Basic information

2021/0385(COD) COD - Ordinary legislative procedure (ex-codecision procedure) Regulation	Procedure completed
Amendments to the Markets in Financial Instruments Regulation (MiFIR) Amending Regulation 2014/600 2011/0296(COD) **Subject** 2.50.03 Securities and financial markets, stock exchange, CIUTS, investments 2.50.08 Financial services, financial reporting and auditing 2.50.10 Financial supervision **Legislative priorities** Joint Declaration 2021 Joint Declaration 2022 Joint Declaration 2023-24	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
ECON Economic and Monetary Affairs	HÜBNER Danuta Maria (EPP)	02/12/2021
	Shadow rapporteur HEINÄLUOMA Eero (S&D) BEER Nicola (Renew) DELLI Karima (Greens/EFA) VAN OVERTVELDT Johan (ECR) BECK Gunnar (ID)	

Committee for opinion	Rapporteur for opinion	Appointed
ITRE Industry, Research and Energy	The committee decided not to give an opinion.	
JURI Legal Affairs	The committee decided not to give an opinion.	

Council of the European Union

Commission DG	Commissioner

European Commission	Financial Stability, Financial Services and Capital Markets Union	MCGUINNESS Mairead
European Economic and Social Committee		

Key events

Date	Event	Reference	Summary
25/11/2021	Legislative proposal published	COM(2021)0727	Summary
27/01/2022	Committee referral announced in Parliament, 1st reading		
01/03/2023	Vote in committee, 1st reading		
01/03/2023	Committee decision to open interinstitutional negotiations with report adopted in committee		
02/03/2023	Committee report tabled for plenary, 1st reading	A9-0040/2023	Summary
13/03/2023	Committee decision to enter into interinstitutional negotiations announced in plenary (Rule 72)		
15/03/2023	Committee decision to enter into interinstitutional negotiations confirmed by plenary (Rule 72)		
24/10/2023	Approval in committee of the text agreed at 1st reading interinstitutional negotiations	PE754.882 GEDA/A/(2023)006074 PE754.914	
15/01/2024	Debate in Parliament		
16/01/2024	Decision by Parliament, 1st reading	T9-0004/2024	Summary
16/01/2024	Results of vote in Parliament		
20/02/2024	Act adopted by Council after Parliament's 1st reading		
28/02/2024	Final act signed		
08/03/2024	Final act published in Official Journal		

Technical information

Procedure reference	2021/0385(COD)
Procedure type	COD - Ordinary legislative procedure (ex-codecision procedure)
Procedure subtype	Legislation
Legislative instrument	Regulation
Amendments and repeals	Amending Regulation 2014/600 2011/0296(COD)
Legal basis	Treaty on the Functioning of the European Union TFEU 114
Other legal basis	Rules of Procedure EP 165
Mandatory consultation of other institutions	European Economic and Social Committee
Stage reached in procedure	Procedure completed
Committee dossier	ECON/9/07829

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE731.644	26/07/2022	
Amendments tabled in committee		PE737.291	20/10/2022	
Amendments tabled in committee		PE737.442	20/10/2022	
Committee report tabled for plenary, 1st reading/single reading		A9-0040/2023	02/03/2023	Summary
Text agreed during interinstitutional negotiations		PE754.882	19/10/2023	
Committee letter confirming interinstitutional agreement		PE754.914	19/10/2023	
Text adopted by Parliament, 1st reading/single reading		T9-0004/2024	16/01/2024	Summary

Council of the EU

Document type	Reference	Date	Summary
Coreper letter confirming interinstitutional agreement	GEDA/A/(2023)006074	18/10/2023	
Draft final act	00063/2023/LEX	28/02/2024	

European Commission

Document type	Reference	Date	Summary
Legislative proposal	COM(2021)0727	25/11/2021	Summary
Document attached to the procedure	SEC(2021)0573	25/11/2021	
Document attached to the procedure	SWD(2021)0346	25/11/2021	
Document attached to the procedure	SWD(2021)0347	25/11/2021	
Commission response to text adopted in plenary	SP(2024)81	15/04/2024	

Other institutions and bodies

Institution/body	Document type	Reference	Date	Summary
EESC	Economic and Social Committee: opinion, report	CES6395/2021	23/03/2022	
ECB	European Central Bank: opinion, guideline, report	CON/2022/0019 OJ C 286 27.07.2022, p. 0017	01/06/2022	

Additional information

Source	Document	Date

European Parliament	Briefing	27/06/2022
European Commission	EUR-Lex	

Meetings with interest representatives published in line with the Rules of Procedure

Rapporteurs, Shadow Rapporteurs and Committee Chairs

Transparency				
Name	**Role**	**Committee**	**Date**	**Interest representatives**
HÜBNER Danuta Maria	Rapporteur	ECON	27/09/2023	Nordic Securities Association
HÜBNER Danuta Maria	Rapporteur	ECON	26/04/2023	Bloomberg L.P.
HÜBNER Danuta Maria	Rapporteur	ECON	07/02/2023	Euronext
HÜBNER Danuta Maria	Rapporteur	ECON	17/11/2022	Association Française des Marchés Financiers
HÜBNER Danuta Maria	Rapporteur	ECON	26/10/2022	Permanent Representation of Sweden to the EU
HÜBNER Danuta Maria	Rapporteur	ECON	25/10/2022	Germany's Federal Ministry of Finance

Other Members

Transparency		
Name	**Date**	**Interest representatives**
ZANNI Marco	07/02/2023	Euronext
DE LANGE Esther	08/12/2022	Cboe Europe
FITZGERALD Frances	11/11/2022	European Fund and Asset Management Association
DE LANGE Esther	10/10/2022	Allianz SE BlackRock Invesco Management SA
FITZGERALD Frances	06/10/2022	Cboe Europe
FITZGERALD Frances	06/10/2022	Citadel LLC
DE LANGE Esther	06/10/2022	Cboe Europe
DE LANGE Esther	05/10/2022	Euronext
DE LANGE Esther	05/10/2022	Citadel LLC

Final act
Regulation 2024/0791 OJ OJ L 08.03.2024

Amendments to the Markets in Financial Instruments Regulation (MiFIR)

2021/0385(COD) - 25/11/2021 - Legislative proposal

PURPOSE : to amend the Markets in Financial Instruments Regulation (MiFIR) in order to enhance market data transparency.

PROPOSED ACT: Regulation of the European Parliament and of the Council.

ROLE OF THE EUROPEAN PARLIAMENT: the European Parliament decides in accordance with the ordinary legislative procedure and on an equal footing with the Council.

BACKGROUND: the MiFID/MiFIR framework is the rulebook governing participation in European capital markets. It consists of a directive (Directive 2014/65/EU, MiFID II) and a regulation (Regulation (EU) No 600/2014, MiFIR).

In 2007, MiFID I introduced competition in the market for equity trading. Later iterations of MIFID extended competition to trading in non-equity asset classes, such as bonds and derivatives. The consequence is that, when a broker or investor wants to execute an order to buy or sell an asset, they can choose from different venues, such as regulated markets (RMs), multilateral trading facilities (MTFs), dark pools, and systematic internalisers (SIs).

Today, financial instruments, such as shares and bonds, are traded in the EU across about 500 execution platforms (across all asset classes). All these platforms need to publish information about each transaction, such as the volume, time and price of the transaction. This makes the information very fragmented and only few big players are able to have a comprehensive overview of the market.

The proposal is part of a package of measures for the CMU which also includes:

- a legislative proposal to establish a European Single Access Point (ESAP);

- a legislative proposal to revise the European Long Term Investment Fund (ELTIF) Regulation;

- a legislative proposal to revise the Directive on Alternative Investment Fund Managers.

CONTENT: the proposal aims to **enhance market data quality and market data consolidation through amendments to existing rules on market data in MiFIR**.

Creation of a European consolidated tape

The proposed revision would introduce a ‘European consolidated tape’ which will allow investors to access near-real-time trading data for stocks, bonds and derivatives on all trading venues in the EU. Both professional and retail investors would be able to see in one place the price and other information about a financial instrument (such as the volume and timing of transactions). They will know whether they have obtained the best price when buying or selling securities.

The proposed revision should also enhance the level playing field between stock exchanges and investment banks and will promote the international competitiveness of EU trading venue by removing the open access rule.

Boosting transparency and levelling the playing field

The proposal aims to change EU trading rules to enhance transparency in EU financial markets and level the playing field between execution platforms.

Specifically, the proposal :

- prohibits the execution of **small trades** in equity instruments (such as shares) on anonymous trading platforms (where traders are not subject to transparency obligations) and makes the execution of such trades through large investment banks fully transparent;

- increases transparency for non-equities (such as derivatives and bonds), by reducing recourse to so-called ‘deferrals' that allow for the delayed publication of core details of transactions;

- bans the practice whereby retail brokers forward client orders to a limited number of traders in exchange for compensation (‘payment for order flow’), which will ensure that brokers act in their clients' best interests.

Increasing competitiveness of EU financial markets

To carry out this objective, the proposal:

- removes the open access obligations for exchange-trade derivatives. This open access obligation may discourage markets from creating new and innovative financial products. Its implementation has already been postponed several times. It is now being abandoned;

- streamlines the obligation to trade shares on eligible execution platforms in the EU so that it will only apply to shares with a primary listing in the EU. EU shares traded on a third country venue will be exempted as far as they are denominated in local currency;

- enables the Commission to suspend, if necessary, the trading obligation in a cross-border context, e.g. where conflicting trading obligations in two jurisdictions prevent an EU counterparty from entering into a derivative contract with a non-EU counterparty.

Amendments to the Markets in Financial Instruments Regulation (MiFIR)

2021/0385(COD) - 02/03/2023 - Committee report tabled for plenary, 1st reading/single reading

The Committee on Economic and Monetary Affairs adopted the report by Danuta Maria HÜBNER (EPP, PL) on the proposal for a regulation of the European Parliament and of the Council amending Regulation (EU) No 600/2014 as regards enhancing market data transparency, removing obstacles to the emergence of a consolidated tape, optimising the trading obligations and prohibiting receiving payments for forwarding client orders.

The committee responsible recommended that the European Parliament's position adopted at first reading under the ordinary legislative procedure should amend the proposal as follows:

While welcoming the Commission’s proposal for the review of the Markets in Financial Instruments Regulation and Directive (MiFIR/D), Members highlighted certain areas for improvement. The amendments included in the report are informed by the desire to establish a regulatory framework conducive to an environment where all market participants benefit from trading. The amendments are guided by four main principles:

1. reducing fragmentation and cross-border barriers;

2. levelling the playing field, supporting a healthy degree of competition between different execution venues and methods;

3. allowing EU firms to be competitive internationally and more attractive for EU and third-countries investors;

4. encouraging retail participation and strengthening investor protection.

The main changes classified into three areas:

- consolidated tape (CT);

- market structure and transparency;

- forwarding and execution of client orders.

Consolidated tape

The report seeks to facilitate the emerging of a consolidated tape provider cross markets for each asset classes and to amend certain aspects of the existing legislation in order to improve transparency on markets in financial instruments but also to further enhance the level playing field between regulated markets and systematic internalisers, as well as enhance the international competitiveness of the Union’s capital markets.

The amendments introduce an exemption from mandatory contributions for markets that either (i) represent less than 1% of the total EU average daily trading volume, or (ii) do not contribute significantly to the fragmentation of EU markets as they mostly trade shares for which they are also the venue of primary admission.

Regardless of the exemption granted to smaller regulated markets under this Regulation from the mandatory contribution of market data to the consolidated tape, a dedicated revenue participation scheme for the consolidated tape for shares and ETFs should be established, to incentivise their opt-in to the mandatory contribution scheme, which should remain nonetheless entirely voluntary.

Market structure and transparency

According to Members, to ensure an adequate level of transparency, the price and the volume of a non-equity transaction should be published as close to real time as possible and the price should only be delayed until maximally the end of the trading day. However, in order not to expose liquidity providers in non-equity instruments to undue risk, it should be possible to **mask the price and volume** of very large transactions for a longer period of time, which should **not exceed four weeks**.

To simplify the **pre-trade transparency regime** for bonds and derivatives, the size specific to the instrument should be removed, and the large in scale size should be lowered so that only one threshold remains at an adequate level. ESMA should regularly review the calibrations of the deferrals applicable to the various buckets, with the goal to gradually decrease them should the qualitative and quantitative evidence allow it.

Ban on payment for forwarding client orders for execution

The report noted that investment firms acting on behalf of clients shall not receive any fee or commission or non-monetary benefits from any third party for forwarding client orders to any third party for their execution. A new Article has been introduced stating that this provision should not apply to fees, commissions or non-monetary benefits related to the forwarding of professional clients’ orders for execution, where permitted under the approved and public tariff structure of a regulated market or MTF.

Amendments to the Markets in Financial Instruments Regulation (MiFIR)

2021/0385(COD) - 16/01/2024 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 518 votes to 46, with 34 abstentions, a legislative resolution on the proposal for a regulation of the European Parliament and of the Council amending Regulation (EU) No 600/2014 as regards enhancing market data transparency, removing obstacles to the emergence of a consolidated tape, optimising the trading obligations and prohibiting receiving payments for forwarding client orders.

The proposed Regulation aims to **facilitate the emergence of a consolidated tape** for each asset class and to amend certain aspects of Regulation (EU) No 600/2014 in order to **improve transparency on markets in financial instruments, and to further enhance the level playing field** between regulated markets and systematic internalisers, as well as enhance the international competitiveness of the Union’s capital markets.

The European Parliament's position adopted at first reading under the ordinary legislative procedure amends the Commission's proposal as follows:

Consolidated market data

The agreed revision establishes EU-level '**consolidated tapes**' or centralised data feeds for different kinds of assets, bringing together market data provided by platforms on which financial instruments are traded in the EU. This will make it easier for both professional and retail investors to access key information such as the price of instruments and the volume and time of transactions.

Market data from all trading platforms should be included in consolidated tapes, which will aim to publish the information as close as possible to real time. As a result, investors should have access to up-to-date transaction information for the whole of the EU.

Small trading venues

In order to avoid the negative impact the consolidated tape might have on small trading venues, an **opt-in mechanism** should be established. That opt-in mechanism should apply to investment firms operating SME growth markets and to market operators whose annual trading volume of shares represents 1 % or less of the annual trading volume of shares in the Union.

Competitive selection

ESMA should be empowered to periodically organise a competitive selection procedure to select a single entity which is able to provide the consolidated tape for each specified asset class for a limited period of time.

The purpose of the selection procedure is to award the right to operate a consolidated tape for a period of five years.

ESMA should, for all classes, select a candidate on the basis of its technical abilities to operate a consolidated tape, including its ability to ensure business continuity and resilience, as well as its ability to use modern interface technologies, the organisation of its management and decision-making processes, its methods for ensuring data quality, the costs required for developing and operating a consolidated tape, the simplicity of the licences that users have to enter into in order to receive the core market data and regulatory data.

Transparency rules

The amended Regulation contains provisions on :

- pre-trade transparency obligations imposed on (i) trading venues in respect of bonds, structured finance products and emission allowances; (ii) trading venues in respect of derivatives; and (iii) trading venues in respect of package order;

- pre-trade transparency requirements for trading venues in respect of package orders;

- post-trade transparency requirements for trading venues in respect of bonds, structured finance products, emission allowances and derivatives;

- deferred publication in respect of bonds, structured finance products or emission allowances.

Organisational requirements for consolidated tape providers (CTPs)

A consolidated tape provider should, in accordance with the conditions for authorisation referred to in the Regulation:

- collect all data transmitted by data contributors in relation to the asset class for which it is authorised;

- collect fees from users, while providing access, free of charge, to the consolidated tape to retail investors, academics, civil society organisations and competent authorities;

- in the case of the consolidated tape for shares and ETFs, redistribute part of its revenue;

- disseminate core market data and regulatory data to users as a continuous electronic live data stream on non-discriminatory terms as close to real time as technically possible;

- ensure that the core market data and regulatory data are easily accessible, machine-readable and usable for all users, including retail investors;

- have systems in place that can effectively check the completeness of the data transmitted by data contributors, identify obvious errors, and request the re-submission of data;

- where the CTP is controlled by a group of economic operators, have a compliance system in place to ensure that the operation of the consolidated tape does not result in a distortion of competition.

Prohibition of receiving payment for order flow

The amended regulation imposes a general ban on 'payment for order flow' (PFOF), a practice through which brokers receive payments for forwarding client orders to certain trading platforms. The text also introduces a possibility to Member States where the practice of payment for order flow already existed to allow investment firms under its jurisdiction to be exempt from the ban provided that PFOF is only provided to clients in that Member State. However, this practice must be phased out by 30 June 2026.