



UniCredit response to the ESMA Consultation Paper on Review of the MiFID II framework on best execution reports

- UniCredit welcomes the opportunity to respond to the ESMA consultation on MiFID II framework on best execution reports.
- UniCredit has long been supportive of a permanent removal of best execution reports (specifically RTS 27 and RTS 28 reporting requirements).
- In our view, the reports have not been of benefit for our clients in assessing and comparing the execution quality of different investment firms. That is confirmed by the far limited views and downloads of the reports from our website.
- Specifically, as to the RTS 27, we would like to recall that the recent Capital Markets Recovery Package suspended the application of the RTS 27 reporting requirements for two years and required the EU Commission to comprehensively review the adequacy of these reporting requirements under the Directive (EU) No. 2014/65 (“MiFID II”). At this regard, during the current suspension of the RTS 27 reports, no client of our Group has demanded for a resumption of these best execution reports.
- Despite what stated above, this ESMA consultation does not consider the possibility of a permanent suspension of these reporting requirements. Instead, it suggests the introduction of an entirely new set of reports that is technologically complex to produce and which has not proven benefit to the end users.
- In particular, as the proposed “RTS 27 reports” we see the inclusion of less relevant information that in its aggregated form are less available than those requested in existing RTS 27 reports. Furthermore, they will require significant additional investment from the industry which has already made significant investment in the technology and processes to produce the current reports. Also, in our view, they will provide even less useful information for investors in comparison to the existing reports, resulting in misleading product description.
- We also note that the Cost Benefit Analysis (CBA) in Annex II does not contain quantitative data or evidence proving the benefit in amending these reports. The CBA neither assess the implementing costs for firms necessary to produce these reports nor assess the impact of permanent removal of the best execution reports.
- In this respect, we welcome the latest EU Commission proposal of the MIFID/R review as published on November 25 which, in proposing the establishment of the consolidated tape, confirms that (recital 7 of the proposal amending Directive 2014/65) *“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.”*

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Share capital € 21,133,469,082.48 fully paid in -
Registered in the Register of Banking Groups and
Parent Company of the UniCredit Banking Group, with
cod. 02008.1 - Cod. ABI 02008.1 - Fiscal Code, VAT
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[Public]



- Furthermore, we deem it important to note that in the UK, thanks to the latest changes to the MiFID's conduct and organizational requirements, firms are no longer required to prepare RTS 27 and RTS 28 reports starting from 1 December 2021. In our view the same move should be taken in the EU with the aim of guaranteeing a level playing field and not putting EU players in competitive disadvantage compared to their peers operating in the UK.
- However, should the EU Commission's proposal for a permanent deletion of the best execution reporting requirement in Article 27(3) MiFID II not be kept in the final legislation, we ask for both the existing reports to be retained unchanged rather than introducing new reporting obligations.
- In the time being, we deem that the temporary exemption introduced by MiFID Quick Fix should be guaranteed until the current legislative process related to the latest EC proposal is finalized.

Milan, December 20, 2021