

[REDACTED]

From: [REDACTED]
Sent: 14 June 2012 08:40
To: [REDACTED]
Cc: [REDACTED]
Subject: MiFIR articles 28-30

Dear [REDACTED]

In relation to articles 28-30 in the Commission's MiFIR proposal, we send you below a few comments in support of these provisions. We understand your colleagues in London have inquired about NASDAQ OMX's comments, so please feel free to share our views with them. We are happy to discuss further with you too and I know our office has already reached out to you re 18-19 June when both myself and [REDACTED] will be in Brussels, so hopefully we can find a slot to meet during those days.

Like the European Commission, NASDAQ OMX believes that the proposed MiFIR provisions requiring open access to CCPs and trading venues for all financial instruments will allow enhanced competition, which will lead to innovation, efficiency and downward pressure on costs.

The barriers to entry for non incumbent CCPs with respect to certain financial instruments like derivatives (exchange-traded European interest rate derivatives, equity index derivatives and European single-stock derivatives) are currently high. This results, in particular, to an inability to provide margin offset, lack of access to positions and absence of fungibility of products and open interest, which are all protected by the incumbent markets. Whereas there are efficiency aspects to support concentration in terms of netting of positions, use of collateral and a liquid market, the concern is that this creates lock-in effects and it becomes very difficult for any trading venue or CCP to compete for the volumes in these contracts – unless there is genuine inter-operability and open access. Improvements in efficiency, that are built-in when competition and choice among several market places is available through access rights, are essential to maintain a sound financial market.

We are aware of objections raised around safety, market functioning and competitiveness but are convinced that such objections are not pertinent and that open access rights will be more beneficial than harmful to the European financial market.

Regarding safety, concentration of risk management only around the few existing CCPs could increase systemic risk. Such CCPs will in the near future be required to clear more products, whereas if there is no access rights there will be no business case for new CCPs to enter this business. This is due to the fact that with the implementation of the EMIR regulation on OTC derivatives, CCPs will take on more risks as a consequence of the increased volume of OTC derivatives products that will have to be CCP cleared. Allowing, through open access rights, for more CCPs to serve markets will be a factor of risk diversification provided interoperability is safely designed with, for instance, appropriate collateralization and appropriate risk controls to ensure the quality of the market is maintained.

It has to be noted that access rights under MiFIR relate to financial instruments other than OTC derivatives (access rights for clearing OTC derivatives being recognized by EMIR but limited) and it is acknowledged that default management arrangements around OTC products are more complex than for listed products, as a liquid order book is often lacking to close out positions, making interoperability more challenging. However, for listed derivatives, dealt with under MiFID/MiFIR, the risk management is less burdensome since there is a liquid order book to price the positions and, in case of default, close out positions, rendering interoperability easier to implement for exchange traded derivatives.

Competition, allowed by open access, will induce fragmentation of markets but there are possibilities to mitigate the downside of fragmentation in order to enjoy the benefits of competition. If the various venues implement transparent prices, as requested by MiFIR, there is no reason to believe that price formation will be weakened. If new trading

venues grow markets, as anticipated, the benefits of competition will clearly outweigh any potential decrease in liquidity and in fact increase liquidity.

Moreover, while competition between CCPs on risk margins needs to be strictly avoided, competition allowed by access rights will provide additional and innovative risk management tools for the benefit of market participants.

Finally, competition through access provision is needed to avoid that the concentration trend in the EU continues and that the EU market becomes monopolistic resulting in higher fees being charged to customers. This would be detrimental to all economic actors in need of hedging risks through derivative products.

We therefore believe that it is essential that the MIFID/MIFIR includes access right provisions. The only limitation to access rights should be if such access is likely to threaten the stability of the market in question. Fragmentation and interoperability should not limit access rights with respect to transparent and liquid products, in particular derivative instruments negotiated on exchanges or MTFs.

Kind regards,

[Redacted signature]

[Redacted signature]

NASDAQ OMX

[Redacted signature]

Direct

Mobile

Fax:

Visitors and deliveries: Tullvaktsvägen 15

SE - 105 78 Stockholm, SWEDEN

elina.yrgard@nasdaqomx.com

www.nasdaqomx.com

[REDACTED]

From: [REDACTED]
Sent: 19 June 2012 17:23
To: [REDACTED]
Cc: [REDACTED]
Subject: Access Rights
Attachments: Access to post-trade_clean_final.docx; NTW Routing Flow External.pptx

Further to our recent meeting, I thought you might be interested in the attached paper on BATS Chi-X Europe's position with regard to non-discriminatory access rights to post-trade services.

I also attach a flow diagram of how the negotiated trade waiver works in relation to our order routing service, which we touched on during our discussion.

Please let me know if I can be of any further help on either of these topics.

With best wishes.

Regards

[REDACTED]

[REDACTED]

BATS Chi-X Europe...Making Markets Better

P: [REDACTED]
M: [REDACTED]
E: [REDACTED]

[REDACTED]

From: [REDACTED]
Sent: 19 June 2012 09:04
To: [REDACTED]
Subject: EP compromise texts on MiFID / R
Attachments: EP MiFID compromise_p1_14June12.pdf; EP MiFID compromise_part 2.pdf; EP MiFID-R compromise_part3.pdf; EP MiFID compromise_p4.pdf

Hi [REDACTED]

You may already get copies of these but in case not attached are the EP compromise texts on MiFID / R. Shadows are due to meet today so may be subject to change, and this only reflects those issues where Ferber feels he has political agreement.

Analysis of what these cover is also set out below.

[REDACTED]

[REDACTED]

[REDACTED]

HFT/ALGORITHMIC TRADING/ DIRECT ELECTRONIC ACCESS

- **Detailed definition of HFT**
 - HFT trading defined as "algorithmic trading at speeds where the physical latency of the mechanism for transmitting, cancelling or modifying orders becomes the determining factor in the time taken to communicate the instruction to a trading venue or to execute a transaction".
 - HFT trading strategies defined : doing high frequency trading + dealing on own account + having at least 4 of the 5 following characteristics: 1) using collocation facilities or direct market access; 2) daily portfolio turnover is at least 50%; 3) order to trade ratio is more than 4:1 intraday; 4) cancelled orders exceed 20% and 5) majority of positions taken are unwound within the same day.
- **Ban on sponsored access** – as proposed by Ferber, sponsored access is banned but direct market access is still possible (with proper risk controls). Given the lack of clarity on which market practices the Commission was intending to cover under its definition of "Direct Electronic Access", the EP is proposing to delete definition of DEA and to replace it by the concepts of "Direct Market Access" and by "Sponsored Access". There is some inconsistency in the drafting – as page 9 of the text there is still a provision stating that "member states shall prohibit RM from allowing its members to provide direct electronic access" – it does look like a drafting error as EP deleted DEA definition and as the sentence right after this is about prohibiting sponsored access only.
- **Continuous liquidity provision requirement in 17.3 transformed into an obligation for those participating in a market making scheme** – compromise proposed is that the continuous liquidity provision obligation only applies to a firm "deploying an algorithmic trading strategy to fulfill its obligation under a market-making scheme". Also adds a substantial limit to this requirement as it shall apply "unless the written agreement provides otherwise".
- **Minimum order resting time of 500 milliseconds** - regulated markets responsible to have systems in place to ensure that an order is valid for at least 500 milliseconds.
- **Reporting of algos to regulators** – apply to all firms engaging in algorithmic trading. Now requires "detailed" description of algos. Annual reporting + at any time the regulator requests it.

- **New requirement on audit trail**- New requirement on firms engaging in HFT to store an audit trail of “any quotation and trading activities performed on any trading venue” – to be available to authorities on request.
- **Trading halts** – is kept– with the additional possibility of calibrating those trading halts based on liquidity of different instruments.
- **Specific requirements on regulated markets:**
 - **Regulated market is “responsible”** for ensuring that an investment firm complies with requirements of binding agreement on market making scheme.
 - **Requirements on a RM’s fee structures** – new requirements on a regulated market’s fee structure – fee structure shall disincentivise cancelled orders by charging higher fees for cancelled orders. Details on this to come in Level 2 rules.
 - **Tick sizes** – introduces a new paragraph on tick sizes , leaving them to be calibrated at Level 2 – “ to reflect liquidity profile

OTF RELATED ISSUES

- **New definition included on “matched principal”** – Could be a signal of the introduction of some flexibility on the proprietary capital ban for OTF

INVESTOR PROTECTION ISSUES

- Defines “discretionary portfolio management”

COMMODITIES - POSITION LIMITS / CHECKS / REPORTING (MiFID ARTS. 59-60, MiFIR ARTS 34-35)

- **Position checks:** New wording proposing lighter regime for positions in commodities – Trading venues required to carry out position checks in the first instance, rather than imposing position limits. Proposal to promote convergence between derivs prices in the delivery month and spot prices for underlying commodities included as rationale for position checks. Quantitative thresholds to apply to net positions (rather than number of contracts) entered into or held towards the end of a contract’s expiry.
- **Additional measures:** Trading venues may demand information on size / purpose of participants’ positions/exposure in a commodity derivative. They can then demand steps be taken or take steps themselves to partially/completely reduce position/exposure, if necessary to ensure market integrity and functionality. In the case of inadequate measures, trading venues can then introduce non-discriminatory position limits.
- **Competent authority notification:** Trading venues to notify competent authorities of information received and measures taken (including position limits and checks).
- **Technical standards** to determine position checks, exemptions, limits on net positions and timing of weekly submission of position report, subject to public consultation, with a deadline of entry into force + 1yr.
- **Exemptions:** Possible exemptions for commodity derivs which ‘reduce risks in an objectively measurable way’.
- **OTC trading** of commodity derivs, emissions allowances or emissions derivs must provide a complete breakdown of positions to regulators, upon request.
- **No change to wording on ESMA position management powers under MiFIR**
- **Delegated acts on criteria to be used by ESMA in judging if there is a threat to the market** (in relation to physical commodities delivery arrangements): Should differentiate between situations where the competent authority has failed to act and situations where ESMA identifies an additional risk.

SUPERVISORS’ INTERVENTION POWERS (MiFIR ARTS. 31-33)

- **Monitoring products/instruments:** ESMA to monitor investment products/financial instruments + investigate new products/instruments marketed/distributed/sold in EU. Particular focus on structured deposits.
- **Temporary banning products/instruments:** Must present ‘significant’ threat to investor protection/orderly market functioning/stability of EU financial system. Can be imposed on a ‘precautionary basis’ before the release of a product/instrument to clients. Delegated acts to ensure this.
- **Notification of intention to ban:** ESMA can give notice of banning before the ban takes effect, to allow for changes to the product/instrument.

- **Review of ban:** Annual review of ban imposed for investor protection reasons – ban will expire if not renewed.
- **National authorities powers to prohibit/restrict products/activities/practices in Member States** if there is a threat to the financial system in one or more MS. Can be done on a precautionary basis before release of product / instrument to clients Notice of banning permitted, similar to that of ESMA. Deadline of one week before action taken by authority for notification of other authorities.
- No amendments to art. 33.

INVESTOR PROTECTION (MiFID ARTS. 16, 21-30)

- **Inducements:** Remuneration should not impede compliance by firm with obligation to act in best interests of clients. Remuneration structures for those advising retail clients should not prejudice advice. Remuneration should not be solely dependent on sales targets and should not incentivise the recommendation of a particular product. Firms receiving fees/commission will be deemed to have contravened the directive unless fees/commission received are 1) designed to enhance quality of client service, 2) necessary for the provision of investment services (i.e. custody costs, settlement fees etc.) and 3) existence, nature and amount is disclosed to the client in advance.
- **Target markets:** Products should be marketed and designed for a particular target market. Firms must disclose intended target market for product to any third party distributor.
- **Product approval process:** Firms that design products should have a 'product approval' process in place. Products must go through this process before being distributed and should be regularly reviewed. The process should be reviewed annually. (based on proposal by Corien Wortmann-Kool).
- **Conflicts of interest:** Identification of conflicts should include those that arise from the receipt of inducements from 3rd parties, the firm's own remuneration/incentive structures.
- **Suitability and appropriateness:** Individuals giving investment advice must have an appropriate level of knowledge and competence. Client's risk tolerance must be identified. Service reports should be provided to the client in a 'durable medium'. Firm to provide client with a record of the advice in a durable medium and will inform the client of the frequency of suitability assessments.
- **Execution only:** Exclusion of structured UCITS deleted for execution only services.
- **Best execution:** No remuneration/non-monetary benefit for firms to route orders to a particular venue. Quarterly publication by venue of data relating to transaction execution quality. On request of a client, firm shall inform client where a transaction was executed. Quarterly publication by firms of top 5 venues (in terms of trading volume) where orders were executed in preceding quarter.
- No amendments to arts. 21-2,26,28,30.

TELEPHONE RECORDING (MiFID ART. 16.7)

- Deletion of requirement for provision of records to clients on request
- Duration for record keeping maintained at 3 years
- Member State discretion on the format of records kept (i.e. minutes may be allowed)

CORPORATE GOVERNANCE FOR INVESTMENT FIRMS (ART 9)

- **New definition of [REDACTED]:** Member of board but not part of executive management team. Not company employee or affiliate.
- **Definition of "inside directors":** Members of the board and serve/previously served as executive managers.
- **Non-executive directors' responsibilities:**
 - Challenge/contribute to the development of strategy
 - Scrutinise management performance in meeting goals and monitoring/removing senior management where necessary
 - Ensure accurate financial information, robust risk management system
 - Determine levels of remuneration of executive directors
 - Provide independent views on resources, appointments and standards of conduct
- **Role of non-executive directors:** Governance process custodians, not involved in day-to-day running of business but monitoring executive and contributing development of strategy.

- **Women on boards:** New wording to prevent gender discrimination on boards *"allowing for a broad range of experience to be acknowledged so as not to discriminate against women"*. 1/3 gender quota within two years after entry into force.
- **Cap on number of directorships:**
 - Scope for discretion on number held - dependent on individual circumstances and nature/scale/complexity of institutions activities.
 - Institutions significant in size/internal organisation etc. are subject to original limitations proposed by EC.
 - Applies to: undertakings and non-financial entities; undertakings in which there is a qualified holding (CRR art 4(21)), in which there are participations (CRR art 4 (49)), which have close ties (CRR 4(72)) and parent financial holding company (CRR arts 4(65)(66)&(67) under CRD4.
 - Deletion of competent authority discretion to allow for change to cap on number of directorships (UK ECR amendment).
 - Directorships considered as one: held within institutions which are members of the same protection scheme under CRD4; are part of a group according to art 108(6) under CRD4; within undertakings where the institution owns a qualified holding (including non-financial entities).
- **Criteria for selecting members of management body:**
 - Policy promoting professionalism, responsibility and commitment.
 - Balanced representation on boards – training of nomination committees, rosters of competent candidates, nomination process with full gender inclusion.
 - Employee representation on management board. MiFID shall not impact national legislation on employee representation.
- **Sales staff remuneration:** Link to investor protection debate - management board to define, approve and oversee firm's remuneration of sales staff – should encourage responsible business conduct, fair customer treatment and avoid conflicts of interest.
- **Anti-fraud:** New wording mandating the maintenance of an anti-fraud strategy by the management of body of firms.

CORPORATE GOVERNANCE FOR MARKET OPERATORS (ART 48)

- **Cap on number of directorships:** Reduced as compared to investment firms – one executive directorship or two non-executive directorships.
- **Directorships considered as one:** similar to that of investment firms
- **Deletion of competent authority discretion** to allow for change to cap on number of directorships (UK ECR amendment).
- **Directors responsible for** overseeing and monitoring management decision making, as well as ensure systems in place to identify conflicts between the market operator and the regulated market or its members.
- **Nomination committee:** Regulators may allow market operator not to establish nomination committee is comparable mechanism in place.
- **Criteria for selecting members of management body:** similar to that of investment firms
- **Statement of policies and practices:** Should be published indicating fulfilment of management body duties under art 48(7a).

CORPORATE GOVERNANCE FOR DATA PROVIDERS (ART 65)

- Proposal **"without prejudice to decisions on the consolidated tape"** indicating the uncertain future of the consolidated tape provisions.
- **Guidelines on management body member suitability** should take into account need to avoid conflict of interest between management and users of APA/CTP/ARM.

INVESTOR COMPENSATION SCHEMES (ART 14)

- MiFID Art 14 does not apply to structured deposits that are members of a deposit guarantee scheme.

SUSPENSION AND REMOVAL OF INSTRUMENTS FROM TRADING (ART 32-33)

- Articles on MTF and OTF merged to allow for level playing field
- Member States to allow suspension/removal of instrument rather than require it "as soon as possible"
- Delegated acts to determine definition of 'as soon as possible' and procedure for lifting suspension of trading

LINK TO MAR & CROSS-MARKET SURVEILLANCE (ART 34)

- Market operator identifying abusive behaviour in scope of MAR must inform competent authority to facilitate real time cross-market surveillance.

[REDACTED]

From: [REDACTED]
Sent: 02 July 2012 18:50
To: [REDACTED]
Cc: [REDACTED]
Subject: Meeting with UBS / Proposal for third country regime
Attachments: 20120606-4000-DOK-The_proposed_MiFID_Third_Country_Regime-VDU.pdf; Draft amendments to Presidency proposal 29062012(2).docx; Legal Disclaimer.txt

Dear [REDACTED]

It was a great pleasure meeting you in Brussels last week and both [REDACTED] and [REDACTED] would like to thank you again for your time and interest in UBS as well as for introducing us to [REDACTED]

As per our discussion with [REDACTED] please find enclosed our proposal of the third country regime that builds on the Danish compromise proposal, without an equivalence requirement but a harmonised approach and a passport. It would allow third-country firms meeting specific licensing requirements to provide services on a cross-border basis.

To ensure the foreign firm is adequately capitalised and supervised (level playing field) as well as to guarantee adequate investor protection, the licensing requirements would apply both to the branch and the foreign firm. In addition the latter would be subject to adequate prudential and supervisory requirements and would have to comply with the MiFID conduct of business rules when offering services cross-border. As in our original proposal, the branch requirement can ensure local enforcement. It is complemented by the requirement of cooperation agreements between the competent authorities of the third-country firm's home jurisdiction and the Member State where it has the branch. This further allows and ensures proper enforcement of supervisory actions, and will include the right of on-site inspections by the competent Member State regulator in the home jurisdiction of the third-country firm.

If it is not possible to achieve a passport, in our view a harmonised approach for cross-border access would still be beneficial. In our proposal, the relevant provisions dealing with the passport would then have to be deleted, the same as the branch requirement, which loses its justification if there is no more passport. However, all the other requirements listed in the proposal in relation to the third country firm would remain unchanged.

We also attach the position paper of the SBA which discusses the impacts of a strict access regime on the EEA / EEA based investors.

We remain at your disposal for any questions you may have.

Best regards
[REDACTED]

<<20120606-4000-DOK-The_proposed_MiFID_Third_Country_Regime-VDU.pdf>> <<Draft amendments to Presidency proposal 29062012(2).docx>>

[REDACTED]

[REDACTED]

From: [REDACTED]
Sent: 05 July 2012 10:12
To: [REDACTED] (restricted)
Cc: [REDACTED]
Subject: RE: MiFID compromise proposals - part 9

[REDACTED]

Please see the views from LSEG on the ECON compromise proposals on Access in MiFIR 28-30 in package 9.

We sent these yesterday to the ALDE, ECR and Green groups. We will be sharing with the EPP today. The FSA and HMT also know what we think about the compromise.

As [REDACTED] says, it's not very good. Lots of restrictions – listed derivatives are out of scope, the reference to fungibility has been removed, no access if interoperability is required and art 30 is deleted.

Headline views

- the compromise amendments cripple the access requirements.
- this amounts to a de facto deletion
- they will make no difference to the competitive environment for trading and clearing if they are passed as currently drafted.
- such changes will harm end-investors and only protect the two closed vertical silos in Europe.
- removal of fungibility restricts benefits to investors through lower fees and margin offset – **estimate of €350m per annum** only from a 50 per cent reduction of trading and clearing fees in equity derivatives

By article:

Article 28

- limits access to a CCP only for transferable securities (i.e. excludes listed derivatives and others)
- removes fungibility i.e. the reference to netting of economically equivalent contracts – net effect would be to harm investors who would lose the ability to margin offset
- Bans access if interoperability is needed – but the mentioning of interoperability here is irrelevant, since you are talking about a single clearing pool;
- One needs to note that most venues are already interoperable for cash equities and transferable securities, only NYX, ICE and DBAG have opposed interoperability even for cash instruments
- The requirement for a CCP to respond to an application within 12 months is highly overprotective, and a corruption of Balz AM#607 (which required CCPs to *give* access in 12 months - they still had to respond to an application in 3 months).
- The net effect would be to protect closed vertical silos and harm investors through restricting the ability to choose where they can trade

Art 28a:

- this is a gross overextension of G20 obligations, which will hit retail trades: an attack on SMEs, private investors and trades through the negotiated trading requirement
- This merely restricts the ability for retail investors to invest and for participants to provide liquidity in less liquid shares.

Article 29:

- Ferber's amendment 63 to ban interoperability for "other instruments" would force venues to split order books
- this amendment would prevent competition, exacerbate liquidity fragmentation that MEPs want to protect and only protect closed vertical silos

Article 30:

- Delete doesn't work.
- This will undermine the G20 objectives of migrating the trading and clearing of standardised derivatives to organised platforms/CCPs and will enshrine an anti-competitive environment in EU legislation, as it will give a monopoly windfall to the dominant operators.
- The objections of independent index providers are inconsistent – even the Commission has pointed this out in its non paper
- The long term/indefinite exclusive or preferential licensing of indices/benchmarks is one of the most significant remaining barriers impeding the progress of derivatives market infrastructures.
- The Commission non-paper arguments on licensing apply

We are available if you would like to go through this in detail ([redacted] is in Paris today, [redacted] in London). Do let us know.

Best
[redacted]

From: [redacted]
Sent: 05 July 2012 09:33
To: [redacted]
Cc: [redacted]
Subject: Re: MiFID compromise proposals - part 9

[redacted]
 Thanks- we have!

Completely emasculates 28 and 29, deletes 30.

[redacted] can send you what we have said to MEPs yesterday.

[redacted]
 [redacted]
 London Stock Exchange Group plc
 [redacted]

From: [redacted] [mailto:[redacted]]
Sent: Thursday, July 05, 2012 09:25 AM
To: [redacted]
Subject: FW: MiFID compromise proposals - part 9

In case it hasn't made its way to you.

It seems the ECON vote has been delayed till September.
 [redacted]

From: [REDACTED] [mailto:[REDACTED]]

Sent: 04 July 2012 15:35

To:

Cc:

Subject: MiFID compromise proposals - part 9

Dear colleagues.

Please find attached the final package of compromise proposals covering the remaining Articles of MiFIR. I look forward to receiving your written comments as soon as possible and to discussing your feedback.

Best wishes,

tel:

fax:

email:

[REDACTED]

From: [REDACTED]
Sent: 13 July 2012 14:54
To: [REDACTED]
Cc: [REDACTED]
Subject: NYSE Euronext Comments on the Presidency Agenda Questions on MiFID - 16 July 2012
Attachments: NYSE Euronext Comments on the Presidency Agenda Questions on MiFID - 16 July 2012.pdf

Dear [REDACTED]

On behalf of NYSE Euronext, I would like to share with you a few **remarks on the current Council compromise on MiFID and MiFIR**. In the attached document, you will find our comments on some of the questions circulated by the Cypriot Presidency to other Member States ahead of the next Council working group on MiFID.

These comments focus on the **OTF, Systematic Internalisers and post-trade transparency rules for investment firms, transparency for trading venues, and algorithmic trading**.

I hope you will find this document useful ahead of the attachés meeting and remain at your disposal to answer any questions you may have.

Best regards,

[REDACTED]

Office: [REDACTED]

Mobile: [REDACTED]

[REDACTED]

[REDACTED]

Does MiFID matter to you? [Visit our EU Regulatory Channel](#) to find out more

Please consider the environment before printing this e-mail.

This e-mail may contain confidential and/or privileged information. If you are not the intended recipient or have received this e-mail in error, please advise the sender immediately by reply e-mail and delete this message and any attachments without retaining a copy.

Any unauthorised copying, disclosure or distribution of the material in this e-mail is strictly forbidden.

[REDACTED]

From: [REDACTED]
Sent: 17 July 2012 11:33
To: [REDACTED]
Cc: [REDACTED]
Subject: Position Paper on OTFs from the Perspective of an Independent Asset Manager
Attachments: MiFID MiFIR Briefing Paper July 2012 Council.pdf

Dear [REDACTED]

Please find attached a letter explaining our position on Organised Trading Facilities (OTFs) in the MiFID/MiFIR review, from the perspective of an Independent Asset Manager.

We welcome transparency requirements, especially for data consolidation and post-trade transparency, however, there is one concern we would like to highlight which relates to the proposed scope of application of the new category of venue, OTFs.

We remain strongly in favour of retaining OTFs for trading equities. It is also preferable that OTFs retain the ability to execute proprietary orders.

We wish to preserve the ability to use broker crossing networks (BCNs) for trading equities, this will not be possible if equities are excluded from OTFs. BCNs provide a pool of liquidity which can be helpful in reducing market impact and cost, to the ultimate benefit of our clients, who are pension schemes and investment funds such as UCITS. We are therefore in favour of allowing equities to operate under the OTF regime, but understand the requirement for greater prescription on the way the OTF is operated.

We hope the above comments are helpful and we would be keen to continue dialogue with the Council as the MiFID & MiFIR proposals develop.

Thank you very much for your time and effort.

Yours sincerely,

[REDACTED]

[REDACTED]

[REDACTED]

Email: [REDACTED]