
Press release

AFME calls for data-led approach on market structure policymaking

18th September 2020

AFME is calling on policy makers to use independent data to support their review of equities markets structure with a view of promoting competitive, diverse, and well-regulated innovative European capital markets which are more efficient to attract further investment. The pan-European trade association is launching a data-driven initiative today (18th September) to highlight the threat of inaccurate information and market data, and promote a fact-based approach to policymaking.

The initiative is launched with a video highlighting the importance of a diverse equities market structure to investors and issuers, and follows the publication of an AFME analysis of the liquidity landscape in Europe, produced using data provided done by independent analytics firm Big XYT that revealed

- For the first six months of 2020, 81% of addressable liquidity was executed on-venue, 13% on systematic internalisers and 6% over the counter (OTC).
- The share between these trading mechanisms remained stable after the application of MIFID II, with the quality of price formation remaining strong. functions served by different trading mechanisms are not always interchangeable. In particular, trading done in exchanges is not interchangeable with the service provided by systematic internalisers, which play a critical role in the provision of liquidity for pension and investment funds.

April Day, Head of Equities at AFME, said:

“A diverse and well-regulated capital market, with a range of trading mechanisms and not reliant only upon one category of trading venue, better supports the needs of investors and their customers. By promoting competition, diverse capital markets lower costs and encourage growth of well-regulated capital markets, ultimately benefiting consumers’ pensions and savings..

“We believe financial markets policy should prioritise the needs of end users, as the ultimate beneficiaries of capital markets, in maintaining orderly and well-functioning markets. We are launching this campaign to dispel myths on the current share of liquidity between different types of trading mechanism and promote a data-driven approach to policy making. Further competition and well-regulated innovation supports the goals of the Commission’s Capital Markets Union initiative.

“We hope that this initiative will be helpful to policymakers and regulators and anyone interested in understanding the true nature of equities market structure. Transparent, reliable data should be a priority in informing changes to legislation and it will ensure the principles of Mifid stand strong.”

The video can be found [here](#)

Read more about AFME’s data-driven approach [here](#)

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Notes:

1. 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 (ASIFMA) through the GFMA (Global Financial Markets Association). For more information please visit the AFME website: www.afme.eu.
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