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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 | Electronic Debt Markets Association (EDMA) |
| Activity | Regulated Market |
| Are you representing an association? |  |
| Country/Region | Europe |

# Introduction

Please make your introductory comments below, if any:

<ESMA\_COMMENT\_BEEX\_1>

Electronic Debt Markets Association (EDMA) represents the common interests of companies whose primary business is the operation of regulated electronic fixed income trading venues (multilateral trading facilities and regulated markets) in Europe. EDMA seeks to foster and promote liquid, transparent, safe and fair markets and act as the voice and a source of consultation between the members in their roles as operators of such venues. EDMA projects collective views on regulatory matters and market structure topics to governments, policy makers and regulators for the benefit of the electronic fixed income markets. Our 7 members are: BGC Fenics, Bloomberg, BrokerTec, Liquidnet, MarketAxess, MTS and Tradeweb. More information is available at [www.edmae.org](http://www.edmae.org).

EDMA welcomes the opportunity to provide feedback to ESMA’s consultation paper on the MiFID II framework on best execution reports. EDMA always appreciates ESMA’s efforts to simplify the MIFID/R regime. However, EDMA would recommend the most appropriate simplification would be the permanent deletion of the entire RTS 27 requirement.

RTS 27 reports are not a valuable tool of practical use to investors for best execution. EDMA members highlight, as is evidenced by the very low rate of downloads of these reports, that end-users of fixed income securities (including bonds and derivatives) do not value or use RTS 27 reports and instead access information on execution of trades from other sources.

EDMA strongly believes that the rationale behind the two-year suspension of quarterly best execution reports decided by EU co-legislators in early 2021 in the MiFID II quick-fix is generally valid and that permanent removal of the quarterly RTS 27 best execution reports requirement, as now proposed by the European Commission themselves, is warranted.

<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>

No, we do not agree with ESMA’s proposed scope. RTS 27 reports should be permanently deleted as recommended by the European Commission on the 25th November 2021 in [2021/0384 (COD](https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:52021PC0726)), Page 9, Section 7, as below:

“Article 27(3) of Directive 2014/65/EU contains the requirement for execution platforms to publish a list of details relating to best execution. Factual evidence and feedback from stakeholders has shown that those reports are rarely read and do not enable investors or any users of those reports to make meaningful comparisons based on the information provided in those reports. As a consequence, Directive (EU) 2021/338 of the European Parliament and of the Council suspended the reporting requirement for two years in order for that requirement to be reviewed. Regulation (EU) XX/XXXX22 has amended Regulation (EU) 600/2014 to remove the obstacles that have prevented the emergence of a consolidated tape. Among the data that the consolidated tape is expected to provide are post-trade information regarding all transactions in financial instruments. That information can be used for proving best execution. The reporting requirement laid down in Article 27(3) of Directive 2014/65/EU will therefore no longer be relevant and should therefore be deleted.”

EDMA agrees with the reasons the European Commission gives for the deletion of these reports, namely that the reports are rarely read and do not enable investors to make meaningful comparisons.

<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>

No, we do not agree with ESMA’s proposed scope. RTS 27 reports should be permanently deleted as recommended by the European Commission on the 25th November 2021 in [2021/0384 (COD),](https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:52021PC0726) Page 9, Section 7 for the reasons given therein.

<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>

No, we do not agree with ESMA’s proposed metrics. RTS 27 reports should be permanently deleted as recommended by the European Commission on the 25th November 2021 in [2021/0384 (COD),](https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:52021PC0726) Page 9, Section 7 for the reasons given therein.

<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>

No answer.

<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>

No answer.

<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>

No answer.

<ESMA\_QUESTION\_BEEX\_6>

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

<ESMA\_QUESTION\_BEEX\_7>

No answer.

<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>

No, we do not agree with the cost benefit analysis. While we generally support any type of regime simplification, implementation cost and effort to be spent by execution venues in order to adapt to ESMA’s proposals is significantly understated and unsubstantiated.

Given significant industry feedback about the lack of usefulness of the reports, the “benefits” have been overstated and do not provide any advance to investment firms and investors for their continuing best execution objectives.

The cost benefit analysis makes no reference or allowance for the costs to trading venues to re-engineering RTS 27 to the new specification which this consultation paper alludes.

EDMA would continue to recommend that RTS 27 reports should be permanently deleted as recommended by the European Commission on the 25th November 2021 in [2021/0384 (COD),](https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:52021PC0726) Page 9, Section 7 for the reasons given therein.

<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>

EDMA would repeat the recommendation that RTS 27 reports should be permanently deleted as recommended by the European Commission on the 25th November 2021 in [2021/0384 (COD),](https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:52021PC0726) Page 9, Section 7 for the reasons given therein.

<ESMA\_QUESTION\_BEEX\_9>