
Systematic Internaliser reform - Market structure and reporting implications

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1. Key Takeaways

- All pre- and post-trade transparency reporting obligations linked to the Systematic Internaliser (SI) status for bonds and derivatives have been removed. The Designated Publishing Entity (DPE) regime and Designated Reporting (DR) regime have replaced the SI obligation to report for post-trade transparency (PTT) in the EU and UK respectively. Consequently, most firms that were previously SIs have now registered as DPEs and DRs.
- As a result, those investment firms who no longer wish to be a bond or derivative SI are expected to deregister or have been deregistered as SIs for bonds and derivatives. In the EU, deregistration has been possible for many months, and further deregistrations will be ongoing by those wishing to deregister. In the UK, the FCA removed all firms from its SI register on 1 December 2025.
- We expect this transition not to have any adverse impact on markets or market participants. Trading execution, market-making and liquidity provision will remain unaffected by the expected SI deregistrations.
- For clarity, clients are advised to contact their counterparty investment firms directly to understand their plans regarding their SI status and whether they will deregister in the EU.
- Only in equity markets will the SI concept continue to be an integral component of the market structure and to bear specific obligations.

2. Background

Since its implementation in MiFID II & MiFIR, SIs were responsible, amongst other things, for PTT reporting of transactions executed outside of a trading venue through an Approved Publication Arrangement (APA). Firms qualified as an SI, based on trading volumes in specific instruments, or could choose to opt in to obtain SI status. Many investment firms chose to opt in as SI's specifically to take on the PTT reporting obligation, as a client service offering, irrespective of whether they met the SI criteria or not. However, as part of the MiFID/R review in both the EU and UK SIs no longer take over the responsibility of post-trade reporting. Consequently, the incentive to opt-in as an SI for that purpose has been removed.

3. Regulatory change under the EU MiFID/R Review and UK Wholesale Market Reform

The EU MiFID/R review entered into force on 28th March 2024.

- It amended the definition of SI to be limited to equity instruments only from 29th September 2025, with firms still able to opt in as an SI for bonds and derivatives.

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- Pre-trade transparency reporting by bonds and derivatives SIs for trades executed outside of a trading venue (as per MiFIR Article 18 requirements to make public firm quotes) was removed.
- The DPE regime came into effect on 3rd February 2025 for PTT reporting of OTC trades, replacing the requirement for SIs to take over the responsibility to post trade report.
- Once a firm ceases to be an SI it will no longer have the obligation to report instrument reference data. In the EU, if a firm is a DPE, then it will take on the obligation to report instrument reference data once RTS 23 (supplementing MiFIR Article 27) is amended at some point in 2026 or thereafter

Similarly, the **UK** has also significantly reformed its SI regime for bonds and derivatives instruments.

- Pre-trade transparency reporting by bonds and derivatives SIs for trades executed outside of a trading venue has been removed since 31 March 2025.
- The DR regime came into force on 29th April 2024 and as in the EU, decoupled SIs from PTT in OTC trades.
- The FCA has removed all residual SI obligations for bond and derivative instruments from December 1st, 2025. Investment firms were required by the FCA to have applied all required changes by 27 March 2026.
- Investment firms no longer have any obligations to report instrument reference data once they ceased to be SIs.
- The FCA automatically deregistered all existing SIs as of December 2025

4. In practice – SI registers and reporting

Because the SI obligations for pre- and post-trade transparency reporting for bonds and derivatives have been eliminated, investment firms no longer wanting to be a bond or derivative SI in the EU have deregistered as SIs for those products or are expected to do so. In the EU, they may do so by notifying their National Competent Authority (NCA), which will liaise with ESMA to remove them from its SI register. As noted above, all bond and derivative SIs have already been removed automatically from the FCA SI register, and there is no option to opt in as an SI for bonds and derivatives in the UK.

PTT will be unimpacted. Trades executed on trading venues will continue to be made transparent by those venues. Trades executed outside of trading venues will continue to be reported by DPEs and DRs or by the seller if neither counterparty is DPE or DR.

In accordance with existing regulatory requirements, when an investment firm that has deregistered as an SI, trades outside of a trading venue resulting in neither counterparty being an SI,

- For PTT, the “execution venue” field is populated with XOFF instead of SINT.
- For transaction reporting, investment firms populate the “venue of execution” field with XOFF or XXXX depending on the type of the instrument instead of the SI MIC.

5. No Market Impact

We do not expect this transition to have any adverse impact on markets or market participants. Trade execution, market-making and liquidity provision will remain unaffected by the expected SI deregistrations.

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