.g. market making agreements and schemes, as ruled by RTS 8).

Regarding market making schemes, the experience of stressed market conditions caused by Covid-19 emergency has shown that the incentives could not be enough to pay-off the potential risk faced by market makers. For this reason, JC does not consider useful requiring the establishment of monetary incentives for illiquid instruments; in fact it had been more efficient during Covid-19 crisis in March 2020 to authorize market makers to double the spreads and halve the quantity quoted.

For a similar reason, JC also believes that it is not necessary to broaden the obligation of having market making schemes to all instruments and types of trading systems.

#### Q.44 What are market participants views regarding the flexibility left in the MiFID II market making regime? Would you agree with ESMA further clarifying certain relevant concepts? If yes, which ones?

The JC’s opinion is that a certain degree of discretion in the definition of the content of the market making agreements is suitable considering the peculiarity of different trading venues, whereas the harmonization of Market Making regime is fundamental with reference to:

1. MiFID II application among different EU Countries;
2. Market Making definition among different EU Regulations.

In relation to point a), it would be useful to provide further clarifications about the actions that investment firms and trading venues should perform to verify the applicability of market making definition to their trading activities on trading venues.

Moreover, due to the specific function of market makers for markets efficiency, also could be established an official register for market makers (with an indication where the investment firms operate with algorithms), as the only ones authorized to send quotes (not orders) and to operate through and only a written agreement. With an official register, it also would be possible to evaluate the exemption of market making activities from the HFT calculation and definition, in order to easily recognize the investment firms that are HFT due to their role of market maker from those that pursue other types of strategies.

For instance, market making activities on derivatives is mainly related to change in market parameters (e.g. underlying price and other market parameters) and those changes lead to a new series of quotes from the investment firms; this often involves the trigger of HFT criteria and at the end the impossibility to distinguish activities that increase liquidity from those that reduce liquidity in the trading venues. Consistently with the provisions of MiFID II other significant definitions (e.g. algorithmic trading, HFT, and DEA), it could be also introduced a specific notification to NCAs on the role of Market Making on the trading venues.

Regarding point b), JC suggests harmonizing the definitions of market making according to article 17(3) of MiFID II and article 2(1)k of Regulation (EU) 236/2012 on short selling and certain aspects of credit default swaps.

JC also agrees with ESMA’s proposal to provide further clarification about both the contents of market making agreements and the definition of “stressed market conditions”.

Finally, for the purpose of ESMA’s clarification on market maker definition and related obligations, JC would highlight that different types of market making agreements could coexist where investment firms comply with conditions under articles 1 and 2 of RTS 8 on a voluntary basis and all the relevant obligations are satisfied. Moreover, it can also occur that trading venues have introduced other types of liquidity providers (with relevant agreements and obligations) that could be below the thresholds of articles 1 and 2 and for this reason not subject to RTS 8. These clarifications are in order to avoid potential duplication of the obligations.

#### Q.45 Could you please describe how Primary Dealers agreements are designed (number of designated Primary Dealers, transparency about investment firms having signed such agreements, typical obligations contained, etc…). Do you consider that Primary Dealers should be exempted from the Article 1 of RTS 8? Do you consider that this can introduce a regulatory loophole?

JC agrees with the aim of ESMA to analyze specific liquidity obligations among EU, in order to evaluate if they could conflict or overlap with market making provisions and so how to manage at a regulatory level those activities.

Regarding Primary Dealers, it is important to highlight that the relationship (in term of agreement of formal recognition) is first with the sovereign issuers; moreover, the Regulation 236/2012 on short selling and certain aspects of credit default swaps provides different definitions for “authorized primary dealer” and “market making activities”, in accordance with articles 1(1)k e 1(1)n. For this purpose, it could be useful to introduce also in MiFID II framework the definition of Primary Dealer, according to the definition provided by Regulation 236/2012.

Further information about Primary Dealers across EU Countries are available in AFME’s European Primary Dealers Handbook.

In any case, based on the experience of the JC, the Primary Dealer obligations in the Italian market should not conflict with market making regime, even if MiFID II market making regime could represent duplication and harmonization at the EU level could always be useful.

## Trading venue

### Self-assessment

#### Q.23 Do you agree with ESMA’s proposal to harmonize and create a clear structure for the performance of the self-assessment?

JC agrees with ESMA’s proposal to harmonize and create a clear structure for the performance of the self-assessment, in order to have further convergence on the due diligence assessment required from trading venues by article 2 of RTS 7.

By the way, JC believes further consultations about the content of such harmonized structure may be advisable, taking into account that in this regard one-size-fits-all approach would not be appropriate and in our opinion the exercise should be limited to identify high-level content and principles.

#### Q.24 Do you agree with limiting the self-assessment to every two years and to require trading venues to share it with their relevant NCA?

Yes. JC agrees with limiting the self-assessment to every two years and requiring trading venues to share it with their relevant NCA.

### Circuit Breakers

#### Q.28 Do you agree with ESMA’s analysis that the circuit breaker mechanism achieved its objective to avoid significant disruptions to the orderliness of trading?

Yes. JC agrees with ESMA’s analysis and believes that the circuit breaker mechanism achieved its objective.

#### Q.29 Do you agree that the requirements under Article 48(5) of MiFID II complemented by RTS 7 and the guidelines on the calibration of circuit breakers and publication of trading halts under MiFID II remain appropriate? If not, what regulatory changes do you deem necessary?

Yes. It is the opinion of JC that the current regulatory framework remains appropriate.

### Servizi di co-location e Fee Structure

#### Q.30 Do you agree that the co-location services and fees structures are fair and non-discriminatory? Please elaborate.

Yes. Based on JC participants’’ experiences, no issues have been arisen on co-location services and fee structures, especially regarding Italian trading venues. For this purpose, JC is the opinion that the current regulatory framework is appropriate and does not require amendments.

#### Q.31 Do you think that the disclosures under RTS 10 made by the trading venues are sufficient or should they be harmonized among the different entities? Please explain

Despite JC always agrees with every effort aimed at harmonizing regulatory provisions and in this case simplify the comparison between different trading venues among EU Countries, no issues have been currently arising on this topic by JC participants.

### Order to Trade Ratio

#### Q.32 Do you agree with ESMA’s proposal to set out the maximum OTR ratio, calibrated per asset class?

JC believes that OTR thresholds could be effectively determined only by trading venues taking into account, among others, the level of electronification and sophistication of the trading platform, the instruments traded, and the type of trading system operated.

Indeed, according to point 205, there are many parameters to consider in order to appropriately set up the OTR (other than the asset class) and a predefined calibration for asset class should not be able to consider all the relevant peculiarities of each trading venue, in terms for instance of market models, rules, client targets, trading platform characteristics, equilibrium pursued between the interests of multiple types of market participants.

Besides, JC does not see benefits in defining maximum thresholds.

#### Q.33 Do you agree that the maximum limits are not frequently exceeded? Please explain any potential underlying issues in this respect that should be recognized

The number of OTR limits breaches depends on several factors, including market volatility. The assessment of the impact of OTR limits breaches shall be performed by the trading venue on a case-by-case basis.

Moreover, JC suggests to also consider that maximum OTR thresholds are set up to properly manage the platform capacity and avoid moving close to its peak. Therefore, it is perfectly normal that they are rarely exceeded.

#### Q.34 Do you agree with the consequences as described of exceeding the maximum limits or should there be a more convergent approach? Please provide any comment or suggestion regarding the procedures in place by trading venues in case of a member exceeding the prescribed limit

JC believes that the current regulatory framework on this matter is appropriate. In any case, JC would suggest reconsidering the scope of the rules concerning the OTR regime, since the approach in the definition of the OTR limits should be calibrated on the basis of a clear regulatory target. Indeed, JC believes that standardized OTR limits would be inconsistent with the regulatory aim “to slow down the flow of orders if there is a risk of its system capacity being reached” since the capacity of each trading systems depends on its technical characteristics and the amount of investments of each trading venues in this area.

Moreover, the real risks for the capacity of trading systems derive from capacity reached in very short periods (bursts), while the OTR is measured on a daily basis. Second, the capacity of trading systems should be assessed against an absolute number of processed messages, independently by the number of transactions they generated. JC has also noted that in relation to other tools required by regulations to protect the capacity of trading systems (e.g. throttling mechanisms) ESMA is correctly not considering any necessity to define standardized limits across the industry.

Finally, JC is also doubtful that the OTR is the right tool “to ensure that algorithmic trading systems cannot create or contribute to disorderly trading conditions”, and that existing ex-ante controls in terms of testing of algorithms are much more efficient than OTR to pursue this regulatory goal.

### Monitoraggio applicazione regole previste dalle trading venue

#### Q.35 Do you agree with the need to improve the notification process in case of IT incidents and system outages? Beyond the notification process between NCAs and ESMA, which improvements could be done regarding communication of incidents to the public?

JC believes that the current regulatory framework on this matter is appropriate.

#### Q.36 Do you believe any initiative should be put forward to ensure there is more continuity on trading in case of an outage on the main market, e.g. by requiring algo traders to use more than one reference data point?

JC does not believe further initiatives on this matter should be put forward, as the current regulatory framework is considered appropriate.

### Tick di negoziazione

#### Q.37 Do you agree with the view that the tick size regime had overall a positive effect on market depth and transaction costs?

JC agrees with ESMA about the beneficial effect brought by the rule relating to the tick size regime overall, which in our opinion should not be changed on substance.

#### Q.38 Is there any further issue you would like to highlight regarding tick size regime?

JC would welcome a structural reorganization of the rule, providing that it is not changed on substance. JC also takes this opportunity to suggest an improvement in the time frame with which ESMA acknowledges the value of the tick attributed to the various asset classes.

#### Q.39 Do You agree with the proposal not to amend the tick size regime for third country shares? Please explain

To achieve a level playing field between European venues and their counterparties in a Third Country, JC would welcome an application of the minimum tick size for third-country shares and make the information more transparent.

Furthermore, JC suggests using the FITRS system to improve the procedure of communicating the tick size to all trading venues. In this way, the information can be disseminated more quickly and all market players will have the same information at the same time, reducing the risk of misalignment and different interpretations of the rule.

#### Q.40 Do you agree with the proposal to widen the scope of the tick size regime to all ETFs? Would this pose challenges in your view? Please explain

JC agrees with ESMA’s concern regarding the identification of ETFs that are subject to the tick size regime (European Equity ETFs) and that this might create a diverging application of the relevant provisions and create an unlevel playing field between EU trading venues trading the same instruments.

At the same time, JC does not recognize a great advantage of having a fixed tick table for all the ETFs and so would prefer to remove the prevision of a strict tick size regime for these instruments.

Furthermore, in case of extension of the scope of application of the tick size regime to all ETFs, JC would suggest using a different tick size table that presents higher granular prices especially above certain thresholds, and extending the tick size regime also to Systematic Internalisers, to reach a level playing field.

#### Q.41 Do you agree with the proposal not to widen the scope of the tick size regime to non-equity instruments? Please explain

Yes. JC agrees both with ESMA’s analysis and therefore with the proposal not to widen the scope of the tick size regime to non-equity instruments.

### Speedbumps

#### Q.46 Do you think that venues which introduced asymmetric speedbumps provide enough information regarding the mechanism used? If not, what additional information would be useful to disclose to market participants?

Please refer to Q.51.

#### Q.47 Reflecting on those mechanisms which allow liquidity providers to provide quotes that can be filled only against retail order flow, do you think that such mechanisms are beneficial in terms of market quality? Is there any specific aspect that you think should be further taken into account, also considering the type of instruments traded? Please specify the venue of reference and the type of arrangement discussed.

Please refer to Q.51.

#### Q.48 Do you think that venues which introduce asymmetric speedbumps should set tighter market making requirements? Please explain why and how tight those new requirements should be.

Please refer to Q.51.

#### Q.49 Do you agree on the conclusion that speedbumps might not be a well-suited arrangement for equity markets? If yes, do you think that such arrangements for equities should be prohibited in Level 1? Please explain.

Please refer to Q.51.

#### Q.50 Do you think that the introduction and functioning of speedbumps should be further regulated? If yes, which specific requirements would you like to be included in EU legislation?

Please refer to Q.51.

#### Q.51 Is there any specific issue you would like to highlight about speedbumps?

JC believes that the analysis provided by ESMA is correctly identifying the trade-offs connected with the introduction of asymmetric speedbumps.

Although the empirical evidence provided by ESMA in the Consultation Paper seems to be neutral to negative, the opinion of JC is that such practices haven’t been in use long enough to consider a strong regulatory intervention in this area, although JC agrees that, where such mechanisms are implemented, full transparency over their technical functioning should be provided to market participants.

Generally speaking, JC agrees with IOSCO’s Objectives and Principles of Securities Regulation, as market structures should not unduly favor some market users over others.

### Asimmetria tra flussi di dati privati e pubblici

#### Q.52 What are your views on the relative timing of private fill confirmations and public trade messages? If you are a trading venue, please provide in your answer an explanation of the model you have in place.

Private and public feeds are usually built as two separate processes, managed through distinct systems. They are set up in order to be fast as much as possible, but at the same time, they should keep the remaining two separate processes. Therefore, a risk of an extremely limited asymmetry may not be excluded, even if it is intangible and for this reason it could be considered as acceptable.

#### Q.53 Do you consider information on the sequencing of these two feeds at trading venues to be easily available? If you are a trading venue, please provide a link to where this information can be found publicly.

Trading venues have to comply with specific rules dedicated to these items. No information is required to be published. For this reason, it is difficult that a trading venue publishes information on the sequencing of these two feeds.

#### Q.54 Do you think there should be any legislative amendments or policy measures in respect of these feed dynamics?

No. Any intervention would require a deep reengineering of the majority of the trading platforms, while the added value for market participants could be extremely little and intangible.