

## **Public consultation on the review of the MiFID II/MiFIR regulatory framework**

### **Introduction**

#### **Background of this public consultation**

As stated by President von der Leyen in her political guidelines for the new Commission, “our people and our business can only thrive if the economy works for them”. To that effect, it is essential to complete the Capital Markets Union (‘CMU’), to deepen the Economic and Monetary Union (‘EMU’) and to offer an economic environment where small and medium-sized enterprises (‘SMEs’) can grow.

In the light of the mission letter to Executive Vice President Dombrovskis, the Commission services are speeding up the work towards a CMU to diversify sources of finance for companies and tackle the barriers to the flow of capital. The Action Plan on the Capital Markets Union as announced in Commission Work Program for 2020 will aim at better integrating national capital markets and ensuring equal access to investments and funding opportunities for citizens and businesses across the EU.

In addition, the new Digital Finance Strategy for the EU aims to deepen the Single Market for digital financial services, promoting a data-driven financial sector in the EU while addressing its risks and ensuring a true level playing field via enhanced supervisory approaches. And the revamped Sustainable Finance Strategy will aim to redirect private capital flows to green investments.

Finally, in the context of the Communication on the International role of the euro, the Commission has published a recommendations on how to increase the role of the euro in the field of energy. Furthermore, the Commission consulted market participants to understand better what makes the euro attractive in the global arena. Based on those consultations, the Commission has produced a Staff Working Document that provides an update on initiatives, and raises considerations for specific sectors such as commodity markets.

The Directive and Regulation on Markets in Financial Instruments (respectively MiFID II – Directive 2014/65/EU – and MiFIR – Regulation (EU) No 600/2014) are cornerstones of the EU regulation of financial markets. They promote financial markets that are fair, transparent, efficient and integrated, including through strong rules on investor protection. In doing so, MiFID II and MiFIR support the objectives of the CMU, the Digital Finance agenda, and the Sustainable Finance agenda.

#### **Responding to this consultation and follow up to the consultation**

In this context and in line with the Better Regulation principles, the Commission has decided to launch an open public consultation to gather stakeholders’ views.

The Commission’s consultation and separate ESMA consultations on the functioning of certain aspects of the MiFID II/MiFIR framework are complementary and should by no means be considered mutually exclusive. The Commission and ESMA consult stakeholders with respect to their specific area of competence and responsibility and with the objective to gather important guidance for any future course of action on respective sides. Both the ESMA reports and this consultation will inform the review reports for the European Parliament and the Council (see Article 90 of MiFID II and Article 52 of MiFIR), including legislative proposals where considered necessary.

This consultation document contains three sections.

The first section aims to gather views from all stakeholders (including non-specialists) on the experience of two years of application of MiFID II/MiFIR. In particular, it will gather feedback from stakeholders on whether a targeted review of MiFID II/MiFIR with an ambitious timeline would be appropriate to address the most urgent shortcomings.

The second section will seek views of stakeholders on technical aspects of the current MiFID II/MiFIR regime. It will allow the Commission to assess the impact of possible changes to EU legislation on the basis of proposals already put forward by stakeholders in the context of previous public consultations and studies (e.g. study on the effects of the unbundling regime on the availability and quality of research reports on SMEs and study on the digitalisation of the marketing and distance selling of retail financial service) and in the context of exchanges with experts (e.g. in the European Securities Committee or in workshops, such as the workshop on the scope and functioning of the consolidated tape). This second section focuses on a number of well-defined issues.

The third section invites stakeholders to draw the attention of the Commission to any further regulatory aspects or identified issues not mentioned in the first and second sections.

This consultation is open until 20 April 2020.

Please note: In order to ensure a fair and transparent consultation process only responses received through our online questionnaire will be taken into account and included in the report summarising the responses. Should you have a problem completing this questionnaire or if you require particular assistance, please contact [fisma-mifid-r-review@ec.europa.eu](mailto:fisma-mifid-r-review@ec.europa.eu).

More information:

- [on this consultation](#)
- [on the consultation document](#)
- [on the protection of personal data regime for this consultation](#)

## About you

### Language of my contribution

- ☒ Dutch

### I am giving my contribution as

- ☐ Academic/research institution
- ☐ Business association
- ☐ Company/business organisation
- ☐ Consumer organisation
- ☐ EU citizen
- ☐ Environmental organisation
- ☐ Non-EU citizen
- ☐ Non-governmental organisation (NGO)
- ☒ Public authority
- ☐ Trade union
- ☐ Other

### First name

### Surname

### Email (this won't be published)

### Scope

- ☐ International
- ☐ Local
- ☒ National
- ☐ Regional

### Organisation name

Ministry of Finance (The Netherlands)

### Organisation size

- ☐ Micro (1 to 9 employees)
- ☐ Small (10 to 49 employees)
- ☐ Medium (50 to 249 employees)
- ☐ **Large (250 or more)**

### Transparency register number

N.A.

### Country of origin

- ☐ **Netherlands**

### Field of activity or sector (if applicable):

- ☐ Operator of a trading venue (regulated market, MTF, OTF)
- ☐ Systematic internaliser
- ☐ Data reporting service provider
- ☐ Data vendor
- ☐ Operator of market infrastructure other than trading venue (clearing house, central security depository, etc)
- ☐ Investment bank, broker, independent research provider, sell-side firm
- ☐ Fund manager (e.g. asset manager, hedge funds, private equity funds, venture capital funds, money market funds, institutional investors), buy-side entity
- ☐ Benchmark administrator
- ☐ Corporate, issuer
- ☐ Consumer association
- ☐ Accounting, auditing, credit rating agency
- ☐ Other
- ☐ **Not applicable**

### Please specify your activity field(s) or sector(s):

N.A.

### Publication privacy settings

The Commission will publish the responses to this public consultation. You can choose whether you would like your details to be made public or to remain anonymous.

- ☐ **Anonymous. Only your type of respondent, country of origin and contribution will be published. All other personal details (name, organisation name and size, transparency register number) will not be published.**
- ☐ Public. Your personal details (name, organisation name and size, transparency register number, country of origin) will be published with your contribution.
- ☐ **I agree with the personal data protection provisions**

### Choose your questionnaire

Please indicate whether you wish to respond to the short version (7 questions) or full version (94 questions) of the questionnaire.

The short version only covers the general aspects of the MiFID II/MiFIR regime. The full version comprises 87 additional questions addressing more technical features. The full questionnaire is only available in English.

- ☐ I want to respond only to the short version of the questionnaire
- ☐ **I want to respond to the full version of the questionnaire**

## Section 1. General questions on the overall functioning of the regulatory framework

The EU established a comprehensive set of rules on investment services and activities with the aim of promoting financial markets that are fair, transparent, efficient and integrated. The first comprehensive set of rules adopted by the EU (MiFID I - Directive 2004/39/EC.) helped to increase the competitiveness of financial markets by creating a single market for investment services and activities. In the wake of the financial crisis, shortcomings were exposed. MiFID II and MiFIR, in application since 3 January 2018, reinforce the rules applicable to securities markets to increase transparency and foster competition. They also strengthen the protection of investors by introducing requirements on the organisation and conduct of actors in these markets.

After two years, the main goal of a MiFID II/MiFIR targeted review is to increase the transparency of European public markets and, linked thereto, their attractiveness for investors. The Commission aims to ensure that European Union's share and bond markets work for the people and businesses alike. All companies, both small and large, need access to the capital markets. The regulatory regime for financial markets and financial services needs to be fit for the new digital era and financial markets need to work to the benefit of everyone, especially retail clients.

**Question 1.** To what extent are you satisfied with your overall experience with the implementation of the MiFID II/MiFIR framework?

(very unsatisfied, unsatisfied, neutral, **satisfied**, very satisfied, don't know/no opinion/not relevant)

**Question 1.1** Please explain your answer to question 1 and specify in which areas would you consider the opportunity (or need) for improvements:

De herziening van MiFID en de introductie van MiFIR heeft bijgedragen aan het beter functioneren van de financiële markten in de Europese Unie. Een belangrijk gevolg hiervan is de toename van de transparantie bij de handel op financiële markten. Hierdoor is de bescherming van beleggers beter geborgd. MiFID II en MiFIR vormen daarmee een belangrijke pijler voor het verder versterken van de Europese kapitaalmarktunie. Ter verdere versterking van de kapitaalmarktunie is het van belang dat de eventuele hindernissen worden weggenomen die bemoeilijken of verhinderen dat er binnen de EU grensoverschrijdend beleggingsdiensten en datarapporteringsdiensten kunnen worden verleend en beleggingsactiviteiten kunnen worden verricht.

Op enige onderdelen zijn de door MiFID II en MiFIR beoogde doelen nog niet of niet geheel bereikt. Dit ziet met name op enkele maatregelen die zien op de transparantie vóór de handel (pre-trade transparency). Meer in het bijzonder zien wij noodzaak om (i) de werking van de double volume cap (DVC) bij de toepassing van enkele pre trade transparency waivers te bezien, (ii) het ongelijke speelveld tussen (multilaterale) handelsplatformen en beleggingsondernemingen met systematische internalisatie (SIs) zoveel mogelijk weg te nemen en (iii) het toepassingsbereik van de in MiFIR opgenomen handelsverplichting voor aandelen – de share trading obligation (STO) – te herzien vooral wat betreft (bepaalde) aandelen die zijn toegelaten tot de handel in derde landen.

Enkele andere belangrijke onderwerpen die in het kader van deze MiFID review zouden moeten worden opgepakt, zijn de (gefaseerde) invoering van een post trade consolidated tape voor eigenvermogeninstrumenten (equities) en obligaties (bonds) alsmede een aanpassing van het huidige positielimitenregime voor grondstoffenderivaten teneinde belemmeringen voor de introductie van nieuwe (nascent) en voor minder liquide grondstoffenderivaten weg te nemen.

Met betrekking tot beleggersbescherming is het belangrijk om de Europese regelgeving omtrent provisies verder te versterken om transparantie verder te vergroten. In dit kader zijn wij voorstander van een EU-breed verbod op provisies, zodat de (financiële) prikkels voor financieledienstverleners beter in lijn liggen met de belangen van de klant. Voorts merken wij bij voorbaat op dat wij tegen de introductie van maatregelen zijn die naar ons oordeel afbreuk doen aan de bescherming van beleggers en in het bijzonder van niet-professionele beleggers,

waaronder begrepen (eventuele) voorstellen die tot doel hebben om het toepassingsbereik van de product governance (POG) verplichting te wijzigen, en voorstellen tot introductie van een semiprofessionele beleggerscategorie.

**Question 2.** Please specify to what extent you agree with the statements below regarding the overall experience with the implementation of the MiFID II/MiFIR framework?

- The EU intervention has been successful in achieving or progressing towards its MiFID II/MiFIR objectives (fair, transparent, efficient and integrated markets). - **Rather agree (4)**
- The MiFID II/MiFIR costs and benefits are balanced (in particular regarding the regulatory burden). - **N.A.**
- The different components of the framework operate well together to achieve the MiFID II/MiFIR objectives. - **Rather agree (4)**
- The MiFID II/MiFIR objectives correspond with the needs and problems in EU financial markets. - **Fully agree (5)**
- The MiFID II/MiFIR has provided EU added value. - **Fully agree (5)**  
(disagree, rather not agree, neutral, rather agree, fully agree, N.A.)

**Question 2.1** Please provide qualitative elements to explain your answers to question 2:

Zoals ook aangegeven in het antwoord op vraag 1.1 ziet Nederland een significante verbetering van het functioneren van kapitaalmarkten in de EU door de introductie en herziening van MiFID II/ MiFIR.

**Question 3.** Do you see impediments to the effective implementation of MiFID II/MiFIR arising from national legislation or existing market practices?

(not at all, not really, neutral, partially, totally, **don't know/no opinion/not relevant**)

**Question 3.1** Please explain your answer to question 3:

N.A.

**Question 4.** Do you believe that MiFID II/MiFIR has increased pre- and posttrade transparency for financial instruments in the EU?

(not at all, not really, neutral, **partially**, totally, don't know/no opinion/not relevant)

**Question 4.1** Please explain your answer to question 4:

MiFID II/ MiFIR heeft geleid tot een toename van transparantie voor en na de handel. Echter, die transparantie is door verschillende oorzaken nog onvoldoende gerealiseerd. Hierbij kan onder meer worden gedacht aan de werking van de double volume cap (DVC) bij de toepassing van enkele pre trade transparency waivers, de mogelijkheden om transparantie na de handel op te schorten (deferral of publication), het ongelijke speelveld wat betreft transparantieplichtingen tussen handelsplatformen en SIs en de gebrekkige kwaliteit van de te rapporteren handelsdata.

**Question 5.** Do you believe that MiFID II/MiFIR has levelled the playing field between different categories of execution venues such as, in particular, trading venues and investment firms operating as systematic internalisers?

(not at all, not really, **neutral**, partially, totally, don't know/no opinion/not relevant)

**Question 5.1** Please explain your answer to question 5:

Ten aanzien van de door MiFID II en MiFIR gereguleerde (multilaterale) handelsplatformen is er sprake van een ongelijk speelveld tussen gereguleerde markten en MTFs respectievelijk OTFs wat betreft de asset classes die op deze handelsplatformen kunnen worden verhandeld en wat betreft de uitzondering van de zogenoemde C6-grondstoffenderivaten(contracten) van het begrip financieel instrument.

Wat betreft het ongelijke speelveld tussen (multilaterale) handelsplatformen en SIs hebben wij hiervoor reeds opgemerkt dat dit voor zoveel mogelijk moet worden weggenomen. Dit geldt onder meer voor de verschillen t.a.v. het tick size regime en de transparantieplichtingen.

**Question 6.** Have you identified barriers that would prevent investors from accessing the widest possible range of financial instruments meeting their investment needs?

(not at all, not really, neutral, **partially**, totally, don't know/no opinion/not relevant)

**Question 6.1** If you have identified such barriers, please explain what they would be:

Geen specifieke voorbeelden.

Europese kapitaal- en effectenmarkten zijn nog steeds relatief sterk gefragmenteerd. Een verdere verdieping van de Europese kapitaalmarktunie draagt bij aan het verbeteren van het aanbod van verschillende financiële instrumenten aan beleggers in alle lidstaten. Grensoverschrijdende kapitaalstromen dienen beter te worden gefaciliteerd en meer te worden gestimuleerd.

## **Section 2. Specific questions on the existing regulatory Framework**

### **PART ONE: PRIORITY AREAS FOR REVIEW**

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The issues in PART ONE are identified by the Commission services as priority areas for the review based on the experience gathered in the two years of implementation of MiFID II/MiFIR. Many of them are listed in the review clauses of MiFID II and MiFIR which means that the Commission needs input to assess the merit of amending the provisions to make them more effective and operational. When applicable, references are made to the applicable review clause.

Other topics not listed in the review clauses stem from the many contributions received from stakeholders, including public authorities, on possible shortcomings of the existing framework. A number of questions in subsection II on investor protection in particular fall in the latter category.

#### **I. The establishment of an EU consolidated tape**

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The EU has a competitive trading environment but investors and their intermediaries often lack a consolidated view of where financial instruments are traded, how much is traded and at what price. Except for the largest or most sophisticated market players (who can purchase consolidated data pertaining to the different execution venues from data vendors or build their own aggregated view of the market), investors have no overall picture of a fragmented trading landscape: while the trading often used to be concentrated on one national exchange, notably in equities, investors can now choose between multiple competing trading venues, which results in a more fragmented and hence more complex trading landscape. At the same time, fragmentation per se should not be discarded as it is inherent to the introduction of alternative trading systems (MTFs, OTFs) which has led to a significant increase in competition between trading venues with positive effects on trading costs and increased execution quality. This section seeks stakeholders' feedback on how to improve investors' visibility in the current trading environment via the establishment of a consolidated tape.

In order to optimise the trading experience, a single price comparison tool consolidating trading data across the EU - referred to as the consolidated tape ('CT') - would help brokers to locate liquidity at the best price available in the European markets, and increase investors' capacity to evaluate the quality of their broker's performance in executing an order. A European CT could also be one major step towards "democratising" access to "market data" so that all investors can see what the best price is to buy or sell a particular share. A CT may not only prove useful for equities but also for exchange-traded funds (ETFs), bond or other non-equity instruments. Practical experience with a consolidated tape is already available in the United States, where a consolidated tape has been mandated for shares (consolidating pre- and post-trade data) and bonds (post-trade data).

A European CT could, for a reasonable fee, provide a real-time feed of information, not only for transactions that have taken place (post-trade information), but also for orders resting in the public markets (pre-trade information). MiFID II /MiFIR already provides for a consolidated tape framework for equity and non-equity instruments but no consolidated tape has yet emerged, for various reasons that are explored in this consultation. On 5 December 2019 ESMA submitted to the Commission a report on the development in prices for pre- and post-trade data and on the Consolidated tape for equity instruments. This report included recommendations relating to the provision consolidated tape for equity instruments of market data and the establishment of a post-trade consolidated tape for equities. In the following sections the Commission, taking into account the conclusions from ESMA, welcomes views on how a European CT should be designed: what information it should consolidate (e.g. pre- and/or post-trade transparency), what financial instruments should be included (e.g. shares, bonds, derivatives), what characteristics should be retained for its optimal functioning (e.g. funding, governance, technical specifications). Finally, the

last subsection analyses possible amendments to certain MiFID II/MiFIR provisions (share trading obligation and transparency requirements) with a possible link to the CT.

## 1. Current state of play

This section discusses the absence of a CT under the current MiFID II/MiFIR framework, the issues of availability of market data for market participants and the use cases for setting up a CT.

### 1.1. Reasons why a consolidated tape has not emerged

Article 65 of MiFID II provides for a framework for a post-trade CT in equity and non-equity instruments further detailed in regulatory technical standards. The framework specifies key functioning features that a potential CT should adhere to, such as the content of the information that a CT should consolidate as well as its organisational and governance arrangements. Since no CT provider has emerged so far, there is a lack of practical experience with the CT framework under MiFID II/MiFIR. Several reasons have been put forward to explain the absence of a CT.

**Question 7.** What are in your view the reasons why an EU consolidated tape has not yet emerged?

- Lack of financial incentives for the running a CT - **Rather agree (4)**
  - Overly strict regulatory requirements for providing a CT - **N.A.**
  - Competition by non-regulated entities such as data vendors - **Rather agree (4)**
  - Lack of sufficient data quality, in particular for OTC transactions and transactions on systematic internalisers - **Rather agree (4)**
  - Other - **N.A.**
- (disagree, rather not agree, neutral, rather agree, fully agree, N.A.)

Please specify what are the other reasons why an EU consolidated tape has not yet emerged?

N.A.

**Question 7.1** Please explain your answers to question 7:

Wat betreft de consolidated tape (CT) voor eigenvermogensinstrumenten (equities) verwijzen wij naar het relevante ESMA consultation paper.<sup>1</sup> Zie in het bijzonder Hoofdstuk 4.2 van de CP waarin ESMA naar ons oordeel terecht de hiervoor onder vraag 7 bij de eerste 4 bullets genoemde factoren aanmerkt als redenen voor het niet van de grond komen van een CTP voor equities.

**Question 8.** Should an EU consolidated tape be mandated under a new dedicated legal framework, what parts of the current consolidated tape framework (Article 65 of MiFID II and the relevant technical standards (Regulation (EU 2017/571))) would you consider appropriate to incorporate in the future consolidated tape framework? Please explain your answer:

Op deze vraag kan pas een adequaat antwoord worden gegeven, indien duidelijk is hoe de CT is vormgegeven, wie de CT exploiteert en hoe de CT wordt gefinancierd. Op dit moment zien wij geen noodzaak om een nieuw wettelijk kader te introduceren dat is toegesneden op de nieuwe EU CT.

### 1.2. Availability and price of market data

In its report submitted on 5 December 2019 to the Commission, ESMA considers that so far MiFID II/MiFIR has not delivered on its objective to reduce the price of market data and the Reasonable Commercial Basis ('RCB') provisions have not delivered on their objectives to enable users to understand market data policies and how the price for market data is set.

ESMA recommends, in addition to working on supervisory guidance on how the RCB requirements should be complied with, a number of targeted changes to either the Level 1 or Level 2 texts to strengthen the overall concept that market data should be charged based on the costs of producing and disseminating the information:

<sup>1</sup> [www.esma.europa.eu/sites/default/files/library/esma70-156-1065\\_cp\\_mifid\\_review\\_report\\_cost\\_of\\_market\\_data\\_and\\_consolidated\\_tape\\_equity.pdf](http://www.esma.europa.eu/sites/default/files/library/esma70-156-1065_cp_mifid_review_report_cost_of_market_data_and_consolidated_tape_equity.pdf)



- add a mandate to the Level 1 text empowering ESMA to develop Level 2 measures specifying the content, format and terminology of the RCB information; and
- move the provision to provide market data on the basis of costs (Article 85 of CDR 2017/565 and Article 7 of CDR 2017/567) to the Level 1 text;
- add a requirement in the Level 1 text for trading venues, APAs, SIs and CTPs to share information on the actual costs of producing and disseminating market data as well as on the margins with CAs and ESMA together with an empowerment to develop Level 2 measures specifying the frequency, content and format of such information;
- delete Article 86(2) of CDR 2017/565 and Article 8(2) of CDR 2017/567 allowing trading venues, APAs, CTPs and SIs to charge for market data proportionate to the value the data represents to users.

**Question 9.** Do you agree with the above targeted amendments recommended by ESMA to address market data concerns? Please explain your answer:

N.A.

### 1.3. Use cases for a consolidated tape

**Question 10.** What do you consider to be the use cases for an EU consolidated tape?

- Transaction cost analysis (TCA) - **Neutral (3)**
  - Ensuring best execution - **Fully agree (5)**
  - Documenting best execution - **Neutral (3)**
  - Better control of order & execution management - **N.A.**
  - Regulatory reporting requirements - **Neutral (3)**
  - Market surveillance - **N.A.**
  - Liquidity risk management - **N.A.**
  - Making market data accessible at a reasonable cost - **Fully agree (5)**
  - Identify available liquidity - **Rather agree (4)**
  - Portfolio valuation - **Rather agree (4)**
  - Other - **N.A.**
- (disagree, rather not agree, neutral, rather agree, fully agree, N.A.)

Please specify what are the other use cases for an EU consolidated tape that you identified?

N.A.

**Question 10.1** Please explain your answers to question 10 and also indicate to what extent the use cases would benefit from a CT:

Met het oog op de naleving van de best execution verplichting is de CT van groot belang. De CT bewerkstelligt dat marktpartijen een beter en breder overzicht van de markt (over meerdere asset classes) verkrijgen. Dit zou kunnen bijdragen aan een (meer) adequate prijsvorming.

## 2. General features of the consolidated tape

This section discusses the general features of a future European CT. The specific scope of the CT in terms of financial instruments (shares, bonds, derivatives) and type of transparency (pre- and/or post-trade) are addressed in the following section.

During the EC workshop, the ESMA consultation, conferences and stakeholder meetings, it became clear that a majority of market participants believe that EU financial markets would benefit from the establishment of a CT. ESMA made the following recommendation<sup>2</sup> which appear very important for the success of an EU consolidated tape: ]

- ensuring a high level of data quality (supervisory guidance complemented with amendments of the Level 1 and 2 texts);
- mandatory contributions: trading venues and APAs should provide trading data to the CT free of charge;
- CT to share revenues with contributing entities (on the basis of an allocation key that rewards price forming trades);
- contribution of users to funding of the CT, e.g. via mandatory consumption of the CT by users to ensure user contributions to the funding of the CT

- full coverage: The CT should consolidate 100% of the transactions across all asset classes (with possible targeted exceptions);
- operation of the CT on an exclusive basis: ESMA recommends that a CT is appointed for a period of 5-7 years after a competitive appointment process;
- strong governance framework to ensure the neutrality of the CT provider, a high level of transparency and accountability and include provisions ensuring the continuity of service.

The EC workshop, conferences and stakeholder meetings revealed that opinions remained divergent on a variety of issues, notably:

- Whether pre-trade data should be included in CT: the argument has been made that the US model for a consolidated quotation tape comprises pre-trade quotes because of the order protection rule contained in Regulation National Market System (NMS). The order protection rule eliminated the possibility of orders being executed at a suboptimal price compared to orders advertised on exchanges and it established the National Best Bid and Offer (NBBO) requirement that mandates brokers to route orders to venues that offer the best displayed price. Although some stakeholders strongly support a quotation tape, others have expressed reservations, either because there is no order protection rule in the European Union or because they do not support the establishment of such a rule in the EU which could be encouraged by the establishment of a pretrade tape. Stakeholders also argue that a quotation tape will be very expensive and that latency issues in collecting, consolidating and disseminating transaction data from multiple venues will always lead to a coexistence of the CT and proprietary exchange data feeds.
- What should be the latency of the tape: Many stakeholders argue that the tape should be "real-time", implying minimum standards on latency such as a dissemination speed of between 200 and 250 milliseconds ("fast as the eye can see"). Other stakeholders support an end of day tape.
- How to fund the tape and redistribute its revenues: stakeholders have mixed views on the optimal funding model. They also caution against some aspects of the US model, where the practice of redistribution of CT revenues has, in their view, provided market participants with an incentive to provide quotes to certain venues that rebate more tape revenue, without necessarily contributing to better execution quality.

**Question 11.** Which of the following features, as described above, do you consider important for the creation of an EU consolidated tape?

<ul style="list-style-type: none"> <li>• High level of data quality - <b>Fully agree (5)</b></li> <li>• Mandatory contributions - <b>Fully agree (5)</b></li> <li>• Mandatory consumption - <b>Disagree (1)</b></li> <li>• Full coverage - <b>Fully agree (5)</b></li> <li>• Very high coverage (not lower than 90% of the market) - <b>Fully agree (5)</b></li> <li>• Real-time (minimum standards on latency) - <b>Fully agree (5)</b></li> <li>• The existence of an order protection rule - <b>Disagree (1)</b></li> <li>• Single provider per asset class - <b>Neutral (3)</b></li> <li>• Strong governance framework - <b>Fully agree (5)</b></li> <li>• Other - <b>N.A.</b></li> </ul> <p>(disagree, rather not agree, neutral, rather agree, fully agree, N.A.)</p>
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Please specify what other feature(s) you consider important for the creation of an EU consolidated tape?

N.A.
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**Question 11.1** Please explain your answers to question 11 and provide if possible detailed suggestions on how the above success factors should be implemented (e.g. how data quality should be improved; what should be the optimal latency and coverage; what should the governance framework include; the optimal number of providers):

N.A.
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**Question 12.** If you support mandatory consumption of the tape, how would you recommend to structure such mandatory consumption?

Please explain your answer and provide if possible detailed suggestions on which users should be mandated to consume the tape and how this should be organised:

N.A.

**Question 13.** In your view, what link should there be between the CT and best execution obligations?

Please explain your answer and provide if possible detailed suggestions (e.g. simplifying the best execution reporting through the use of an EBBO reference price benchmark):

Met behulp van een CT kunnen beleggers en beleggingsondernemingen beter nagaan of de best execution verplichtingen worden nageleefd.

**Question 14.** Do you agree with the following features in relation to the provision, governance and funding of the consolidated tape?

- The CT should be funded on the basis of user fees - **Fully agree (5)**
- Fees should be differentiated according to type of use - **Neutral (3)**
- Revenue should be redistributed among contributing venues - **Fully agree (5)**
- In redistributing revenue, price-forming trades should be compensated at a higher rate than other trades - **Neutral (3)**
- The position of CTP should be put up for tender every 5-7 years - **Fully agree (5)**
- Other - **N.A.**

(disagree, rather not agree, neutral, rather agree, fully agree, N.A.)

Please specify what other important feature(s) for the funding and governance of the CT you did identify?

N.A.

**Question 14.1** Please explain your answers to question 14 and provide if possible detailed suggestions on how the above features should be implemented (e.g. according to which methodology the CT revenues should be redistributed; how price forming trades should be rewarded, alternative funding models):

De data op de CT zouden onder identieke voorwaarden, waaronder prijs en snelheid, aan alle deelnemers van de CT moeten worden verstrekt.

### 3. The scope of the consolidated tape

#### 3.1. Pre- and post-trade transparency and asset class coverage

This section discusses the scope of the CT: what asset classes should be covered and what trade transparency data it should include. This section also discusses how to delineate, within an asset class, the exact scope of financial instruments that should be included in the CT.

**Question 15.** For which asset classes do you consider that an EU consolidated tape should be created?

- Shares pre-trade - **Disagree (1)**
- Shares post-trade - **Fully agree (5)**
- ETFs pre-trade - **Disagree (1)**
- ETFs post-trade - **Fully agree (5)**
- Corporate bonds pre-trade - **Disagree (1)**
- Corporate bonds post-trade - **Fully agree (5)**
- Government bonds pre-trade - **Disagree (1)**
- Government bonds post-trade - **Fully agree (5)**
- Interest rate swaps pre-trade - **Disagree (1)**
- Interest rate swaps post-trade - **Rather agree (4)**
- Credit default swaps pre-trade - **Disagree (1)**
- Credit default swaps post-trade - **Rather agree (4)**
- Other - **N.A.**

(disagree, rather not agree, neutral, rather agree, fully agree, N.A.)

Please specify for which other asset classes you consider that an EU consolidated tape should be created?

**Question 15.1** Please explain your answers to question 15:

Wij pleiten voor het oprichten van een real time post trade CT.  
Wat de scope van asset classes betreft, kunnen wij ons voorstellen dat de op te richten real time post trade CT in eerste instantie uitsluitend ziet op aandelen, ETFs en obligaties. Op een later moment kunnen interest rate en credit default swaps hieraan worden toegevoegd. Dit vanwege de complexiteit van het operationeel krijgen van een dergelijke CT.

Another important element in the design of the CT will be to determine the exact content of the information that a pre- and/ or post-trade CT should consolidate in relation to the information already disseminated under the MiFIR pre- and post-trade transparency requirements. While Article 65 of MiFID II and the relevant regulatory technical standards specify the exact content of the post-trade information a CT should consolidate under the current framework, there is no such specification for pre-trade information.

**Question 16.** In your view, what information published under the MiFID II /MiFIR pre- and post-trade transparency should be consolidated in the tape (all information or a subset, any additional information)?

Please explain your answer, distinguishing if necessary by asset class and pre- and post-trade. Please also explain, if relevant, how you would identify the relevant types of transactions or trading interests to be consolidated by a CT:

We laten deze vraag graag aan toezichthouders en marktpartijen om te beantwoorden.

### 3.2. The Official List of financial instruments in scope of the CT

To provide market participants with legal clarity, a CT would benefit from a list setting out, within a given asset class, the exact scope of financial instruments that need to be reported to the CT. This section discusses, for each asset class, how to best create an "Official List" of financial instruments that would feature in the CT, having regard to the feasibility of producing such a list.

**Shares.** There are different categories of shares traded on EU trading venues, including: (i) shares admitted to trading on a Regulated Market (RM) - for which a prospectus is mandatory; (ii) shares admitted to trading on an Multilateral Trading Facility (MTF) (e.g. small cap company listed on the small cap MTF) with a prospectus approved in an EU Member State; (iii) shares traded on an EU MTF without a prospectus approved in a EU Member State (e.g. US blue chip company listed on a US exchange but also traded on a EU MTF). While the first two categories have a clear EU footprint and should be considered for inclusion in the CT, the inclusion of the latter category is more questionable because it consists of thousands of international shares for which the admission's venue or the main centre of liquidity is not in the EU.

**Question 17.** What shares should in your view be included in the Official List of shares defining the scope of the EU consolidated tape?

- Shares admitted to trading on a RM - **Fully Agree (5)**
  - Shares admitted to trading on an MTF with a prospectus approved in an EU Member State - **Fully Agree (5)**
  - Other - **N.A.**
- (disagree, rather not agree, neutral, rather agree, fully agree, N.A.)

Please specify what other shares should in your view be included in the Official List of shares defining the scope of the EU consolidated tape?

N.A.

**Question 17.1** Please explain your answers to question 17:

N.A.

**Question 18.** In your view, should the Official List take into account any additional criteria (e.g. liquidity filter to capture only sufficiently liquid shares) to capture the relevant subset of shares traded in the EU for inclusion in the consolidated tape? Please explain your answer:

N.A.

**Question 19.** What flexibility should be provided to permit the inclusion in the EU consolidated tape of shares not (or not only) admitted to an EU regulated market or EU MTF? Please explain your answer:

Geen flexibiliteit.

#### **ETFs, Bonds, Derivatives and other financial instruments**

**Question 20.** What do you consider to be the most appropriate way of determining the Official List of ETFs, bonds and derivatives defining the scope of the EU consolidated tape? Please explain your answer and provide details by asset class:

TOTV

#### **4. Other MiFID II/MiFIR provisions with a link to the consolidated tape**

##### *4.1. Equity trading and price formation*

The share trading obligation ('STO') requires that EU investment firms only trade shares on eligible execution venues, unless the trades are non-systematic, ad-hoc, irregular and infrequent (" " exception) or do de minimis not contribute to the price discovery process. The STO can pose an issue when EU investment firms wish to trade international shares admitted to a stock exchange outside the EU as not all stock exchanges outside the EU are recognised as equivalent. The European Commission recognised as equivalent certain stock exchanges located in the United States, Hong Kong and Australia, with the consequence that those stock exchanges are eligible execution venues for fulfilling the STO. In addition, ESMA provided, in coordination with the Commission, further guidance on the scope of the STO.

**Question 21.** What is your appraisal of the impact of the share trading obligation on the transparency of share trading and the competitiveness of EU exchanges and market participants? Please explain your answer:

Wij zijn in beginsel positief over doel en werking van de STO. Echter, het toepassingsbereik van de STO behoeft enige aanpassing.

**Question 22.** Do you believe there is sufficient clarity on the scope of the trades included or exempted from the STO, in particular having regards to shares not (or not only) admitted to an EU regulated market or EU MTF?

(not at all, **not really**, neutral, partially, totally, don't know/no opinion/not relevant)

**Question 22.1** Please explain your answer to question 22:

Buiten het toepassingsbereik van de STO zou moeten vallen aandelen die zijn toegelaten tot de handel in een derde land en waarvan de liquiditeit voornamelijk of vrijwel volledig in dat derde land (of enig ander derde land) aanwezig is.

**Question 23.** What is your evaluation of the general policy options listed below as regards the future of the STO?

- Maintain the STO (status quo) - **Rather not agree (2)**
  - Maintain the STO with adjustments (please specify) - **Rather agree (4)**
  - Repeal the STO altogether - **Disagree (1)**
- (disagree, rather not agree, neutral, rather agree, fully agree, N.A.)

**Question 23.1** Please explain your answers to question 23:

Zie antwoord op vraag 22.1.

Price formation is an important aspect of equity trading which is recognised with the requirement under the STO to execute price-forming trades on eligible venues. At the same time, there is a debate about the status of systematic internalisers ('SIs') as eligible venues under the STO.

**Question 24.** Do you consider that the status of systematic internalisers, which are eligible venues for compliance with the STO, should be revisited and how?

- SIs should keep the same current status under the STO - **Rather agree (4)**
  - SIs should no longer be eligible execution venues under the STO - **Disagree (1)**
  - Other - **N.A.**
- (disagree, rather not agree, neutral, rather agree, fully agree, N.A.)

Please explain in what other way(s) the status of systematic internalisers, which are eligible venues for compliance with the STO, should be revisited:

N.A.

**Question 24.1** Please explain your answers to question 24:

N.A.

**Question 25.** Do you consider that other aspects of the regulatory framework applying to systematic internalisers should be revisited and how? Please explain your answer:

Er is nog sprake van een unlevel playing field tussen handelsplatformen (TVs) en SIs op het vlak van de transparantie (o.m. de pre transparency waivers) en het tick size regime voor SIs is niet nog volledig in lijn met het voor TVs.

**Question 26.** What would you consider to be appropriate steps to ensure a level-playing field between trading venues and systematic internalisers? Please explain your answer:

Zie antwoord op vraag 25.

More generally, there are questions raised as to whether the current MiFID II/MiFIR framework is sufficiently conducive of the price discovery process in equity trading, in light of various elements of complexity (e.g. fragmentation of trading, multiplicity of order types, exceptions to transparency requirements, variety of trading protocols).

**Question 27.** In your view, what would merit attention to further promote the price discovery process in equity trading? Please explain your answer:

N.A.

#### 4.2. Aligning the scope of the STO and of the transparency regime with the scope of the consolidated tape

For shares, in light of the strong parallel between the scope of the STO and the scope of the CT (see section "Official List"), there may be merit in aligning the two. At the same time, should the scope of the STO be the same as the scope of the CT, special consideration should be given to the treatment of international shares.

**Question 28.** Do you believe that the scope of the STO should be aligned with the scope of the consolidated tape?

(disagree, **rather not agree**, neutral, rather agree, fully agree, don't know/no opinion/not relevant)

**Question 28.1** Please explain your answer to question 28:

Nee, het toepassingsbereik van CT zou niet alleen moeten zien op asset classes die onder het toepassingsbereik van de ST vallen, maar tevens asset classes die buiten dat toepassingsbereik vallen zoals bedrijfsobligaties en staatsobligaties.

Similarly, both for equity and non-equity instruments, there may also be merit in aligning, where possible, the scope of financial instruments covered by the CT with the scope of financial instruments subject to the transparency regime.

**Question 29.** Do you consider, for asset classes where a consolidated tape would be mandated, that the scope of financial instruments subject to pre- and post-trade requirements should be aligned with the list of instruments in scope of the consolidated tape?

(disagree, rather not agree, neutral, rather agree, fully agree, **don't know/no opinion/not relevant**)

**Question 29.1** Please explain your answer to question 29:

N.A.

#### 4.3. Post-trade transparency regime for non-equities

For non-equity instruments, MiFID II/MiFIR currently allows a deferred publication of up to 2 days for post-trade information (including information on the transaction price), with the possibility of an extended period of deferral of 4 weeks for the disclosure of the volume of the transaction. In addition, national competent authorities have exercised their discretion available under Article 11(3) of MiFIR. This resulted in a fragmented post-trade transparency regime within the Union. Stakeholders raised concerns that the length of deferrals and the complexity of the regime would hamper the success of a CT.

**Question 30.** Which of the following measures could in your view be appropriate to ensure the availability of data of sufficient value and quality to create a consolidated tape for bonds and derivatives?

- Abolition of post-trade transparency deferrals - **Disagree (1)**
- Shortening of the 2-day deferral period for the price information - **Fully agree (5)**
- Shortening of the 4-week deferral period for the volume information - **Fully agree (5)**
- Harmonisation of national deferral regimes - **Fully agree (5)**
- Keeping the current regime - **Disagree (1)**
- Other - **N.A.**

(disagree, rather not agree, neutral, rather agree, fully agree, N.A.)

Please specify what other measures could in your view be appropriate to ensure the availability of data of sufficient value and quality to create a consolidated tape for bonds and derivatives?

N.A.

**Question 30.1** Please explain your answer to question 30:

N.A.

## II. Investor protection

Investor protection rules should strike the right balance between boosting participation in capital markets and ensuring that the interests of investors are safeguarded at all times during the investment process. Maintaining a high level of transparency is one important element to enhance the trust of investors into the financial market.

In December 2019, the invited Council conclusions on the Deepening of the Capital Markets Union the Commission to consider introducing new categories of clients and optimising requirements for simple financial instruments where this is proportionate and justified, as well as ensuring that the information available to investors is not excessive or overlapping in quantity and content.

Based on, but not limited to, the review requirements laid down in Article 90 of MiFID II, this consultation therefore aims at getting a more precise picture of the challenges that different categories of investors are confronted with when purchasing financial instruments in the EU, in order to evaluate where adjustments would be needed.

**Question 31.** Please specify to what extent you agree with the statements below regarding the experience with the implementation of the investor protection rules?

- The EU intervention has been successful in achieving or progressing towards more investor protection. - **Rather agree (4)**



- The MiFID II/MiFIR costs and benefits are balanced (in particular regarding the regulatory burden). - **N.A.**
  - The different components of the framework operate well together to achieve more investor protection. - **Rather agree (4)**
  - More investor protection corresponds with the needs and problems in EU financial markets. - **Fully agree (5)**
  - The investor protection rules in MiFID II/MiFIR have provided EU added value. - **Fully agree (5)**
- (disagree, rather not agree, neutral, rather agree, fully agree, N.A.)

**Question 31.1** Please provide both quantitative and qualitative elements to explain your answer and provide to the extent possible an estimation of the benefits and costs. Where possible, please provide figures broken down by categories such as IT, organisational arrangements, HR etc.

Kwalitatief: De herziening van MiFID en invoering van MiFIR hebben geleid tot meer transparantie op de Europese kapitaalmarkten en daarbij gezorgd voor betere bescherming van beleggers. Gegeven de continue ontwikkelingen, waaronder verdere digitalisering en het grensoverschrijdende karakter van de dienstverlening in de financiële sector blijft het belangrijk om te borgen dat adequate beleggersbescherming in regelgeving opgenomen is. Een kwantitatieve uiteenzetting van kosten en baten kan het ministerie niet bieden.

### 1. Easier access to simple and transparent products

The CMU is striving to improve the funding of the EU economy and to foster retail investments into capital markets. The Commission is therefore trying to improve the direct access to simple investment products (e.g. certain plain-vanilla bonds, index ETFs and UCITS funds). On the other hand, adequate protection has to be provided to retail investors as regards all products, but in particular complex products.

**Question 32.** Which MiFID II/MiFIR requirements should be amended in order to ensure that simple investment products are more easily accessible to retail clients?

- Product and governance requirements - **No**
  - Costs and charges requirements - **No**
  - Conduct requirements - **Yes**
  - Other - **Yes**
- (yes, no, N.A.)

Please specify which other MiFID II/MiFIR requirements should be amended:

Nederland vindt het belangrijk om de Europese regelgeving omtrent provisies verder te versterken. Een verbod op provisies voor beleggingsdiensten draagt bij aan meer transparantie over kosten en dienstverlening aan cliënten. Dergelijke transparantie vergroot de toegang tot deze producten en stimuleert daarmee zogeheten retailparticipatie in Europese kapitaalmarkten, een van de doelen van de Europese kapitaalmarktunie.

Naast het vergroten van transparantie over kosten en performance van bepaalde producten en dienstverlening is het toepassen van gedragsinzichten uit de psychologie en gedragseconomie belangrijk. Enkel (potentiële) cliënten informeren over de prijs, kosten, risico's en andere aspecten van een financieel product in een separaat informatiedocument leiden niet per se tot een geïnformeerde belegger. Psychologische aspecten beïnvloeden de keuzes die een (niet-rationeel denkende) belegger maakt, en de omgeving waarin keuzes worden gemaakt heeft een voorspelbaar sturende werking. Bij verdere verbetering van de beleggersbescherming regelgeving in MiFID II/ MiFIR dient daarom ook goed gekeken te worden naar hoe gedragsinzichten hierin toegepast kunnen worden.

**Question 32.1** Please explain your answer to question 32:

N.A.

**Question 33.** Do you agree that the MiFID II/MiFIR requirements provide adequate protection for retail investors regarding complex products?



(disagree, rather not agree, neutral, **rather agree**, fully agree, don't know/no opinion/not relevant)

**Question 33.1** If your answer to question 33 is on the negative side, please indicate in the text box which amendments you would like to see introduced to ensure that retail investors receive adequate protection when purchasing products considered as complex under MiFID II/MiFIR:

N.A.

**Question 33.1** Please explain your answer to question 33:

N.A.

## 2. Relevance and accessibility of adequate information

Information should be short, simple, comparable, and thereby easy to understand for investors. One challenge that has been raised with the Commission are the diverging requirements on the information documents across sectors.

One aspect is the usefulness of information documents received by professional clients and eligible counterparties ('ECPs') before making a transaction ('ex-ante cost disclosure'). Currently, the ex-ante cost information on execution services apply to retail, professional and eligible clients alike. With regard to wholesale transactions a wide range of stakeholders consider certain information requirements a mere administrative burden as they claim to be aware of the current market and pricing conditions.

**Question 34.** Should all clients, namely retail, professional clients per se and on request and ECPs be allowed to opt-out unilaterally from ex-ante cost information obligations, and if so, under which conditions?

- Professional clients and ECPs should be exempted without specific conditions. - **No**
  - Only ECPs should be able to opt-out unilaterally. - **No**
  - Professional clients and ECPs should be able to opt-out if specific conditions are met. - **Yes**
  - All client categories should be able to opt out if specific conditions are met. - **No**
  - Other - **No**
- (yes, no, N.A.)

Please specify what is your other view on whether all clients, namely retail, professional clients per se and on request and ECPs should be allowed to opt-out unilaterally from ex-ante cost information obligations?

N.A.

**Question 34.1** Please explain your answer to question 34 and in particular the conditions that should apply

Voor niet-professionele (retail) cliënten moet geen opt-out mogelijkheid gecreëerd worden. Voor deze categorie beleggers is het belangrijk dat zij vooraf voldoende informatie ontvangen over de kosten van het product en de dienstverlening. Voor professionele cliënten en in aanmerking komende tegenpartijen moet een dergelijke opt-out i) alleen op nadrukkelijk verzoek van de cliënt gegeven kunnen worden, en ii) enkel voor execution only diensten, niet voor portfolio management diensten en beleggingsadvies.

Another aspect is the need of paper-based information. This relates also to the Commission's Green Deal, the Sustainable Finance Agenda and the consideration that more and more people use online tools to access financial markets. Currently, MiFID II/MiFIR requires all information to be provided in a "durable medium", which includes electronic formats (e.g. e-mail) but also paper-based information.

**Question 35.** Would you generally support a phase-out of paper based information?

(do not support, rather not support, neutral, **rather support**, support completely, don't know/no opinion/not relevant)

**Question 35.1** Please explain your answer to question 35:

N.A.

**Question 36.** How could a phase-out of paper-based information be implemented?

- General phase-out within the next 5 years - **Yes**
  - General phase out within the next 10 years - **N.A.**
  - For retail clients, an explicit opt-out of the client shall be required. - **No**
  - For retail clients, a general phase out shall apply only if the retail client did not expressly require paper based information - **Yes**
  - Other - **N.A.**
- (yes, no, N.A.)

Please specify in which other way could a phase-out of paper-based information be implemented?

N.A.

**Question 36.1** Please explain your answer to question 36 and indicate the timing for such phase-out, the cost savings potentially generated within your firm and whether operational conditions should be attached to it:

Het is belangrijk dat marktpartijen tijdig duidelijk richting hun cliënten communiceren, indien zij voornemens zijn aanpassingen door te voeren in hun informatieverstrekingsproces, en niet langer als default optie informatie op papier verstrekken (wanneer dit niet meer verplicht wordt in de 'general phase out'). Hierbij dienen zij cliënten de optie te bieden voor een opt-in om informatie op papier te blijven ontvangen.

Some retail investors deplore the lack of comparability of the cost information and the absence of an EU-wide database to obtain information on existing investment products.

**Question 37.** Would you support the development of an EU-wide database (e.g. administered by ESMA) allowing for the comparison between different types of investment products accessible across the EU?

(do not support, rather not support, neutral, **rather support**, support completely, don't know/no opinion/not relevant)

**Question 37.1** Please explain your answer to question 37:

Een database waar de aspecten van verschillende soorten beleggingsproducten in worden bijgehouden kan bijdragen aan het verbeteren van de transparantie en het stimuleren van grensoverschrijdende dienstverlening in de Europese kapitaalmarktunie. Het ontwikkelen en aanbieden van vergelijkingstools vergt een professionele aanpak, waarvoor marktpartijen (zoals bijvoorbeeld vergelijkingssites en fintech bedrijven) de meest aangewezen partijen lijken. De Commissie kan kosten en baten in kaart brengen van het aanleggen van een database met zogeheten open data. Open data is data die, na toestemming van de eigenaar (in dit geval ESMA), vrij gebruikt kan worden, hergebruikt kan worden en opnieuw verspreid kan worden door iedereen. Hiermee kunnen derden bijvoorbeeld tooling ontwikkelen waarmee consumenten verschillende producten kunnen vergelijken, en financieel dienstverleners kunnen de data gebruiken voor het geven van (robo-)advies.

**Question 38.** In your view, which products should be prioritised to be included in an EU-wide database?

- All transferable securities - **N.A.**
  - All products that have a PRIIPs KID/ UICIS KIID - **Fully relevant (5)**
  - Only PRIIPs - **N.A.**
  - Other - **N.A.**
- (irrelevant, rather not relevant, neutral, rather relevant, fully relevant, N.A.)

Please specify what other products should be prioritised?

N.A.

**Question 38.1** Please explain your answer to question 38:

N.A.

**Question 39.** Do you agree that ESMA would be well placed to develop such a tool?

(disagree, rather not agree, neutral, **rather agree**, fully agree, don't know/no opinion/not relevant)

**Question 39.1** Please explain your answer to question 39:

ESMA ontvangt, beheert en analyseert reeds grote datastromen. Data die voor een dergelijke database relevant is kunnen zij als open data beschikbaar stellen. Derden (marktpartijen) kunnen deze data gebruiken in tools die de transparantie over deze marktinformatie vergroten. Zie ook het antwoord op vraag 37.1.

### 3. Client profiling and classification

MiFID II/MiFIR currently differentiates between retail clients, professional clients and eligible counterparties. In line with the procedure and conditions laid down in the Annex of MiFID II, retail clients can already "opt-up" to be treated as professional clients. Some stakeholders indicated that the creation of an additional client category ('semi-professional investors') might be necessary in order to encourage the participations of wealthy or knowledgeable investors in the capital market. In addition, other concepts related to this classification of investors can be found in the draft Crowdfunding Regulation which further developed the concept of sophisticated investors. The CMU-Next group suggested a new category of experienced High Net Worth ("HNW") investors with tailor made investor protection rules.

**Question 40.** Do you consider that MiFID II/MiFIR can be overly protective for retail clients who have sufficient experience with financial markets and who could find themselves constrained by existing client classification rules?

(**disagree**, rather not agree, neutral, rather agree, fully agree, don't know/no opinion/not relevant)

**Question 40.1** Please explain your answer to question 40:

Adequate beleggersbescherming is belangrijk. Gegeven dat sommige beleggingsproducten zeer complex zijn vinden wij het belangrijk dat ook ervaren (retail) beleggers voldoende bescherming wordt geboden en dat informatie over kosten en performance van beleggingsproducten en beleggingsdiensten voldoende transparant is. Het huidige kader met drie categorieën en de mogelijkheid voor opt-ups bieden voldoende mogelijkheden aan beleggers en beleggingsondernemingen voor een goede classificering. Introductie van een nieuwe categorie semiprofessionele beleggers leidt tot verdere complicatie van het huidige kader. Ook neemt het risico toe dat beleggers worden ingedeeld in een categorie van beleggers dat voor hen – gezien vanuit het perspectief van beleggersbescherming – niet passend wordt geacht. Daarmee zijn wij geen voorstander van introductie van een nieuwe categorie van semiprofessionele beleggers.

**Question 41.** With regards to professional clients on request, should the threshold for the client's instrument portfolio of EUR 500 000 (See Annex II of MiFID II) be lowered?

(**disagree**, rather not agree, neutral, rather agree, fully agree, don't know/no opinion/not relevant)

**Question 41.1** Please explain your answer to question 41:

N.A.

**Question 42.** Would you see benefits in the creation of a new category of semi-professionals clients that would be subject to lighter rules?

(**disagree**, rather not agree, neutral, rather agree, fully agree, don't know/no opinion/not relevant)

**Question 42.1** Please explain your answer to question 42:

Zie het antwoord op vraag 40.1. Het huidige kader met drie categorieën is volgens ons toereikend. Een extra categorie leidt tot het verder compliceren van de MiFID regelgeving en is mede daarom niet wenselijk.

**Question 43.** What investor protection rules should be mitigated or adjusted for semi-professionals clients?

- Suitability or appropriateness test - **N.A.**
- Information provided on costs and charges - **N.A.**
- Product governance - **N.A.**
- Other - **N.A.**

(irrelevant, rather not relevant, neutral, rather relevant, fully relevant, N.A.)

Please specify what other investor protection rules should be mitigated or adjusted for semi-professionals clients?

N.A.

**Question 43.1** Please explain your answer to question 43:

Zie het antwoord op vraag 42. Nederland is geen voorstander van de introductie van een vierde categorie semiprofessionele belegger.

**Question 44.** How would your answer to question 43 change your current operations, both in terms of time and resources allocated to the distribution process?

Please specify which changes are one-off and which changes are recurrent:

N.A.

**Question 45.** What should be the applicable criteria to classify a client as a semi-professional client?

- Semi-professional clients should possess a minimum investable portfolio of a certain amount (please specify and justify below). - **N.A.**
- Semi-professional clients should be identified by a stricter financial knowledge test. - **N.A.**
- Semi-professional clients should have experience working in the financial sector or in fields that involve financial expertise. - **N.A.**
- Semi-professional clients should be subject to a one-off in-depth suitability test that would not need to be repeated at the time of the investment. - **N.A.**
- Other - **N.A.**

(irrelevant, rather not relevant, neutral, rather relevant, fully relevant, N.A.)

Please specify what other criteria should be the one applicable to classify a client as a semi-professional client:

N.A.

**Question 45.1** Please explain your answer to question 45 and in particular the minimum amount that a retail client should hold and any other applicable criteria you would find relevant to delineate between retail and semiprofessional investors:

Zie het antwoord op vraag 42. Nederland is geen voorstander van de introductie van een vierde categorie semiprofessionele belegger.

#### 4. Product Oversight, Governance and Inducements

The product oversight and governance requirements shall ensure that products are manufactured and distributed to meet the clients' needs. Before any product is sold, the target market for that product needs to be identified. Product manufacturers and distributors should thus be well aware of all product features and the clients for which they are suited. To do so, distributors should use the information obtained from manufacturers as well as the information which they have on their own clients to identify the actual (positive and negative) target market and their distribution strategy.

There is a debate around the efficiency of these requirements. Some stakeholders criticise that the necessary information was not available for all products (e.g. funds). Others even argue that this

approach adds little benefit to the suitability assessment undertaken at individual level. Similar doubts are mentioned with regards to the review of the target market, in particular for products that don't change their payment profile. Concerns are raised that the current application of the product governance rules might result in a further reduction of the products offered.

**Question 46.** Do you consider that the product governance requirements prevent retail clients from accessing products that would in principle be appropriate or suitable for them?

(disagree, **rather not agree**, neutral, rather agree, fully agree, don't know/no opinion/not relevant)

**Question 46.1** Please explain your answer to question 46:

Onze opvatting is niet dat de target markets en distributie strategieën te beperkt worden bepaald, daarmee belemmeren naar ons inzicht de product governance requirements niet de toegang tot bepaalde, voor de niet-professionele belegger geschikte, producten.

**Question 47.** Should the product governance rules under MiFID II/MiFIR be simplified?

- It should only apply to products to which retail clients can have access (i.e. not for non-equities securities that are only eligible for qualified investors or that have a minimum denomination of EUR 100.000). - **No**
  - It should apply only to complex products. - **No**
  - Other changes should be envisaged – please specify below. - **N.A.**
  - Simplification means that MiFID II/MiFIR product governance rules should be extended to other products. - **N.A.**
  - Overall the measures are appropriately calibrated, the main problems lie in the actual implementation. - **N.A.**
  - The regime is adequately calibrated and overall, correctly applied. - **N.A.**
- (yes, no, N.A.)

**Question 47.1** Please explain your answer to question 47:

Met betrekking tot het vierde statement van vraag 47 merken we op dat het ons onduidelijk is welke producten hier bedoeld worden (waarop de product governance regels ook zouden moeten worden toegepast). Dit zou ons inziens per richtlijn moeten worden bekeken.

Further, even though ESMA clarified in its guidelines that the sale of products outside the actual target market is possible in so far as this can "be justified by the individual facts of the case", distributors seem reluctant to do so even if the client insists. This consultation is therefore assessing if and how the product governance regime could be improved.

**Question 48.** In your view, should an investment firm continue to be allowed to sell a product to a negative target market if the client insists?

- **Yes**
- Yes, but in that case the firm should provide a written explanation that the client was duly informed but wished to acquire the product nevertheless.
- No
- Don't know / no opinion / not relevant

**Question 48.1** Please explain your answer to question 48:

Incidenteel zou dit moeten kunnen plaatsvinden. Echter dan dient een beleggingsonderneming wel duidelijk te kunnen uitleggen waarom een cliënt in een bepaald product kan handelen als hij tot de negatieve target market behoort.

MiFID II/MiFIR establishes strict rules for investment firms to accept inducements, in particular as regards the conditions to fulfil the quality enhancement test and as regards disclosures of fees, commissions and non-monetary benefits.

**Question 49.** Do you believe that the current rules on inducements are adequately calibrated to ensure that investment firms act in the best interest of their clients?

(**disagree**, rather not agree, neutral, rather agree, fully agree, don't know/no opinion/not relevant)

**Question 49.1** Please explain your answer to question 49:

Er is met betrekking tot beleggingsadvies in de EU nog steeds een gebrek aan transparantie over de kosten van dergelijk advies. Daarmee is het wenselijk om EU-breed een verbod op provisies bij beleggingsadvies in te voeren. Beleggingsondernemingen dienen volledig in het belang van de klant te handelen. De beleggingsonderneming kan enkel volledig onafhankelijk van de productaanbieder of andere derden handelen als zij enkel door de cliënt wordt betaald voor haar diensten. Daarnaast is het wenselijk om de regelgeving omtrent provisies te uniformeren en zo een gelijk speelveld te creëren waarbij regulatory arbitrage voorkomen wordt.

Some consumer associations have stated that inducement rules inducements under MiFID II/MiFIR are not sufficiently dissuasive to prevent conflicts of interest in the distribution process. They consider that financial advisers are incentivised to sell products for which they receive commissions instead of recommending the most suitable products for their clients. Therefore, some are calling for a ban on inducements.

**Question 50.** Would you see merits in establishing an outright ban on inducements to improve access to independent investment advice?

(disagree, rather not agree, neutral, rather agree, **fully agree**, don't know/no opinion/not relevant)

**Question 50.1** Please explain your answer to question 50:

Ervaringen met een verbod op provisies in Nederland, dat sinds 2014 van kracht is, tonen aan dat de kwaliteit van beleggingsadvies is verbeterd doordat de (financiële) prikkels beter in lijn zijn met de relatie tussen cliënt en adviseur. Ook heeft het provisieverbod een positief effect op het Nederlandse marktlandschap, waar volgens de AFM kosten voor beleggen relatief laag zijn en innovatieve distributiekanaalen zijn geïntroduceerd.<sup>2</sup> Deze bevinding wordt bevestigd in de studie in opdracht van de Europese Commissie naar de distributie van retail beleggingsproducten in de EU.<sup>3</sup> Een EU-breed verbod op provisies kan door het verlagen van de kosten van beleggen en het verbeteren van de informatiepositie van beleggers bijdragen aan het stimuleren van retailparticipatie in Europese kapitaalmarkten, waarmee een belangrijke bijdrage wordt geleverd aan verdere verdieping van de CMU.

As regards the criteria for the assessment of knowledge and competence required under Article 25(1) of MiFID II, ESMA established minimum standards promoting greater convergence in the knowledge and competence's guidelines of staff providing investment advice or information about financial instruments and services. Nonetheless, due to the diversified national educational and professional systems, there are still various options on how to test the relevant knowledge and competences across Member States.

**Question 51.** Would you see merit in setting-up a certification requirement for staff providing investment advice and other relevant information?

(**disagree**, rather not agree, neutral, rather agree, fully agree, don't know/no opinion/not relevant)

**Question 51.1** Please explain your answer to question 51:

MiFID II heeft omvangrijke kwaliteitseisen die zijn geïmplementeerd in nationale beroepskwalificatiekaders, waar het deel uitmaakt van een uitgebreide reeks relevante wetgeving op nationaal niveau (bijvoorbeeld fiscale wetgeving) en op EU-niveau. Door deze combinatie van nationale wetgeving en EU-wetgeving, moet er in het geval van een kwalificatiekader op EU-niveau altijd een nationaal kader naast bestaan. De verwachting is dat een pragmatische invulling zeer arbeidsintensief en lastig uitvoerbaar is. Daarbij zijn eventuele risico's reeds grotendeels

<sup>2</sup> <https://www.afm.nl/~profmedia/files/publicaties/2020/afm-view-cmu-april-2020.pdf>

<sup>3</sup> [https://ec.europa.eu/info/sites/info/files/180425-retail-investment-products-distribution-systems\\_en.pdf](https://ec.europa.eu/info/sites/info/files/180425-retail-investment-products-distribution-systems_en.pdf)

gemitigeerd door de huidige kwaliteitseisen. De voordelen van een EU-kader zullen daarom naar verwachting beperkt zijn.

**Question 52.** Would you see merit in setting out an EU-wide framework for such a certification based on an exam?

(**disagree**, rather not agree, neutral, rather agree, fully agree, don't know/no opinion/not relevant)

**Question 52.1** Please explain your answer to question 52:

[Zie het antwoord op vraag 51.1.](#)

## 5. Distance communication

Provision of investment services via telephone requires ex-ante information on costs and charges (please consider also ESMA's guidance on this matter). When a client wants to place an order on the phone, the service provider is obliged to send the cost details before the transaction is executed, a requirement which may delay the immediate execution of the order. Further, MiFID II/MiFIR requires all telephone communications between the investment firm and its clients that may result in transactions to be recorded. Due to this requirement, several banks argue to have ceased to provide telephone banking services altogether.

**Question 53.** To reduce execution delays, should it be stipulated that in case of distant communication (phone in particular) the cost information can also be provided after the transaction is executed?

(disagree, rather not agree, neutral, **rather agree**, fully agree, don't know/no opinion/not relevant)

**Question 53.1** Please explain your answer to question 53:

[Wij kunnen ons voorstellen dat bij transacties waarvoor de opdracht per telefonisch contact wordt gegeven de cliënt ervoor kan kiezen \(opt-out\) om de informatie achteraf te ontvangen. Indien de klant zelf het initiatief heeft genomen om een financieel instrument af te sluiten via verkoop op afstand kan de informatie over de kosten alleen later worden gegeven als de klant daarmee heeft ingestemd en de mogelijkheid is geboden om de transactie uit te stellen teneinde de informatie vooraf te ontvangen. Voor transacties die via andere \(elektronische\) communicatiemiddelen worden gedaan \(zoals email, apps\) is een dergelijke opt-out van pre-trade informatieverstrekking niet noodzakelijk.](#)

**Question 54.** Are taping and record-keeping requirements necessary tools to reduce the risk of products mis-selling over the phone?

(disagree, rather not agree, neutral, **rather agree**, fully agree, don't know/no opinion/not relevant)

**Question 54.1** Please explain your answer to question 54:

[Het vastleggen van gesprekken tussen aanbieder en cliënt kan bijdragen aan het voorkomen van misselling en zorgt dat er achteraf duidelijkheid is over de communicatie.](#)

## 6. Reporting on best execution

Investment firms shall execute orders on terms most favourable to the client. The framework includes reporting obligations on data relating to the quality of execution of transactions whose content, format and periodicity are detailed in Delegated Regulation 2017/575 (also known as 'RTS 27'). The best execution framework also includes reporting obligations for investment firms on the top five execution venues in terms of trading volumes where they executed client orders and information on the quality of information. Delegated regulation 2017/576 (also known as 'RTS 28') specifies the content and format of that information.

**Question 55.** Do you believe that the best execution reports are of sufficiently good quality to provide investors with useful information on the quality of execution of their transactions?



(disagree, rather not agree, neutral, rather agree, fully agree, **don't know/no opinion/not relevant**)

**Question 55.1** Please explain your answer to question 55:

Het Nederlandse ministerie van Financiën heeft geen inzicht in de kwaliteit van dergelijke rapporten.

**Question 56.** What could be done to improve the quality of the best execution reports issued by investment firms?

- Comprehensiveness - **N.A.**
- Format of the data - **N.A.**
- Quality of data - **N.A.**
- Other - **N.A.**

(irrelevant, rather not relevant, neutral, rather relevant, fully relevant, N.A.)

Please specify what else could be done to improve the quality of the best execution reports issued by investment firms:

N.A.

**Question 56.1** Please explain your answer to question 56:

Wij hebben geen inzicht in de kwaliteit van dergelijke rapporten, maar best execution rapporten dienen in een duidelijke en overzichtelijke manier inzicht te geven op welke wijze de beleggingsonderneming haar dienstverlening uitvoert. Een goede datakwaliteit, waarbij vergelijking met andere partijen gefaciliteerd kan worden, draagt hieraan bij.

**Question 57.** Do you believe there is the right balance in terms of costs between generating these best execution reports and the benefits for investors?

(disagree, rather not agree, neutral, rather agree, fully agree, **don't know/no opinion/not relevant**)

**Question 57.1** Please explain your answer to question 57:

N.A.

### III. Research unbundling rules and SME research coverage

New rules on unbundling of research and execution services have been introduced in MiFID II/MiFIR, principally to increase the transparency of research prices, prevent conflict of interests and ensure that research costs are incurred in the best interests of the client. In particular, unbundling of research rules were put in place to ensure that the cost of research funded by client is not linked to the volume or value of other services or benefits or used to cover any other purposes, such as execution services.

**Question 58.** What is your overall assessment of the effect of unbundling on the quantity, quality and pricing of research?

Nederland is voorstander van de huidige regelgeving waarbij de kosten van onderzoek en andere diensten gesplitst dienen te worden, omdat dit bijdraagt aan de transparantie hiervan. Onderzoek van de FCA toont aan dat de kosten voor beleggers in het VK zijn gedaald.<sup>4</sup> Er zijn echter signalen dat deze ontvlechting tot een reductie in onderzoek naar met name mkb-ondernemingen heeft geleid. Het is daarom belangrijk dat de langere termijn effecten van deze – relatief nieuwe – regelgeving goed worden onderzocht. Op dit moment is het nog te vroeg om daar uitspraken over te kunnen doen. Daarbij kan zowel naar de kwantiteit als kwaliteit van het onderzoek gekeken worden, en andere factoren die hierbij mogelijk een rol spelen. Op basis van de uitkomsten van dergelijke studies kan worden bepaald of het huidige regime op bepaalde punten verbeterd kan worden om nadelige (neven)effecten (enigszins) te mitigeren.

<sup>4</sup> <https://www.fca.org.uk/publications/multi-firm-reviews/implementing-mifid-ii-multi-firm-review-research-unbundling-reforms>



Over the last years, research coverage relating to Small and Medium-size Enterprises ('SMEs') seems to suffer an overall decline. One alleged reason for this decline is the introduction of the unbundling rules. Less coverage of SMEs may lead to less SME investments, less secondary trading liquidity and less IPOs on Union's financial markets. This sub-section places a strong focus on how to foster research coverage on SMEs. There is a need to consider what can be done to increase its production, facilitate its dissemination and improve its quality.

## 1. Increase the production of research on SMEs

### 1.1. EU Rules on research

The absence of a harmonised definition of the notion of "research" has led to confusion amongst market participants. In addition, Article 13 of delegated Directive 2017/593 introduced rules on inducement in relation to research. Market participants argue that this has led to an overall decline of research coverage, in particular on SMEs. Several options could be tested: one option would be to revise the scope of Article 13 by authorising bundling exclusively for providers of SME research. Alternatively, independent research providers (not providing any execution services to clients) could be allowed to provide research to investment firms without these firms being subject to the rules of Article 13 for this research.

Furthermore, several market participants argue that providers price research below costs. If the actual costs incurred to produce research do not match the price at which the research is sold, it may have a negative impact on the research ecosystem. Some argue that pricing of research should be subject to the rules on reasonable commercial basis.

Finally, several market participants also pointed out that rules on free trial periods of research services are not sufficiently clear (ESMA also drafted a Q&A on trial periods).

**Question 59.** How would you value the proposals listed below in order to increase the production of SME research?

- Introduce a specific definition of research in MiFID II level 1 - **N.A.**
- Authorise bundling for SME research exclusively - **N.A.**
- Exclude independent research providers' research from Article 13 of delegated Directive 2017/593 - **N.A.**
- Prevent underpricing in research - **N.A.**
- Amend rules on free trial periods of research - **N.A.**
- Other - **N.A.**

(irrelevant, rather not relevant, neutral, rather relevant, fully relevant, N.A.)

Please specify what other proposals you would have in order to increase the production of SME research:

N.A.

**Question 59.1** Please explain your answer to question 59 and in particular if you believe preventing underpricing in research and amending rules on free trial periods of research are relevant:

Zie het antwoord op vraag 58. Op dit moment is het naar onze mening nog niet mogelijk om aanbevelingen te doen ten aanzien van het stimuleren van onderzoek naar mkb-ondernemingen. Hiervoor is eerst een probleemanalyse nodig naar de causaliteit tussen het gebrek aan onderzoek naar mkb-ondernemingen en het ontvlechten van onderzoek en andere diensten. Het is o.i. niet wenselijk om voor bepaalde groepen (zoals mkb-ondernemers) weer bundling van onderzoekskosten toe te staan.

### 1.2. Alternative ways of financing SMEs research

Alternative ways of financing research could help foster more SME research coverage. Operators of regulated markets and SME growth markets could be encouraged to set up programs to finance research on SMEs whose financial instruments are admitted on their markets. Another option would be to fund, at least partially, SME research with public money.

**Question 60.** Do you consider that a program set up by a market operator to finance SME research would improve research coverage?

(disagree, rather not agree, neutral, rather agree, fully agree, **don't know/no opinion/not relevant**)

**Question 60.1** If you do consider that a program set up by a market operator to finance SME research would improve research coverage, please specify under which conditions such a program could be implemented:

N.A.

**Question 60.1** Please explain your answer to question 60:

[Zie het antwoord op vraag 58 en 59.1.](#)

**Question 61.** If SME research were to be subsidised through a partially public funding program, can you please specify which market players (providers, SMEs, etc.) should benefit from such funding, under which form, and which criteria and conditions should apply to this program:

N.A.

The growing use of artificial intelligence and machine learning in financial services can help to foster the production of research on SMEs. In particular, algorithms can automate collection of publically available data and deliver it in a format that meets the analysts' needs. This can make equity research, including on SMEs, less costly and more relevant.

**Question 62.** Do you agree that the use of artificial intelligence could help to foster the production of SME research?

(disagree, rather not agree, neutral, rather agree, fully agree, **don't know/no opinion/not relevant**)

**Question 62.1** If you agree, which recommendations would you make on the form that such use of artificial intelligence could take and do you see risks associated to the development of AI-generated research?

N.A.

**Question 62.1** Please explain your answer to question 62:

N.A.

### *1.3. Promote access to research on SMEs and increase quality of research*

The lack of access to SME research deprives issuers from visibility and financing opportunities. However, access to SME research can be improved by creating a EU-wide SME research database. The creation of an EU database compiling research on SMEs would ensure the widest possible access to research material. Via this public EU-wide database, anyone could access and download research on SMEs for free. Such a tool would allow investors to access research in a more efficient manner and at a lower cost, while improving SMEs visibility.

**Question 63.** Do you agree that the creation of a public EU-wide SME research database would facilitate access to research material on SMEs?

(disagree, rather not agree, neutral, rather agree, fully agree, **don't know/no opinion/not relevant**)

**Question 63.1** If you do agree that the creation of a public EU-wide SME research database would facilitate access to research material on SMEs, please specify under which conditions this database should operate:

N.A.

**Question 63.1** Please explain your answer to question 63:

Naast dat ook eerst onderzoek gedaan dient te worden naar de toegang tot onderzoeken naar mkb-ondernemingen en de noodzaak om dit te faciliteren, dient bij een dergelijk initiatief tot het oprichten van een database ook gekeken te worden naar het gevolg hiervan voor de productie van onderzoek, zeker als deze gratis moet worden aangeboden via de database. Zie ook het antwoord op vraag 58.

**Question 64.** Do you agree that ESMA would be well placed to develop such a database?

(disagree, rather not agree, neutral, rather agree, fully agree, **don't know/no opinion/not relevant**)

**Question 64.1** Please explain your answer to question 64:

N.A.

Where issuer-sponsored research meets the conditions of Article 12 of Delegated Directive (EU) 2017/593, it can qualify as an acceptable minor non-monetary benefit. One condition is that the relationship between the third party firm and the issuer is clearly disclosed and that the information is made available at the same time to any investment firm wishing to receive it or to the general public. However, issuers and providers of investment research consider that the conditions listed under Article 12 would in most cases not apply to issuer-sponsored research. As a result, issuer-sponsored research would not qualify as acceptable minor non-monetary benefit.

**Question 65.** In your opinion, does issuer-sponsored research qualify as acceptable minor non-monetary benefit as defined by Article 12 of Delegated Directive (EU) 2017/593?

(disagree, rather not agree, neutral, rather agree, fully agree, **don't know/no opinion/not relevant**)

**Question 65.1** Please explain your answer to question 65:

N.A.

In addition, Article 37 of Delegated Regulation (EU) 2017/565 provides rules on conflict of interests for investment research and marketing communication. Investment research is defined in Article 36 of delegated regulation 2017/565. However, issuers and providers of investment research consider that the definition of Article 36 would in most cases not apply to issuer-sponsored research which as a result, would not qualify as investment research. As a consequence, the rules on conflict of interests applicable to marketing documentation would apply to issuer-sponsored research.

**Question 66.** In your opinion, does issuer-sponsored research qualify as investment research as defined in Article 36 of Delegated Regulation (EU) 2017/565?

(disagree, rather not agree, neutral, rather agree, fully agree, **don't know/no opinion/not relevant**)

**Question 66.1** Please explain your answer to question 66:

N.A.

**Question 67.** Do you consider that rules applicable to issuer-sponsored research should be amended?

(disagree, rather not agree, neutral, rather agree, fully agree, **don't know/no opinion/not relevant**)

**Question 67.1** If you do consider that rules applicable to issuer-sponsored research should be amended, please specify how:

N.A.

**Question 67.1** Please explain your answer to question 67:

N.A.

**Question 68.** Considering the various policy options tested in questions 59 to 67, which would be most effective and have most impact to foster SME research?

- Introduce a specific definition of research in MiFID level 1 - **N.A.**
- Authorise bundling for SME research exclusively - **N.A.**
- Amend Article 13 of delegated Directive 2017/593 to exclude independent research providers' research from Article 13 of delegated Directive 2017/593 - **N.A.**
- Prevent underpricing of research - **N.A.**
- Amend rules on free trial periods of research - **N.A.**
- Create a program to finance SME research set up by market operators - **N.A.**
- Fund SME research partially with public money - **N.A.**
- Promote research on SME produced by artificial intelligence - **N.A.**
- Create an EU-wide database on SME research - **N.A.**
- Amend rules on issuer-sponsored research - **N.A.**
- Other - **N.A.**

(least effective, rather not effective, neutral, rather effective, most effective, N.A.)

Please specify which other policy option would be most needed and have most impact to foster SME research:

N.A.

**Question 68.1** Please explain your answer to question 68:

[Zie het antwoord op vraag 58 en 59.1.](#)

## IV. Commodity markets

As part of the effort to foster more , commodity derivatives trading denominated in euros rules on pre-trade transparency and on position limits could be recalibrated (to establish for instance higher levels of open interest before the limit is triggered) to facilitate nascent euro-denominated commodity derivatives contracts. For example, Level 1 could contain a specific requirement that a nascent market must benefit from more relaxed (higher) limits before a position has to be closed. Another option would be to allow for trades negotiated over the counter (i.e. not on a trading venue) to be brought to an electronic exchange in order to gradually familiarise commodity traders with the beneficial features of "on venue" electronic trading.

ESMA has already conducted a consultation on position limits and position management. The report will be presented to the Commission at the end of Q1 2020. From a previous ESMA call for evidence, the commodity markets regime seems to have not had an impact on market abuse regulation, orderly pricing or settlement conditions. ESMA stresses that the associated position reporting data, combined with other data sources such as transaction reporting allows competent authorities to better identify, and sanction, market manipulation. Furthermore, the Commission has identified in its Staff Working Document on strengthening the International Role of the Euro that "There is potential to further increase the share of euro-denominated transactions in energy commodities, in particular in the sector of natural gas".

The most significant topic seems the current position limit regime for illiquid and nascent commodity markets. The position limit regime is thought to work well for liquid markets. However, illiquid and nascent markets are not sufficiently accommodated. ESMA also questioned whether there should be a position limit exemption for financial counterparties under mandatory liquidity provision obligations. ESMA would also like to foster convergence in the implementation of position management controls.

Another aspect mentioned in the Commission consultation on the international role of the euro is a more finely calibrated system of pre-trade transparency applicable to commodity derivatives. Such a system would lead to a swifter transition of these markets from the currently prevalent OTC trading to electronic platforms.

**Question 69.** Please specify to what extent you agree with the statements below regarding the experience with the implementation of the position limit framework and pre-trade transparency?

- The EU intervention been successful in achieving or progressing towards improving the functioning and transparency of commodity markets and address excessive commodity price volatility. - **Rather not agree (2)**
- The MiFID II/MiFIR costs and benefits with regard to commodity markets are balanced (in particular regarding the regulatory burden). - **N.A.**
- The different components of the framework operate well together to achieve the improvement of the functioning and transparency of commodity markets and address excessive commodity price volatility. - **Rather not agree (2)**
- The improvement of the functioning and transparency of commodity markets and address excessive commodity price volatility correspond with the needs and problems in EU financial markets. - **Neutral (3)**
- The position limit framework and pre-trade transparency regime for commodity markets has provided EU added value. - **Rather agree (4)**  
(disagree, rather not agree, neutral, rather agree, fully agree, N.A.)

**Question 69.1** Please provide both quantitative and qualitative elements to explain your answer and provide to the extent possible an estimation of the benefits and costs. Where possible, please provide figures broken down by categories such as IT, organisational arrangements, HR etc.

N.A.

Qualitative elements for question 69.1:

Nederland heeft zorgen wat betreft de impact van het positielimietenregime op (i) de ontwikkeling van nieuwe grondstoffenderivatenscontracten en (ii) de markt voor illiquide grondstoffenderivatenscontracten. Voorkomen moet worden dat te restrictieve positielimieten innovatie beperken en daardoor een negatieve impact hebben op markten die nog in ontwikkeling zijn (nascent markets).

### 1. Position limits for illiquid and nascent commodity markets

The lack of flexibility of the framework for commodity hedging contracts (notably position limit for new contracts covering natural gas and oil) is a constraint on the emergence euro-denominated commodity markets that allow hedging the increasing risk resulting from climate change. The current de minimis threshold of 2,500 lots for those contracts with a total combined open interest not exceeding 10,000 lots, is seen as too restrictive especially when the open interest in such contracts approaches the threshold of 10,000 lots.

**Question 70.** Can you provide examples of the materiality of the above mentioned problem?

- Yes, I can provide 1 or more example(s)
- **No, I cannot provide any example**

Please provide example(s) of (nascent) contracts where the position limit regime has constrained the growth of the contract:

Underlying cause of the constraint (A/B/C)\*:

Size of the OTC space the contract(s) is/are trying to enter (in €):

Market share the nascent contract(s) is/are expected to gain (in %):

Contract(s) is/are euro denominated?

**Question 71.** Please indicate the scope you consider most appropriate for the position limit regime:

- Current scope - **Most appropriate**
- A designated list of 'critical' contracts similar to the US regime - **Neutral**
- Other - **N.A.**

(most appropriate, neutral, least appropriate, N.A.)

Please specify what other scope you consider most appropriate for the position limit regime:

N.A.

**Question 71.1** Please explain your answer to question 71:

Er kan worden gekeken naar mogelijkheden m.b.t. uitzonderingen voor nieuwe contracten, om innovatie en ontwikkeling van nieuwe contracten beter te faciliteren, gegeven de impact van het positielimieten regime op de ontwikkeling van nieuwe (en nog illiquide) derivaten.

**Question 72.** If you believe there is a need to change the scope along a designated list of 'critical' contracts similar to the US regime, please specify which of the following criteria could be used. For each of these criteria, please specify the appropriate threshold and how many contracts would be designated 'critical'.

- ☐ Open interest
- ☐ Type and variety of participants
- ☐ Other criterion:
- ☐ There is no need to change the scope

Open interest:

Threshold for open interest:

Number of affected contracts in the EU for open interest:

Please explain why you consider that the open interest is a criterion that could be used:

Type and variety of participants:

Threshold for the type and variety of participants:

Number of affected contracts in the EU for the type and variety of participants:

Please explain why you consider that the type and variety of participants is a criterion that could be used:

Other criterion:

Please specify what other criterion could be used and explain your answer:

Threshold for this other criterion:

Number of affected contracts in the EU for this other criterion:

**Question 72.1** Please explain your answer to question 72:

N.A.

ESMA has questioned stakeholders on the actual impact of position management controls. Stakeholder views expressed to the ESMA consultation appear diverse, if not diverging. This may reflect significant dissimilarities in the way position management systems are understood and executed by trading venues. This suggests that further clarification on the roles and responsibilities by trading venues is needed.

**Question 73.** Do you agree that there is a need to foster convergence in how position management controls are implemented?

(disagree, rather not agree, neutral, rather agree, **fully agree**, don't know/no opinion/not relevant)

**Question 73.1** Please explain your answer to question 73:

Meer convergentie tussen de wijze waarop de handelsplatformen waarop grondstoffenderivaten worden verhandeld position management controls implementeren zou de risico's van marktmisbruik kunnen mitigeren en (eventuele) unlevel playing fields kunnen wegnemen.

**Question 74.** For which contracts would you consider a position limit exemption for a financial counterparty under mandatory liquidity provision obligations?

This exemption would mirror the exclusion of the related transactions from the ancillary activity test.

- Nascent
  - Illiquid
  - Other
- (yes, no, N.A.)

Please specify for which other contracts you would consider a position limit exemption for a financial counterparty under mandatory liquidity provision obligations:

**Question 74.1** Please explain your answer to question 74:

**Question 75.** For which counterparty do you consider a hedging exemption appropriate in relation to positions which are objectively measurable as reducing risks?

- A financial counterparty belonging to a predominantly commercial group that hedges positions held by a non-financial entity belonging to the same group - **Yes**
  - A financial counterparty - **No**
  - Other - **N.A.**
- (yes, no, N.A.)

Please specify for other which counterparties you consider a hedging exemption appropriate:

**Question 75.1** Please explain your answer to question 75:

N.A.

## 2. Pre-trade transparency

MiFIR RTS 2 (Commission Delegated Regulation (EU) No 2017/583) sets out the large-in-scale (LIS) levels are based on notional values. In order to translate the notional value into a block threshold, exchanges have to convert the notional value to lots by dividing it by the price of a futures or options contract in a certain historical period.

Some stakeholders argue that the current provisions of RTS2 lead to low LIS thresholds for highly liquid instruments and high LIS thresholds for illiquid contracts. This situation makes it allegedly hard for trading venues to accommodate markets with significant price volatility. This hinders their potential to offer niche instruments or develop new and/or fast moving markets.

**Question 76.** Do you consider that pre-trade transparency for commodity derivatives functions well?

(disagree, rather not agree, neutral, rather agree, fully agree, don't know/no opinion/not relevant)

If you do not consider that pre-trade transparency for commodity derivatives functions well, please (1) provide examples of markets where the pre-trade transparency regime has constrained the offering of niche instruments or the development of new and/or fast moving markets, and (2) present possible solutions including, where possible, quantitative elements:

**Question 76.1** Please explain your answer to question 76:

## PART TWO: AREAS IDENTIFIED AS NON-PRIORITY FOR THE REVIEW

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This section seeks to gather evidence from market participants on areas for which the Commission does not identify at this stage any need to review the legislation currently in place. Therefore, PART TWO does not contain policy options. However, should sufficient evidence demonstrate the need to introduce certain adjustments, the Commission may decide to put forward proposals also on the topics listed below. As in the first section, certain questions are directly linked to the review clauses in MiFID II/MiFIR while others are questions raised independently of the mandatory review clause.

### V. Derivatives Trading Obligation

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Based on the G20 commitment, MiFIR article 28 introduced the move of trading in standardised OTC derivative contracts to be traded on exchanges or electronic trading platforms. The trading obligation established for those derivatives (DTO) should allow for efficient competition between eligible trading venues. ESMA has determined two classes of derivatives (IRS and CDS) subject to the DTO. These classes are a subset of the EMIR clearing obligation.

The Commission invites market participants to share any issues relevant with regard to the functioning of the DTO regime, the scope of the obligation and the access to the relevant trading venues for DTO products.

**Question 77.** To what extent do you agree with the statements below regarding the experience with the implementation of the derivatives trading obligation?

- The EU intervention been successful in achieving or progressing towards more transparency and competition in trading of instruments subject to the DTO.
- The MiFID II/MiFIR costs and benefits with regard to the DTO are balanced (in particular regarding the regulatory burden).
- The different components of the framework operate well together to achieve more transparency and competition in trading of instruments subject to the DTO.
- More transparency and competition in trading of instruments subject to the DTO corresponds with the needs and problems in EU financial markets.
- The DTO has provided EU added value.

(disagree, rather not agree, neutral, rather agree, fully agree, N.A.)

**Question 77.1** Please provide both quantitative and qualitative elements to explain your answer and provide to the extent possible an estimation of the benefits and costs. Where possible, please provide figures broken down by categories such as IT, organisational arrangements, HR etc.

Costs/benefits:

Qualitative elements for question 77.1:

**Question 78.** Do you believe that some adjustments to the DTO regime should be introduced, in particular having regards to EU and non-EU market making activities of investment firms?

(disagree, rather not agree, neutral, rather agree, fully agree, don't know/no opinion/not relevant)

If you do believe that some adjustments to the DTO regime should be introduced, please explain which adjustments would be needed and with which degree of urgency:

**Question 78.1** Please explain your answer to question 78:

**Question 79.** Do you agree that the current scope of the DTO is appropriate?



(disagree, rather not agree, neutral, rather agree, fully agree, don't know/no opinion/not relevant)

**Question 79.1** Please explain your answer to question 79:

The introduction of EMIR Refit has not been accompanied by direct amendments to MiFIR, which leads to a misalignment between the scope of counterparties subject to the clearing obligation (CO) under EMIR and the derivatives trading obligation (DTO) under MiFIR. ESMA consulted in Q4 2019 on the need for an adjustment of MiFIR, receiving broad support for such an amendment and ESMA published their report on 7 February 2020.

**Question 80.** Do you agree that there is a need to adjust the DTO regime to align it with the EMIR Refit changes with regard to the clearing obligation for small financial counterparties and non-financial counterparties?

(disagree, rather not agree, neutral, rather agree, fully agree, don't know/no opinion/not relevant)

**Question 80.1** Please explain your answer to question 80:

## VI. Multilateral systems

According to MiFID II/MiFIR, a 'multilateral system' means any system or facility in which multiple third-party buying and selling trading interests in financial instruments are able to interact in the system. MiFID II/MiFIR also requires all multilateral systems in financial instruments to operate as a regulated trading venue - being either a regulated market or a multilateral trading facility (MTF) or an organised trading facility (OTF) - bringing together multiple third-party buying and selling interests in a way that results in a contract.

Some trading venues express concerns due to emerging trends which allow alternative type of electronic platforms to offer very similar functionality to a multilateral system for the matching of multiple buying and selling interests. These electronic platforms are not authorised as regulated trading venues, hence they do not have to comply with the associated regulatory requirements, notably in terms of reporting obligations or business rules to manage clients' relationships. The main argument advanced against regulation of these electronic systems is that they match trading interests on a bilateral basis and not via a multilateral system. However, according to traditional trading venues, this alternative electronic protocol may cause competitive distortions, effectively creating a level playing field distortion against the regulated trading venues which are bound by MiFID II/MiFIR provisions. There is a debate whether MiFID II/MiFIR should therefore take a more functional approach and define the operation of a trading facility in broader terms than the current definition of trading venues or multilateral system as to encompass these systems and ensure fair treatment for market players.

**Question 81.** Do you consider that the concept of multilateral system under MiFID II/MiFIR is uniformly understood (at EU or at national level) and ensures a level playing field between the different categories of market players?

(disagree, rather not agree, neutral, rather agree, fully agree, don't know/no opinion/not relevant)

**Question 81.1** If your response to question 81 is rather positive, please also indicate if, in your opinion, the current definition of multilateral system is adequately reflecting the actual functioning of the market:

**Question 81.1** If your response to question 81 is rather negative, please indicate which amendments you would suggest and why:

**Question 81.1** Please explain your answer to question 81:

## VII. Double Volume Cap

MiFID II/MiFIR introduced a Double Volume Cap ('DVC') to curb "dark" trading by limiting, per platform and at EU level, the use of certain waivers from pre-trade transparency. Some stakeholders have criticized the DVC as a too complex process failing to reduce off-exchange trading in the EU. For instance, according to a 2019 Oxera study, the equity market share of systematic internalisers has risen to 25% since application of the DVC while the share of on venue trading is declining. For example, the market share of CAC40 shares trading on the primary stock exchange (Euronext) fell from 75% in 2009 to 62% in 2018 and Oslo Børs's market share of trading on OBX-listed shares dropped from 95% in 2009 to 62% in 2018. The proportion of public order book trading on the primary exchange in major equity indices has declined to between 30% and 45% of overall on-venue trading. The Commission services are seeking stakeholder's views on their experience with the DVC and its impact on the transparency in share trading.

**Question 82.** Please specify to what extent you agree with the statements below regarding the experience with the implementation of the Double Volume Cap?

- The EU intervention been successful in achieving or progressing towards the objective of more transparency in share trading.
  - The MiFID II/MiFIR costs and benefits are balanced (in particular regarding the regulatory burden).
  - The different components of the framework operate well together to achieve more transparency in share trading.
  - More transparency in share trading correspond with the needs and problems in EU financial markets.
  - The DVC has provided EU added value
- (disagree, rather not agree, neutral, rather agree, fully agree, N.A.)

**Question 82.1** Please provide both quantitative and qualitative elements to explain your answer and provide to the extent possible an estimation of the benefits and costs. Where possible, please provide figures broken down by categories such as IT, organisational arrangements, HR etc.

Costs/benefits:

Qualitative elements for question 82.1:

## VIII. Non-discriminatory access

MiFIR introduces an open access regime to trade and clear financial instruments on a non-discriminatory and transparent basis. The key purpose of MiFIR open access provisions is to facilitate competition among trading venues and central counterparties and prevent any discriminatory treatments. It aims at creating more choice for investors, lowering costs for trade execution, clearing margins and data fees. Open access might therefore bring opportunities for new entrants in the market to compete with traditional providers. Furthermore, it could potentially help fostering financial innovation, developing alternative business models which could allow cost efficiency gains in trading and clearing operational processes compared to the current situation.

MiFIR open access provisions provide safeguards to preserve financial stability without adversely affecting systemic risk. The relevant competent authority of a trading venue or a central counterparty shall grant open access requests only under specific conditions, notably that open access would not threaten the smooth and orderly functioning of the markets. MiFIR open access rules also added multiple temporary transitions periods and opt-outs (Article 35 and 36 of MiFIR) for an exemption from the application of access rights, with the majority of opt-outs ending on 3 July 2020.

The Commission will have to submit to the European Parliament and to the Council reports on the application and impact of certain open access provisions. With this in mind, the Commission would like to gather feedback from market stakeholders which could be useful for the preparation of the reports.

**Question 83.** Do you see any particular operational or technical issues in applying open access requirements which should be addressed?

(yes, no, don't know/no opinion/not relevant)

**Question 83.1** If you do see any particular operational or technical issues in applying open access requirements which should be addressed, please specify for which financial instrument(s) this would apply and explain your reasoning:

**Question 83.1** Please explain your answer to question 83:

**Question 84.** Do you think that the open access regime will effectively introduce cost efficiencies or other benefits in the trading and clearing areas?

(disagree, rather not agree, neutral, rather agree, fully agree, don't know/no opinion/not relevant)

**Question 84.1** If you do think that the open access regime will effectively introduce cost efficiencies or other benefits in the trading and clearing areas, please indicate the specific areas (such as type of specific financial instruments) where, in your opinion, open access could afford most cost efficiencies or other benefits when compared to the current situation:

**Question 84.1** Please explain your answer to question 84:

**Question 85.** Are you aware of any market trends or developments (at EU level or at national level) which are a good or bad example of open access among financial market infrastructures? Please explain your reasoning and specify which countries:

## IX. Digitalisation and new technologies

Technology neutrality is one of the guiding principles of the Commission's policies and one of the key objectives of the Commission's Fintech Action Plan. A technology-neutral approach means that legislation should not mandate market participants to use a particular type of technology. It is therefore crucial to address obstacles or identify gaps in existing EU laws which could prevent the take-up of financial innovation or leave certain of the risks brought by these innovations unaddressed.

Furthermore, it is evident that digitalisation and new technologies are transforming the financial industry across sectors, impacting the way financial services are produced and delivered, with possible emergency of new business models. The digital transformation can bring huge benefits for the investors as well as efficiencies for industry. To promote digital finance in the EU while properly addressing the new risks it may bring, the Commission is considering proposing a new Digital Finance strategy building on the work done in the context of the FinTech action plan and on horizontal public consultations. The Commission recently published two public consultations focusing on crypto assets and operational resilience in the financial sector, and may consult later this year on further topics in the context of the future Digital Finance strategy.

In that context, and to avoid overlapping, this consultation will only focus on targeted aspects, which are not covered by these horizontal consultations. The Commission will of course take into

consideration any relevant input received in the horizontal consultations in its future policy work on the MiFID II/MiFIR framework.

**Question 86.** Where do you see the main developments in your sector: use of new technologies to provide or deliver services, emergence of new business models, more decentralised value chain services delivery involving more cooperation between traditional regulated entities and new entrants or other? Please explain your answer:

**Question 87.** Do you think there are particular elements in the existing framework which are not in accordance with the principle of technology neutrality and which should be addressed? Please explain your answer:

**Question 88.** Where do you think digitalisation and new technologies would bring most benefits in the trading lifecycle (ranging from the issuance to secondary trading)? Please explain your answer:

**Question 89.** Do you consider that digitalisation and new technologies will significantly impact the role of EU trading venues in the future (5/10 years time)?

(disagree, rather not agree, neutral, rather agree, fully agree, don't know/no opinion/not relevant)

**Question 89.1** Please explain your answer to question 89:

The online environment puts a strong focus on providing products to customers as fast as possible, with as few barriers as possible. As far as financial services are concerned, this might endanger retail clients if they do not take enough time to reflect on purchasing complex financial products. On the other hand, making the product quick and easy to purchase (e.g. speedy or 'one-click' products) makes it easier for clients to buy and sell at least simple investment products online. Taking all of the above into consideration, the Commission would like to gather feedback on whether certain rules in the MiFID II/MiFIR framework on marketing and provision of information to clients should be adjusted to better suit the provision of services online.

**Question 90.** Do you believe that certain product governance and distribution provisions of the MiFID II/MiFIR framework should be adapted to better suit digital and online offers of investment services and products?

(disagree, rather not agree, neutral, rather agree, fully agree, don't know/no opinion/not relevant)

**Question 90.1** Please explain your answer to question 90:

**Question 91.** Do you believe that certain provisions on investment services (such as investment advice) should be adapted to better suit delivering of services through robo-advice or other digital technologies?

(disagree, rather not agree, neutral, rather agree, fully agree, don't know/no opinion/not relevant)

**Question 91.1** Please explain your answer to question 91:

## X. Foreign exchange (FX)

Spot FX contract are not financial instruments under MiFID II/MiFIR. Some stakeholders and competent authorities raised concerns as regards the regulatory gap and requested the Commission to analyse if policy action would be needed.

**Question 92.** Do you believe that the current regulatory framework is adequately calibrated to prevent misbehaviours in the area of spot foreign exchange (FX) transactions?

(disagree, rather not agree, neutral, rather agree, fully agree, don't know/no opinion/not relevant)

**Question 92.1** If you do not believe that the current regulatory framework is adequately calibrated to prevent misbehaviours in the area of spot foreign exchange (FX) transactions, which recommendations would you make to improve the robustness of the regulatory framework?

**Question 92.1** Please explain your answer to question 92:

**Question 93.** Which supervisory powers do you think national competent authorities should be granted in the area of spot FX trading to address improper business and trading conduct on that market? Please explain your answer:

### Section 3. Additional comments

You are kindly invited to make additional comments on this consultation if you consider that some areas have not been covered above.

**Please, where possible, include examples and evidence.**

**Question 94.** Have you detected any issues beyond those raised in previous sections that would merit further consideration in the context of the review of MiFID II/MiFIR framework, in particular as regards to the objective of investor protection, financial stability and market integrity? Please explain your answer:

Should you wish to provide additional information (e.g. a position paper, report) or raise specific points not covered by the questionnaire, **you can upload your additional document(s) here:**

The maximum file size is 1 MB. You can upload several files. Only files of the type pdf,txt,doc,docx,odt,rtf are allowed.