

EDMA Europe

Position paper

Necessary amendments and revisions to secondary market provisions in MiFID/MiFIR

This paper updates and replaces EDMA's position regarding best execution (RTS27/28) reports outlined in our full MiFID II Review position paper originally published in August 2020 also available on our [website](#).

10. Best Execution (RTS 27/28) Reports

Issue: The existing MiFID II framework includes reporting obligations on data relating to the quality of execution of transactions whose content, format and periodicity are detailed in Delegated Regulation 2017/575 (also known as 'RTS 27'). The best execution framework also includes reporting obligations for investment firms on the top five execution venues in terms of trading volumes where they executed client orders and information on the quality of information. Delegated regulation 2017/576 (also known as 'RTS 28') specifies the content and format of that information.

EDMA believes these best execution reports are not of sufficiently good quality to provide investors with useful information on the quality of execution of their transactions.

It remains unclear what purpose best execution reports aim to achieve. Market participants/investors rarely cite RTS27 reports as being useful or influential in making trading decisions. EDMA members observe that in general these reports are only rarely downloaded from their respective websites. There also remains a lack of coherence in listing the appropriate execution venue in RTS 28 reports. Furthermore, NCAs place varying degrees of importance on best execution reports which further heightens the lack of coherence in these reports as well as any useful information they could be providing as mandated under the MiFID II regulatory framework.

Few market participants/investors appear to be accessing RTS27 reports citing lack of useful information. This appears to confirm that best execution reports do not provide useful information for market participants/investors wishing to execute trades on trading venues.

EDMA: Do not agree that best execution reports provide sufficient benefits to investors to justify the cost of producing these reports and therefore the balance in terms of costs between generating these best execution reports and benefits for investors is not correct. This is evidenced by few market participants/investors accessing RTS 27 reports citing lack of useful information which raises the question of the use of the exercise in generating these reports. EDMA believe the required resources would be better spent focusing on other efforts that would be more constructive in helping market participants/investors.

EDMA recommends that the RTS27 requirement is revoked. With regard to RTS28 EDMA is not in the position to recommend revoking these requirements. However, it might be useful to check with investment managers (owing best execution) or their trade associations if their clients actively consume and use RTS28 reports to assess execution quality. In addition, we believe the potential duplication of RTS28 reports based on the distinction of a trading venue operating either a disclosed or anonymous type of trading system is not useful. When trading on a (anonymous) central limit order book the Investment Manager would publish the regulated market as execution venue. When trading on a RFQ system it might be confusing for clients to analyse the publication of both the MTF as execution venue plus the disclosed liquidity providing counterparty.

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About EDMA Europe

Electronic Debt Markets Association represents the interests of companies whose primary business is the operation of regulated electronic fixed income multilateral trading facilities in Europe (regulated markets and/or trading venues) and act as a source of consultation between the members in their roles as operators of such venues in order to project collective views on regulatory, compliance and market structure topics for the benefit of the electronic fixed income markets.

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