March 12, 2021

**Consultation Paper MiFID II/MiFIR Review Report on Algorithmic Trading – Response regarding the relationship with the agenda on Sustainable Finance**

Thank you for the opportunity to respond to the consultation paper.

I would like to focus on the relationship between high-frequency trading (HFT) and the goal stated in the European Commission’s Action Plan on Financing Sustainable Growth (the Action Plan) on fostering long-termism in financial and economic activity. In the ESMA report ‘Undue Short-Term Pressure on Corporations’ (ESMA30-22–762, 18 December 2019), the discussion of the impact of HFT on sustainable finance and short-termism was deferred (see p. 100-101) under reference to the upcoming assessment of the impact of the MiFID II requirements regarding algorithmic trading, including HFT, to be conducted in accordance with Article 90(1)(c) of MiFID II. I take it that this referred to the assessment currently underway. However, it seems that sustainability related issues are not included in the Consultation Paper despite what was said in the ESMA report on undue short-termism just mentioned. I would therefore encourage ESMA to include a discussion of the relationship between HFT and its impact on market quality, and the goal of fostering long-termism in financial markets following from the Action Plan, under the wider agenda of the European Green Deal, in its final review report. I enclose the link to a paper published in Oslo Law Review focusing on that relationship, finding that the impact of HFT may be detrimental in that regard.

<https://www.idunn.no/oslo_law_review/2020/02/high-frequency_trading_as_an_impediment_to_long-term_and_su>

Kind regards,

Trude Myklebust