



European Securities and  
Markets Authority

# Response Form to the Consultation Paper

**MiFIR report on Systematic Internalisers in non-equity instruments**



## Responding to this paper

ESMA invites comments on all matters in this paper and in particular on the specific questions summarised in Annex III. Comments are most helpful if they:

- respond to the question stated;
- indicate the specific question to which the comment relates;
- contain a clear rationale; and
- describe any alternatives ESMA should consider.

ESMA will consider all comments received by **18 March 2020**.

All contributions should be submitted online at [www.esma.europa.eu](http://www.esma.europa.eu) under the heading 'Your input - Consultations'.

### Instructions

In order to facilitate analysis of responses to the Consultation Paper, respondents are requested to follow the below steps when preparing and submitting their response:

1. Insert your responses to the questions in the Consultation Paper in the present response form.
2. Please do not remove tags of the type <ESMA\_QUESTION\_SINE\_1>. Your response to each question has to be framed by the two tags corresponding to the question.
3. If you do not wish to respond to a given question, please do not delete it but simply leave the text "TYPE YOUR TEXT HERE" between the tags.
4. When you have drafted your response, name your response form according to the following convention: ESMA\_SINE\_nameofrespondent\_RESPONSEFORM. For example, for a respondent named ABCD, the response form would be entitled ESMA\_SINE\_ABCD\_RESPONSEFORM.

5. Upload the form containing your responses, in Word format, to ESMA's website ([www.esma.europa.eu](http://www.esma.europa.eu) under the heading "Your input – Open Consultations" → "Consultation on MiFIR report on Systematic Internalisers in non-equity instruments").

### **Publication of responses**

All contributions received will be published following the close of the consultation, unless you request otherwise. Please clearly and prominently indicate in your submission any part you do not wish to be publically disclosed. A standard confidentiality statement in an email message will not be treated as a request for non-disclosure. A confidential response may be requested from us in accordance with ESMA's rules on access to documents. We may consult you if we receive such a request. Any decision we make not to disclose the response is reviewable by ESMA's Board of Appeal and the European Ombudsman.

### **Data protection**

Information on data protection can be found at [www.esma.europa.eu](http://www.esma.europa.eu) under the heading [Legal Notice](#).

### **Who should read this paper**

This paper is of interest mainly to systematic internalisers active in non-equity instruments as well as clients of such systematic internalisers, and any associations representing their interest.

## General information about respondent

Name of the company / organisation	Associazione Intermediari Mercati Finanziari - ASSOSIM
Activity	Investment Services
Are you representing an association?	<input checked="" type="checkbox"/>
Country/Region	Italy

## Introduction

*Please make your introductory comments below, if any*

<ESMA\_COMMENT\_CP\_SINE\_1>

TYPE YOUR TEXT HERE

<ESMA\_COMMENT\_CP\_SINE\_1>

## Questions

**Q1** : Do you consider that there is a need to clarify what a “firm quote” is? If so, in your view, what are the characteristics to be met by such quote?

<ESMA\_QUESTION\_CP\_SINE\_1>

We do not think that there is a need for a clarification regarding the meaning of “firm quote”. According to our members, it means “quote which is executable”.

<ESMA\_QUESTION\_CP\_SINE\_1>

**Q2** : (For SI clients) As a SI client, do you have easy access to the quotes published, i.e. can you potentially trade against those quotes when you are not the requestor? Do you happen to trade against SIs quotes when you are not the initial requestor? How often? If it varies across asset classes, please explain.

<ESMA\_QUESTION\_CP\_SINE\_2>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_SINE\_2>

**Q3** : What is your overall assessment of the pre-trade transparency provided by SIs in liquid non-equity instruments? Do you have any suggestion to amend the existing pre-trade transparency obligations? If so, please explain which ones and why.

<ESMA\_QUESTION\_CP\_SINE\_3>

Generally, we believe that the pre-trade transparency regime for liquid instruments has worked quite well. Nevertheless, as regards derivatives it remains rather complex and burdensome for derivatives with particular reference to the ToTV perimeter that is still unclear and therefore entails legal and operational uncertainties.

<ESMA\_QUESTION\_CP\_SINE\_3>

**Q4** : (For SI clients) do you have access to quotes in illiquid instruments? If so, how often do you request access to those quotes? What is your assessment of the pre-trade transparency provided by SIs in illiquid instruments?

<ESMA\_QUESTION\_CP\_SINE\_4>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_CP\_SINE\_4>

**Q5** : (For SIs) Do you disclose quotes in illiquid instruments to clients upon request or do you operate under a pre-trade transparency waiver? In the former case, how often are you requested to disclose quotes (rarely, often, very often)? Does it vary across instruments / asset classes?

<ESMA\_QUESTION\_CP\_SINE\_5>

The majority of our members acting as SIs disclose quotes in illiquid instruments upon request, without operating under a pre-trade transparency waiver. However, such members refer that they are not very often requested to provide a quote.

<ESMA\_QUESTION\_CP\_SINE\_5>

**Q6** : Do you consider that there is an unlevel playing field between SIs and multilateral trading venues active in non-equity instruments, in particular with respect to pre-trade transparency? If so, please explain why and suggest potential remedies.

<ESMA\_QUESTION\_CP\_SINE\_6>  
TYPE YOUR TEXT HERE  
<ESMA\_QUESTION\_CP\_SINE\_6>

**Q7** : (for SIs who are also providing liquidity on trading venues): What are the key factors that determine whether quote requesters (your clients) want to receive the quote through the facilities of a trading venue or through your own bilateral trading facilities?

<ESMA\_QUESTION\_CP\_SINE\_7>  
We believe that it is very difficult to indicate generally applicable key factors because the choice between trading venue or SI mainly depends upon the relevant execution policy provisions.  
<ESMA\_QUESTION\_CP\_SINE\_7>

**Q8** : What is your view on the proposal to simplify the requirements in relation to SI quotes in liquid non-equity instruments under Article 16(6) and 18(7)?

<ESMA\_QUESTION\_CP\_SINE\_8>  
We agree with the proposal.  
<ESMA\_QUESTION\_CP\_SINE\_8>

**Q9** : Do you consider that the requirements in relation to SI quotes in illiquid non-equity instruments (Article 18(2)) are appropriate? What is your preference between the options presented in paragraph 52 (please justify)?

<ESMA\_QUESTION\_CP\_SINE\_9>  
We consider that the currently applicable requirements are appropriate and, therefore, we support option 1 (e.g. maintaining the status quo) although we are available to consider also Option 3 provided that additional information are given by ESMA regarding the nature and the scope of the supervisory convergence tools envisaged in the Consultation Paper. This would be fundamental with a view to properly assess how Option 3 could actually operate and which implications it would entail.  
<ESMA\_QUESTION\_CP\_SINE\_9>

**Q10** : What is your view on the recommendation to specify the arrangements for publishing quotes?

<ESMA\_QUESTION\_CP\_SINE\_10>  
We agree with the proposal that the requirements under Commission Delegated Regulation 2017/567 regarding the obligation to make SIs' quotes easily accessible are extended to SIs in non-equity instruments.  
<ESMA\_QUESTION\_CP\_SINE\_10>

**Q11** : Do you have any comment on the analysis of Bond data and the relation with the SSTI thresholds as presented above?

<ESMA\_QUESTION\_CP\_SINE\_11>

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<ESMA\_QUESTION\_CP\_SINE\_11>

**Q12** : Do you have any comment on the analysis of derivatives data and the relation with the SSTI threshold as presented above?

<ESMA\_QUESTION\_CP\_SINE\_12>

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<ESMA\_QUESTION\_CP\_SINE\_12>

**Q13** : What is your view on the influence of the SSTI thresholds on the pre-trade transparency framework for SI active in non-equity instruments? Are there any changes to the legal framework that you would consider necessary in this respect?

<ESMA\_QUESTION\_CP\_SINE\_13>

We agree with ESMA's view about the fact that there is no evidence of a possible circumvention of the pre-trade transparency obligations via the SSTI threshold. However, a monitoring process could be useful also in order to assess the impact of Brexit on the EU financial data set. Moreover, some of our members confirm the case mentioned by ESMA in paragraph 89 of the CP with respect to the presence of equity derivatives contracts which are very often above the SSTI threshold since such threshold is set at a low level in a large number of cases.

<ESMA\_QUESTION\_CP\_SINE\_13>

**Q14** : What is your view on the best way for ESMA to fulfil the mandate related to whether quoted and traded prices reflect prevailing market conditions and in particular: (1) the source of data for the SI quotes/trades (RTS 27, APA); (2) the source of market data prices; and (3) the methodology to compare the two and formulate an assessment?

<ESMA\_QUESTION\_CP\_SINE\_14>

We agree with ESMA about the difficulties found in carrying out the monitoring process requested by article 19(1) MiFIR. In general terms, we believe that data provided by APAs are broader than other sources and, to a certain degree, useful to understand if SIs' quotes reflect the prevailing market conditions.

<ESMA\_QUESTION\_CP\_SINE\_14>