

- 16th December, [REDACTED] (and Ugo Basi at the end) met with [REDACTED] and [REDACTED] of Global Investment Company Institute (ICI) which represents the buy-side in the US (although they are now expanding their membership outside the US). The main areas that they addressed were:-

1. **3rd Country access:** they expressed concern about how equivalence and reciprocity would work in practice. They also explained that they understood that own initiative would not be subject to a delegated act.

2. HFT and Algos: not against HFT per se and understand that they may provide some benefits but supported moves to tackle abuse and reduce noise. But obviously wanted a clearer delineation of HFT from Algos. Regarding definitions they felt that the key elements defining HFT were a) cancellation rates – likely to 90% range for HFT but 5-10% for their members b) whether positions were flat at the end of the day. They also felt that it would be useful to look at rebate policies again as a means of tackling HFT or alternatively a levy.

3. Dark Pools & Transparency: outlined the importance of these venues for their members and the need to maintain an appropriate level of order confidentiality. But appreciated there were different types of dark pools. Suggested that a "*price improvement plus*" rule – which has been under consideration in the US might be a useful mechanism to apply to internalisation. It would be very important to maintain an appropriate waivers regime.

4. Transaction Reporting: outlined that they felt it was very important to protect the confidentiality of transaction reports - access to reports within regulators should be restricted as should flows between authorities and by the reporting brokers.

5. Non Equity Markets: felt that this was a big issues on which the EU was moving ahead and offered to arrange to meet with us again next year to explain how these markets worked.