
Press release

AFME and IA publish updated Equities Electronic Trading Questionnaire ready for MiFID II

13 November 2017

The Association for Financial Markets in Europe (AFME) and the Investment Association (IA) have today published an updated version of the Equities Electronic Order Handling Questionnaire incorporating the obligations and requirements set out under MiFID II.

The initiative, which was originally launched in March 2016, establishes a common framework for buy-side clients to request information from electronic trading providers in the European equity markets.

The Questionnaire assists in facilitating the fair and accurate sharing of information on the operation of algorithms between investors and their broker-dealers. Through this process, it aims to enable safer and more efficient algorithmic trading. Since its launch, the initiative has gained increasing traction as market participants recognise the benefits of having a standard framework.

April Day, Managing Director, Equities at AFME, said: “With MiFID II due to be implemented in January 2018, the Questionnaire covers electronic trading practices, including how an individual firm’s processes and decision-making frameworks facilitate best execution. Expanding on the requirements last set out in ESMA’s guidelines on systems and controls for automated trading, we have updated our Questionnaire to incorporate the obligations and requirements which are applicable under the new regime. The aim is to ensure that it remains a useful way to efficiently manage the exchange of important information on electronic order handling and dissemination of change notices.”

Ross Barrett, Capital Markets Specialist at the IA, said: “This initiative is a best practice example of the Buy and Sell Sides successfully coming together to improve the practices involved in algorithmic trading. We have updated the Questionnaire to ensure that as soon as MiFID II comes into effect both sides can continue to benefit from the standard framework it offers. The publication of this Questionnaire is one example of how the industry is taking the initiative to improve the transparency and efficiency of markets to the benefit of the end investor.”

Split into seven sections, the questionnaire covers best execution, trading venue selection, algorithmic trading, non-displayed liquidity, transaction cost analysis, client confidentiality and risks and controls.

The scope of the Questionnaire is limited to equity/equity-like European Economic Area (‘EEA’) securities which are traded through a firm based in the EEA that is a regulated firm under MiFID and associated national laws, unless otherwise specified.

The full Questionnaire can be found on both AFME and the IA’s websites.

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About AFME:

AFME (Association for Financial Markets in Europe) advocates for deep and integrated European capital markets which serve the needs of companies and investors, supporting economic growth and benefiting society. AFME is the voice of all Europe's wholesale financial markets, providing expertise across a broad range of regulatory and capital markets issues. AFME aims to act as a bridge between market participants and policy makers across Europe, drawing on its strong and long-standing relationships, its technical knowledge and fact-based work. 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.

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About the Investment Association:

The IA champions UK asset management, supporting British savers, investors and businesses. Our 250 members manage £6.9 trillion of assets and employ 93,500 people across the UK

Our members manage the pensions of 75% of UK households, provide 60% of capital market financing for UK businesses and fund 40% of initial public offerings of shares.

Our mission is to make investment better. Better for clients, so they achieve their financial goals. Better for companies, so they get the capital they need to grow. And better for the economy, so everyone prospers.

Our purpose is to ensure investment managers are in the best possible position to:

- Build people's resilience to financial adversity
- Help people achieve their financial aspirations
- Enable people to maintain a decent standard of living as they grow older
- Contribute to economic growth through the efficient allocation of capital

The money our members manage is in a wide variety of investment vehicles including authorised investment funds, pension funds and stocks and shares ISAs.

The UK is the second largest investment management centre in the world, after the US and manages 37% of all assets managed in Europe.