



DG FISMA  
European Commission  
1000 Brussels, Belgium

VIA E-MAIL

Amsterdam, 18 March 2020.

FIA EPTA appreciates the opportunity to respond and feed into the European Commission's consultation on improving resilience against cyberattacks for the financial services sector.

FIA EPTA represents 28 independent European Principal Trading Firms (PTFs) that deal on own account to provide liquidity and immediate risk-transfer in exchange-traded and centrally-cleared markets for a wide range of financial instruments, including shares, options, futures, bonds, ETFs, and OTC derivatives.

FIA EPTA members engage in manual, automated and hybrid methods of trading on exchanges located around the world and are active in cash and derivatives in a variety of asset classes, such as equities, foreign exchange, commodities, and fixed income. In their capacity as principal traders, these firms only trade for their own accounts and represent a substantial part of the traded volume on European regulated markets and MTFs.

Since the introduction of automated trading, much has changed in the operation of our markets: how to improve market structure and implement safeguards has been a key topic of conversation for both market participants and regulators for some time.

Maintaining high cybersecurity standards is vital to our member firms and we agree with the European Commission on the importance of ensuring a safe and resilient financial system. Due to the digital nature of the environment we operate in, our member firms rely on technology to a large extent where cyber risk and cyber resilience are key pillars of our members' businesses.

When developing new rules and standards in relation to cybersecurity and cyber-resilience, it is however important to remember that the financial markets are made up of a broad variety of institutions of different size, structure and risk. In line with this, we encourage the European Commission to take a proportionate approach when introducing new legislation and avoid a 'one-size fits all' approach. Rather than prescribing how firms should implement requirements, please provide guidance what needs to be in place, proportionate to the nature, size and complexity of the relevant firm. We believe MiFID II RTS 6 strikes a balance that is workable across multiple business models and operations.

As detailed above, our member firms deal on their own account which means they never hold client money and the risk sits fully with the firm itself. In the event of loss or failure, the firm and its owners will absorb the losses without any further risk to the financial system. Due to the competitive nature of our industry, other firms would also step in and provide quotes for the instruments previously traded by a defaulted firm which means that there is a minimal risk for disruption in the markets. This is true regardless of the cause of a potential loss or failure, be it a bad trading strategy or a cyberattack. Our members are subject to RTS 6<sup>1</sup> under Directive 2014/65/EU on markets in financial instruments (MiFID II) which specifies the systems, procedures, arrangements and controls to be put in place and maintained by investment firms engaged in algorithmic trading to address the risks that may arise in financial markets in connection with the increased use of technology and recent developments in trading technology. In this respect we encourage the European Commission to prevent the duplication of obligations for market participants.

FIA EPTA remains at the European Commission's disposal if you would like to discuss any elements of this letter in more detail.

Kind regards,

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<sup>1</sup> RTS 6 Specifying the organisational requirements of investment firms engaged in algorithmic trading, available at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uris-erv:OJ.L.2017.087.01.0417.01.ENG&toc=OJ:L:2017:087:TOC>