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| 30 September 2021 |

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| Response form for the Consultation Paper on Review of the MiFID II framework on best execution reports |
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| Date: 30 September 2021 |

**Responding to this paper**

ESMA invites responses to the questions set out throughout this Consultation Paper and summarised in Annex II. Responses are most helpful if they:

* respond to the question stated and indicate the specific question to which they relate;
* contain a clear rationale; and
* describe any alternatives ESMA should consider.

ESMA will consider all comments received by **Thursday 23th December 2021.**

All contributions should be submitted online at [www.esma.europa.eu](http://www.esma.europa.eu) under the heading ‘Your input - Consultations’.

**Instructions**

In order to facilitate analysis of responses to the Consultation Paper, respondents are requested to follow the steps below when preparing and submitting their response:

* Insert your responses to the consultation questions in this form.
* Please do not remove tags of the type <ESMA\_QUESTION\_BEEX\_1>. Your response to each question has to be framed by the two tags corresponding to the question.
* If you do not wish to respond to a given question, please do not delete it but simply leave the text “TYPE YOUR TEXT HERE” between the tags.
* When you have drafted your response, name your response form according to the following convention: ESMA\_BEEX\_nameofrespondent\_RESPONSEFORM. For example, for a respondent named ABCD, the response form would be entitled ESMA\_BEEX\_ABCD\_RESPONSEFORM.
* Upload the form containing your responses, in Word format, to ESMA’s website ([www.esma.europa.eu](http://www.esma.europa.eu) under the heading ‘Your input – Open consultations’ → ‘Consultation on Review of the MiFID II framework on best execution reports’).

**Publication of responses**

All contributions received will be published following the close of the consultation, unless you request otherwise. If you do not wish for your response to be publicly disclosed, please clearly indicate this by ticking the appropriate box on the website submission page. A standard confidentiality statement in an email message will not be treated as a request for non-disclosure. 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 not to disclose the response 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](http://www.esma.europa.eu) under the heading ‘[Data protection](https://www.esma.europa.eu/about-esma/data-protection)’.

**Who should read this paper?**

This document is of interest to execution venues, investment firms and their associations, investors, consumer associations, as well as any market participant engaged in the execution of orders under the MiFID II framework.

# General information about respondent

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| --- | --- |
| Name of the company / organisation | Bolsas y Mercados Españoles |
| Activity | Exchange or Trading System |
| Are you representing an association? |  |
| Country/Region | Spain |

# Introduction

Please make your introductory comments below, if any:

<ESMA\_COMMENT\_BEEX\_1>

Bolsas y Mercados Españoles (BME) is the operator of all stock Markets and financial systems in Spain. BME has been a listed company from 2006 to 2020 and is a SIX Group Company. One of the strengths of the Group resides in its diversification, apparent on the company structure that that aims to provide a full range of products and services to its clients.

BME is committed to contribute decisively to a transparent, safe and efficient functioning of the markets to support the economic growth of our companies, creating value for our shareholders.

BME welcomes the opportunity to comment on the Review of RTS 27 thus contributing to the overarching objectives of CMU, integrity, transparency and resilience for the financial markets.<ESMA\_COMMENT\_ BEEX\_1>

1. **: Do you agree with the proposed scope in terms of execution venues for the reporting under a possible new RTS 27?**

<ESMA\_QUESTION\_BEEX\_1>

BME agrees with the rationale that the RTS 27 reporting should aim at providing firms and the public with relevant data related to the execution quality achieved on venues and to help them determine the best way to executeclient orders.

BME also agrees that, if this change is adopted by RTS 27, the definition of “execution venues”, only for the purpose of the new RTS 27, should be modified to exclude “market makers”.

<ESMA\_QUESTION\_BEEX\_1>

1. **: Do you agree with the proposed level of granularity by types of financial instruments instead of individual financial instruments under a new potential reporting regime? In particular, do you agree with the two proposed categories concerning shares (i.e., shares considered to have a liquid market and shares not considered to have a liquid market)? If not, please state the reasons for your answer and clarify what alternative categorisations you would propose in order to have a meaningful level of granularity for a new reporting regime.**

<ESMA\_QUESTION\_BEEX\_2>

BME agrees that the current level of data, together with the heterogeneity in the data formats and accessibility of the files makes impossible a user-friendly comparison across different venues. Thus, BME also agrees that specific measures should be adopted to obtain a meaningful set of metrics.

However, BME does not agree with the proposed level of granularity by types of financial instruments instead of individual financial instruments and the additional category concerning the liquidity profile.

In the first place, the technical developments have already been established to calculate the data per financial instrument, therefore this new categorisation would involve further technical developments.

Secondly and most importantly, aggregating data metrics by type of financial instrument means losing relevant information about individual instruments and results in new metrics which would not be representative of the venue’s execution quality. Aggregating blue chips’ data with small market capitalization stocks, although all considered to have a liquid market, results in metrics which are not as relevant, neither in absolute terms nor in relative terms if trying to compare across venues.

Additionally, the range of instruments within a particular type of instrument and liquidity profile (for instance, shares considered to have a liquid market) which are listed on a specific execution venue may interact with the results of the metric, as this factor is not being accounted for.

BME suggests to maintain the level of granularity **by individual financial instrument**, although examining the quality metrics reported under RTS 27.

BME also suggests to aggregate **per time period**, for instance, with monthly instead of daily metrics to reduce the amount of data in the reports.

<ESMA\_QUESTION\_BEEX\_2>

1. **: Do you agree with the proposed metrics to report the execution quality obtained by execution venues?**

<ESMA\_QUESTION\_BEEX\_3>

BME agrees that it is a good idea to elaborate a set of specific indicators to disclose execution quality achieved by venues. BME also agrees that the current metrics should be examined, as some of them are not as relevant in order to sense execution quality.

As a general input to the proposed list of metrics, BME suggests to maintain the current level of granularity by **individual financial instrument**, whilst aggregating by time period on a **monthly basis** (instead of the current daily periodicity).

Furthermore, although the median approach may be useful in some cases to eliminate outlier values, referencing specific metrics to the median monetary transaction may entail several drawbacks. Firstly, its comprehensiveness may be questionable, as providing a median or average quality metric seems more intuitive than using the metric of a hypothetical median transaction. In addition, these figures may not be easy to technically calculate.

In these cases, BME suggests to use the **average** of the quality metric per instrument and month.

Based on the Consultation Paper’s proposed list of metrics and the existing RTS 27 reporting requirements, BME has gathered a list of suggested indicators, following the philosophy of simplification, comprehensiveness and usefulness of the data.

**1. Total nominal or monetary value of all transactions per *individual* financial instrument that were executed by the venue (previous quarter, *on a monthly basis*).** BME agrees that this is a relevant metric, which is already included in the current requirements (Table 6). However, it should be determined and explicitly specified to the public the trading categories included in the calculation (CLOB, Auctions, FBA, Dark Book, Off-Book…). This nuance is important as trading venues differ in their market models and thus it will affect comparison across them.

**2. Total number of trades per *individual* financial instrument that were executed by the venue (previous quarter, *on a monthly basis*).** BME suggests to include this metric within the main indicators, which is currently being disclosed under the existing requirements (Table 4).

**3. Median transaction value per *individual* financial instrument in the previous quarter of the year *(on a monthly basis)*.** BME agrees that this is a relevant metric, which is already included in the current requirements (Table 6). However, BME suggests to change the median transaction value by the average transaction value. In addition, the trading categories included in the calculation on the transaction value should also be specified.

**4. Total value of all costs (as % of total traded value during the reporting period volume)** **and Total value of all rebates, discounts, or other payments offered (as % of total traded value during the reporting period).** These are fields already calculated on a monthly basis in Table 5. BME suggests to maintain these fields per financial instrument instead of switching to a metric calculated for a median transaction.

**5. Average *monthly* bid-offer spread per individual financial instrument.** BME suggests this metric relative to spreads instead of a spread related to a median transaction, which is already being reported on a daily basis (Table 8).

**6. Average *monthly* volume at best bid and offer.** Although not included within the Consultation’s core metrics, BME suggests to include a book depth average indicator, which is already being reported on a daily basis (Table 8).

**7. Average *monthly* speed of execution for unmodified passive orders at best bid and offer (milliseconds).** BME suggests to use this metric to represent the speed of execution, which is already being disclosed on a daily basis (Table 8).

**8. Total number of market makers designated by the venue *individual* financial instrument.** BME agrees to include this metric, which is already included in the existing requirements (Table 6).

In any case, all indicators established under new RTS 27 must be very defined in order to be comparable.

<ESMA\_QUESTION\_BEEX\_3>

1. **: Have you observed good or bad practices of reporting by execution venues under the current RTS 27 that can be relevant for the elaboration of proposals to enhance access and user-friendliness of this information? Please provide specific examples if possible.**

<ESMA\_QUESTION\_BEEX\_4>

<ESMA\_QUESTION\_BEEX\_4>

1. **: Have you observed good or bad practices of reporting by investment firms under the current RTS 28 that can be relevant for the elaboration of proposals to enhance access and user-friendliness of this information? Please provide specific examples if possible.**

<ESMA\_QUESTION\_BEEX\_5>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_BEEX\_5>

1. **: Do you agree with the classification for reporting proposed in Annex I of the possible new RTS 28, especially with regard to the suggested methodology for the reporting on equity instruments? If not, what alternative categorisations would you propose?**

<ESMA\_QUESTION\_BEEX\_6>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_BEEX\_6>

1. **: Do you agree with the proposals for a possible review of RTS 28?**

<ESMA\_QUESTION\_BEEX\_7>

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<ESMA\_QUESTION\_BEEX\_7>

1. **: Do you agree with the cost benefit analysis as it has been described in Annex II?**

<ESMA\_QUESTION\_BEEX\_8>

As previously stated, BME agrees with the CP’s rationale that the RTS 27 reporting should aim at providing firms and the public with relevant data related to the execution quality achieved on venues and to help them determine the best way to execute client orders.

BME agrees that there are benefits derived from the simplification of the RTS 27 reported indicators and that overlapping with MiFID II transparency requirements should be minimized. However, aggregating data by type of financial instrument and liquidity profile seems an oversimplification that results in a great loss of information and, therefore, significantly decreasing transparency and hindering comparability across venues.

BME suggests an intermediate approach with a simplification of the existing tables into the list of indicators suggested in the response to Question 3 of this CP (see above), maintaining the current level of granularity by individual financial instrument but aggregating data on a monthly basis (versus the current daily data).

<ESMA\_QUESTION\_BEEX\_8>

1. **: Are there any additional comments that you would like to raise and/or information that you would like to provide?**

<ESMA\_QUESTION\_BEEX\_9>

<ESMA\_QUESTION\_BEEX\_9>