

ESMA makes recommendations for Organised Trading Facilities under MiFID II/MiFIR

The main focus of the report was to analyse the definition of OTFs taking a specific look at the definition of a multilateral system and the trading venue perimeter. The report also looks at the number of OTFs authorised in the Union and their market share, examines how OTFs apply discretion and reviews their use of matched principal trading (MPT).

While some proposals can be implemented by ESMA directly by publishing ESMA guidance, other recommendations are addressed to the European Commission (EC). In this context, ESMA puts forward a two-step approach aiming at clarifying the trading venue perimeter. More specifically, ESMA proposes to the EC to move Article 1(7) from MiFID II to MiFIR and that ESMA publishes an Opinion clarifying the boundaries of trading venue's authorisation,

In addition, the report also includes a recommendation to the EC to add a definition of bulletin boards to MiFID II and to align the provisions regarding the prohibition of the use of MPT amongst Multilateral Trading Facilities (MTFs) and regulated markets.

Next steps

This report was submitted to the European Commission and is expected to be taken into consideration for further legislative proposals on the MiFID II regime.