



FIA response to the FCA's consultation on changes to UK MIFID conduct and organisation requirements with a particular view on best execution reports (RTS 27 and RTS 28)

FIA¹ welcomes the opportunity to respond to the FCA's consultation on changes to UK's MIFID's conduct and organisation requirement with a particular view on best execution reports.

We agree with the FCA assessments that RTS 27 (quarterly reports) and RTS 28 (annual reports) have not achieved their policy goal of enhancing investor protection or improving information on execution quality and order routing.

Q8 a. Do you agree with our proposal to remove the obligation for execution venues to produce execution quality reports consistent to the format prescribed under RTS 27?

Yes.

b. If yes or no, please explain your views.

FIA members feedback that these reports are not used by market participants, while at the same time they are costly for execution venues and firms to produce. In particular, market participants continuously reported that best execution requirements as outlined in RTS 27 translate into burdensome red tape for professional investors and counterparties without adding any value to clients, hence a removal of such requirements is in line with the principle of the FCA's consultation approach. Therefore, FIA strongly supports the FCA's suggested amendment to delete RTS 27 in COBS 11.2A, 11.2B and 11.2C. and the need to produce quarterly best execution reports as specified in RTS 27.

The deletion will not undermine professional investors' ability to efficiently distribute financial products and enhance investments and will remove administrative burdens that result from documentation and disclosure rules that are not counterbalanced by corresponding increases in investor protection.

¹ [FIA](#) is the leading global trade organization for the futures, options and centrally cleared derivatives markets, with offices in Brussels, London, Singapore and Washington, D.C. FIA's membership includes clearing firms, exchanges, clearinghouses, trading firms and commodities specialists from about 50 countries as well as technology vendors, law firms and other professional service providers. FIA's mission is to: support open, transparent and competitive markets, protect and enhance the integrity of the financial system, and promote high standards of professional conduct. As the principal members of derivatives clearinghouses worldwide, FIA's clearing firm members play a critical role in the reduction of systemic risk in global financial markets.

Q9: a. Do you agree with our proposal to remove the obligation for firms who execute orders to produce reports about their order routing and execution outcomes obtained consistent to the format prescribed under RTS 28? [Yes/No/No view]

Yes.

b. If yes or no, please explain your views.

Both reports require firms to obtain a significant amount of data points on a continuous basis at significant cost due to the investments in the required technology and staff to produce these reports in accordance with the standards set out in RTS 27 and 28. We agree that the cost for producing the reports are not justified as clients do only gain a very limited benefit and are generally not interested in these reports. FIA members confirm that these reports are barely read, as evidenced by the low number of downloads. Therefore, we are supportive of deleting the RTS 28 requirement (annual report).
