Press Release
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AFME comment on the Markets in Financial Instruments Directive and Regulation (MiFID/MiFIR)

Commenting on the publication of MiFID by the European Commission, Simon Lewis, chief executive of the Association for Financial Markets in Europe (AFME) said:

“AFME shares the same objectives on MiFID as the Commission - to establish a safe, sound and transparent financial system – and such a system must offer user choice and flexibility. Our concern is that some of today’s proposals could affect customer choice, service and cost, for businesses and individuals.”

AFME’s initial analysis:

Properly functioning financial markets are necessary to support the real economy and MiFID goes some way to achieving its objectives of establishing a safer, sounder and more transparent financial system. Many of the proposed provisions, such as those pointing to increased competition between market infrastructure providers, are helpful and supported by AFME. However, user choice and flexibility are essential to well-functioning markets and AFME has the following concerns:

- For pre-trade reporting, blanket transparency obligations across non-equity markets are not the correct starting point, as these fail to take account of the high levels of transparency that already exist and are likely to damage liquidity. Regarding post-trade reporting, AFME’s Market Liquidity Fixed Income survey shows that the majority of investors (74%) and dealers (67%) believe a MiFID post-trade regime would reduce competition and result in worse pricing for investors.

- The definition of Organised Trading Facility needs to be carefully considered so it does not unduly restrict various types of important market making and trading activities. If operators are prevented from using their own proprietary capital to undertake client business, it could negatively affect the service provided by AFME members to business users and individual investors in equity, fixed income and derivatives markets.

Additional MiFID issues which impact properly functioning markets across fixed income, equities, commodities and other markets, will be examined further.

Now that the MiFID II and MiFIR texts have been published by the European Commission, the European Parliament and Member States will work to produce their own versions with all three parties coming together in a trialogue to agree final ‘level 1’ legislation and regulation.

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Contact
1. The Association for Financial Markets in Europe advocates stable, competitive and sustainable European financial markets that support economic growth and benefit society.

2. AFME (Association for Financial Markets in Europe) 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 through the GFMA (Global Financial Markets Association). For more information please visit the AFME website, www.afme.eu