

---

## Press release

### AFME comments on outcome of MiFIR negotiations

29 June 2023

---

Following the political agreement reached today between the Council of the EU and the European Parliament on the Markets in Financial Instruments Regulation (MiFIR) file, **Adam Farkas, Chief Executive of the Association for Financial Markets in Europe (AFME)** commented:

*"AFME acknowledges the achievement of the negotiators in reaching a political agreement on this important piece of regulation, which governs how financial markets function in the European Union. While there was understandably strong momentum to reach a deal following the recent [commitments of leaders of various key EU institutions](#), the substance of the agreement is even more important and some specific aspects of the deal are likely to lead to suboptimal outcomes. A relatively limited number of political issues have dominated the trilogue negotiations which has resulted in less consideration for other, equally impactful, issues which are more technical in nature.*

*"AFME in particular regrets that the determination to create an ambitious, real-time equity consolidated tape with sufficient pre-trade information has been lost through the negotiations. This was an opportunity to create a single, worldwide window to the equity market in the European Union and to reduce the costs of market data, which has been a long-standing issue in assessing Europe's competitiveness. It is a missed opportunity for developing the Capital Markets Union and its key aspiration for easier access to equity capital markets, as well as for mobilising investors and supporting issuers.*

*"In setting out extremely detailed rules regulating fixed income markets in level 1 legislation, the co-legislators have also failed to appreciate the fast evolving nature of financial markets in Europe and globally, which in the short-to-medium term may work to the detriment of users of EU capital markets and the EU's strategic autonomy."*

More specifically:

On equities:

- AFME is disappointed that the opportunity has not been seized to fully remove features of equity market structure that unfortunately make the EU a global outlier and place it at a competitive disadvantage to international peers. That said, AFME welcomes the efforts to mitigate some of the restrictions on certain types of trading that have been in place through the current Double Volume Cap (DVC), for example.
- AFME supports data-driven policymaking. In assessing whether trading away from incumbent markets could impact the price formation process, we question the merits of placing a minimum floor below which alternative execution venues may not be available to investors, which somewhat pre-empts, and therefore constrains, ESMA's future evidence-based assessments.

On fixed income:

- AFME supports the removal of Article 18 on pre-trade transparency for bonds. This will align EU markets with practices across the most sophisticated markets globally.
- AFME is disappointed to see the lack of any evidence corroborating the changes to post-trade transparency and, in particular, that maximum deferral periods are codified in the Level 1 framework.

**Association for Financial Markets in Europe**

**London Office:** 39<sup>th</sup> Floor, 25 Canada Square, London E14 5LQ, United Kingdom T: +44 (0)20 3828 2700

**Brussels Office:** Rue de la Loi 82, 1040 Brussels, Belgium T: +32 (0)2 788 3971

**Frankfurt Office:** Neue Mainzer Straße 75, 60311 Frankfurt am Main, Germany T: +49 (0)69 153 258 963

[www.afme.eu](http://www.afme.eu)

A greater use of delegations to ESMA for the purpose of evidence-based calibration would have been far more appropriate.

- EU capital markets do not operate in a vacuum. AFME is concerned that the inflexible nature of the deferral framework in level 1 prevents the EU from having the agility to respond to evolving regulatory changes in third country jurisdictions or to make adjustments under stressed conditions.

AFME stands ready to analyse the full agreement and texts once they become available and looks forward to engaging with ESMA with respect to the level 2 mandates it has been granted.

– Ends –

#### **AFME Contacts**

Rebecca Hansford

Head of Communications and Marketing

[Rebecca.hansford@afme.eu](mailto:Rebecca.hansford@afme.eu)

+44 (0)20 3828 2693

#### **Notes:**

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](http://www.afme.eu). Follow us on Twitter [@AFME\\_EU](https://twitter.com/AFME_EU)