
Consultation Response

FCA CP 25/20: The SI regime for bonds and derivatives including Discussion Paper on equity markets

September 2025

The Association for Financial Markets in Europe (AFME) welcomes the opportunity to comment on **the FCA's consultation paper on the SI regime for bonds and derivatives, and discussion paper on equity markets**. 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. We advocate stable, competitive, sustainable European financial markets that support economic growth and benefit society.

AFME is the European member of the Global Financial Markets Association (GFMA) 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) in Asia.

AFME is registered on the EU Transparency Register, registration number 65110063986-76.

Question 1: Do you agree with our proposal to remove the SI regime for bonds, derivatives, structured finance products and emission allowances?

Yes. AFME members fully agree with the complete removal of the regime for bonds, derivatives, structured finance products and emission allowances. The introduction of the designated reporter regime (DRR) and removal of pre-trade transparency requirements mean all substantive justifications for retaining the SI regime for bonds have now been eliminated. In addition, and as previously communicated, AFME do not believe that removal of the SI regime would have any negative impact on best execution requirements or conflict of interest concerns.

Given there is little justification to opt in as a non-equity SI (which no longer has regulatory requirements or recognition associated with it) we fully support the use of 'XOFF' instead of the SI MIC code as the appropriate value (submitted under the venue of execution field by Investment Firms) for OTC trades. In addition, given non-equity SIs are no longer recognised, the use of the SI MIC code (which is used by APAs to derive SINT ahead of publication) will therefore intrinsically disappear.

We understand it is not the FCAs policy intent for firms to opt-in to being an SI in non-equity instruments, supported by the proposed removal of the notification mechanism in MIFIR Article 18b, however this concept remains available to firms in the SI definition. .

We recognise it is not within the FCA remit to change this given the opt-in provision sits within MiFIR as amended by FSMA 2023, but AFME's response to CP 25/20 helps provide justification for encouraging and supporting changes within the FSMA.

We call on the FCA to undertake a blanket removal of all entries of non-equity SIs from the register, rather than requiring them to deregister. This removal would help simplify the process across other regulations (such as EMIR and transaction reporting) where a firm would no longer need to cross reference the SI register to determine if their counterparty to a trade was a non-equity SI. Furthermore, AFME view a blanket removal of all non-equity SIs from the register as necessary, to ensure a more accurate database by avoiding inconsistency and possible confusion around the different timings of each SIs deregistration.

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In terms of suggested timing for the blanket removal, AFME would first like to establish from the FCA if it would be problematic for them should a firm, in the process of finalising its infrastructure and technology changes, submit an SI MIC code in their transaction report instead of XOFF, after the blanket removal of non-equity SIs from the register had taken place.

AFME members seek assurance that any regulatory cross referencing to non-equity SIs in the context of other regulatory obligations will no longer have relevance. For example, SI status in non-equity products specifically manifests itself in how AFME members report 'Venue of Execution' for Transaction Reporting and EMIR trade reporting. Any need to understand a counterparties SI status as part of these obligations results in the necessary consumption of reliable reference data and to build infrastructure around it for reporting purposes across-jurisdictions (given the EU approach) this results in additional costs and maintenance needs. In this regard, AFME members assume the venue of execution field in any reporting obligation post the removal of the SI regime can be satisfied with the population of XOFF, given there will be no non-equity SIs remaining. Additionally, AFME members assume the trading suspension provisions in MiFIR Articles 32 and 52 (requiring SIs to suspend or remove an instrument from trading in certain circumstances) should be understood to apply to equity SI's considering the removal of the SI concept for non-equities. These points reinforce the need for a blanket removal of non-equity SIs from the register.

Question 2: Do you agree with our proposal to remove the prohibition on an SI operating an OTF?

AFME has no comments.

Question 3: Do you agree with our proposed amendment to MAR 5.3.1AR(4) to remove the ban on matched principal trading by MTF operators?

AFME has no comments.

Question 4: Do you agree with our proposal to allow trading venues operating under the reference price waiver to source the mid-price from a wider set of trading venues?

AFME supports in principle the FCA's proposal to allow trading venues operating under the reference price waiver (RPW) to source the mid-price from a wider set of trading venues, as a way to lower operational complexity, as well as contribute to market resilience. This proposal will help support the orderly migration of trading to alternative venues in the event of an outage of the MRMTL.

Question 5: Do you agree with our proposal to reformulate the reference price waiver so that it is applicable to an order, rather than a system so that it would be possible to place mid-price, dark orders on lit order book?

While we do not have immediate concerns in principle with this direction, we believe there are important implementation and transparency-related considerations that would merit further clarification.

Firstly, we note that, depending on how venues may implement this, there may be a loss of transparency. Specifically, if orders using the RPW are permitted to execute at the mid-price on the same trading system (and under the same MIC) as lit orders, market participants may be unable to differentiate between these two types of activity, creating ambiguity in market data and trade classification. To address this, it may be necessary to consider introducing a distinct flag or identifier to ensure continued transparency.

Second, further clarity is needed on how dark mid-price orders would be integrated into the existing trading system structure. Would such orders operate within the lit book or within a segregated sub-book? Ensuring operational consistency across venues would be key to avoiding fragmentation or complexity for market participants.

AFME would recommend that the FCA engage further with industry stakeholders on the operational implications of this proposal.

Question 6: Do you believe that the declining share of trading via central limit order books (CLOBs) and corresponding increase in other execution services is impacting, or could impact in future, the effectiveness of price formation in UK equity markets? If so, what are the key drivers of concern?

AFME does not believe that the current composition of trading activity happening via different execution mechanisms significantly impairs price formation in UK equity markets, and we do not see any quantitative evidence to suggest that this is the case. We note that lit order book activity remains the largest share of value traded.

We further note that the decline of continuous lit trading as a proportion of overall activity is driven in a significant part by the growing importance of regular and periodic auctions operated by multilateral venues, rather than just a rise in bilateral activity. While it is important to monitor trends in this area, current levels do not warrant concern.

While pre-trade transparency is indeed a critical component of certain market mechanisms such as CLOBs, it is not the sole contributor to effective price formation. Post-trade transparency is also a significant contributor to price discovery, reducing information asymmetry and enabling investors to make more informed trading decisions. We recognise the significant role that lit venues play in price formation and note that trading in reference to the price of lit venues, including both primary exchanges and MTFs, is itself an expression of confidence in the prevailing market price.

Nevertheless, AFME recognises the importance of ongoing monitoring. The structure of markets evolves over time, and with it the dynamics of price formation. It will be important to continue evaluating whether the current ecosystem remains fit for purpose or whether any shifts in execution dynamics begin to introduce fragmentation or inefficiencies.

Question 7: Are there measures that should be taken to support the role of CLOBs?

AFME does not believe that specific regulatory measures should be taken to support the role of CLOBs. AFME advocates for a neutral and balanced regulatory regime which promotes venue competition, market innovation and freedom of market participant choice.

AFME strongly believes that the diverse array of trade execution mechanisms in the equity market, including continuous lit trading, auctions, and SIs, must be preserved. This diversity supports the effectiveness of best execution rules for both institutional and retail investors. The growth of alternative execution mechanisms is reflective of the execution needs of a diverse and global set of investors. The appropriateness of a particular venue type can vary depending on market conditions and the investor's objectives. For instance, in more volatile market, investors may value transparency and immediacy of execution provided by CLOBs. At other times, alternative execution models (e.g. SIs or reference price venues) may offer participants more optimal

execution (e.g. lower execution costs or lower price impact). It is important to support market participants' freedom to choose the venues that best meet their trading objectives, risk appetite, and operational needs.

We do not consider that "supporting the role of CLOBs" can or should be a regulatory objective in and of itself, and call for focus on outcomes for end investors. We do not believe that the current transparency framework is a constraint on the attractiveness of UK markets.

We recommend a continued regulatory focus on ensuring fair and orderly markets, with appropriate standards of transparency, competition and conduct across all types of execution mechanism. We also recommend that the FCA continue to focus on delivery of its secondary objective to facilitate the growth and international competitiveness of UK markets. We consider that improving the attractiveness of UK equity markets to global investors is likely the most effective means to support UK trading venues, who would be the main beneficiaries of an overall increase in trading activity in UK equities.

Measures to reduce trading costs, and thus support the growth of trading volumes in UK equity markets should include:

- The FCA should take forward the work that it has previously done on the cost of market data. It has already concluded that features of market data markets in the UK prevent, restrict or distort competition. The FCA has decided to delay action until the effects of the consolidated tape materialise. However, AFME member firms continue to believe that the consolidated tape will not have an impact on their costs of market data, which remain substantial, and which increase the costs of investors and intermediaries. Our members also request that the FCA take note of a study produced earlier this year by Market Structure Partners entitled "There's No Market in Market Data" which sets out both the scale of the costs and their effects.
- HMT should ensure that current levels of interoperability in the UK markets remain and put this on a firmer basis by providing equivalence decisions for EU CCPs under Article 38 of UK MiFIR.
- HMT should review the impact that stamp duty is having on the cost of capital for UK companies, liquidity in UK stocks and levels of retail participation in the UK market.

Question 8: Do you believe that there are activities in the current liquidity landscape, such as those carried out by bilateral quote aggregators, that should be considered more closely? If yes, what are the risks that they pose?

AFME supports the principle of 'same activity, same risk, same regulation'.

The activities of bilateral quote aggregators may warrant closer regulatory scrutiny to determine whether they operate in a manner that resembles that of a trading venue when they aggregate quotes across counterparties and facilitate execution decisions. If they effectively perform key functions normally associated with regulated entities such trading venues or brokers, without being subject to the same level of oversight and transparency this results in an unlevel playing field.

AFME believes that this issue is a matter of regulatory enforcement and not one that requires a fundamental change in the regulatory perimeter. The FCA should ensure that entities performing venue or broker -like functions are subject to equivalent regulatory expectations. AFME remains generally supportive of the principles set out in PS23/11 regarding the cumulative criteria necessary to be considered as a multilateral system and distinctions between systems and communication tools.

It is also important that the FCA's regulatory response remains proportionate and does not unduly stifle innovation and impose unnecessary burdens on firms whose activities do not substantially resemble those of a trading venue or broker.

Question 9: Is the current regulatory framework a material factor in decisions to execute trades bilaterally, particularly when done outside the systematic internaliser regime? If so, which features of the framework are included in those factors?

AFME does not believe that the current regulatory framework is a material factor influencing the decision to execute trades bilaterally, including when such trades fall outside the scope of the SI regime.

The choice to execute trades bilaterally is primarily driven by the investment strategies and objectives of an investor rather than any perceived regulatory advantages or disadvantages. Execution decisions are based on the assessment of how to achieve best execution, taking into account factors such as size, liquidity, market impact, immediacy, and price improvement.

Fund managers and other buy-side participants are obligated to act in the best interests of their clients. Bilateral execution can offer advantages in certain circumstances, particularly for less liquid instruments or large, sensitive trades where transparency obligations may risk adverse market impact.

AFME therefore strongly supports the principle that investors should retain the discretion to determine the most appropriate execution strategies for their mandates. Regulation should not inadvertently constrain or prescribe execution choices in a way that undermines client outcomes or market efficiency.

Question 10: Are there forms of off-book bilateral trading outside the SI regime that are relevant to price formation? Are additional trade flags needed to better differentiate trading scenarios?

Yes. All forms of trading, including off-book, on-exchange and pure OTC activity, are relevant to price formation. We note the growth of bilateral activity outside of the SI regime and we stress the importance of adequate supervision and enforcement to ensure that the principle of 'same activity, same risk, same regulation' is applied consistently to all entities.

We do not believe that there is a need for additional mandatory trade flags. However, we emphasise the importance of consistent use of existing trade flags to help correctly differentiate between trading scenarios. This should be driven at a market-level through industry working groups such as FIX. The FCA could encourage greater convergence of reporting practices by providing guidance in its rules that, when assessing whether a firm has complied with its post-trade transparency obligations, the FCA will also consider whether a firm has implemented industry best practices in how it discharges those obligations.

Question 11: Are you aware of cases where the same trade scenario has been reported with different flags by different firms?

AFME recognises that inconsistent flag use for similar trades is a known issue. We believe that industry trade groups working together (with support, from the FCA) are best placed to resolve this issue. We are supportive of the work by FIX Trading Community to further standardise the use of the existing taxonomy of flags.

Question 12: Should this type of scenario be treated as a form of RFMD for trade reporting purposes?

AFME strongly disagrees that bringing this type of scenario into the scope of the UK's trade reporting regime would be in line with recent efforts made by the FCA to improve the UK tape.

We are grateful that the FCA has taken forward industry concerns that certain types of transaction that were previously in scope of trade reporting obligations (such as give-ins and give ups and inter-affiliate trades) had the effect of giving a misleading impression as to the amount and value of transactions that were undertaken in UK stocks, undermining the informational quality of the UK tape. This, among other things, lead to investors looking at narrower subsets of transactions (e.g. CLOB or primary only liquidity) in order to decide how much to trade on any given day in UK stocks.

Removing give-ins and give-ups and inter-affiliate trades gave investors greater confidence in the informational quality of the UK tape. However, we think further work can be done by the UK to give a more accurate picture of liquidity by:

- Exempting non-pricing forming transactions related to clearing and settlement activity, where they are currently brought on-exchange for reporting; and
- working with the EU to make OTC/SI transactions equivalent in each others' jurisdictions (eliminating the double reporting that occurs today).

On the other hand, including the book transfers described in paragraphs 4.23 and 4.25* of the CP would run contrary to the objective of providing greater confidence in the UK tape. If the transaction figures were artificially inflated with book transfers, we believe that investors would question the numbers of transactions that are taking place in UK stocks. They would not be incentivised to look beyond on-venue liquidity to get an understanding of the overall picture of liquidity.

*[*Note we do not believe that the scenarios arise as described in the CP and provide our comments on them in our response to question 20.]*

It is also worth noting that any proposal to introduce transparency for book transfers would give rise to a category of activity where post-trade reporting is generated but for which there is no associated trade.

Post trade reporting is designed to include firm, executed trades which reflect a change in beneficial ownership and contribute to meaningful post-trade transparency and price discovery. Therefore, including book transfers will dilute the informational quality of the tape. We believe that this position is in line with the aims of UK RTS 1. Recital 14 states that "investors need to have reliable and timely information about the level of trading interest in financial instruments. ... Therefore, post-trade transparency obligations in respect of transactions executed outside a trading venue should only apply in the case of a purchase or sale of a share, depositary receipt, ETF, certificate or other similar financial instrument." The recital goes on to give examples of trades that should not be published cautioning that to do so "would risk leading to investor confusion and hinder best execution."

We further dispute assertions that changing trade reporting requirements for this activity would be simple or straightforward. These changes would be a significant and material implementation project for the industry, and a major change to the fundamental scope and nature of post trade reporting, for no added benefit and, in fact, with the potential to undermine the UK tape. Attempting to distinguish which book transfers would merit transparency, and which would not, will create a whole host of challenges, likely be implemented differently by different firms and create confusion about what is on the tape.

We therefore recommend that policymaking focuses on measures to grow the depth and liquidity of UK equity markets (in line with our suggestions in our answer to question 7), rather than attempting to artificially inflate reported liquidity through changes to trade reporting requirements.

Question 13: What percentage of all transfers of economic interest in shares do you estimate occur through the scenarios described? Do you believe these scenarios result in a material understatement of addressable liquidity?

AFME does not agree that the exclusion of transfers of economic interest described in these scenarios leads to a material understatement of addressable market liquidity. The key point is that these scenarios do not, in AFME's view, constitute market facing transactions which contribute to addressable liquidity. To report such events as trades would be overstating liquidity rather than understating it.

Question 14: If reporting rules were updated to reflect these transfers, how should this be implemented to best capture addressable liquidity?

As explained in our response to question 13, AFME does not believe that this type of activity has any relevance to addressable liquidity and therefore AFME does not believe any update to the reporting rules is required.

Question 15: Are there any other issues related to the quality of post-trade reporting for equities that you would like to bring to our attention?

While work done by the FCA so far has led to an improvement in the overall framework for post-trade transparency there are other changes that would provide further confidence in the tape overall.

AFME members believe that (1) exempting non-price forming transactions brought on venue for clearing and settlement purposes from trade reporting requirements; and (2) working with the EU to make OTC/SI transactions equivalent in each others' jurisdictions (which today leads to double reporting on the tape) would further enhance the post-trade framework and provide a more picture of both on and off venue liquidity.

Question 16: Do you consider that there are any aspects of the market transparency regime, beyond post-trade, which should change to recognise the growth, outside the systematic internaliser regime, of bilateral trading?

No.

Question 17: Which classes of instrument should be included in the equity SI regime? Are the current methods for determining liquidity still appropriate? If not, how should liquid instruments be identified?

AFME supports the retention of the current classes of financial instruments within the scope of the equity SI regime, and we believe that the existing methodology for assessing liquidity remains appropriate and effective.

AFME sees no compelling evidence that either narrowing the scope of instruments, or changing the approach to determining liquidity would materially enhance the effectiveness of the equity SI regime.

Question 18: Should the use of the SINT flag be limited to trades executed against a published quote or below SMS?

AFME does not support limiting the use of the SINT flag to trades executed against a published quote or below SMS, and we consider that this would be a material degradation of post-trade transparency. We note that the FCA has already deleted the SIZE flag (PS 23/4), which previously existed to identify SI trades above SMS, on the basis that “information on the size of the trade or the liquidity status of the instrument can be equally determined from the post-trade information and the reference data that are already publicly available” (CP 22/12). Narrowing the use of the SINT flag without an alternative flag would remove meaningful information and therefore reduce market transparency.

Question 19: Do you believe the way market data is presented by vendors affects perceptions of liquidity? Are you aware of any issues – beyond those already raised – that we should consider?

Improving the presentation of market data is a complex task requiring fundamental changes to how data is reported. Market data quality is only as good as its inputs.

From a pre-trade perspective, the quality and completeness of market data is a function of what the market data consumer chooses to subscribe to. For example, if an investor only has access to market data relating to the primary exchange, and not alternative sources of liquidity such as MTFs, their view of available liquidity under-represents the reality.

From a post-trade perspective, greater harmonisation, particularly through the removal of duplicative or overlapping reporting, would improve accuracy and prevent overstating activity. Standardising reporting practices and aligning inputs would enhance both data quality and the transparency of liquidity.

Question 20: Are you concerned that current trade reports do not show whether an SI has taken on market risk? If so, what changes should the FCA consider?

AFME members do not believe that the transactions being described at section 4.53 arise as described (and, to the extent that at 4.53 the FCA is summarising transactions being described at 4.23 and 4.25, we are not confident that they arise as described there either). This may go some way to explaining away concerns about SI’s exposure to market (and in, fact, other risks) when entering into transactions involving requests for market data (RFMD).

In the first instance it is worth noting that AFME members do not receive swap orders in the course of the day that they can hedge using inventory (or for that matter other swap orders). During the course of the trading day a client may send an RFMD (which is in essence a request for a price at which the broker may be willing to deal in that instrument). The broker will respond to that request by providing a price (which it can establish through various means including by trading on venue or with a third party or by establishing an own account position in the instrument). The client may send multiple RFMDs during the course of the day.

The price at which any swap is written with the client depends on multiple factors. In particular it will, among other things, take into account the credit risk of the individual client, whether the swap will be the establishment of a new position, the length of the position, and whether it will be a change to an existing position (and if so, what impact the day’s trading has on the overall position). This calculation typically occurs at the end of the trading day.

Accordingly, we strongly disagree with any suggestion that, intra-day, hedges of swap orders routinely interact with other hedges of swap orders or inventory to leave a broker without market risk.

Where the broker provides a price in response to an RFMD, it has to wait until the end of the day to calculate and establish a price for any swap that is written. The client is not obliged to enter into a swap on the basis of the broker's calculation and accordingly the broker has been on risk through the day.

It is also worth noting that an alternative scenario also exists where the client who has a prime broker may identify the prime broker as a counterparty who might be willing to enter into a cash transaction with the executing broker for the securities subject to the RFMD. The prime broker may use those cash securities to write a swap with the client that requested the RFMD (with the transfer to the prime broker being known as a give-up from the executing broker's perspective). The analysis is similar to the swap scenario - the executing broker is on risk through the day unless and until it hears from the client's prime broker that the prime broker is willing to take on the position; if the prime broker refuses the position the executing broker is left with the risk, including the market risk of unwinding that position.

As the facilitation of such transactions involves SIs taking on market and other risks, AFME members do not believe these transactions are substantively any different to other SI transactions or that they need to be reported differently.

Question 21: What metrics or indicators do you think are most informative to assess the quality and usefulness of SI quotes in contributing to price formation or liquidity assessment?

In AFME's view, any attempt to evaluate the quality and usefulness of SI quotes must begin with a recognition that public quoting requirements are conceptually misaligned with the bilateral nature of SI trading.

The current SI quoting regime was adapted from a framework originally designed for CLOBs and public quoting environments. The publication of quotes is done by venues to enable the (usually anonymous) trading interests of the various participants to interact which are then given up for central counterparty clearing. However, when applied to SIs this does not reflect that the SI is putting its own capital at risk or that when quoting it must be mindful of various counterparty factors and the potential impact of providing the quote. This extension of public quoting to SIs has resulted in a regulatory structure that imposes public transparency obligations appropriate to multilateral venues on a mechanism that is inherently bilateral and bespoke.

As such, public pre-trade SI quotes may have limited relevance and utility for price formation. The public quotes provided today are primarily to fulfil a regulatory obligation, rather than offering a meaningful reflection of SIs' appetite or capacity to provide liquidity in a particular instrument, or how SIs interact with their clients. This creates an inherent tension between the obligation to provide public quotes and the reality of how SIs provide liquidity.

Question 22: Should the conditions for offering price improvement remain in place? If so, should there be more clarity on what counts as a justified reason – either in our rules or in firms' policies?

We do not believe changes to the current regulatory framework for price improvement are necessary. The existing regime allows firms to deliver better execution outcomes for clients where appropriate. We note the conclusions of the recent FCA tick size study that the current regime "is broadly effective" and "provides a strong foundation".

Execution quality and investor outcomes should remain the primary focus. Price improvement is context-dependent and best assessed through actual trading outcomes rather than prescriptive conditions. Attempting to standardise or prescribe conditions for price improvement may inadvertently constrain firms' ability to optimise execution for their clients.

The current regime already allows for price improvement where it is meaningful and achievable. Firms are incentivised to offer competitive pricing through best execution obligations.

Question 23: Are there any other issues not clarified here that, under existing provisions, preclude an SI from publishing tighter quotes within the spread on the MRMTL?

AFME welcomes the FCA's clarification that SIs have flexibility to publish quotes within the spread without requiring regulatory change.

Question 24: Does the current method for calculating the minimum quote size – and the size up to which price improvement must be justified – strike the right balance between protecting liquidity and supporting meaningful price formation? If not, would the approaches set out above deliver a better outcome?

Notwithstanding our views expressed in Question 21 that public SI quotes may have limited relevance for price formation, AFME believes that the current methodology for calculating minimum quote size remains broadly appropriate. Absent demonstrable benefits from moving to a different regime, we advocate for stability. However, if there are demonstrable benefits from adopting a simpler regime, AFME members would not be opposed to this being adopted. For example, by setting a fixed minimum size, or alternatively aligning with the recently changed EU rules which involved an increase to both the minimum quote size (from 10% of SMS to 100% of SMS) and the trade size up to which such quotes had to be honoured. (from 1xSMS to 2xSMS).

However, it should be noted that the EU changes were accompanied by a recalibration of standard market sizes into more granular buckets based on their average traded value. This significantly mitigated the impact of such large changes, and was a recognition that the previous regime was not appropriately graduated – given the large number of instruments that fell into the lowest bucket. Therefore, if the FCA takes forward any changes to thresholds in the UK, AFME members' expectation is that the SMS thresholds would be similarly recalibrated.

Question 25: If we were to change the rules on price improvement and quote sizes, what would be the best way to do this to improve the contribution of SI quotes to price formation?

Whilst we remain unconvinced regarding the overall effectiveness of public SI quotes, we emphasise that any changes to the regulatory framework should avoid negatively impacting outcomes for end investors by removing SI's flexibility to provide bilateral, bespoke liquidity.

The fundamental difference between SIs and trading venues remains that an exchange does not participate in trades or use its own balance sheet and instead trading venues bring buyers and sellers together by providing a matching mechanism. SIs, however, are offering access to their balance sheets, and requires a different framework to ensure that this liquidity can continue to be offered to investors within a structure that allows a firm to manage their risk effectively.

Question 26: Would including SI quotes in a consolidated tape improve their contribution to price formation? If so, should all quotes be included, or only those above a certain size or quality threshold? If using a threshold, what should that be?

We do not support the inclusion of SI quotes in the consolidated tape. As outlined in our earlier responses, public SI quotes make a limited contribution to price formation. Whilst SIs do provide meaningful bilateral quotes to their clients, those quotes reflect the bilateral nature of the SI regime that takes into account client characteristics. Existing mechanisms for displaying public SI quotes do not appear to be a material driver of actual executed SI activity.

Incorporating SI quotes into the CT would increase the scope of work for the Consolidated Tape Provider without a commensurate benefit to users. This could dilute the quality of the tape and complicate its development, adding unnecessary costs and therefore undermining its core purpose of improving transparency and market efficiency.

We therefore recommend that the scope of the CT prioritises delivery of multiple layers of book depth with full venue attribution, as adding the most informational value to the market.

Question 27: Would greater disclosure of SI's quality of execution and of execution behaviour – such as the frequency and size of price improvements – support better outcomes for clients and more effective competition?

While we support the FCA's objective of ensuring robust execution outcomes, we note the FCA's very recent decision to abolish RTS 27 reporting requirements in PS21/20 effective December 2021. In PS 21/20, the FCA stated that RTS27 reports "*don't appear to benefit users*" and were "*little used by investors or firms with best execution obligations and are costly to produce*", with all but one of 34 respondents favouring their removal. The FCA consultation analysis concluded that the execution quality metrics did not meaningfully assist market participants in assessing execution quality and imposed disproportionate compliance costs.

We also note that users of execution venues are able to request and receive appropriate information about execution quality and we are not aware that there is any need that should be addressed through further regulatory action.

If such a need is established, we caution that any reintroduction of similar disclosures should ensure focused and targeted execution quality metrics pre-empting potential issues of low investor engagement, data complexity and high implementation costs. Any execution quality metrics should focus on actual trading outcomes rather than public quote characteristics.

Question 28: Are there any additional concerns regarding equity market transparency or structure that you have not addressed in response to previous questions but would like to raise?

No.

Question 29: Do you consent to the publication of your name as a respondent?

Yes.

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