Press release

AFME comment on ESMA’s MiFID II/ MiFIR consultation paper and technical advice

3 March 2015

AFME submitted a response to the December 2014 ESMA Consultation Paper on MiFID II / MiFIR draft technical standards yesterday. While the technical standards and advice contain helpful proposals, there is a risk that a number of ESMA’s recommendations will have a materially adverse impact on investors and corporate issuers and ultimately on economic growth.

Christian Krohn, Managing Director Capital Markets at AFME, said: “AFME urges ESMA to deliver a regime which is consistent with the Capital Markets Union and optimises transparency without impeding market makers’ ability to commit capital to the benefit of both investors and issuers.”

AFME’s concerns include the following areas:

- For bond market transparency, we are very concerned that the proposed definition of liquid markets is overly broad and does not recognise the dynamic nature of liquidity, and that the SSTI (size specific to the instrument) and LIS (large in scale) thresholds for pre- and post-trade transparency are unsuitably high. This risks reducing overall liquidity available to investors and impacting the ability of issuers to raise financing through debt capital markets.

- For equity research, we support ESMA’s recognition that research is not prohibited as an inducement if it is paid for by the recipient investment manager or by its clients. However, we are concerned that the proposed conditions for using client resources to fund research are so restrictive that in effect they will render the regime unworkable. This risks leading to a significant reduction in the provision of equity research for SMEs. Research is essential for companies wanting to raise equity capital to finance growth and employment.

The consultation response is available here on the AFME website.

-ENDS-

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About the Association for Financial Markets in Europe

AFME promotes fair, orderly, and efficient European wholesale capital markets and provides leadership in advancing the interests of all market participants. AFME represents a broad array of European and global participants in the wholesale financial markets. Its members comprise pan-EU and global banks as well as key regional banks, brokers, law firms, investors and other financial market participants. AFME participates in a
global alliance with the Securities Industry and Financial Markets Association (SIFMA) in the US, and the Asia Securities Industry and Financial Markets Association (ASIFMA) through the GFMA (Global Financial Markets Association). For more information please visit the AFME website, [www.afme.eu](http://www.afme.eu)

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