











Procedure file

Basic information	
<p>COD - Ordinary legislative procedure (ex-codecision procedure) Regulation</p> <p>2021/0385(COD)</p>	Awaiting Parliament's position in 1st reading
<p>Amendments to the Markets in Financial Instruments Regulation (MiFIR)</p> <p>Amending Regulation 2014/600 2011/0296(COD)</p>	
<p>Subject</p> <p>2.50.03 Securities and financial markets, stock exchange, CIUTS, investments</p> <p>2.50.08 Financial services, financial reporting and auditing</p> <p>2.50.10 Financial supervision</p>	
<p>Legislative priorities</p> <p>Joint Declaration 2022</p> <p>Joint Declaration 2023-24</p> <p>Joint Declaration 2021</p>	

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	 Economic and Monetary Affairs		02/12/2021
		 HÜBNER Danuta Maria	
		Shadow rapporteur	
		 HEINÄLUOMA Eero	
		 BEER Nicola	
		 DELLI Karima	
	 BECK Gunnar		
	 VAN OVERTVELDT Johan		
	 GUSMÃO José		
	Committee for opinion	Rapporteur for opinion	Appointed
	 Industry, Research and Energy	The committee decided not to give an opinion.	
	 Legal Affairs	The committee decided not to give an opinion.	
Council of the European Union			
European Commission	Commission DG	Commissioner	
	Financial Stability, Financial Services and Capital Markets Union	MCGUINNESS Mairead	
European Economic and Social Committee			

Key events			
25/11/2021	Legislative proposal published	COM(2021)0727	Summary
27/01/2022	Committee referral announced in Parliament, 1st reading		
01/03/2023	Vote in committee, 1st reading		
01/03/2023	Committee decision to open interinstitutional negotiations with report adopted in committee		
02/03/2023	Committee report tabled for plenary, 1st reading	A9-0040/2023	Summary
13/03/2023	Committee decision to enter into interinstitutional negotiations announced in plenary (Rule 71)		
15/03/2023	Committee decision to enter into interinstitutional negotiations confirmed by plenary (Rule 71)		

Technical information	
Procedure reference	2021/0385(COD)
Procedure type	COD - Ordinary legislative procedure (ex-codecision procedure)
Procedure subtype	Legislation
Legislative instrument	Regulation
	Amending Regulation 2014/600 2011/0296(COD)
Legal basis	Treaty on the Functioning of the EU TFEU 114
Other legal basis	Rules of Procedure EP 159
Mandatory consultation of other institutions	European Economic and Social Committee
Stage reached in procedure	Awaiting Parliament's position in 1st reading
Committee dossier	ECON/9/07829

Documentation gateway					
Legislative proposal		COM(2021)0727	25/11/2021	EC	Summary
Document attached to the procedure		SEC(2021)0573	25/11/2021	EC	
Document attached to the procedure		SWD(2021)0346	25/11/2021	EC	
Document attached to the procedure		SWD(2021)0347	25/11/2021	EC	
Economic and Social Committee: opinion, report		CES6395/2021	23/03/2022	ESC	
European Central Bank: opinion, guideline, report		CON/2022/0019 OJ C 286 27.07.2022, p. 0017	01/06/2022	ECB	
Committee draft report		PE731.644	26/07/2022	EP	
Amendments tabled in committee		PE737.291	20/10/2022	EP	
Amendments tabled in committee		PE737.442	20/10/2022	EP	
Committee report tabled for plenary, 1st reading/single reading		A9-0040/2023	02/03/2023	EP	Summary

Amendments to the Markets in Financial Instruments Regulation (MiFIR)

PURPOSE : to amend the Markets in Financial Instruments Regulation (MiFIR) in order to enhance market data transparency.

PROPOSED ACT: Regulation of the European Parliament and of the Council.

ROLE OF THE EUROPEAN PARLIAMENT: the European Parliament decides in accordance with the ordinary legislative procedure and on an equal footing with the Council.

BACKGROUND: the MiFID/MiFIR framework is the rulebook governing participation in European capital markets. It consists of a directive (Directive 2014/65/EU, MiFID II) and a regulation (Regulation (EU) No 600/2014, MiFIR).

In 2007, MiFID I introduced competition in the market for equity trading. Later iterations of MiFID extended competition to trading in non-equity asset classes, such as bonds and derivatives. The consequence is that, when a broker or investor wants to execute an order to buy or sell an asset, they can choose from different venues, such as regulated markets (RMs), multilateral trading facilities (MTFs), dark pools, and systematic internalisers (SIs).

Today, financial instruments, such as shares and bonds, are traded in the EU across about 500 execution platforms (across all asset classes). All these platforms need to publish information about each transaction, such as the volume, time and price of the transaction. This makes the information very fragmented and only few big players are able to have a comprehensive overview of the market.

The proposal is part of a package of measures for the CMU which also includes:

- a [legislative proposal](#) to establish a European Single Access Point (ESAP);
- a [legislative proposal](#) to revise the European Long Term Investment Fund (ELTIF) Regulation;
- a [legislative proposal](#) to revise the Directive on Alternative Investment Fund Managers.

CONTENT: the proposal aims to enhance market data quality and market data consolidation through amendments to existing rules on market data in MiFIR.

Creation of a European consolidated tape

The proposed revision would introduce a European consolidated tape which will allow investors to access near-real-time trading data for stocks, bonds and derivatives on all trading venues in the EU. Both professional and retail investors would be able to see in one place the price and other information about a financial instrument (such as the volume and timing of transactions). They will know whether they have obtained the best price when buying or selling securities.

The proposed revision should also enhance the level playing field between stock exchanges and investment banks and will promote the international competitiveness of EU trading venue by removing the open access rule.

Boosting transparency and levelling the playing field

The proposal aims to change EU trading rules to enhance transparency in EU financial markets and level the playing field between execution platforms.

Specifically, the proposal :

- prohibits the execution of small trades in equity instruments (such as shares) on anonymous trading platforms (where traders are not subject to transparency obligations) and makes the execution of such trades through large investment banks fully transparent;
- increases transparency for non-equities (such as derivatives and bonds), by reducing recourse to so-called deferrals' that allow for the delayed publication of core details of transactions;
- bans the practice whereby retail brokers forward client orders to a limited number of traders in exchange for compensation (payment for order flow), which will ensure that brokers act in their clients' best interests.

Increasing competitiveness of EU financial markets

To carry out this objective, the proposal:

- removes the open access obligations for exchange-trade derivatives. This open access obligation may discourage markets from creating new and innovative financial products. Its implementation has already been postponed several times. It is now being abandoned;
- streamlines the obligation to trade shares on eligible execution platforms in the EU so that it will only apply to shares with a primary listing in the EU. EU shares traded on a third country venue will be exempted as far as they are denominated in local currency;
- enables the Commission to suspend, if necessary, the trading obligation in a cross-border context, e.g. where conflicting trading obligations in two jurisdictions prevent an EU counterparty from entering into a derivative contract with a non-EU counterparty.

Amendments to the Markets in Financial Instruments Regulation (MiFIR)

The Committee on Economic and Monetary Affairs adopted the report by Danuta Maria HÜBNER (EPP, PL) on the proposal for a regulation of the European Parliament and of the Council amending Regulation (EU) No 600/2014 as regards enhancing market data transparency,

removing obstacles to the emergence of a consolidated tape, optimising the trading obligations and prohibiting receiving payments for forwarding client orders.

The committee responsible recommended that the European Parliament's position adopted at first reading under the ordinary legislative procedure should amend the proposal as follows:

While welcoming the Commissions proposal for the review of the Markets in Financial Instruments Regulation and Directive (MiFIR/D), Members highlighted certain areas for improvement. The amendments included in the report are informed by the desire to establish a regulatory framework conducive to an environment where all market participants benefit from trading. The amendments are guided by four main principles:

1. reducing fragmentation and cross-border barriers;
2. levelling the playing field, supporting a healthy degree of competition between different execution venues and methods;
3. allowing EU firms to be competitive internationally and more attractive for EU and third-countries investors;
4. encouraging retail participation and strengthening investor protection.

The main changes classified into three areas:

- consolidated tape (CT);
- market structure and transparency;
- forwarding and execution of client orders.

Consolidated tape

The report seeks to facilitate the emerging of a consolidated tape provider cross markets for each asset classes and to amend certain aspects of the existing legislation in order to improve transparency on markets in financial instruments but also to further enhance the level playing field between regulated markets and systematic internalisers, as well as enhance the international competitiveness of the Unions capital markets.

The amendments introduce an exemption from mandatory contributions for markets that either (i) represent less than 1% of the total EU average daily trading volume, or (ii) do not contribute significantly to the fragmentation of EU markets as they mostly trade shares for which they are also the venue of primary admission.

Regardless of the exemption granted to smaller regulated markets under this Regulation from the mandatory contribution of market data to the consolidated tape, a dedicated revenue participation scheme for the consolidated tape for shares and ETFs should be established, to incentivise their opt-in to the mandatory contribution scheme, which should remain nonetheless entirely voluntary.

Market structure and transparency

According to Members, to ensure an adequate level of transparency, the price and the volume of a non-equity transaction should be published as close to real time as possible and the price should only be delayed until maximally the end of the trading day. However, in order not to expose liquidity providers in non-equity instruments to undue risk, it should be possible to mask the price and volume of very large transactions for a longer period of time, which should not exceed four weeks.

To simplify the pre-trade transparency regime for bonds and derivatives, the size specific to the instrument should be removed, and the large in scale size should be lowered so that only one threshold remains at an adequate level. ESMA should regularly review the calibrations of the deferrals applicable to the various buckets, with the goal to gradually decrease them should the qualitative and quantitative evidence allow it.

Ban on payment for forwarding client orders for execution

The report noted that investment firms acting on behalf of clients shall not receive any fee or commission or non-monetary benefits from any third party for forwarding client orders to any third party for their execution. A new Article has been introduced stating that this provision should not apply to fees, commissions or non-monetary benefits related to the forwarding of professional clients orders for execution, where permitted under the approved and public tariff structure of a regulated market or MTF.

Transparency				
HÜBNER Danuta Maria	Rapporteur	ECON	26/04/2023	Bloomberg L.P.
HÜBNER Danuta Maria	Rapporteur	ECON	07/02/2023	Euronext
HÜBNER Danuta Maria	Rapporteur	ECON	17/11/2022	Association Française des Marchés Financiers
HÜBNER Danuta Maria	Rapporteur	ECON	26/10/2022	Permanent Representation of Sweden to the EU
HÜBNER Danuta Maria	Rapporteur	ECON	25/10/2022	Germany's Federal Ministry of Finance
ZANNI Marco	Member	07/02/2023	Euronext	
DE LANGE	Member	08/12/2022	Cboe Europe	

Esther			
FITZGERALD Frances	Member	11/11/2022	European Fund and Asset Management Association
DE LANGE Esther	Member	10/10/2022	Allianz SE BlackRock Invesco Management SA
DE LANGE Esther	Member	06/10/2022	Cboe Europe
FITZGERALD Frances	Member	06/10/2022	Citadel LLC
FITZGERALD Frances	Member	06/10/2022	Cboe Europe
DE LANGE Esther	Member	05/10/2022	Citadel LLC
DE LANGE Esther	Member	05/10/2022	Euronext