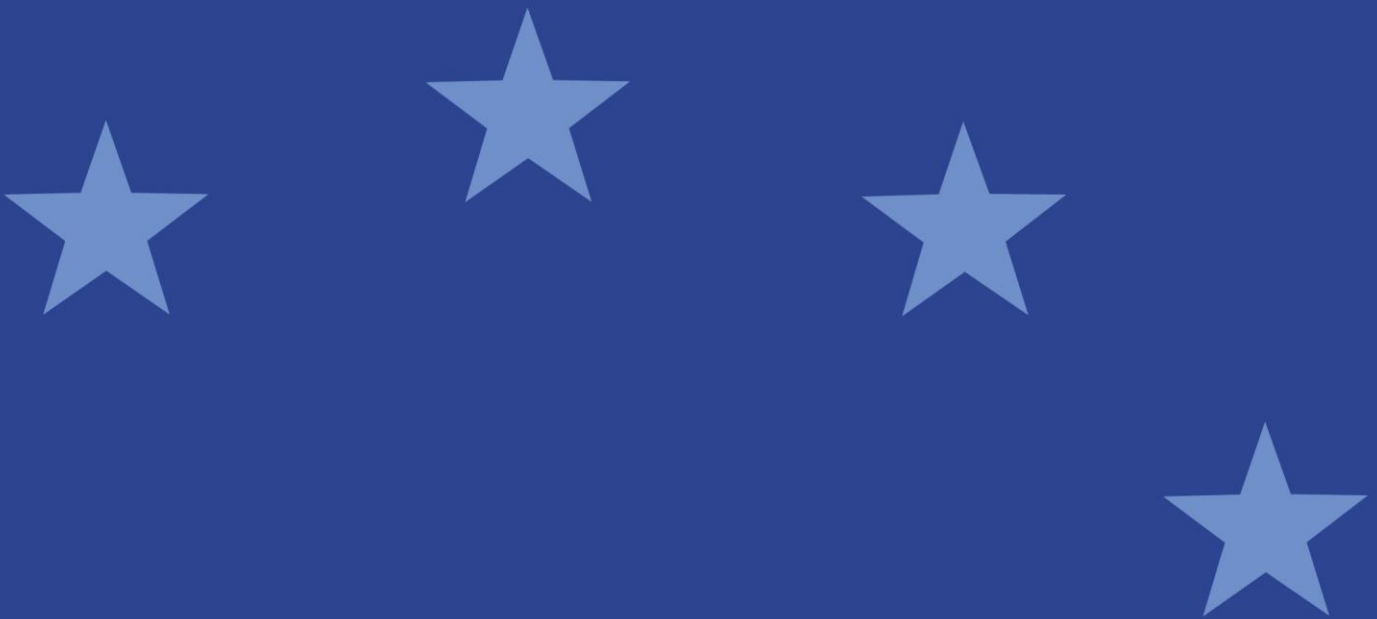




European Securities and  
Markets Authority





## **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](http://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](http://www.esma.europa.eu) under the headings 'Legal notice' and 'Data protection'.



### General information about respondent

Name of the company / organisation	ICI Global
Activity	Investment Services
Are you representing an association?	<input checked="" type="checkbox"/>
Country/Region	Global



## Introduction

***Please make your introductory comments below, if any:***

<ESMA\_COMMENT\_MIFID\_TO\_0>

ICI Global welcomes the opportunity to provide feedback on the consultation paper on the trading obligation for derivatives (Consultation Paper) under the Markets in Financial Instruments Regulation (MiFIR) issued by the European Securities and Markets Authority (ESMA). Overall, we appreciate that the Consultation Paper incorporates feedback that ESMA received in response to its discussion paper on the trading obligation (Discussion Paper) by reducing the proposed scope of the trading obligation to the most liquid instruments presently subject to mandatory clearing. As we noted in our response to the Discussion Paper, focusing on the most liquid instruments reduces the risk that the trading obligation will disrupt markets or have other unintended consequences for the markets or market participants, particularly given the quality of data on which the determinations are being made. Our comments on the Consultation Paper recommend a few additional steps that ESMA—and, potentially other authorities—should consider to implement the trading obligation smoothly.

ICI Global carries out the international work of the Investment Company Institute, the leading association representing regulated funds globally. ICI's membership includes regulated funds publicly offered to investors in jurisdictions worldwide, with total assets of US\$25.5 trillion. ICI seeks to encourage adherence to high ethical standards, promote public understanding, and otherwise advance the interests of regulated investment funds, their managers, and investors. ICI Global has offices in London, Hong Kong, and Washington, DC.

Regulated funds support regulation designed to maintain orderly, competitive, and efficient derivatives markets. Derivatives are a particularly useful portfolio management tool in that they offer regulated funds considerable flexibility in structuring their investment portfolios. Uses of derivatives include, for example, hedging positions, equitising cash, adjusting the duration of a regulated fund's portfolio, and managing generally the portfolio in accordance with the investment objectives stated in a regulated fund's prospectus.

Our response identifies several steps that EU authorities should take to ensure that the introduction of the trading obligation does not disrupt derivatives markets. In this section we explain the importance of ensuring that any trading obligation accounts for the cross-border nature of derivatives markets, advocate for the implementation of an emergency mechanism to suspend the trading obligation, and request that EU authorities work together to ensure that the trading obligation does not reduce the availability of package transactions. Our response to Question 1 suggests certain refinements to the test that ESMA proposes to use to assess the liquidity of classes of derivatives for purposes of applying the trading obligation. In response to Question 2, we urge ESMA to ensure that adequate protections exist to protect the confidentiality of trades above the large-in-scale (LIS) threshold. Our response to question 13 urges ESMA to provide an adequate period of time for market participants to implement the trading obligation.

## **EU Authorities Should Issue Equivalence Determinations Prior to Implementation of the Trading Obligation**

Derivatives markets are global, with many transactions occurring between counterparties established in different jurisdictions. This global character improves liquidity and resiliency of the derivatives markets by enabling market participants to transact with a wide range of counterparties that have varied trading objectives and diverse risk sensitivities. We encourage ESMA and other EU authorities to account for the global nature of these markets when implementing the MiFIR trading obligation. Specifically, ESMA should keep in mind that once a trading obligation applies



to a class of derivatives in the European Union and a third country, cross-border transactions in those derivatives will have to be conducted on a trading venue that satisfies the regulatory requirements applicable to both counterparties. We therefore urge EU authorities to work closely with international regulators as soon as possible (before the implementation of any EU trading obligation) to ensure that counterparties to cross-border derivative transactions can satisfy the applicable trading obligations in the European Union and the third country.

Absent regulatory action, cross-border derivatives activity will cease in instruments subject to a trading obligation in more than one jurisdiction, and liquidity will potentially fragment along national or regional boundaries because a transaction cannot be executed twice on separate venues. We hope that the lessons learned from the lengthy and difficult experience of finding equivalence of clearinghouses between the EU and the US Commodity Futures Trading Commission (CFTC) will facilitate a resolution that ensures that counterparties can continue to engage in cross-border transactions in derivatives that are declared subject to the MiFIR trading obligation. We recognize that ESMA cannot control the timing of the international negotiations required to ensure that the trading obligation does not effectively prohibit cross-border derivatives transactions, but we urge ESMA to build time for these negotiations into the phase-in period for the obligation to avoid market disruption.

### **EU Regulators Should Establish an Emergency Suspension Mechanism for the Trading Obligation**

The Consultation Paper expresses the view that ESMA lacks authority to adopt a mechanism to suspend temporarily the trading obligation. ESMA believes, however, that applying the trading obligation only to the most liquid classes of derivatives reduces the risk that a market disruption will make it impossible or impracticable to comply with the trading obligation. We generally support ESMA's proposal to apply the trading obligation only to the most liquid classes of derivatives, but we believe it is critical that a procedure to suspend this obligation be adopted as soon as possible. We respectfully suggest that ESMA ask the European Commission to devise such a procedure or to grant ESMA the authority to do so, either as part of the pending amendments to EMIR or through an amendment to MiFIR itself.

MiFIR authorises competent authorities to suspend temporarily the transparency obligation if the liquidity in a class of derivatives falls below a specified threshold but does not provide these authorities with the power to suspend the trading obligation. This unfortunate discrepancy could leave market participants with an unenviable choice if transparency requirements are suspended while the trading obligation remains in place: transact on venues on the basis of inadequate market data or withdraw from the market. Given these options, market participants likely would withdraw from the market, further reducing liquidity in the affected class(es) of derivatives. EU authorities should address this oversight because if a class of derivatives becomes insufficiently liquid for the transparency obligation that class also will lack adequate liquidity to support the trading obligation.

### **ESMA Should Request Legislative Action to Ensure Market Participants Can Continue to Execute Package Transactions with Components that Are Subject to the Trading Obligation**

We are very concerned by ESMA's position that it lacks authority to exempt components of package transactions from the trading obligation and recommend that ESMA seek a legislative solution to avoid disrupting trading of package transactions. The term "package transaction" refers to a transaction that involves two or more components priced or quoted as one economic



transaction with simultaneous or near simultaneous execution, and where the execution of each component is contingent upon the execution of all other components. Regulated funds and other market participants rely on package transactions to carry out investment strategies—such as swap curves or swap spreads—that could be compromised if the trading obligation interferes with the execution of packages.

A package transaction has a different liquidity profile and trading protocol from its components, and we suggest that no component of a package should be subject to the trading obligation unless the package itself trades on a venue with adequate liquidity to support the trading obligation. This would require ESMA to consider whether trading venues that offer the components for trading have the operational capability in place to support execution of the package.\* ESMA should assess, for example, whether trading venues allow participants to price or quote the components as a single transaction (*i.e.*, a package) and whether the venues support the simultaneous or near simultaneous execution of all components.

We respectfully urge ESMA to ask the European Commission to: (1) grant ESMA the authority to exempt components of package transactions from the trading obligation until trading venues support the execution of package transactions; or (2) issue such an exemption directly. The current legislative process for amending EMIR presents an opportunity to address this issue, but the Commission also could propose an amendment to MiFIR to provide the relief we request.

\*Our comment letter in response to the Discussion Paper provides more information about the operational challenges associated with applying the trading obligation to package transactions. That letter is available at the following link: <https://www.ici.org/pdf/30410a.pdf>.  
<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>

Overall, we appreciate ESMA’s proposal to impose the trading obligation on only the most liquid classes of derivatives, at least initially. We continue to believe, however, that the liquidity test should focus on the liquidity actually available to market participants on the venues offering derivatives for trading. Other criteria, such as over-the-counter volume or the mere listing of a derivatives contract on a trading venue (without actual trading occurring on that venue), do not provide certainty that a particular instrument is sufficiently liquid to support the trading obligation.

We respectfully disagree with ESMA’s position that the “venue test” in Article 32(2)(a) of MiFIR should be applied broadly, so that it focuses on whether a specific class of derivatives is available for trading on an EU trading venue, rather than whether there is actual trading. If ESMA allows a class of derivatives to become subject to the trading obligation when only a single venue offers the class for trading, market participants that wish to trade derivatives of that class would have no choice but to connect to the trading venue, pay whatever fees the venue charges for its services, and adhere to the venue’s rules no matter how onerous. If the trading venue lacks capacity to onboard a significant number of new users, some market participants might be unable to trade derivatives in the class while the venue upgrades its capabilities. Excluding certain market participants from trading a class of derivatives could cause the liquidity characteristics of the class to change in ways inconsistent with the trading obligation. Moreover, a service outage at the single venue authorised to offer trading in the class of derivatives would halt trading in the class for the entire market to the great detriment of regulated funds and other market participants. The potential for these market failures could be reduced if ESMA applies the trading obligation only to classes of derivatives that are traded actively on at least two trading venues that provide access on fair and reasonable terms to all market participants.

If ESMA determines to continue to apply the venue test broadly, it is vitally important that the “number and type of active market participants” limb of the liquidity assessment be applied in such a way that there is proof of effective trading in a class of derivatives before it becomes subject to the trading obligation. ESMA cannot assume that a liquid market will develop on a venue once the trading obligation is imposed because the venue might not be able to support the immediate development of a liquid market in the class.

**The Liquidity Test Should Evaluate Whether Trading Venues Will Have Enough Liquidity to Support the Trading Obligation**

We are concerned that ESMA’s approach to assessing the number and type of active market participants does not ensure that there is active trading in a specific class of derivatives, such that all market participants can, in fact, transact on a venue when the trading obligation takes effect. Simply counting the number of market participants that transact in a class of derivatives (and not considering, for example, the nature and diversity of those market participants) does not establish that the class is sufficiently liquid. ESMA also should evaluate the number of market participants that are liquidity providers or systematic internalisers, and only those firms that are fully on-boarded with a trading venue and able to trade derivatives in the relevant asset class on the venue should be considered in this analysis. This evaluation should help to ensure that the trading obligation comes into effect when there is adequate liquidity on the trading venues to meet the demand from buy-side firms that must begin trading derivatives on the trading venue.



Moreover, ESMA should not rely exclusively on trading venues to provide the information necessary to complete this proposed liquidity assessment because a trading venue has great incentive to list a product as available for trading, even where little or no volume actually develops on the venue, if admission to trading could lead to mandatory trading of the product on that venue. Instead of relying solely on data from trading venues, ESMA should query market participants about their use of trading venues and the capacity of these venues to support the trading obligation. ESMA also should endeavour to verify this information with data reported to regulators, as much as possible.

### **The Liquidity Test Should Consider Whether All Market Participants Actually Will Have Access to Trading Venues**

The trading obligation operates simply: Any market participant subject to the obligation that wishes to trade an instrument subject to the trading obligation must conclude its transaction on one of the venues specified in Article 28(1) of MiFIR. No exception exists for market participants that are unable to conclude transactions, directly or indirectly, on one of the specified venues. Therefore, it is critically important that ESMA adopt a trading obligation only after it verifies that all market participants can access venues that offer trading in the class of derivatives on fair and reasonable terms. We would be particularly concerned if the rules of a trading venue allowed access only to certain classes of market participants—either expressly or by imposing onerous conditions that effectively limit access to the venue. Market participants outside those classes would have no way to transact in the class of derivatives subject to the trading obligation. This result could reduce liquidity in the class of derivatives as a whole. We therefore recommend that any implementation of the trading obligation require a trading venue to offer its services to all market participants on fair and reasonable terms.

ESMA acknowledges these concerns in the Consultation Paper but simply references Article 28(3) of MiFIR, which requires trading venues to make derivatives subject to the trading obligation eligible to be admitted to trading or traded on their venue on a “non-exclusive and non-discriminatory basis.” We believe this reliance on Article 28(3) is not sufficient because the provision does not guarantee that all market participants will be granted access on a reasonable basis to trading venues immediately when the trading obligation comes into effect.

As a practical matter, market participants might be unable to connect to a venue if, for example, the venue’s rules impose uniform, but unreasonably restrictive conditions that effectively limit participation to certain types of market participants. We do not believe this concern is theoretical because certain trading platforms and other market infrastructures have historically established access criteria that can be met only by the largest market participants. These criteria may appear non-exclusive and non-discriminatory on their face, but they have the effect of creating separate pools of liquidity for large dealers to the detriment of buy-side market participants, including regulated funds. If a dealer-only platform is the sole venue with active trading in a class of derivatives, applying the trading obligation to that class would leave the buy-side with no way to transact in the class.

<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 urge ESMA to ensure that the trading obligation will not require transactions exceeding the LIS threshold to be executed electronically on one of the venues specified in Article 28(1) of



EMIR. To accomplish this objective, we urge ESMA to exempt transactions above the LIS threshold from the trading obligation. We recognize, however, that other approaches, including the approach that ESMA outlines in the Consultation Paper, may be workable provided ESMA clarifies how its proposed approach would operate.

As we noted in our response to the Discussion Paper, the LIS threshold is designed to ensure that derivatives markets function in an orderly fashion by deferring transparency for trades above the threshold. These deferrals protect dealers from the risk that rapid post-trade dissemination of a large trade will enable other traders to profit—at the dealer’s expense—from the knowledge that the dealer has assumed a significant, presently unhedged exposure. MiFIR also provides waivers from pre-trade transparency obligations for large-size transactions. Without these deferrals and waivers, transaction costs would rise for regulated funds and other end users of derivatives because dealers would have less ability to hedge and likely would stop accepting orders of large size from buy-side clients, including regulated funds, or charge more for executing these trades.

In addition, waivers and deferrals may not always shield large-size transactions from premature disclosure. Specifically, a trading venue’s execution protocols can still leak information about a market participant’s trading intentions to other participants on that venue. A venue that supports only a request-for-quote (RFQ) protocol, for example, would require a regulated fund to telegraph its trading interest to one or more market participants and the individual trader responding to the fund’s RFQ could use this information to the disadvantage of the fund. Buy-side traders presently mitigate this risk by relying on voice execution protocols, which might not be available at all trading venues.

We believe ESMA should exempt transactions above the LIS threshold from the trading obligation to ensure that market participants have more control over the distribution of information concerning their trading interest. An exemption would be consistent with the CFTC’s approach to block trades, which permits market participants to use voice or other, private means to execute large transactions subject to a CFTC trading obligation. The CFTC’s approach allows market participants to execute block trades without involving a trading platform’s order book or RFQ process and then report the terms of these trades to an authorised trading platform. At a minimum, we ask ESMA to confirm that Article 28(1) of MiFIR would allow market participants to execute LIS transactions in a manner similar to the trading protocols that market participants use for block trades under the CFTC regime. We believe these trading protocols could work in Europe, even though a formal exemption would provide more certainty to market participants and entail less risk of market disruption.

<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>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_MIFID\_TO\_3>

**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>



TYPE YOUR TEXT HERE  
<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>  
TYPE YOUR TEXT HERE  
<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>  
TYPE YOUR TEXT HERE  
<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>  
TYPE YOUR TEXT HERE  
<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>  
TYPE YOUR TEXT HERE  
<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>  
TYPE YOUR TEXT HERE  
<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>  
TYPE YOUR TEXT HERE  
<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>  
TYPE YOUR TEXT HERE  
<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>  
TYPE YOUR TEXT HERE  
<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>

We believe it is important for all market participants to have adequate time to prepare for the application of the trading obligation following a determination that a class of derivatives will be subject to this mandate. For example, regulated funds will need time to establish connectivity to trading venues (either directly or through brokers) and update their systems, processes, and procedures to account for the trading obligation. Venues likely will need time to onboard additional participants and to make certain technological or operational changes to accommodate the trading obligation. Given the scope of changes necessary to implement the trading obligation, we recommend that ESMA require compliance no earlier than 90 days after the entry-into-force of the relevant trading obligation RTS.

As noted in our introduction, if the trading obligation adopted by ESMA will apply to a class of derivatives also subject to a trading obligation in a third country, ESMA and the third-country regulators will need to ensure that participants in the two markets can continue to trade with each other on venues that satisfy the counterparties' regulatory obligations. If no such venues exist, cross-border transactions will cease for participants in those two markets. We urge ESMA to allow sufficient time (if necessary, longer than the 90-day minimum phase-in already suggested) for international regulators to make an equivalence determination of each other's trading platforms, before establishing compliance dates for the trading obligation to avoid severely harming liquidity and disrupting trading.

<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>

<b>Category</b>	<b>Number of employees</b>	<b>Total Notional traded 2016 (in thousands euros)</b>	<b>Total number of trades 2016</b>
<b>EMIR Category 1</b>	[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
<b>EMIR Category 2</b>	[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
<b>EMIR Category 3</b>	[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
<b>EMIR Category 4</b>	[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

<b>Trading Venue</b>	<b>[1-50]</b>	TYPE YOUR TEXT HERE	TYPE YOUR TEXT HERE
	<b>[51-250]</b>	TYPE YOUR TEXT HERE	TYPE YOUR TEXT HERE
	<b>[251-1000]</b>	TYPE YOUR TEXT HERE	TYPE YOUR TEXT HERE
	<b>&gt;1000</b>	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>

<b>% of trading captured by the TO</b>	<b>Year 2016</b>
% 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 counter-parties

**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 <sup>rd</sup> 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	TYPE YOUR TEXT HERE	TYPE YOUR TEXT HERE	TYPE YOUR TEXT HERE
Recurring costs (on an annual basis)	TYPE YOUR TEXT HERE	TYPE YOUR TEXT HERE	TYPE YOUR TEXT HERE	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>