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COVER NOTE

From:	Ms Anneli TUOMINEN, Interim Chair of the European Securities and Markets Authority (ESMA)
date of receipt:	28 September 2021
To:	Mr Jeppe TRANHOLM-MIKKELSEN, Secretary-General of the Council of the European Union
Subject:	Impact of requirements regarding algorithmic trading and high-frequency algorithmic trading, MiFIR review report on Algorithmic Trading

Delegations will find attached a letter regarding ESMA's report on the subject mentioned above.

The full report can be viewed and downloaded from ESMA's website:

https://www.esma.europa.eu/sites/default/files/library/esma70-156-4572_mifid_ii_final_report_on_algorithmic_trading.pdf

Encl.



European Securities and
Markets Authority

E-MAIL

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The Chair

28 September 2021

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Mairead McGuinness
Commissioner in charge of Financial
Stability, Financial Services and
Capital Markets Union
European Commission
Rue de la Loi 200
1049 Brussels
Belgium

Ref: MiFIR review report on Algorithmic Trading

Dear Commissioner McGuinness,

MiFID II (Directive 2014/65/EU) and MiFIR (Regulation No 600/2014) require the Commission, after consulting ESMA, to present a number of review reports on the functioning of MiFID II/MiFIR to the European Parliament and the Council.

The enclosed report covers the impact of requirements regarding algorithmic trading and also includes high-frequency algorithmic trading as mandated under Article 90(1)(c) of MiFID II.

ESMA's analysis, similarly to the method adopted in other reports, follows a holistic approach and reviews all provisions related to algorithmic trading, including some issues that have emerged more recently in EU markets and are closely linked to algorithmic trading. The final report concludes that no fundamental issues have emerged regarding the MiFID II algorithmic trading regime, which has overall delivered on its objectives.

The report therefore proposes only a limited number of targeted Level 1 changes in important areas, including the authorisation of direct electronic access providers and third-country high-frequency trading firms. The report also identifies issues, which will be followed-up on by ESMA on its own initiative via amendments to technical standards or additional ESMA guidance. These proposals aim primarily at simplifying the regime and making it more effective.

ESMA stands ready to provide any further technical assistance the Commission may need while elaborating on any proposal to amend MiFID II/MiFIR.



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Should you or your staff want to discuss further the subject matter, or require any additional information, please do not hesitate to contact me or Fabrizio Planta, Head of the Markets and Data Reporting Department (fabrizio.planta@esma.europa.eu).

Yours sincerely,

Tuominen Anneli
912372492

Anneli Tuominen

cc.: Irene Tinagli MEP, Chair of the Committee on Economic and Monetary Affairs, European Parliament

Andrej Šircel, President of the ECOFIN Council, Council of the European Union

Jeppe Tranholm-Mikkelsen, Secretary-General of the Council of the European Union

John Berrigan, Director-General, DG Financial Stability, Financial Services and Capital Markets Union, European Commission

MiFID II Review Report

MiFID II/MiFIR review report on Algorithmic Trading



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