

ESMA consults on MiFIR transparency regime for equity instruments

ESMA's objective of the review is to simplify the current complex trade reporting regime while trying to improve the overall trade transparency available to market participants. MiFIR mandates ESMA to submit a report on the impact of the newly established pre-trade transparency obligations and waivers and, in particular, the double volume cap (DVC) mechanism. In order to provide for a comprehensive and meaningful assessment, ESMA has decided to include an assessment of other key transparency provisions, in particular, the share trading obligation and the transparency provisions applicable to systematic internalisers (SIs).

ESMA's data analysis has revealed the following main developments since 2018:

1. There has not been a significant change in the share of trading volume executed on-venue, on SIs and OTC;
2. A large share of the volume executed on-venue is not subject to pre-trade transparency; and
3. The use of waivers from pre-trade transparency has changed due to the application of the DVC.

Steven Maijoor, Chair, said:

"Market transparency is a key objective of MiFIR and, two years on from its inception, it is time to assess how transparency in equity and equity-like instruments has evolved. While we consider that MiFIR has been partially successful, we also see some significant remaining challenges which should be tackled by a targeted review of the legislation.

"One clear benefit of MiFIR is that national competent authorities and ESMA have more data at their disposal to monitor market developments and assess how the Regulation is working in practice. We believe that the proposals presented today will allow for a recalibration of MiFIR, reducing its complexity, while improving transparency to the benefit of investor protection and orderly and stable markets in the European Union."

Key Proposals

The key proposals on the MiFIR transparency for equities include:

- Pre-trade transparency and waivers – to address the ongoing high volume of dark trading ESMA proposes to either reduce the number of waivers available to market participants or to make the use of waivers subject to stricter requirements;
- The DVC mechanism – if maintained, ESMA is proposing to simplify the DVC regime and to apply it in a wider and stricter way to further curb dark trading;
- The SI regime – with a view to addressing concerns about the SI regime,

including the volume of trading and perceived lower transparency requirements, ESMA proposes an increase of minimum quoting obligations subject to pre-trade transparency, a revised methodology for determining quoting sizes and/or an extension of the SI obligations to illiquid instruments; and

- The trading obligation for shares – ESMA is proposing to clarify the scope of the trading obligation specifically in relation to third-country shares.

Next Steps

ESMA invites all stakeholders involved in EU securities markets to respond to this consultation by 17 March 2020. ESMA intends to submit its final review report of the transparency regime applicable to equity instruments to the European Commission by July 2020.

A second consultation paper focusing on the obligations applicable to bonds, derivatives and other instruments will be published shortly.

[Consultation on MiFID II/ MiFIR review report on the transparency regime for equity and equity-like instruments, the double volume cap mechanism and the trading obligations for shares](#)

Responding to this paper

ESMA invites comments on all matters in this paper and in particular on the specific questions summarised in Annex 1. Comments are most helpful if they:

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

ESMA will consider all comments received by **17 March 2020**.

All contributions should be submitted online at www.esma.europa.eu under the heading 'Your input – Consultations'.

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 publicly 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 under the heading '[Data protection](#)'.

Who should read this paper?

This document will be of interest to all stakeholders involved in the securities markets. It is primarily of interest to competent authorities and firms that are subject to MiFID II and MiFIR – in particular, investment firms and credit institutions performing investment services and activities. This paper is also important for trade associations and industry bodies, institutional and retail investors and their advisers, and consumer groups, as well as any market participant because the MiFID II and MiFIR requirements seek to implement enhanced provisions to ensure the transparency and orderly running of financial markets with potential impacts for anyone engaged in the dealing with or processing of financial instruments.

[New modern FRA website promises better user experience](#)



FRA re-designed its website drawing on extensive user testing to meet their needs better, making it fully responsive across all mobile devices.

The EU's bill of rights, the Charter of Fundamental Rights, takes centre stage, underlining its vital role in the respect, promotion and protection of rights across the European Union.

The website offers an enhanced theme-based structure. This groups related information on [hate crime](#), [asylum](#) or [data protection](#), for example, so users have faster access to relevant information that interests them most.

It also signposts the multitude of different types of material that users can browse from publications for downloading to videos to watch, from datasets to explore to infographics to share.

It prominently highlights [useful tools](#) like FRA's [EU Fundamental Rights Information System \(EFRIS\)](#). This section steers users to key resources, such as promising practices from across the EU on how to combat hate crime or collect equality data, which they could use in their own work.

In addition, country-specific information is more prominent so users can find local information from their country. It also flags which information is available in other EU languages.

Users can also sign up for project updates via email so they can keep abreast of the latest agency developments.

The site reflects FRA's [convening power](#) as a hub for all human rights defenders which they can draw on for their work.

It also aims to mirror FRA's [communicating rights mantra](#) to maximise impact and outreach, helping to make a difference for people across the EU.

Accessibility remains a key consideration in the new design of the site.

[**Cambodia: EIB invests EUR 51m to improve rural infrastructure and economic outlooks for 200,000 rural families**](#)

- EIB contributes with a EUR 51 million loan to Sustainable Assets for Agriculture Markets, Business and Trade project (SAAMBAT) in Cambodia;
- EIB investment in SAAMBAT to improve rural roads, nation-wide connectivity, resilience to natural hazards, and tackle seasonal food shortages;

- **SAAMBAT expected to improve living conditions for 200,000 rural families, create 4500 jobs with special emphasize on youth, and 500 new SMEs throughout Cambodia;**

Up to 200,000 Cambodian families in rural areas will benefit from year-round reliable and safer road network, improved vital rural infrastructure and better food supply as the European Investment Bank (EIB) invests EUR 51m in the Sustainable Assets for Agriculture Markets, Business and Trade project (SAAMBAT).

SAAMBAT is a USD 125m rural development project and a partnership between the International Fund for Agricultural Development (IFAD), the EIB and Royal Government of Cambodia; the project was launched on 3 February 2020 in Phnom Penh.

SAAMBAT will improve roads, road safety and resilience to natural hazards, as well as other key rural infrastructure, such as local markets, vital to Cambodia, where two-thirds of all rural households annually face seasonal food shortages due to underdeveloped infrastructure. The project will also create up to 4,500 jobs and 500 new SMEs, and train 25,000 Cambodians on use of digital technologies to improve their businesses and increase trade. Special emphasize will be on creating business and employment opportunities of the rural youth.

Andrew McDowell, Vice President of the EIB, said: “As the European Union’s bank, the EIB is particularly happy to support SAAMBAT and make a direct contribution to improve the quality of life for Cambodians in rural locations. The partnership with the Government of Cambodia and IFAD is an excellent example of how international collaboration can effectively deliver positive and tangible change to rural communities. The many activities under the SAAMBAT project will create jobs and make communities more resilient, reduce poverty and protect rural communities from negative social and economic changes.”

Kaushik Barua, IFAD Country Director, Cambodia said: “With this project we are focusing on building sustainable and inclusive rural infrastructure, including roads and marketplaces; building rural capacity; and linking rural communities, especially young people, to relevant skills and technologies. We are grateful to our national partners including the Ministry of Economy and Finance, the Ministry of Rural Development and the rural communities and youth who provided their ideas and feedback to IFAD. And of course to the European Investment Bank for investing in this partnership with IFAD.”

Luca Lazzaroli, Director General and Deputy Head of Operations of the EIB said: “SAAMBAT project underlines the commitment of the European Investment Bank and the European Union to sustainable economic and social development of Cambodia. With this project, and within just two years, the EIB invested over EUR 140 million in Cambodia, improving water supply and transport networks in the country, improving the quality of lives of millions of Cambodians. The EIB looks forward expanding this cooperation.”

The SAAMBAT project is financed from a USD 53.3m loan and a USD 1.2m grant

from IFAD, a EUR 51m loan from EIB and USD 12.41m contribution from the Royal Government of Cambodia.

About EIB in Asia:

For 25 years, the EIB has supported economic development in Asia and the Pacific region through projects ranging from cutting travel times for people of Bangalore with a new metro line, to providing cheaper, cleaner energy to western Nepal.

In Asia, the EIB focus is our lending on climate action across all sectors. Through our financing, we act as a catalyst to attract the funding needed to meet the UN's Sustainable Development Goals for 2030. We also work to include gender equality in our projects, ensuring that women, men, girls and boys can benefit from projects equally and equitably.

About IFAD:

International Fund for Agricultural Development invests in rural people, empowering them to reduce poverty, increase food security, improve nutrition and strengthen resilience. Since 1978, we have provided about US\$22.4 billion in grants and low-interest loans to projects that have reached some 512 million people. IFAD is an international financial institution and a specialized United Nations agency based in Rome – the UN's food and agriculture hub.

ESMA CONSULTS ON MIFIR TRANSPARENCY REGIME FOR SYSTEMATIC INTERNALISERS

ESMA publishes this consultation paper in the context of the monitoring it shall perform under MiFIR on the application of the pre-trade transparency obligations applicable to SIs in respect of bonds, structured finance products, emission allowances and derivatives (non-equity instruments). Therefore, ESMA is seeking stakeholders' views on some proposed amendments to the legal framework.

ESMA's proposals generally aim at providing a simplified and more efficient framework for SIs active in non-equity instruments. ESMA is also presenting the findings of its analysis of the sizes at which SIs' quotes are made available to clients.

Next steps

ESMA will consider all comments received by 18 March 2020 and will develop the final report taking into consideration the feedback received to this consultation paper. ESMA intends to submit the final report to the European

Commission in July 2020.