





Reply form for the Consultation Paper on the trading obligation for derivatives under MiFIR

Responding to this paper

The European Securities and Markets Authority (ESMA) invites responses to the specific questions listed in the ESMA Consultation Paper on the trading obligation for derivatives under MiFIR, published on the ESMA website.

Instructions

Please note that, in order to facilitate the analysis of the large number of responses expected, you are requested to use this file to send your response to ESMA so as to allow us to process it properly. Therefore, ESMA will only be able to consider responses which follow the instructions described below:

- use this form and send your responses in Word format (pdf documents will not be considered except for annexes);
- do not remove the tags of type <ESMA_QUESTION_MIFID_TO_1> - i.e. the response to one question has to be framed by the 2 tags corresponding to the question; and
- if you do not have a response to a question, do not delete it and leave the text “TYPE YOUR TEXT HERE” between the tags.

Responses are most helpful:

- if they respond to the question stated;
- contain a clear rationale, including on any related costs and benefits; and
- describe any alternatives that ESMA should consider.

Naming protocol

In order to facilitate the handling of stakeholders responses please save your document using the following format:

ESMA_MiFID_TO_NAMEOFCOMPANY_NAMEOFDOCUMENT.

e.g. if the respondent were ESMA, the name of the reply form would be:

ESMA_MiFID_TO_ESMA_REPLYFORM or

ESMA_MiFID_TO_ESMA_ANNEX1

Deadline

Responses must reach us by **31 July 2017**.

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 end of the consultation period, unless otherwise requested. **Please clearly indicate by ticking the appropriate checkbox in the website submission form if you do not wish your contribution to be publicly disclosed. A standard confidentiality statement in an email message will not be treated as a request for non-disclosure.** Note also that 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 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 headings 'Legal notice' and 'Data protection'.



General information about respondent

Name of the company / organisation	Click here to enter text.
Activity	Choose an item.
Are you representing an association?	<input type="checkbox"/>
Country/Region	Choose an item.



Introduction

Please make your introductory comments below, if any:

<ESMA_COMMENT_MIFID_TO_0>

Citadel LLC¹ appreciates the opportunity to provide comments to the European Securities and Markets Authority (“ESMA”) on the trading obligation for derivatives under MiFIR. The trading obligation is a key component of the OTC derivatives reforms agreed to by the G20 in 2009, and we commend ESMA for taking into account the feedback received on the Discussion Paper published in September 2016.

I. Significant Improvements in ESMA’s Methodology

ESMA has proposed several important improvements to the methodology and scope of the trading obligation that increase international harmonization and more accurately reflect market liquidity in standardized interest rate and credit derivatives. These improvements include:

- **Performing a more holistic liquidity assessment** using the criteria in RTS 4, while refraining from setting rigid minimum thresholds that may not take into account differences between specific classes of derivatives. Notably, ESMA also recognized the importance of assessing whether streaming prices are offered by liquidity providers to market participants in the instruments being considered for the trading obligation, as this is another key indicator of available liquidity.
- **Expanding the data sources** used for purposes of assessing liquidity. In addition to EU trade repository data, ESMA also sought to gather data from certain trading venues. Going forward, we hope that ESMA will continue to regard MTFs and OTFs trading OTC derivatives as important sources of information and will also consider supplementing its analysis with data from CCPs, given that they have a complete view of trading activity in cleared OTC derivatives.

Separately, we urge ESMA to review its methodology for analysing trade repository data, as it appears that ESMA is (i) excluding all derivatives executed on an MTF or OTF by only including records that are marked with “XXXX” or “XOFF”, and (ii) eliminating too many records for cleared derivatives as market participants will often rely on the transaction reporting by the CCP in the first instance and will not separately report the initial bilateral trade that was submitted to clearing.

- **Adding tenors in GBP spot-starting IRS and USD IMMs.** These instruments are sufficiently liquid for the trading obligation based on an analysis of criteria such as (i) the availability of streaming prices from a number of liquidity providers, (ii) trading volumes, (iii) the number and types of market participants, and (iv) whether these instruments are already listed by trading venues today. In addition, these instruments are already subject to the US trading obligation, and market participants have not appeared to experience any difficulty executing them on trading venues.
- **Determining not to create significant loopholes from the trading obligation for (i) transactions above the post-trade LIS threshold and (ii) package transactions.**
 - **Transactions above post-trade LIS.** Article 32(3) of MiFIR permits ESMA to grant an exemption from the trading obligation for transactions above the post-trade LIS threshold, but does not require ESMA to do so. ESMA has carefully weighed the costs and benefits of such an exemption and we agree with ESMA’s proposal not to create a special exemption from the trading obligation for these transactions. The flexibility provided by the MiFIR framework to trading venues allows them to design trading protocols for executing transactions above the post-trade LIS threshold on

¹ Citadel is a global financial firm built around world-class talent, sound risk management, and innovative market-leading technology. For more than a quarter of a century, Citadel’s hedge funds and capital markets platforms have delivered meaningful and measurable results to top-tier investors and clients around the world. Citadel operates in all major asset classes and financial markets, with offices in the world’s leading financial centers, including Chicago, New York, San Francisco, Boston, London, Hong Kong, and Shanghai.

venue. This will address any information leakage concerns for larger trades that are related specifically to the trading obligation and increases harmonization with US CFTC rules, which do not completely exempt large “block” trades from the trading obligation, but relax the RFQ-to-3 and Order Book trading requirements for these transactions.

We note that under ESMA’s July 2017 transitional transparency calculations, nearly all instruments that are being considered for inclusion in the trading obligation are incorrectly designated as illiquid.² This results in a post-trade LIS threshold of EUR 10 million applying to these “illiquid” fixed-to-float IRS under Table 5.3 in RTS 2.³ To the extent an exemption from the trading obligation was provided for transactions above the post-trade LIS threshold, nearly all trading activity would be eligible for the exemption and the trading obligation would be completely undermined.

- **Package transactions.** We agree with ESMA that MiFIR does not contemplate establishing exemptions from the trading obligation for package transactions. While the Level 1 “Quick Fix” established a tailored pre-trade transparency regime for packages, no such amendments were made to the legislative framework for implementing the trading obligation. Instead, under Article 28(1) of MiFIR, once a derivative is determined to be subject to the trading obligation, all transactions in such derivative must be concluded on a regulated trading venue. This is the case even if a market participant chooses to execute other instruments in conjunction with the derivative that is subject to the trading obligation.

In practice, market participants will then have the choice as to whether to execute other instruments simultaneously on the venue alongside the derivative subject to the trading obligation or to execute such other instruments separately off-venue. This instrument-level approach is consistent with how the clearing obligation has been implemented under EMIR. For example, if a market participant chooses to execute a derivative subject to the clearing obligation along with an uncleared derivative, the derivative subject to the clearing obligation must still be cleared even though it is being executed in conjunction with other instruments. This instrument-level approach is what is contemplated under MiFIR and is quite different than suggesting that the trading obligation applies to the package as a whole (or all of its components).

This outcome increases harmonization with the US trading obligation. Data has shown that while packages represent a significant amount of overall trading activity in interest rate swaps, the vast majority of that activity occurs in (a) curves, (b) butterflies, and (c) spread over Treasuries (for USD IRS).⁴ Components of all these package types that are independently subject to the US trading obligation do not have an exemption under US rules or no-action relief. With respect to the less frequently traded package types that continue to benefit from temporary CFTC no-action relief, we believe that the greater flexibility provided to trading venues under MiFIR regarding permitted trading protocols will facilitate a broader range of packages trading on EU trading venues. In contrast with US CFTC rules, EU trading venues can design trading protocols specifically for packages and we expect them to innovate and compete to attract this trading activity. In doing so, it is important to note that trading venues are able to list packages (and already do) that include components that are technically traded on another venue as long as those components can be reported into the other venue post-execution. For example, this is how invoice spread packages containing a swap (listed by an MTF) and a future (listed by an RM) are traded on MTFs today.⁵

Finally, we note that other factors should ease the transition of certain packages onto trading venues. First, ESMA appears to be taking a relatively cautious approach with respect to the scope of the trading obligation in general, which reduces the number of different package types that are

² See <https://www.esma.europa.eu/policy-activities/mifid-ii-and-mifir/mifid-ii-transitional-transparency-calculation>.

³ See <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32017R0583&from=EN>.

⁴ See “Spreadovers: US Treasury Spreads in the Swaps Data,” Clarus Financial Technology (March 23, 2105), available at: <https://www.clarusft.com/spreadovers-us-treasury-spreads-in-the-swaps-data/>.

⁵ See, e.g., “Trad-X strengthens interest rate swaps market presence with Eurex Clearing partnership” (Feb. 22, 2016), available at: <http://voxia.ch/en/trad-x-strengthens-interest-rate-swaps-market-presence-with-eurex-clearing-partnership/> (highlighting the trading of invoice spreads).

relevant. For example, since ESMA continues to focus only on spot starting, benchmark tenor IRS, invoice spread packages containing a swap and a future would not be relevant even though they are extremely liquid, as these packages typically only include a forward-starting, non-benchmark tenor swap. Second, the trading obligation will only initially apply to Category 1 and Category 2 counterparties, which provides an opportunity to gradually phase-in the transition.

It is worth noting that all transactions above post-trade LIS and nearly all packages will also be eligible for waivers and deferrals from transparency requirements based on the transitional transparency calculations. However, this should not be used as a justification for exempting these transactions from the trading obligation, which is a separate and distinct rule under the MiFIR framework. In fact, there are many benefits to applying the trading obligation to a transaction even if it is not subject to pre-trade transparency, including:

- Enhancing market stability and integrity by transitioning trading activity onto well-regulated trading venues with monitoring and surveillance capabilities.
- Reducing operational risk through the pre-trade credit check and straight-through-processing requirements in RTS 26 that are applicable to transactions concluded on a trading venue. This will help to ensure that market participants have available clearing capacity before entering into transactions, thereby mitigating the possibility of a subsequent rejection from clearing, which is a particularly undesirable risk when executing a large trade.⁶
- Improving market liquidity and competition by transitioning trading activity onto trading venues that are subject to non-discriminatory access requirements, enabling market participants to have access to a greater number of liquidity providers.⁷

II. Issues that Require Further Attention

In our view, two issues require further attention from ESMA.

1. Additional Benchmark Tenors Are Liquid

EUR IRS

ESMA has proposed including certain USD IMM contracts (including both par coupon and Market Agreed Coupon “**MAC**” contracts), but has not identified any EUR IMM or MAC contracts as sufficiently liquid for the trading obligation. We urge ESMA to re-assess this conclusion. Market data shows that EUR IMM and MAC swaps constitute approximately 30% of the EUR interest rate swap market.⁸ In particular, significant trading activity can be observed in the **2Y, 3Y, 5Y, and 10Y IMM** and **MAC** tenors.

USD IRS

ESMA’s liquidity analysis for USD IRS also incorrectly excludes the following instruments:

- The **6Y, 12Y, 15Y, and 20Y** tenors in spot-starting swaps are all sufficiently liquid for the trading obligation.
- In addition to the 5Y, 6Y, and 30Y USD IMM and MAC contracts identified by ESMA, other tenors of IMM and MACs are sufficiently liquid for the trading obligation. According to an analysis of US

⁶ Note that “block” trades are still subject to pre-trade credit checks under U.S. CFTC rules. See CFTC No-Action Letter 16-74 (Oct. 7, 2016) at FN 7, available at: <http://www.cftc.gov/idc/groups/public/@lrllettergeneral/documents/letter/16-74.pdf>.

⁷ See ESMA: Questions and Answers on MiFID II and MiFIR market structure topics, Question 3 in Section 5.1, available at: <https://www.esma.europa.eu/press-news/esma-news/esma-updates-qa-mifid-ii-implementation-0>.

⁸ See “30% of the Euro swap market is standardized?” Clarus Financial Technology (Aug. 23, 2016), available at: <https://www.clarusft.com/30-of-the-euro-swap-market-is-standardized/>.



SDR data, IMM and MAC swaps together constitute approximately 15% of the USD interest rate swap market in terms of trade count.⁹ In particular, significant trading activity can be observed in the **2Y, 3Y, 7Y, and 10Y IMM** and **1Y, 2Y, 3Y, 5Y, 10Y, and 30Y MAC** tenors.

All of the EUR and USD interest rate derivatives listed above are standardized, highly liquid, and already traded on trading venues. Streaming prices from a number of liquidity providers are available to market participants and trading activity is significant. In addition, many of these instruments are already subject to the US trading obligation, and market participants have not appeared to experience any difficulty executing them on trading venues. We urge ESMA to further investigate these instruments, using data from trade repositories, CCPs, and trading venues.

In addition, given the current structure of the OTC derivatives market, it is important to note that the liquidity profile of an instrument does not drastically change based on geographical boundaries. While EU-specific data is an important consideration, both US and EU market participants interact with the same core group of liquidity providers, and therefore experience similar pricing and liquidity dynamics. Going forward, this will only be more obvious, as trading venues in the US and EU are expected to gain equivalence, meaning that EU market participants will be able to access liquidity on US venues for satisfying the trading obligation and *vice versa*. As a result, we believe that ESMA should only adopt a more narrow approach than the US trading obligation where it is absolutely clear that there is insufficient liquidity in a particular instrument. This will reduce regulatory arbitrage and ensure US and EU market participants are on a level playing field when transacting in the OTC derivatives market.

2. Clarifying that Pre-Arranged Trading is Not Permitted For Derivatives Subject to the Trading Obligation

We urge ESMA to clarify in the Final Report that pre-arranged trading (or negotiated off-venue trading) is not permitted for transactions in derivatives that are subject to the trading obligation. Pre-arranged trading means two parties enter into, negotiate, or “conditionally agree” a transaction bilaterally, away from an MTF or OTF, and then report that transaction to the trading venue post-execution. In our view, this type of bilateral off-venue trading is not permitted under MiFIR for derivatives subject to the trading obligation and would completely undermine its implementation.

For comparison purposes, US CFTC rules currently provide that:

- **Pre-arranged trading is prohibited** for transactions in derivatives subject to the trading obligation, except for large “block” trades.¹⁰

Market participants are still permitted to engage in communications off-venue regarding a potential trade, including size or price.¹¹ However, they are not permitted to enter into, negotiate, or “conditionally agree” that trade outside of the trading venue. In addition, trading venues operating an order book are still permitted to allow “cross trades”, whereby a participant enters two customer orders against each other in the order book in accordance with the trading venue’s rules, which typically provide an opportunity for other market participants to participate in the transaction before it is executed on the trading venue.

- **Large “block” trades are still subject to straight-through-processing requirements**, including a pre-trade credit check that ensures market participants have available clearing capacity before entering into the “block” transaction.¹²

⁹ See “30% of the Euro swap market is standardized?” Clarus Financial Technology (Aug. 23, 2016), available at: <https://www.clarusft.com/30-of-the-euro-swap-market-is-standardized/>.

¹⁰ See CFTC Regulation 37.203(a), available at: <http://www.cftc.gov/idc/groups/public/@Irfederalregister/documents/file/2013-12242a.pdf>.

¹¹ See CFTC SEF Rules at page 33503, available at: <http://www.cftc.gov/idc/groups/public/@Irfederalregister/documents/file/2013-12242a.pdf>.

¹² See CFTC No-Action Letter 16-74 (Oct. 7, 2016) at FN 7, available at: <http://www.cftc.gov/idc/groups/public/@Irfederalregister/documents/letter/16-74.pdf>.

In practice, as a result of these straight-through-processing requirements, market participants voluntarily execute large “block” trades on US SEFs, despite pre-arranged trading being permitted, since the trading venue is necessary to facilitate the pre-trade credit check. When executing “blocks”, market participants commonly engage in communications off-venue regarding the potential trade, and then use a trading protocol that allows for private negotiation on the trading venue, such as RFQ-to-1, to execute the “block” trade on the trading venue.

The analysis for derivatives subject to the trading obligation under MiFIR should be almost identical.

First, pre-arranged trading should be prohibited for transactions in derivatives subject to the trading obligation for the following reasons:

- This is the clear intent of Article 28(1) of MiFIR, which requires derivatives subject to the trading obligation to be concluded on one of the listed trading venues. While MiFIR provides trading venues with flexibility regarding the trading protocols that they can offer, transactions in derivatives subject to the trading obligation still must be executed on a trading venue using a trading protocol offered by that venue. Allowing transactions to be entered into, negotiated, or “conditionally agreed” completely away from an MTF or OTF would undermine the trading obligation altogether, as bilateral off-venue trading could continue to occur in the same manner that it does today.
- MiFIR specifically includes provisions relating to “negotiated transactions” in equities, but includes no such provisions for derivatives subject to the trading obligation.¹³ This is further evidence that pre-arranged, or negotiated, transactions were not intended to be permitted for derivatives that must be traded on trading venues.
- Prohibiting pre-arranged trading is consistent with prior ESMA statements regarding the implementation of the trading obligation for derivatives. For example, in this Consultation Paper, ESMA stated “it is expected that the TO will change trading behaviour since all derivatives subject to the TO will have to be executed on a trading venue” and that the trading obligation will impose costs on market participants in terms of removing their “flexibility to negotiate transactions in derivatives according to protocols and execution methods different from those provided by trading venues”.¹⁴ Both of these statements clearly imply that implementation of the trading obligation means that bilateral off-venue trading will no longer be permitted for those specific instruments.
- Similar to US CFTC rules, market participants will still be able to engage in some communications off-venue regarding a potential trade as long as this is permitted by a trading venue. However, prohibiting pre-arranged trading ensures that each trading counterparty, or an agent or broker acting on their behalf, actually negotiates and executes the relevant transaction on a trading venue as required by MiFIR.

Second, transactions above the post-trade LIS threshold should not be granted an exception from the prohibition on pre-arranged trading for the following reasons:

- Since these transactions are subject to the trading obligation, they will also be subject to the straight-through-processing requirements in RTS 26, including the pre-trade credit check. Today, trading venues play a central role in facilitating pre-trade credit checks, and in fact, there currently does not appear to be a way for market participants to perform the pre-trade credit check other than by executing the transaction on a trading venue. Thus, there is no need to allow market participants to execute transactions above the post-trade LIS threshold off-venue.
- Under MiFIR, trading venues have flexibility regarding the trading protocols that they can offer. Therefore, transactions above the post-trade LIS threshold can be entered into using trading protocols that

¹³ See, e.g., Article 4 of MiFIR.

¹⁴ Consultation Paper at page 23.



allow for private negotiation on the trading venue, such as RFQ-to-1. This should remove any concerns about information leakage which motivated the need for a special exemption for “block” trades from the RFQ-to-3 and Order Book trading requirements under US CFTC rules.

- Ensuring that transactions above the post-trade LIS threshold will be traded on trading venues also incentivizes trading venues to develop and support the appropriate trading protocols for this type of trading. Experience in the US with trading “blocks” on SEFs shows that trading venues will innovate and compete to attract additional trading activity. In addition, as discussed above, market participants will still be able to engage in some communications off-venue regarding a potential trade as long as this is permitted by a trading venue.

<ESMA_COMMENT_MIFID_TO_0>

Q1. Do you agree with ESMA's assessment and proposed way forward for the criteria assessing the number and types of active market participants? If not, please explain your position and how you would integrate these elements into the liquidity test.

<ESMA_QUESTION_MIFID_TO_1>

We agree with ESMA's proposal to refrain from setting a fixed minimum threshold of the number of market participants that must trade a derivative in order for such derivative to be considered liquid.

This approach is consistent with RTS 4, which contemplates a more holistic liquidity assessment that takes into account a number of factors. In addition, this approach provides the necessary flexibility to account for differences that may exist between specific classes of derivatives. For example, one class of derivatives may have a large number of market participants that each trade relatively infrequently, while another class of derivatives may have a smaller number of market participants that each trade more frequently. Analysing the number and types of market participants active in a specific class of derivatives side-by-side with the other liquidity criteria, such as overall trading activity, number of liquidity providers, and the availability of streaming prices, will provide ESMA with a more complete picture of the liquidity profile of a class of derivatives.

As with the other liquidity criteria included in RTS 4, we encourage ESMA to use as many data sources as possible when determining the number and types of market participants active in a specific class of derivatives. These data sources include (a) EU trade repository data, (b) CCPs, and (c) trading venues.

<ESMA_QUESTION_MIFID_TO_1>

Q2. Do you agree with the revised proposal not to exempt post-trade LIS transactions? If not, please explain and present your proposal.

<ESMA_QUESTION_MIFID_TO_2>

We agree with ESMA's proposal not to create a special exemption from the trading obligation for transactions above the post-trade LIS threshold for the following reasons:

- Transactions above the post-trade LIS threshold will already be eligible for (a) a full waiver from pre-trade transparency and (b) an extended deferral of 4 weeks from post-trade transparency requirements. These waivers and deferrals are designed to address information leakage concerns for larger trades and are relatively generous – for example, US CFTC rules only provide a 15 minute deferral from post-trade transparency requirements for large “block” trades.¹⁵
- Since MiFIR does not specify the exact trading protocols that must be offered by trading venues, transactions above the post-trade LIS threshold can be entered into using trading protocols that allow for private negotiation on the trading venue, such as RFQ-to-1. This will address any information leakage concerns for larger trades that are related specifically to the trading obligation. This contrasts with US CFTC rules, where derivatives subject to the trading obligation must be transacted using either RFQ-to-3 or an Order Book, which created the need for a specific exemption for large “block” trades from these trading protocols.
- Under the MiFIR framework, pre-trade transparency requirements and the trading obligation for derivatives are separate and distinct rules, which recognizes that there are benefits to applying the trading obligation to a transaction even if it is not subject to pre-trade transparency. These benefits of the trading obligation include:
 - Enhancing market stability and integrity by transitioning trading activity onto well-regulated trading venues with monitoring and surveillance capabilities.

¹⁵ Real-Time Public Reporting of Swap Transaction Data, 77 Fed. Reg. 1182 (Jan. 9, 2012) at 1217-18, available at: <http://www.cftc.gov/ido/groups/public/@lrfederalregister/documents/file/2011-33173a.pdf>.

- Reducing operational risk through the pre-trade credit check and straight-through-processing requirements in RTS 26 that are applicable to transactions concluded on a trading venue. This will help to ensure that market participants have available clearing capacity before entering into transactions, thereby mitigating the possibility of a subsequent rejection from clearing, which is a particularly undesirable risk when executing a large trade.¹⁶
- Improving market liquidity and competition by transitioning trading activity onto trading venues that are subject to non-discriminatory access requirements, enabling market participants to have access to a greater number of liquidity providers.¹⁷

Therefore, it is appropriate to apply the trading obligation to transactions above the post-trade LIS threshold, even if these transactions are not subject to pre-trade transparency. It is worth noting that, with pre-trade SSTI thresholds initially set at EUR 4 million for nearly all fixed-to-float IRS being considered for the trading obligation (and only approximately EUR 20 million for the four fixed-to-float benchmark tenors deemed to be “liquid” for transparency purposes),¹⁸ nearly every transaction in an interest rate derivative subject to the trading obligation will be eligible for a waiver from pre-trade transparency requirements (not just transactions above post-trade LIS). In order to achieve the specific objectives of the trading obligation, it is important to keep it separate and distinct from the pre-trade transparency regime, as contemplated by MiFIR. Otherwise, given the breadth of available waivers from pre-trade transparency, the trading obligation will be undermined in practice.

Finally, we note that under ESMA’s July 2017 transitional transparency calculations, a post-trade LIS threshold of EUR 10 million will apply to almost all fixed-to-float IRS being considered for the trading obligation pursuant to Table 5.3 in RTS 2.¹⁹ To the extent an exemption from the trading obligation was provided for transactions above the post-trade LIS threshold, nearly all trading activity would be eligible for the exemption and the trading obligation would be undermined.

For the reasons above, we believe ESMA was correct not to create a special exemption from the trading obligation for transactions above the post-trade LIS threshold. Article 32(3) of MiFIR permits ESMA to grant such an exemption, but does not require ESMA to do so. As detailed in the Consultation Paper, ESMA has carefully considered the costs and benefits of this issue.²⁰ Furthermore, the current proposal increases harmonization with US CFTC rules, which do not completely exempt large “block” trades from the trading obligation, but relax the RFQ-to-3 and Order Book trading requirements for these transactions.

Clarifying that Pre-Arranged Trading is Not Permitted For Derivatives Subject to the Trading Obligation

A related issue that we urge ESMA to clarify in the Final Report is that pre-arranged trading (or negotiated off-venue trading) is not permitted for transactions in derivatives that are subject to the trading obligation, including transactions above the post-trade LIS threshold. Pre-arranged trading means two parties enter into, negotiate, or “conditionally agree” to a transaction bilaterally, away from an MTF or OTF, and then report that transaction to the trading venue post-execution. In our view, this type of bilateral off-venue trading is not permitted under MiFIR for derivatives subject to the trading obligation and would completely undermine its implementation.

For comparison purposes, US CFTC rules currently provide that:

¹⁶ Note that “block” trades are still subject to pre-trade credit checks under U.S. CFTC rules. See CFTC No-Action Letter 16-74 (Oct. 7, 2016) at FN 7, available at: <http://www.cftc.gov/idc/groups/public/@lrllettergeneral/documents/letter/16-74.pdf>.

¹⁷ See ESMA: Questions and Answers on MiFID II and MiFIR market structure topics, Question 3 in Section 5.1, available at: <https://www.esma.europa.eu/press-news/esma-news/esma-updates-ga-mifid-ii-implementation-0>.

¹⁸ See <https://www.esma.europa.eu/policy-activities/mifid-ii-and-mifir/mifid-ii-transitional-transparency-calculation>.

¹⁹ See <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32017R0583&from=EN>.

²⁰ See Consultation Paper at pages 71-72.

- **Pre-arranged trading is prohibited** for transactions in derivatives subject to the trading obligation, except for large “block” trades.²¹

Market participants are still permitted to engage in communications off-venue regarding a potential trade, including size or price.²² However, they are not permitted to enter into, negotiate, or “conditionally agree” that trade outside of the trading venue. In addition, trading venues operating an order book are still permitted to allow “cross trades”, whereby a participant enters two customer orders against each other in the order book in accordance with the trading venue’s rules, which typically provide an opportunity for other market participants to participate in the transaction before it is executed on the trading venue.

- **Large “block” trades are still subject to straight-through-processing requirements**, including a pre-trade credit check that ensures market participants have available clearing capacity before entering into the “block” transaction.²³

In practice, as a result of these straight-through-processing requirements, market participants voluntarily execute large “block” trades on US SEFs, despite pre-arranged trading being permitted, since the trading venue is necessary to facilitate the pre-trade credit check. When executing “blocks”, market participants commonly engage in communications off-venue regarding the potential trade, and then use a trading protocol that allows for private negotiation on the trading venue, such as RFQ-to-1, to execute the “block” trade on the trading venue.

The analysis for derivatives subject to the trading obligation under MiFIR should be almost identical.

First, pre-arranged trading should be prohibited for transactions in derivatives subject to the trading obligation for the following reasons:

- This is the clear intent of Article 28(1) of MiFIR, which requires derivatives subject to the trading obligation to be concluded on one of the listed trading venues. While MiFIR provides trading venues with flexibility regarding the trading protocols that they can offer, transactions in derivatives subject to the trading obligation still must be executed on a trading venue using a trading protocol offered by that venue. Allowing transactions to be entered into, negotiated, or “conditionally agreed” completely away from an MTF or OTF would undermine the trading obligation altogether, as bilateral off-venue trading could continue to occur in the same manner that it does today.
- MiFIR specifically includes provisions relating to “negotiated transactions” in equities, but includes no such provisions for derivatives subject to the trading obligation.²⁴ This is further evidence that pre-arranged, or negotiated, transactions were not intended to be permitted for derivatives that must be traded on trading venues.
- Prohibiting pre-arranged trading is consistent with prior ESMA statements regarding the implementation of the trading obligation for derivatives. For example, in this Consultation Paper, ESMA stated “it is expected that the TO will change trading behaviour since all derivatives subject to the TO will have to be executed on a trading venue” and that the trading obligation will impose costs on market participants in terms of removing their “flexibility to negotiate transactions in derivatives according to protocols and execution methods different from those provided by trading venues”.²⁵ Both of these statements clearly imply that implementation of the trading obligation means that bilateral off-venue trading will no longer be permitted for those specific instruments.

²¹ See CFTC Regulation 37.203(a), available at: <http://www.cftc.gov/idx/groups/public/@lrfederalregister/documents/file/2013-12242a.pdf>.

²² See CFTC SEF Rules at page 33503, available at: <http://www.cftc.gov/idx/groups/public/@lrfederalregister/documents/file/2013-12242a.pdf>.

²³ See CFTC No-Action Letter 16-74 (Oct. 7, 2016) at FN 7, available at: <http://www.cftc.gov/idx/groups/public/@lrfederalregister/documents/letter/16-74.pdf>.

²⁴ See, e.g., Article 4 of MiFIR.

²⁵ Consultation Paper at page 23.

- Similar to US CFTC rules, market participants will still be able to engage in some communications off-venue regarding a potential trade as long as this is permitted by a trading venue. However, prohibiting pre-arranged trading ensures that each trading counterparty, or an agent or broker acting on their behalf, actually negotiates and executes the relevant transaction on a trading venue as required by MiFIR.

Second, transactions above the post-trade LIS threshold should not be granted an exception from the prohibition on pre-arranged trading for the following reasons:

- Since these transactions are subject to the trading obligation, they will also be subject to the straight-through-processing requirements in RTS 26, including the pre-trade credit check. Today, trading venues play a central role in facilitating pre-trade credit checks, and in fact, there currently does not appear to be a way for market participants to perform the pre-trade credit check other than by executing the transaction on a trading venue. Thus, there is no need to allow market participants to execute transactions above the post-trade LIS threshold off-venue.
- Under MiFIR, trading venues have flexibility regarding the trading protocols that they can offer. Therefore, transactions above the post-trade LIS threshold can be entered into using trading protocols that allow for private negotiation on the trading venue, such as RFQ-to-1. This should remove any concerns about information leakage which motivated the need for a special exemption for “block” trades from the RFQ-to-3 and Order Book trading protocols under US CFTC rules.

Ensuring that transactions above the post-trade LIS threshold will be traded on trading venues also incentivizes trading venues to develop and support the appropriate trading protocols for this type of trading. Experience in the US with trading “blocks” on SEFs shows that trading venues will innovate and compete to attract additional trading activity. In addition, as discussed above, market participants will still be able to engage in some communications off-venue regarding a potential trade as long as this is permitted by a trading venue.

- Pursuant to ESMA’s July 2017 transitional transparency calculations, a post-trade LIS threshold of EUR 10 million will apply to almost all fixed-to-float IRS being considered for the trading obligation.²⁶ To the extent an exception was provided for transactions above the post-trade LIS threshold, nearly all trading activity would be eligible for this exception.

<ESMA_QUESTION_MIFID_TO_2>

Q3. Do you agree with this proposal? If not, please explain why and provide an alternative proposal for ESMA to populate and maintain the register.

<ESMA_QUESTION_MIFID_TO_3>

We agree that it is useful for ESMA to publish and maintain a public register for the trading obligation for derivatives that lists the derivatives subject to the trading obligation and the dates on which the obligation takes effect. The list of derivatives subject to the trading obligation should match the tables provided in the final RTS.

We note that it may be more challenging for ESMA to maintain, for each derivative subject to the trading obligation, a list of venues on which that specific derivative is admitted to trading. This type of list may become out-of-date quite quickly given changes to the various trading venue offerings, particularly when it is only being updated on a best efforts basis. Market participants would likely find more useful a single list of trading venues that have admitted to trading derivatives subject to the trading obligation, along with a link to their rulebooks. This will ensure market participants are aware of the available trading venues, and can follow-up directly with these venues regarding the current scope of their offering.

<ESMA_QUESTION_MIFID_TO_3>

²⁶ See <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32017R0583&from=EN>.

Q4. Do you agree with this proposal? Would you add other parameters e.g. day count convention of the floating leg, notional type (constant vs. variable), fixed rate type (MAC vs. MAC)? If yes, please explain why and provide the parameters.

<ESMA_QUESTION_MIFID_TO_4>

In our view, ESMA has done a good job of identifying the relevant specifications to define which derivatives are subject to the trading obligation. Including specifications such as holiday calendar and business day convention are unnecessary since they are not material to the economics of the transaction and, as a result, can be easily modified for purposes of evading the regulatory requirement. To the extent these types of commercially immaterial specifications are included, we urge ESMA to include all of the possible combinations in order to prevent evasion.

We also agree with ESMA's approach of including benchmark tenors +/- 5 days. In addition to preventing evasion of the trading obligation, this approach helps ensure ESMA is including all of the relevant trading activity in an instrument when performing its liquidity assessment, despite the recognized data quality issues in current EU trade repository data.

<ESMA_QUESTION_MIFID_TO_4>

Q5. For each Case, specify if you agree with the proposal of qualifying the sub-classes as liquid for the purpose of the trading obligation and if not, please explain why and provide an alternative proposal

<ESMA_QUESTION_MIFID_TO_5>

Yes, we agree that all of these derivatives are highly liquid and are appropriate to be subject to the trading obligation, including the 15Y, 20Y, and 30Y tenors. This is based on our experience as a participant in the derivatives market, and an assessment of relevant liquidity criteria, such as (i) the availability of streaming prices from a number of liquidity providers, (ii) trading volumes, (iii) the number and types of market participants, and (iv) whether these instruments are already listed by trading venues today.

In addition, all of these instruments are already subject to the US trading obligation, and market participants have not appeared to experience any difficulty executing them on trading venues.

<ESMA_QUESTION_MIFID_TO_5>

Q6. Would you also consider any of these possible sub-classes as liquid? Which other combinations of fixed leg payment frequency and floating leg reset frequency specifically would you consider to be sufficiently liquid?

<ESMA_QUESTION_MIFID_TO_6>

ESMA has identified the most commonly traded combinations of fixed leg payment frequency and floating leg reset frequency for EUR IRS.

However, we note that ESMA has only proposed to include the **8Y, 9Y, and 12Y** tenors for EUR swaps referencing 6M Euribor, and has not proposed to include these tenors for EUR swaps referencing 3M Euribor. These tenors are sufficiently liquid for swaps referencing both floating rates across all of the combinations identified by ESMA, based on an assessment of relevant liquidity criteria, such as (i) the availability of streaming prices from a number of liquidity providers, (ii) trading volumes, (iii) the number and types of market participants, and (iv) whether these instruments are already listed by trading venues today. In addition, applying the trading obligation to these tenors for only one reference rate (and not the other) will introduce unnecessary complexity for market participants.

In addition, ESMA has not identified any EUR IMM or MAC contracts as sufficiently liquid for the trading obligation. We urge ESMA to re-assess this conclusion. Market data shows that EUR IMM and MAC



swaps constitute approximately 30% of the EUR interest rate swap market.²⁷ In particular, significant trading activity can be observed in the **2Y, 3Y, 5Y, and 10Y IMM** and **MAC** tenors. Data from trade repositories, CCPs, and trading venues should be able to assist in this analysis.

<ESMA_QUESTION_MIFID_TO_6>

Q7. For each Case, specify if you agree with the proposal of qualifying the sub-classes as liquid for the purpose of the trading obligation and if not, please explain why and provide an alternative proposal.

<ESMA_QUESTION_MIFID_TO_7>

Yes, we agree that all of these derivatives are highly liquid and are appropriate to be subject to the trading obligation, including both spot-starting and IMM swaps. This is based on our experience as a participant in the derivatives market, and an assessment of relevant liquidity criteria, such as (i) the availability of streaming prices from a number of liquidity providers, (ii) trading volumes, (iii) the number and types of market participants, and (iv) whether these instruments are already listed by trading venues today.

In addition, all of these instruments are already subject to the US trading obligation, and market participants have not appeared to experience any difficulty executing them on trading venues.

We note that ESMA should clarify that the “IMM” category covers both par coupon and MAC swaps, both of which are highly liquid.

<ESMA_QUESTION_MIFID_TO_7>

Q8. Would you also consider any of these possible sub-classes as liquid? Which other combinations of fixed leg payment frequency and floating leg reset frequency specifically would you consider to be sufficiently liquid?

<ESMA_QUESTION_MIFID_TO_8>

ESMA has identified the most commonly traded combinations of fixed leg payment frequency and floating leg reset frequency for USD IRS, although we note that there is trading activity in 6M Libor as well. We note that 6M Libor is already subject to the US trading obligation.

In our view ESMA's liquidity analysis for USD IRS also incorrectly excludes the following instruments:

- The **6Y, 12Y, 15Y, and 20Y** tenors in spot-starting swaps are all sufficiently liquid for the trading obligation.
- Additional IMM and MACs are sufficiently liquid for the trading obligation. According to an analysis of US SDR data, IMM and MAC swaps together constitute approximately 15% of the USD interest rate swap market in terms of trade count.²⁸ In particular, significant trading activity can be observed in the **2Y, 3Y, 7Y, and 10Y IMM** and **1Y, 2Y, 3Y, 5Y, 10Y, and 30Y MAC** tenors.

All of the derivatives listed above are standardized, highly liquid, and already traded on trading venues. Streaming prices from a number of liquidity providers are available and trading activity is significant. In addition, all of these instruments are already subject to the US trading obligation, and market participants have not appeared to experience any difficulty executing them on trading venues. We urge ESMA to further investigate these instruments, using data from trade repositories, CCPs, and trading venues.

²⁷ See “30% of the Euro swap market is standardized?” Clarus Financial Technology (Aug. 23, 2016), available at: <https://www.clarusft.com/30-of-the-euro-swap-market-is-standardized/>.

²⁸ See “30% of the Euro swap market is standardized?” Clarus Financial Technology (Aug. 23, 2016), available at: <https://www.clarusft.com/30-of-the-euro-swap-market-is-standardized/>.



In addition, given the current structure of the OTC derivatives market, it is important to note that the liquidity profile of an instrument does not drastically change based on geographical boundaries. While EU-specific data is an important consideration, both US and EU market participants interact with the same core group of liquidity providers, and therefore experience similar pricing and liquidity dynamics. Going forward, this will only be more obvious, as trading venues in the US and EU are expected to gain equivalence, meaning that EU market participants will be able to access liquidity on US venues for satisfying the trading obligation and *vice versa*. As a result, we believe that ESMA should only adopt a more narrow approach than the US trading obligation where it is absolutely clear that there is insufficient liquidity in a particular instrument. This will reduce regulatory arbitrage and ensure US and EU market participants are on a level playing field when transacting in the OTC derivatives market.

<ESMA_QUESTION_MIFID_TO_8>

Q9. For each case, specify if you agree with the proposal of qualifying the sub-classes as liquid for the purpose of the trading obligation and if not, please explain why and provide an alternative proposal.

<ESMA_QUESTION_MIFID_TO_9>

Yes, we agree that all of these derivatives are highly liquid and are appropriate to be subject to the trading obligation, including the additional tenors of spot-starting swaps and the 3M Libor reference rate. It is important to note that new issuances in the bond markets price against 3M Libor, which drives demand and liquidity in this rate. All of the instruments identified by ESMA satisfy the relevant liquidity criteria, such as (i) the availability of streaming prices from a number of liquidity providers, (ii) trading volumes, (iii) the number and types of market participants, and (iv) whether these instruments are already listed by trading venues today.

In addition, all of these instruments are already subject to the US trading obligation, and market participants have not appeared to experience any difficulty executing them on trading venues.

<ESMA_QUESTION_MIFID_TO_9>

Q10. Would you also consider the possible sub-classes here below as liquid? Which other combinations of fixed leg payment frequency and floating leg reset frequency specifically would you consider to be sufficiently liquid?

<ESMA_QUESTION_MIFID_TO_10>

GBP 3M Libor swaps also trade with **semi-annual** fixed leg payment frequency, in addition to quarterly. We note that both payment frequencies are already subject to the US trading obligation.

<ESMA_QUESTION_MIFID_TO_10>

Q11. Do you agree with this proposal? If not, please explain why and provide an alternative proposal.

<ESMA_QUESTION_MIFID_TO_11>

Yes, we believe it is reasonable for ESMA to adopt a more cautious approach, at least initially, with respect to interest rate derivatives denominated in other currencies, such as JPY.

<ESMA_QUESTION_MIFID_TO_11>

Q12. Do you agree with this proposal? If not, please explain why and provide an alternative proposal



<ESMA_QUESTION_MIFID_TO_12>

Yes, we agree with ESMA’s proposal to include the most recent off-the-run series for purposes of the trading obligation. A significant amount of trading in both the on-the-run series and the most recent off-the-run series occurs in the days following the creation of the new index as market participants “roll” their position by offsetting a transaction in the older series and entering into a new transaction in the current series. However, for the entire length of time that a series is the most recent off-the-run, and not just for the first 30 working days, there is sufficient liquidity for it to be subject to the trading obligation. This is based on our experience as a participant in the derivatives market, and an assessment of relevant liquidity criteria, such as (i) the availability of streaming prices from a number of liquidity providers, (ii) trading volumes, (iii) the number and types of market participants, and (iv) whether these instruments are already listed by trading venues today.

In addition, the most recent off-the-run series is already subject to the US trading obligation, and market participants have not appeared to experience any difficulty executing these instruments on trading venues.

<ESMA_QUESTION_MIFID_TO_12>

Q13. Do you agree to the proposed timeline? If not, please explain why and present your proposal.

<ESMA_QUESTION_MIFID_TO_13>

Yes, we agree with the proposed application dates. It is important that the trading obligation apply to categories of counterparties already subject to mandatory clearing as soon as possible following the implementation of MiFID II in order to start to transition trading activity in the most standardized and liquid derivatives onto open, competitive, and well-regulated trading venues. As the largest financial counterparties, Category 1 and Category 2 counterparties are relatively limited in number and are well-placed to be ready to comply with the trading obligation in the beginning of 2018.

<ESMA_QUESTION_MIFID_TO_13>

CBA QUESTIONS

Q14. This first question aims at identifying the category of firm/entity you belong to. Please provide the total notional amount traded in derivatives (trading venues + OTC) in 2016 in thousands euros and the related total number of trades in the relevant boxes

<ESMA_QUESTION_MIFID_TO_14>

Category	Number of employees	Total Notional traded 2016 (in thousands euros)	Total number of trades 2016
EMIR Category 1	[1-50]	TYPE YOUR TEXT HERE	TYPE YOUR TEXT HERE
	[51-250]	TYPE YOUR TEXT HERE	TYPE YOUR TEXT HERE
	[251-1000]	TYPE YOUR TEXT HERE	TYPE YOUR TEXT HERE
	>1000	TYPE YOUR TEXT HERE	TYPE YOUR TEXT HERE

EMIR Category 2	[1-50]	TYPE YOUR TEXT HERE	TYPE YOUR TEXT HERE
	[51-250]	TYPE YOUR TEXT HERE	TYPE YOUR TEXT HERE
	[251-1000]	TYPE YOUR TEXT HERE	TYPE YOUR TEXT HERE
	>1000	TYPE YOUR TEXT HERE	TYPE YOUR TEXT HERE
EMIR Category 3	[1-50]	TYPE YOUR TEXT HERE	TYPE YOUR TEXT HERE
	[51-250]	TYPE YOUR TEXT HERE	TYPE YOUR TEXT HERE
	[251-1000]	TYPE YOUR TEXT HERE	TYPE YOUR TEXT HERE
		TYPE YOUR TEXT HERE	TYPE YOUR TEXT HERE
EMIR Category 4	[1-50]	TYPE YOUR TEXT HERE	TYPE YOUR TEXT HERE
	[51-250]	TYPE YOUR TEXT HERE	TYPE YOUR TEXT HERE
	[251-1000]	TYPE YOUR TEXT HERE	TYPE YOUR TEXT HERE
	>1000	TYPE YOUR TEXT HERE	TYPE YOUR TEXT HERE
Trading Venue	[1-50]	TYPE YOUR TEXT HERE	TYPE YOUR TEXT HERE
	[51-250]	TYPE YOUR TEXT HERE	TYPE YOUR TEXT HERE
	[251-1000]	TYPE YOUR TEXT HERE	TYPE YOUR TEXT HERE
	>1000	TYPE YOUR TEXT HERE	TYPE YOUR TEXT HERE

<ESMA_QUESTION_MIFID_TO_14>

Q15. Based on the draft RTS, which percentage of your derivative trading (notional amount and number of trades) do you expect to be captured by the TO? Please provide the data for derivatives globally, and then for interest rate derivatives and for credit default swaps, using 2016 trading data?

<ESMA_QUESTION_MIFID_TO_15>

% of trading captured by the TO	Year 2016
% of total notional amount traded in derivatives captured by the TO	TYPE YOUR TEXT HERE
% of total number of transaction in derivatives captured by the TO	TYPE YOUR TEXT HERE
% of total notional amount traded in interest rate derivatives captured by the TO	TYPE YOUR TEXT HERE
% of total number of transactions in interest rate derivatives captured by the TO	TYPE YOUR TEXT HERE
% of total notional amount traded in credit default swaps captured by the TO	TYPE YOUR TEXT HERE
% of total number of transactions in credit default swaps captured by the TO	TYPE YOUR TEXT HERE

<ESMA_QUESTION_MIFID_TO_15>

CBA Questions 16 and 17 are to be answered by investment firms and significant non-financial counterparties

Q16. Out of the trading activity expected to be captured by the TO, as identified under Q2, which % is already traded on an EU regulated market, an EU Multilateral Trading Facility (MTF), a US Swap Execution Facility (SEF) or another third-country trading venue?

<ESMA_QUESTION_MIFID_TO_16>

Trading activity expected to be captured by the TO	Traded on a regulated market	Traded on an EU MTF	Traded on a US SEF	Traded on another 3 rd country venue
% of total trading volume captured by the TO already traded on an EU trading venue, a US SEF or another third-country venue	TYPE YOUR TEXT HERE	TYPE YOUR TEXT HERE	TYPE YOUR TEXT HERE	TYPE YOUR TEXT HERE
% of total number of transactions captured by the TO already traded on an EU trading venue, a US SEF or another third-country venue	TYPE YOUR TEXT HERE	TYPE YOUR TEXT HERE	TYPE YOUR TEXT HERE	TYPE YOUR TEXT HERE

<ESMA_QUESTION_MIFID_TO_16>

Q17. Compliance with the TO may require some further trading arrangements. Which of the following statement would you consider relevant regarding the steps you might be taking to that end? Please add any comment as appropriate.

<ESMA_QUESTION_MIFID_TO_17>

Arrangements contemplated to comply with the TO	Yes	No	Comments
1. Current membership/Direct Electronic Access (DEA) arrangements are sufficient to comply with the TO	TYPE YOUR TEXT HERE	TYPE YOUR TEXT HERE	TYPE YOUR TEXT HERE
2. I intend to become a member/ participant/client of one (or multiple) EU trading venues for the first time	TYPE YOUR TEXT HERE	TYPE YOUR TEXT HERE	TYPE YOUR TEXT HERE
3. I intend to become a member/participant/client of additional EU trading venues	TYPE YOUR TEXT HERE	TYPE YOUR TEXT HERE	TYPE YOUR TEXT HERE
4. I intend to seek access to EU trading venues through Direct Electronic Access (DEA)	TYPE YOUR TEXT HERE	TYPE YOUR TEXT HERE	TYPE YOUR TEXT HERE
5. I intend to combine membership (2.or 3) with DEA (4.)	TYPE YOUR TEXT HERE	TYPE YOUR TEXT HERE	TYPE YOUR TEXT HERE
6. I am considering other arrangements; Please explain those arrangements in the Comments section	TYPE YOUR TEXT HERE	TYPE YOUR TEXT HERE	TYPE YOUR TEXT HERE

<ESMA_QUESTION_MIFID_TO_17>

CBA Question 18 is to be answered by trading venues

Q18. Question 5: Which of the derivatives subject to the TO, based on the draft RTS, are currently available for trading on your trading venue? Do you consider extending trading on your venue to other derivatives subject to the TO?

<ESMA_QUESTION_MIFID_TO_18>

Derivatives potentially subject to the TO currently available for trading on your venue	Derivatives potentially subject to the TO that may become available for trading on your venue
TYPE YOUR TEXT HERE	TYPE YOUR TEXT HERE

<ESMA_QUESTION_MIFID_TO_18>

CBA Questions 19 to 22 are to be answered by all respondents

Q19. Based on the draft RTS, which impacts do you expect from the TO in the short and medium term? Please elaborate as appropriate under Positive or Negative impact.

<ESMA_QUESTION_MIFID_TO_19>

TO Impact	Positive Impact	Negative impact
Impact on your business model/ organisation/ client relationship	TYPE YOUR TEXT HERE	TYPE YOUR TEXT HERE
Impact on your revenues	TYPE YOUR TEXT HERE	TYPE YOUR TEXT HERE
Impact on market structure (e.g. principal vs. agency trading etc).	TYPE YOUR TEXT HERE	TYPE YOUR TEXT HERE
Impact on market liquidity and execution costs.	TYPE YOUR TEXT HERE	TYPE YOUR TEXT HERE
Other impacts. Please elaborate	TYPE YOUR TEXT HERE	TYPE YOUR TEXT HERE

<ESMA_QUESTION_MIFID_TO_19>

Q20. Is there any specific provision in the draft RTS that you would expect to be a source of significant cost? If so, please elaborate.

<ESMA_QUESTION_MIFID_TO_20>

TYPE YOUR TEXT HERE

<ESMA_QUESTION_MIFID_TO_20>

Q21. Please provide an indication, even a rough one, of compliance costs (in thousands of euros).

<ESMA_QUESTION_MIFID_TO_21>

Draft RTS on the TO	a. IT costs	b. Training costs	c. Staff costs	d. Other costs (please identify)	Total costs (if a., b, c or d. are not available separately)
One-off costs	TYPE YOUR TEXT HERE	TYPE YOUR TEXT HERE			
Recurring costs (on an annual basis)	TYPE YOUR TEXT HERE	TYPE YOUR TEXT HERE			

<ESMA_QUESTION_MIFID_TO_21>



Q22. Taking into account the size of your firm, would you qualify overall compliance costs with the draft RTS as low, medium or high?

<ESMA_QUESTION_MIFID_TO_22>

Please enter here "Low", "Medium" or "High"
TYPE YOUR TEXT HERE

<ESMA_QUESTION_MIFID_TO_22>