



FOCUS

MIFID2-MIFIR Review

Updated in July 2024

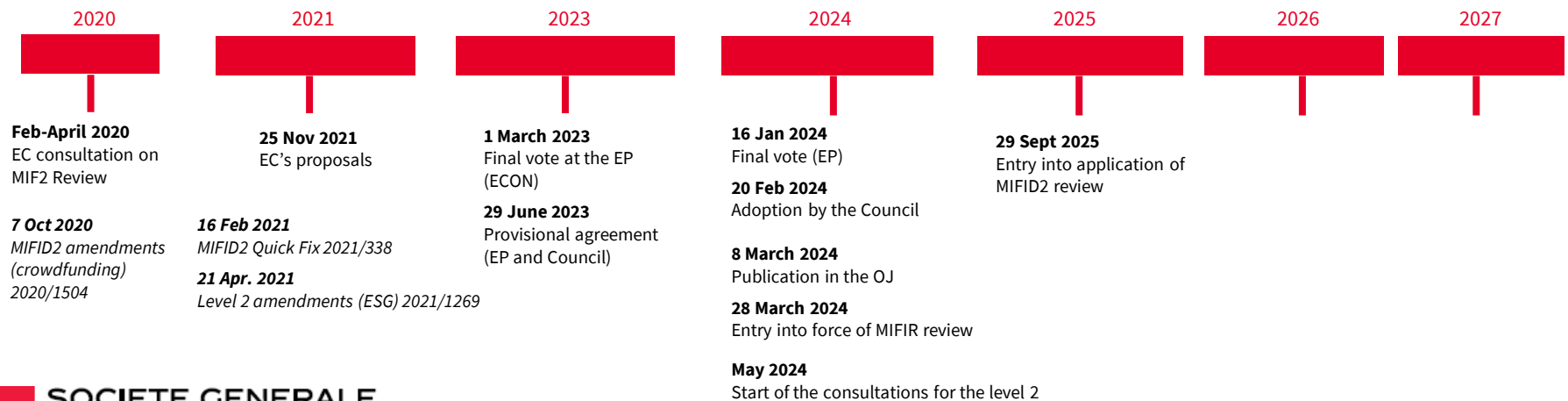
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REGULATORY EVOLUTION

- **Equity transparency:** replacement of the Double Volume Cap mechanism by a Single Volume Cap one; new criteria to determine if the financial instrument is liquid/illiquid, new specifications for systemic internalisers, removal of the “non-systemic, ad-hoc, irregular and infrequent” exemption to the trading obligation
- **Non equity transparency:** removal of some pre-trade requirement, reduction of the scope of OTC-derivatives subject to transparency requirements, removal of SSTI waiver and deferral, new deferral regime for bonds and other non-equity instruments
- **Change in the systemic internaliser regime**
- **Suspension of the Derivative Trading Obligation:** change of the conditions
- **Consolidated Tape:** a CTP provider to be selected by ESMA
- **Payment for order flow:** prohibited for retail orders
- **Transaction reporting:** new rules

FOCAL POINTS

- A CIB topic
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- Rather an improvement
- Topic to be followed
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- The new rules may introduce additional identifiers as well as new formats; in addition, it opens the door to an inclusion of asset managers in the scope of entities required to report



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STATEMENT

- The two regulatory texts have been published on the EU OJ and entered into force end of March 2024
- While the revised directive has officially until September 2025 to be transposed, nothing was said as regards the revised regulation so that it applied as of March 2024; ESMA and the EC have clarified the situation as regards amendments linked to the revised directive
- ESMA has started its consultation process in relation to the future level 2
 - Amendments to certain technical standards on commodity derivatives
 - On Consolidated Tape Providers and DRSPs, and assessment criteria for CTP selection procedure (CP1)
 - On Bond transparency, clock synchronisation, reference data and reasonable commercial basis (CP 2)

FOR YOUR CONSIDERATION

- Most of the changes brought by the revision impact in priority the trading activity rather than the securities services
- Transaction reporting: the level 1 includes most the proposals made by ESMA (following its consultation in 2021)
 - Additional identifiers in order to ease the link between several reporting for the same transaction
 - Adoption of international standards
 - Removal of the short sell indicator
 - Open the discussion for a potential inclusion of asset managers in the scope of entities required to report

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