

ESMA Consultation Paper on MiFIR report on Systematic Internalisers in non-equity instruments

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1. - Who should read this paper

This consultation is mainly addressed to systematic internalisers (SIs) active in non-equity instruments as well as their clients and any associations representing their interests.

2. - Information Note

National competent authorities and ESMA shall monitor the application of the pre-trade transparency obligations applicable to SIs in respect of bonds, structured finance products, emission allowances and derivatives. This monitoring shall focus on the sizes at which quotes are made available to clients of the investment firm and to other market participants relative to other trading activity of the firm, and the degree to which the quotes reflect prevailing market conditions. Based on this monitoring, ESMA shall submit a report to the European Commission. This Consultation Paper intends to collect stakeholders view on the findings and proposals that ESMA is proposing to include in this report.

Section 3 explains the legal framework and presents an overview of European SIs. It also provides an assessment of the effectiveness of the regime for SIs on liquid and illiquid instruments and exposes preliminary recommendations to address possible inefficiencies. The recommendations include 1) measures to simplify the requirements for SI quotes in liquid instruments, 2) several options to simplify the for SI quotes in illiquid instruments, 3) defining 'exceptional market circumstances', 4) harmonising pre-trade transparency data and 5) specifying the arrangements for publishing quotes.

Section 4 provides the outcome of the quantitative monitoring of sizes at which quotes are made available to clients and other market participants. In addition, industry collaboration is requested to fulfil the mandate of monitoring the degree to which quotes and execution prices reflect prevailing market conditions.

The **Annexes** include a summary of the questions, the legal mandate and further information regarding the data used to perform the monitoring.

ESMA will consider the feedback it receives to this consultation and expects to publish a final report and submit it to the European Commission by July 2020.

3.- Submission of comments

Due to the extraordinary circumstances resulting from the Covid-19 outbreak, ESMA has decided to extend the deadline of this consultation until **15 April 2020**.

Respondents may send their comments through ESMA's website: www.esma.europa.eu. Both the paper of this consultation and the response form are available in the section [*Consultations*](#) (place the cursor on the word to obtain the link).

Likewise, please send a copy of your answers to the CNMV to the following email address: documentosinternacional@cnmv.es

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