

(FISMA)

From: [REDACTED] (MARKT)
Sent: 12 January 2012 14:41
To: MARKT LIST G3
Subject: Meeting with NYSE Euronext

On Wednesday, January 11th, Ugo Bassi, [REDACTED], [REDACTED], [REDACTED], [REDACTED] and [REDACTED] met with [REDACTED] and [REDACTED] of NYSE Euronext, and [REDACTED] of Gide.

NYSE have concerns over a number of key concepts introduced in MiFID II and MiFID, notably when these concepts could in any way be watered down in the upcoming negotiation process. They are concerned that OTF's would be able to discriminate as to who gets access to their platform. Also, they are concerned that OTF's would be allowed to have discretion over the price against which client orders are executed, and that they would be able to give preferential treatment to their better clients. They are also concerned that firms will link different types of platforms, executing orders on then sequentially. They also raised the point that the proposal does not clarify whether an affiliate of the OTF operator can trade on the OTF which would be an easy way to circumvent the ban on own account trading by the operator.

With regard to pre trade transparency, they note that quotes should be binding and executable.

They consider circuit breakers a better tool to manage volatility than the trading requirement imposed on algorithms. Circuit breakers should also apply to MTF's and be coordinated across platforms. With regard to the trading requirement, they note that market makers should be allowed to withdraw in terms of market stress in order to manage their risks. NYSE propose better supervision of liquidity provisions instead of the trading obligation. Also, the scope of this article should be limited to high frequency trading. Market operators should be required to manage associated risks. They acknowledged that high-frequency trading does raise regulatory issues, notably in relation to market abuse, and promised to submit proposals in order to improve on the existing wording of 17(3).

Position reporting should be done on a T+1 basis, as this is sufficient for monitoring purposes and for weekly reporting to the market, while positions are very difficult to construct real-time.

On position limits, they are currently working on a system of spot delivery limits.

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