3 April 2025
ESMA74-276584410-10988

Reply form: MiFIR Review CP 4

on transparency for derivatives, package orders and input/output for the derivatives consolidated tape

Responding to this paper

ESMA invites comments on all matters in the Consultation Paper and in particular on the specific questions in this reply form. Comments are most helpful if they:

- respond to the question stated;
- indicate the specific question to which the comment relates;
- contain a clear rationale; and
- describe any alternatives ESMA should consider.

ESMA will consider all comments received by **3 July 2025.**

Instructions

In order to facilitate analysis of responses to the Consultation Paper, respondents are requested to follow the below steps when preparing and submitting their response:

- Insert your responses to the questions in the Consultation Paper in this reply form.
- Please do not remove tags of the type <ESMA_QUESTION_DERI_1>. Your response to each question has to be framed by the two tags corresponding to the question.
- If you do not wish to respond to a given question, please do not delete it but simply leave the text "TYPE YOUR TEXT HERE" between the tags.
- When you have drafted your responses, save the reply form according to the following convention: ESMA_CP1_nameofrespondent.

  For example, for a respondent named ABCD, the reply form would be saved with the following name: ESMA_CP1_ABCD.
- Upload the Word reply form containing your responses to ESMA's website (**pdf documents will not be considered except for annexes**). All contributions should be submitted online at www.esma.europa.eu under the heading 'Your input - Consultations'.

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Publication of responses

All contributions received will be published following the close of the consultation, unless you request otherwise. Please clearly and prominently indicate in your submission any part you do not wish to be publicly disclosed. A standard confidentiality statement in an email message will not be treated as a request for non-disclosure. 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 not to disclose the response is reviewable by ESMA's Board of Appeal and the European Ombudsman.

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1. General information about respondent

Name of the company / organisation	FIA EPTA
Activity	Investment Services
Are you representing an association?	☒
Country/Region	Europe

2. Questions

Q1 Do you agree with the proposals regarding pre-trade transparency?

<ESMA_QUESTION_DERI_1>

Introduction

The European Principal Traders Association (FIA EPTA) represents Europe's leading Principal Trading Firms. Our members are independent market makers and providers of liquidity and risk-transfer for markets and end-investors across Europe. FIA EPTA works constructively with policy-makers, regulators and other market stakeholders to ensure efficient, resilient and trusted financial markets in Europe.

As the most significant liquidity providers in EU Exchange Traded Derivatives (ETD) markets and amongst an increasingly diverse environment of market participants providing liquidity in OTC derivatives, our members are deeply invested in the growth of EU derivatives markets and see a great opportunity under the updated deferral regime to improve EU competitiveness in this area. Accordingly, we certainly do not want to see the new MiFIR Review transparency regime take a step back from the current level of post-trade transparency as this will further disadvantage EU derivatives markets on the global stage. Instead, we see an opportunity to bring Europe more closely in line with regulation and practices in international markets, should ESMA be prepared to take an ambitious approach to transparency.

As well as being the most significant liquidity providers in EU ETD markets, FIA EPTA members are also some of the top volume participants on EU ETD trading venues. We see the present level of post-trade transparency for ETDs in the EU as functional but not materially supporting the growth of EU ETD markets in the way US, India and other global ETD markets have experienced over recent years. Figures from the FIA indicate that US listed derivatives markets experienced 250% growth (by trade count) over the period from 2008 to 2023, whereas European listed derivatives markets have shrunk since 2012. Reflecting the impact of these differing rates of growth over time, based on Q1/2025 figures, European ETD market volumes were approximately 13% of the volumes traded on US ETD markets.

The MiFIR Review presents an opportunity to revisit the European ETD transparency regime in a manner supporting the growth of EU capital markets and international competitiveness, consistent with SIU objectives. Bringing more liquidity on-screen will support enhanced retail participation and institutional confidence in EU ETD markets. We encourage ESMA to be more ambitious in its approach to calibrating the deferral regime at Level 2 and it's approach to pre-trade transparency to support on-screen execution.

Pre-trade transparency

FIA EPTA members are generally supportive of ESMA's proposal to move to a simpler approach of a static determination of liquidity and for that liquidity determination to be applied also in the pre-trade transparency context, particularly the illiquid waiver.

FIA EPTA members are also generally supportive of ESMA's proposal to adjust the pre-trade LIS thresholds. We observe that existing pre-trade LIS thresholds for listed equity options are approximately 10% of post-trade LIS thresholds and therefore this change has potential to materially advance pre-trade transparency in EU ETD markets, encouraging more activity to take place on screen. This will make a greater proportion of trading visible to market participants, contributing to the growth and competitiveness of EU ETD markets. Of course, the precise pre-trade LIS thresholds will depend on which of the options for liquidity determination and threshold calibration ESMA ultimately decides to recommend. Based on ESMA's current proposals for post-trade LIS thresholds, there would be a dramatic decrease in the pre-trade LIS thresholds which would detrimentally impact the competitiveness of EU ETD markets, compared to other global markets. In this regard, please see our more detailed comments below at question 9.

Regarding pre-trade trade transparency more broadly, we note that removal of hybrid systems from the scope of trading systems subject to pre-trade transparency at Level 1 of MiFIR may result in a damaging erosion of pre-trade transparency in European ETD markets.

As noted in our response to the MiFIR Review Consultation Package 1 (ESMA74-2134169708-7241, hereafter referred to as "The 2024 ESMA RTS 2 Consultation"), there are instances where a system that accepts pre-arranged trades subject to the rules of the trading venue is not considered to be part of the CLOB but is a separate and distinct trading system purely for crossing orders and thus would be considered a hybrid system (ie, "trading system not falling within the first five rows") under the current RTS 2. In our response, we recommended that in order to ensure pre-arranged trades submitted subject to the rules of a trading venue are subject pre-trade transparency obligations (i.e., either by availing of a pre-trade transparency waiver or by being matched on the trading venue with a reasonable chance for other market participants to interact in a competitive way with the crossing as per ESMA Q&A 13[1]), the definition should include any trading system that accepts pre-arranged trades (cross orders) subject to the rules of a trading venue that operates a CLOB. If not, this type of 'crossing' trading system, and therefore all pre-arranged trades including those below large in scale thresholds, will be exempt from pre-trade transparency.

[1] *Page 71: https://www.esma.europa.eu/sites/default/files/library/esma70-872942901-35_qas_transparency_issues.pdf*

In their Final Report on the 2024 ESMA RTS 2 Consultation, ESMA concluded it had no legal basis to qualify as a CLOB trading system subject to pre-trade transparency requirements a trading system that does not meet the definition of a continuous order book or a periodic auction system, even if the trading venue separately operates a CLOB trading system (paragraph 20). We strongly encourage ESMA to work with the industry to develop a consistent interpretation of what activity is included in the scope of trading systems subject to pre-trade transparency with a view to at least maintaining existing levels of pre-trade transparency and not significantly undermining the proportion of on-exchange activity subject to competitive price improvement. Our members have material concerns that removing pre-trade transparency from this kind of activity would have a detrimental impact on the execution outcomes of end investors, particularly retail investors.

<ESMA_QUESTION_DERI_1>

Q2 Do you agree with the proposed amendments to Table 2 (fields) and Table 3 (flags) of Annex II of RTS 2? Please explain.

<ESMA_QUESTION_DERI_2>

We observe that ESMA has apparently adopted a modified ISIN approach in relation to identifying reference data for OTC derivatives for transparency purposes. FIA EPTA members believe that the identifier for all OTC derivatives should be the ISO 4914 Unique Product Identifier (UPI). Other jurisdictions are starting to embrace UPI for OTC derivatives and so adopting the UPI making it an emerging global standard. EU market participants also are already accustomed to using it for EMIR reporting. Adoption of UPI for transparency purposes would improve the quality of data reported, the usefulness of the OTC derivatives consolidated tape and achieve greater consistency across other reporting and reference data obligations, particularly in light of ESMA's Call for Evidence on a comprehensive approach to simplification of financial transaction reporting. <ESMA_QUESTION_DERI_2>

Q3 Do you agree not to change the concept of "as close to real-time as technically possible"? If not, what would be in your view the maximum permissible delay?

<ESMA_QUESTION_DERI_3>

As stated in our response to the 2024 ESMA RTS 2 consultation, we agree with ESMA's proposal not to change the concept of "as close to real-time as technically possible" and agree with ESMA that it is essential that the maximum permissible delay should only be used by market participants that, for technical reasons, are not able to achieve real-time publication. Where real-time publication is achievable, post-trade reporting should occur immediately and not be systematically/artificially delayed.

Additionally, whilst we agree with ESMA's proposal to set the maximum delay at 5 minutes, we emphasise the importance of setting an expectation that this continue to be reviewed and adjusted downwards over time. Ongoing technological advancements and improved efficiency should result in overall faster publication with a reduction in technical reasons preventing real-time publication. The industry has shown its ability to adjust to a shorter timeframe as demonstrated by the permissible timeframe being adjusted downwards from 15 minutes to 5. Accordingly, we expect this trend to continue and be reflected in regulatory expectations.
<ESMA_QUESTION_DERI_3>

Q4 Do you agree with the general approach described above?

<ESMA_QUESTION_DERI_4>

Our members assess the present level of post-trade transparency for ETDs in the EU as being functional but not materially supporting the growth of EU ETD markets in the way US, India and other global ETD markets have experienced over recent years. Figures from the FIA indicate that US listed derivatives markets experienced 250% growth (by trade count) over the period from 2008 to 2023, whereas European listed derivatives markets have shrunk since 2012.

In this regard, we note the US has real time reporting for the vast majority of trades. An example of this in the US market is the JEPI covered call trade where there is regularly flow coming in selling call options in large size (~ 65k SPX calls at any one time). These trades print directly versus several bank counterparties and under the US rules, can only be subject to a deferral period of 15 minutes. Under current EU regulation, these trades could be deferred for up to 2 days. The trend in US regulation is to bring more transparency to derivatives markets, as evidenced in the recently updated CFTC trade reporting rules which came into effect in October 2024, increasing block and cap size thresholds for US interest rate derivatives.

Accordingly, we certainly do not want to see the new MiFIR Review transparency regime take a step back from the current level of post-trade transparency as this will further disadvantage EU ETD markets on the global stage.

Our members very much wish to ensure existing levels of transparency are not eroded and only truly exceptional trades are subject to deferrals. Since the introduction of MiFID II, equity derivatives have been classified as liquid and in order not to erode transparency this classification needs to be maintained for all equity ETDs. This is particularly pertinent with regards to blocking equity ETD trades on exchange. Currently equity ETD trades can avail of the pre-trade LIS waiver or must be pre-trade transparent and open for price improvement if the trade size is sub-LIS. Classifying any equity ETDs as illiquid would result in all trades regardless of size being able to avail of the illiquid pre-trade waiver, which will significantly decrease pre-trade transparency.

For other sub-classes of derivatives, rather than the static determination, proposed by ESMA, FIA EPTA members would prefer a dynamic transparency regime that can adjust to support and reflect market growth. Level 1 itself recognizes the need to review and reassess the appropriateness of the deferral regime, in article 11a of MiFIR. Accordingly, we stress the need for liquidity determinations to be subject to reassessment so as to ensure the transparency regime is appropriately calibrated as the market adapts to the new deferrals over time.

<ESMA_QUESTION_DERI_4>

Q5 Which option do you prefer for the liquidity assessment for equity exchange-traded derivatives, option A, option B, option C or another alternative?

<ESMA_QUESTION_DERI_5>

FIA EPTA members note that the liquidity profiles of a particular instrument class are unique to a given trading venue, in part due to the non-fungible nature of European listed derivatives (this is due to there being no clearing interoperability or cross-venue standardisation of contracts in Europe).

To ensure existing levels of transparency are not eroded and the new transparency regime is as simple as possible, our members have a preference for Option A – deeming all equity ETDs as liquid, as per the current RTS 2 . This will ensure that all equity ETD trades that are sub-LIS are required to be made pre-trade transparent in a similar manner to today (rather than a subset being able to avail of the illiquid waiver thereby reducing the level of pre-trade transparency).

Regarding Option B, we note that incorporating greater granularity to the degree suggested will not necessarily result in the categories providing a more accurate assessment of liquidity profile. Products within the same category as identified by ESMA may still have widely diverging liquidity profiles. For example, EUROSTOXX 50 options contracts have a vastly different liquidity profile to a VSTOXX index product. Therefore, we do not consider such a distinction relevant when assessing relative liquidity profiles. The same is true for distinctions based on time to maturity ("Option C").
<ESMA_QUESTION_DERI_5>

Q6 Which option do you prefer for the liquidity assessment for interest rate exchange-traded derivatives, Option A, Option B or another alternative?

<ESMA_QUESTION_DERI_6>

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<ESMA_QUESTION_DERI_6>

Q7 Do you agree with the liquidity assessment for commodity and emission allowances exchange traded derivatives?

<ESMA_QUESTION_DERI_7>

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<ESMA_QUESTION_DERI_7>

Q8 Do you agree with the liquidity assessment for the following ETD asset classes: FX, Credit, securitised derivatives and other derivatives?

<ESMA_QUESTION_DERI_8>

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<ESMA_QUESTION_DERI_8>

Q9 Regarding the size thresholds for the deferral regime of Equity exchange traded derivatives, which option do you prefer?

<ESMA_QUESTION_DERI_9>

Generally, our members do not wish to see the new transparency regime for ETDs result in less transparency than exists today. The deferral regime should be as simple as possible, and establish a minimum mandatory floor with regards to transparency thresholds whilst allowing for appropriate adjustments to be made at venue level in line with general principles supporting high standards of transparency.

We note in relation to the less liquid of liquid classes, ESMA refers to trade out time as the appropriate metric for assessing threshold calibration. Our members firmly believe deferrals should be based on the time needed to hedge rather than trade out of a position. Hedging is effective risk management and thus in our view is the appropriate means of managing exposure to “undue risk” as referred to in recital 10 of the MiFIR Review, as opposed to completely economically unwinding a position. Our members’ core business function is to provide liquidity to financial markets and they do not believe they require the level of protection implied by basing deferrals (including threshold calibration) on trade-out time.

Bringing greater transparency to ETD markets will support liquidity enhancement in related products such as ETFs and the relevant underlying instruments/asset classes for ETDs, including equity and bond markets, further expanding availability and efficiency of risk management tools.

As to the proposed approaches, we have the following observations:

1. **Stock Index options**

   The “medium” size deferral for stock index options with a time to maturity up to 6 months is based on the average trade size (rounded to 500,000 EUR). However, trades should only be deferred if they are genuinely large in scale. FIA EPTA members do not consider that rounding the average trade size up to 500,000 EUR represents a trade size that is large in scale. Trades that are close to size to the ATS can be traded on-screen in the order book and do not expose liquidity providers to undue risk. Any deferral in our members’ opinion should be provided as the exception rather than the rule with the aim being to support an adequate level of transparency, in line with the expectations set out in recital 10 of Regulation (EU) 2024/791.

   In addition, comparing the proposed ‘Very Large size post-trade’ (Category 5) threshold to the current RTS2 thresholds, for those options in the biggest ADNA bucket (i.e. ADNA >= €600 million) the threshold is being reduced by more than 10-fold which would result in a serious degradation in transparency.

   To illustrate the impact of the proposed post-trade thresholds, we have looked specifically at the thresholds for stock index options with time to maturity up to 6 months and compared these against the index option trades blocked on the EU derivatives exchanges during the month of May 2025. These trades are negotiated off-exchange subject to the current Minimum Block Size set by the relevant trading venue, which is typically larger than the relevant LIS threshold. The block market provides useful reference for assessing currently available liquidity, also capturing relevant product nuances. Using the proposed thresholds, almost all block trades would have been eligible for a deferral with the vast majority being eligible for the maximum ‘Very Large’ (Category 5) LIS deferral.

instr_subtype_label	Proposed: Medium LIS Post Trade threshold	Proposed: Large LIS Post Trade threshold	Proposed: Very Large LIS Post Trade threshold	# Blocks
INDEX_OPTION	98.1%	95.6%	93.1%	5010

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There is no reasonable justification for setting a post-trade deferral at a level below the level of currently available liquidity as this is more than sufficient to enable liquidity providers to manage risk without requiring intra-day position protection (let alone *inter-day* position protection).

Trading venues will often set non-disclosure limits above the minimum LIS thresholds set under the current RTS 2 meaning that market practice reflects acceptance of more ambitious levels of transparency than the minimum levels set under regulation and therefore provides an appropriate benchmark for assessing adequate levels of transparency.

By way of example, the current non-disclosure limit for DAX index options on Eurex is approximately €600m notional and for EUROSTOXX50 options it is approximately €1.3 billion. This indicates that markets participants can bear dramatically higher post-trade deferral thresholds than ESMA is proposing. Reviewing the proposed post-trade LIS thresholds for these two options series, illogically, 100% of the block trades conducted in May would have been eligible for the 'Very Large' (Category 5) LIS deferral.

FIA EPTA members strongly recommend that ESMA adjust its proposed threshold calibration so it reflects current market practice regarding non-disclosure thresholds so as not to erode existing levels of transparency. Under the thresholds proposed by ESMA, FIA EPTA members are very concerned that the EU would end up with substantially less transparent ETD markets than we have today which will hamper EU capital markets growth and competitiveness.

2. Single Stock options

For Single stock options, ESMA has proposed that the "medium" (Category 1) size be set to the smallest of the post-trade LIS current set out in RTS2 i.e., 1,250,000. The effect of this is to reduce the threshold for trades in instruments belonging to all other ADNA buckets i.e., a reduction in transparency for those instruments. Reviewing the dataset of single stock options with time to maturity up to 3 years which were blocked on EU derivatives exchanges during the month of May 2025, the proposed thresholds would result 88% of trades being eligible for deferral. Furthermore, 80% of trades could avail of a T+1 deferral and 70% of trades could avail of the longer T+2 deferral, based on ESMA's proposals.

Looking across trading in single stock options in May 2025, the average block trade was 7.2 times larger than the proposed medium sized trade eligible for a post trade deferral (Category 1). For the 50 most active equity single stock options that have traded off-book, the average trade size was 17 times larger than the Category 1 deferral threshold ESMA has proposed. If the EU were to adopt post trade deferral thresholds that are a fraction of even the average block trade size trade, this would further significantly erode transparency, continuing a trend ushered in by the introduction of post trade deferrals under MiFID II/MiFIR in 2018.

Allowing more trades to be hidden from the market will cause a further deterioration in the quality of trading venues' Central Limit Order Book as there will be an even greater degree of information asymmetry between the CLOB and the block market. Since the introduction of post trade deferrals in 2018, there has been an ongoing trend of less trading taking place in the CLOB such that on Eurex it now represents ~30% of the volume compared to ~50% of the volume in 2018 (see further comment below).

In our view, the deferral limits should be a significant multiple of the average off book trade. In May 2025, the average off book trade in single stock equity options was ~€9mil notional so based of this and our own view of liquidity in the market 50 million seems like a more appropriate level for the medium (Category 1) threshold. Based on the trades in May, the volume weighted average notional set by exchanges for the post trade LIS is ~€110 million. What ESMA proposes is orders of magnitude away from what is genuinely needed to protect liquidity providers from undue risk by availing of a post trade deferral.

instr_subtype_label	Proposed: Medium LIS Post Trade threshold	Proposed: Large LIS Post Trade threshold	Proposed: Very Large LIS Post Trade threshold	# Blocks
STOCK_OPTION	88.8%	80.5%	70.5%	7216

3. **Pre-trade LIS for Index Options**
   As stated above FIA EPTA members are generally supportive of ESMA's proposal to adjust pre-trade LIS levels to 50% of the post-trade LIS thresholds. However, reviewing the proposed pre-trade LIS level, this could have a material detrimental impact on on-screen trading. Looking at the stock index trades conducted on-screen in May 2025, a significant proportion (10.35%) could be migrated away from the central limit order book if the proposed pre-trade LIS threshold was implemented. This is because the size of these trades is above the proposed pre-trade LIS threshold and as such could be blocked on exchange availing of the pre-trade LIS waiver.

   Levels of on-screen trading in EU ETD markets are already very low compared to those in other developed ETD markets. For example, on a major US options market, levels of on-screen trading in equity index options were approximately 74% in 2024 and are at 78% for 2025 YTD. In single stock options, they were approximately 91% in 2024 and ~89% for 2025 YTD. In contrast, by way of example, the percentage of trading conducted on-screen on Eurex, the EU's largest ETD trading venue, have ranged between 29% to 58% in single stock options and 39% to 52% in equity index options over the period 2019 to 2025. Lowering pre-trade LIS thresholds will further diminish the amount of on-screen trading, accelerating a trend towards deteriorating transparency and quality of liquidity on CLOBs in Europe. Given the focus of the current SIU project on supporting the growth and competitiveness of EU trading venues, we

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strongly warn against perpetuating this trend by further enabling a shift towards off-screen execution.

In order to ensure that there is no detrimental impact on the level of on-screen trading, FIA EPTA members believe that it is essential for an appropriate pre-trade LIS floor to be set by ESMA. It is imperative that the thresholds do not result in a race to the bottom by exchanges with regards to setting minimum block sizes.

4. **Current market practice as a relevant benchmark**
In reviewing the impact that the proposed threshold could have on the market, we have noted that exchanges have elected to set deferral levels higher than those set out by ESMA. However, to provide a harmonized approach across Europe, we believe that ESMA should set an appropriate minimum floor for both pre-trade LIS and post-trade LIS thresholds. FIA EPTA members believe this minimum floor should be set by reference to current market standards.

Our analysis of what would be an appropriate level across different equity ETDs is ongoing and we will provide ESMA with more detailed recommendations on appropriate thresholds in the coming weeks.

5. **Deferral duration**

Our comments above are also relevant to determination of deferral duration. Whilst ESMA has not asked for feedback in relation to their proposals regarding duration, FIA EPTA members strongly believe the framework for deferral duration set at Level 2 should not deviate from existing deferral durations applied *in practice*. Whilst the current RTS 2 provides a maximum deferral of T+2, most EU venues are currently adopting a maximum deferral period of T+1 (with some, for example publishing “instrument” and “volume” at 19:00 (T+0), and publishing “price” pre-market open (T+1)). FIA EPTA members have a very strong preference that the new deferral regime not depart materially from the current level of transparency operating in practice (T+1) rather than what is permitted under regulation (T+2).

We note that the most actively traded listed options products in the EU existed without limits to post-trade disclosure before MIFID II came into effect. Exchange participants were informed about every trade once it was crossed on the exchange. In this respect, T+2 deferred publication actually represented a decrease in trade transparency after the introduction of MiFID II. Note also our observations regarding the decrease in the size of European ETD markets over recent years, in contrast to other global ETD markets.

Whilst we acknowledge that venues retain discretion to set shorter deferral durations than the maximum prescribed under RTS 2, we nevertheless believe that there is scope for ESMA to be more ambitious in its approach to deferral duration and to set the maximum deferral at T+1.
<ESMA_QUESTION_DERI_9>

Q10 What is your view on the size thresholds for the deferral regime of Interest rate exchange traded derivatives?

<ESMA_QUESTION_DERI_10>

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<ESMA_QUESTION_DERI_10>

Q11 What is your view on the size thresholds for the deferral regime of commodity and emission allowances exchange traded derivatives?

<ESMA_QUESTION_DERI_11>

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<ESMA_QUESTION_DERI_11>

Q12 Do you agree with the size thresholds for the deferral regime of the following ETD asset classes: FX, Credit, securitised derivatives and other derivatives?

<ESMA_QUESTION_DERI_12>

TYPE YOUR TEXT HERE

<ESMA_QUESTION_DERI_12>

Q13 Do you agree with the proposed liquidity assessment for OTC interest rate derivatives? Should you support a different assessment for spot-starting and forward-starting interest rate derivatives, please support your response with a data analysis.

<ESMA_QUESTION_DERI_13>

FIA EPTA members acknowledge that ESMA is subject to constraints set at Level 1, which introduces an unnecessarily complex deferral regime. Nevertheless, our members believe a far more ambitious approach to OTC derivatives transparency would benefit EU capital markets.

In relation to interest rate derivatives, Level 1 already significantly narrows the scope of instruments subject to post-trade transparency including with respect to contractually agreed tenor and currency denomination. Another key criteria set at Level 1 is that IRS be subject to the clearing obligation in order to be within scope for post-trade transparency. In our members' view, all IRS subject to the clearing obligation should be considered liquid. Therefore we strongly recommend ESMA do not adopt any more granular liquidity assessment for OTC interest rate derivatives at Level 2 in the interests of supporting some semblance of meaningful transparency.

In addition, we note that ESMA's analysis is based on 2023 FIRDs data, reported at ISIN level. We suggest analysis of these instruments at UPI level would be preferable for future exercises, given the unhelpful granularity of ISIN level data. Accordingly, we recommend that UPI be adopted as relevant the relevant identifier for reference data purposes, including transparency, across all OTC derivatives to improve the quality of data reported and therefore the usefulness of any analysis conducted for purposes of reviewing and updating RTS 2 in accordance with article 11a of Regulation (EU) 2024/791.
<ESMA_QUESTION_DERI_13>

Q14Do you agree with the proposed liquidity assessment for OTC single-name credit derivatives?

<ESMA_QUESTION_DERI_14>

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<ESMA_QUESTION_DERI_14>

Q15Do you agree with the proposed liquidity assessment for OTC index credit derivatives?

<ESMA_QUESTION_DERI_15>

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<ESMA_QUESTION_DERI_15>

Q16Do you agree with the proposed deferral framework for OTC interest rate derivatives?

<ESMA_QUESTION_DERI_16>

Whilst FIA EPTA members welcome the consistency in the deferral regime introduced under the MiFIR Review, meaning there should no longer be significant divergences between Member State approaches, in many other respects, the OTC derivative deferral regime set out at Level 1 represents a significant missed opportunity to advance transparency in EU derivatives markets in support of growth and competitiveness.

MiFID II transparency for OTC derivatives has failed to deliver benefit to market participants while incurring higher compliance costs, which remain largely opaque and where limited transparent, on-venue tradability is negatively impacting liquidity. Changes introduced under the MiFIR Review will only serve to add additional layers of complexity and cost for market participants.

This is in contrast to the U.S. regulatory framework, where one standard deferral period of 15 minutes applies to a limited proportion of transactions in OTC derivatives, with the vast majority being subject to real-time reporting. This has supported growth and enhanced liquidity in US OTC derivatives markets, with a significant proportion of activity moving onto regulated trading platforms to support systemic risk management. US OTC rates markets, now have levels of transparency comparable to US equity markets, with an estimated 60% of USD Overnight Index Swaps now subject to trade reporting, based on analysis conducted by Clarus.

This had also been the objective of the EU under MiFID II with the introduction of the DTO, in line with the G20 post-financial crisis commitments. However, the lack of meaningful transparency in these markets in the EU has resulted in very little change.

Generally, given the very limited amount of post-trade data that is currently available given the shortcomings in the implementation of the MiFID II post-trade transparency framework for OTC derivatives, the following issues must also be addressed to ensure that the derivatives CT will be successful:

- Deferral periods should be no longer than 15 minutes (consistent with U.S. post-trade CTs for OTC derivatives). Earliest possible price publication should be a priority to support the usefulness of the OTC derivatives CT and liquidity in OTC derivatives markets.

- The dissemination of the reported notional amount of large-size trades should be capped at specified thresholds in order to reduce information leakage. We observe that the thresholds proposed by ESMA appear low.

<ESMA_QUESTION_DERI_16>

Q17 Do you agree with the proposed deferral framework for OTC single-name CDSs?

<ESMA_QUESTION_DERI_17>

TYPE YOUR TEXT HERE

<ESMA_QUESTION_DERI_17>

Q18 Do you agree with the proposed deferral framework for OTC index CDSs?

<ESMA_QUESTION_DERI_18>

TYPE YOUR TEXT HERE

<ESMA_QUESTION_DERI_18>

Q19 Do you have suggestions on the way to implement the volume masking in the post-trade reports, including the application of flags?

<ESMA_QUESTION_DERI_19>

TYPE YOUR TEXT HERE

<ESMA_QUESTION_DERI_19>

Q20 Do you agree with the proposed amendments to Articles 14 and 15 of RTS 2? Please explain.

<ESMA_QUESTION_DERI_20>

TYPE YOUR TEXT HERE

<ESMA_QUESTION_DERI_20>

Q21 Do you agree with the proposed amendments to CDR 2017/2194, the RTS on package orders? Please explain.

<ESMA_QUESTION_DERI_21>

TYPE YOUR TEXT HERE

<ESMA_QUESTION_DERI_21>

Q22 Do you agree with the proposals on regulatory data for OTC derivatives? Please distinguish in your reply between regulatory data per instrument vs. regulatory data per system matching order.

<ESMA_QUESTION_DERI_22>

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<ESMA_QUESTION_DERI_22>

Q23 Do you agree with the proposals on core market data for OTC derivatives?

<ESMA_QUESTION_DERI_23>

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<ESMA_QUESTION_DERI_23>