



Council of the  
European Union

Brussels, 29 November 2021  
(OR. en)

14368/21

---

---

**Interinstitutional File:**  
**2021/0384 (COD)**

---

---

**EF 366**  
**ECOFIN 1168**  
**CODEC 1546**

**PROPOSAL**

---

From:	Secretary-General of the European Commission, signed by Ms Martine DEPREZ, Director
date of receipt:	25 November 2021
To:	Mr Jeppe TRANHOLM-MIKKELSEN, Secretary-General of the Council of the European Union

---

No. Cion doc.:	COM(2021) 726 final
Subject:	Proposal for a DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Directive 2014/65/EU on markets in financial instruments

---

Delegations will find attached document COM(2021) 726 final.

---

Encl.: COM(2021) 726 final



EUROPEAN  
COMMISSION

Brussels, 25.11.2021  
COM(2021) 726 final

2021/0384 (COD)

Proposal for a

**DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL**

**amending Directive 2014/65/EU on markets in financial instruments**

(Text with EEA relevance)

{SWD(2021) 346, 347} - {SEC(2021) 573}

## **EXPLANATORY MEMORANDUM**

### **1. CONTEXT OF THE PROPOSAL**

- **Reasons for and objectives of the proposal**

This initiative is one of a series of measures that implement the Capital Markets Union (CMU). It aims to empower investors, in particular smaller and retail investors,<sup>1</sup> by enabling them to access market data necessary to invest in shares or bonds more easily and by making EU market infrastructures more robust. This will also help increase market liquidity, making in turn easier for companies to get funding from capital markets. In order to deliver on its objective of fostering a true and efficient single market for trading, the Commission has identified three priority areas for the review: improving transparency and availability of market data, improving the level-playing field between execution venues and ensuring that EU market infrastructures can remain competitive at international level. This initiative is accompanied by a proposal to amend Regulation (EU) 600/2014 on markets in financial instruments (MiFIR) and is included in the Commission's 2020 Work Programme.

In its Communication on 'The European economic and financial system: fostering openness, strength and resilience' of 19 January 2021,<sup>2</sup> the European Commission confirmed its intention to propose to improve, simplify and further harmonise capital markets' transparency, as part of the review of the MiFID II and MiFIR framework (MiFID/R). In the wider context of the efforts aimed at strengthening the international role of the euro, the Commission announced that such a reform would include the design and implementation of a consolidated tape, in particular for corporate bond issuances with an aim of increasing the liquidity of secondary trading<sup>3</sup> in euro-denominated debt instruments.

Whereas the major part of the legislative measures to enact this package are situated in the Regulation amending MiFIR, the current proposal holds incidental modifications to Directive 2014/65/EU on markets in financial instruments (MiFID II) which are necessary to ensure coherence. The two proposals should therefore be read in conjunction.

- **Consistency with existing policy provisions in the policy area**

The initiative of which this proposal is a part builds upon and improves the existing rules that govern participation in the capital markets of the European Union. In 2007, **MiFID I**<sup>4</sup> introduced competition in the market for equity trading. Later iterations of the text (MiFID II) extended competition to trading in non-equity asset classes, such as bonds and derivatives. The consequence is that, when a broker or investor wants to execute an order to buy or sell an

---

<sup>1</sup> Retail investors refers to a large spectrum of investors that are non-professional investors.

<sup>2</sup> [https://ec.europa.eu/info/publications/210119-economic-financial-system-communication\\_en](https://ec.europa.eu/info/publications/210119-economic-financial-system-communication_en).

<sup>3</sup> Secondary trading denotes capital market activity that takes place after the issuance of a financial instrument. The issuance can be done for example by means of an initial public offering (IPO).

<sup>4</sup> Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments amending Council Directives 85/611/EEC and 93/6/EEC and Directive 2000/12/EC of the European Parliament and of the Council and repealing Council Directive 93/22/EEC (OJ L 145, 30.4.2004, p. 1).

asset, they can choose from different venues, such as regulated markets (RMs), multilateral trading facilities (MTFs), dark pools<sup>5</sup>, and systematic internalisers (SIs).

**MiFIR**,<sup>6</sup> in application since 3 January 2018, recognises the benefits of transparency and market data consolidation for the investment community.

To maintain a well-balanced trading landscape, the transparency rules that govern trading on exchanges as well as on the alternative platforms or through systematic internalisers (investment banks and market makers) would benefit from certain adjustments. The use of certain exemptions from the transparency rules (so-called “waivers”) are seen as being responsible for the relatively low percentage of share trades that are executed on price transparent venues. The current regulation already contains rules to curb the use of the most commonly used transparency waivers. Rules like the “double volume cap” intend to put an upper limit (cap) on the amount of shares that market participants can trade under a transparency waiver. Such provisions, apart from being resource-intensive to administer on the part of the regulators, have proven to be rigid and collectively introduce unnecessary complexity in the operation of equity markets. The review therefore plans to streamline the complex interplay between transparency waivers and the double volume cap.

Furthermore, as regards data consolidation, MiFIR already comprises the concept of a ‘consolidated tape provider’ (‘CTP’).<sup>7</sup> The idea behind a CTP is that exchanges and alternative trading venues would send real-time data streams to an accredited CTP. This CTP would make available to the public the exact same information, at so-called reasonable cost, using identical data tags and formats.

The current rules on the CT rely on private actors (competing consolidators) consolidating market data from various execution venues. Based on the MiFIR provisions, there can be multiple competing CTPs, but it is also possible to have one single CTP in case multiple providers do not step up. To date, this has not happened for a variety of reasons.

The proposed reform of MiFIR addresses the reasons why no CTP has come forward. It amends the CT provisions in MiFIR to facilitate the emergence of a CTP for each asset class.

- **Consistency with other Union policies**

The European Union’s financial services policy encourages transparency and competition. These policy goals extend to core market data. As part of the Capital Markets Union (CMU) action plan, the Union aims to create an integrated view of EU trading markets. A consolidated tape will provide consolidated data on prices and volume of traded securities in the EU, thereby improving overall price transparency across trading venues. It will also improve competition between trading venues, giving investors access to considerably improved market information at a pan-European level.

---

<sup>5</sup> Dark pools are (dedicated parts of) MTFs or RMs that do not apply pre-trade transparency following the use of pre-trade transparency waivers.

<sup>6</sup> Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012 (OJ L 173, 12.6.2014, p. 84).

<sup>7</sup> Provisions regarding the CTP were initially introduced in MiFID II, but have been replaced to MiFIR, which changes enter into force as of 1 January 2022.

## **2. LEGAL BASIS, SUBSIDIARITY AND PROPORTIONALITY**

- **Legal basis**

The MiFID/MiFIR framework is the rulebook governing participation in European capital markets. It consists of a directive (Directive 2014/65/EU, MiFID II) and a regulation (Regulation (EU) No 600/2014, MiFIR). The legal basis for the adoption of MiFID II is Article 53 of the Treaty on the Functioning of the European Union (TFEU). Therefore, the proposed reform should also fall under the same legal basis. Article 53 TFEU grants the co-legislators the power to issue directives aimed at making it easier for persons to take up and pursue commercial activities across the EU.

- **Subsidiarity (for non-exclusive competence)**

According to the principle of subsidiarity (Article 5.3 of the TFEU), action on EU level should be taken only when the aims envisaged cannot be achieved sufficiently by Member States alone and can therefore, by reason of the scale or effects of the proposed action, be better achieved at Union level.

In light with the overall objectives of the consolidated tape, some provisions of MiFIR are moved to MiFIR to ensure a more harmonised approach across the Union. Action taken by individual Member States would not effectively address the need for consolidation of market data that trading venues generate across the Union. Member States could attempt to harmonise market data reporting standards and licensing conditions for a market data consolidator by means of national laws. National initiatives would not prove effective in addressing market data quality or licensing of market data to a consolidator that needs to collect market data from trading venues across the Union.

- **Proportionality**

This proposal is strictly a complement to the proposal to amend MiFIR. It is limited on the one hand to the deletion of certain provisions in MiFID II which will become superfluous as a result of the modifications to MiFIR, and on the other hand to the creation of legal obligations for Member States to organise the supervision of rules newly set out in MiFIR.

Therefore, the proposal takes full account of the principle of proportionality, being adequate to reach the objectives and not going beyond what is necessary in doing so. It is compatible with the proportionality principle, taking into account the right balance of public interest at stake and the cost-efficiency of the measure.

- **Choice of the instrument**

This proposal amends a Directive of the European Parliament and of the Council adopted on the basis of Article 53(1) of the TFEU. A proposal for a Directive is therefore required to amend this Directive.

### 3. RESULTS OF EX-POST EVALUATIONS, STAKEHOLDER CONSULTATIONS AND IMPACT ASSESSMENTS<sup>8</sup>

#### • Ex-post evaluations/fitness checks of existing legislation

The first stakeholder consultation undertaken by the Commission after the entry into application of the MiFID/R rules in January 2018 was carried out between February and May 2020. It is described in detail in the proposal to amend MiFIR that accompanies this proposal. In particular, it revealed that most investors do not have a complete view of prices and available supply (ie liquidity) when deciding to invest in the Union's capital markets.

Between the end of 2019 and 2021 ESMA performed in-depth analyses of the MiFID/R framework primarily focussing on the topics addressed in the review clauses in Article 90 MiFID and Article 52 MiFIR and published review reports containing recommendations for changes in the legal framework<sup>9</sup>. These review reports built on extensive public consultations and contained detail recommendations relating to market structure topics, in particular the current transparency regime. The reports are described in detail in the proposal to amend MiFIR which this proposal accompanies.

#### • Stakeholder consultations

On 28 June 2019, the Commission organised a workshop intended to engage stakeholders on an interactive discussion about the creation of an EU consolidated tape, bringing together around 80 market participants to debate the merits and technical characteristics of an EU CTP, as well as the obstacles to its creation. The participants were experts in trading or market data from the buy-side, data vendors, trading venues, and on the regulatory side, ESMA and several NCAs. Generally, participants of all types agreed that such a tool could be useful, even if there were different views as to the characteristics of a tape.

On 17 February 2020, DG FISMA published a public consultation on MiFID/R review intended to gather evidence from stakeholders, and more generally from EU citizens, on the overall functioning of the regime after two years of application. Stakeholders had until 18 May 2020 to express their views via the online EU Survey portal. 458 stakeholders replied to the open consultation on several topics, including the functioning of the transparency framework, the consolidate tape, the share and derivative trading obligations. This feedback

---

<sup>8</sup> This section refers to the legislative package as a whole.

<sup>9</sup> ESMA published the following review reports:

- MiFID II/MiFIR Review Report No. 1 On the development in prices for pre- and post-trade data and on the consolidated tape for equity instruments: [mifid\\_ii\\_mifir\\_review\\_report\\_no\\_1\\_on\\_prices\\_for\\_market\\_data\\_and\\_the\\_equity\\_ct.pdf](https://www.esma.europa.eu/sites/default/files/library/esma70-156-2682_mifidii_mifir_review_report_no_1_on_prices_for_market_data_and_the_equity_ct.pdf) ([europa.eu](https://www.esma.europa.eu))
- MiFID II/MiFIR Review Report on the transparency regime for equity and equity-like instruments, the double volume cap mechanism and the trading obligations for shares: [https://www.esma.europa.eu/sites/default/files/library/esma70-156-2682\\_mifidii\\_mifir\\_report\\_on\\_transparency\\_equity\\_dvc\\_tos.pdf](https://www.esma.europa.eu/sites/default/files/library/esma70-156-2682_mifidii_mifir_report_on_transparency_equity_dvc_tos.pdf)
- MiFIR report on systematic internalisers in non-equity instruments: [https://www.esma.europa.eu/sites/default/files/library/esma70-156-2756\\_mifidii\\_mifir\\_report\\_on\\_systematic\\_internalisers.pdf](https://www.esma.europa.eu/sites/default/files/library/esma70-156-2756_mifidii_mifir_report_on_systematic_internalisers.pdf)
- MiFID II/MiFIR Review Report on the transparency regime for non-equity instruments and the trading obligation for derivatives: [https://www.esma.europa.eu/sites/default/files/library/esma70-156-3329\\_mifid\\_ii\\_mifir\\_review\\_report\\_on\\_the\\_transparency\\_regime\\_for\\_non-equity\\_instruments.pdf](https://www.esma.europa.eu/sites/default/files/library/esma70-156-3329_mifid_ii_mifir_review_report_on_the_transparency_regime_for_non-equity_instruments.pdf)

statement provides a factual summary of the 253 unique responses received during this period coming from sell side, buy side, trading venues, data providers, end users as well as regulators.

Beyond the above, the Commission has been actively studying the issues at hand, mandating an extensive study for assessing and defining it ex-ante, with the final goal of supporting an informed decision-making process.

Finally, the Commission has had many bilateral contacts with a broad spectrum of stakeholders, notably companies that specialise in the aggregation of market data, further refining its analysis and policy approach.

- **Collection and use of expertise**

The proposal builds on the expertise of EU competent authorities that supervise trading venues as well as on the expertise of market operators. In addition, the Commission monitors closely developments in other jurisdictions (notably U.S. and Canada) that have already developed their consolidated tapes in the past, and the possible changes that these jurisdictions are contemplating for their respective tapes. The Commission considered the various alternatives and has taken a view on whether these alternatives could be applied to the EU situation.

- **Impact assessment**

The Regulatory Scrutiny Board reviewed the impact assessment that focussed on the development of a framework for consolidation of market data.<sup>10</sup> The impact assessment report, which is described in detail in the proposal to modify MiFIR which this proposal accompanies, received a positive opinion with reservations from the Regulatory Scrutiny Board on 8 October 2021. Other topics included in the proposal were already covered in-depth in the various ESMA reports on the functioning of the MiFIR framework which explains why they were not the focus of the impact assessment.

- **Fundamental rights**

The proposal respects the fundamental rights and observes the principles recognised by the Charter of Fundamental Rights of the European Union, in particular the principle establishing a high level of consumer protection for all EU citizens (Article 38). Without creating the condition for a consolidated tape to be created in the EU, retail clients would potentially remain without a tool useful to assess compliance with the best execution rule by their brokers and to allow them an increased range of investment opportunities, particularly in certain Member States where trading venues are smaller and offer fewer investment opportunities.

#### **4. BUDGETARY IMPLICATIONS**

The initiative does not have an impact on the EU budget. The tape will be provided by the private sector, under the registration of ESMA. The other elements that the proposal tackles do not have an impact on the EU budget either.

---

<sup>10</sup> The RSB sheet and opinion can be found at: [include link]

## 5. OTHER ELEMENTS

- **Implementation plans and monitoring, evaluation and reporting arrangements**

The proposal to amend MiFIR contains a monitoring and evaluation of the development of an integrated EU market for consolidated market data. Monitoring will cover both the evolution of operating models for a consolidated tape used and the success in facilitating universal access to consolidated market data for the wider investor community. Particular focus of monitoring will be on the asset classes for which a consolidated tape has emerged; the timeliness and delivery quality of market data consolidation; the role of market data consolidation in reducing implementation shortfall per asset class; the number of subscribers to consolidated market data per asset class; the success of revenue allocation models for market data contributors; the effect of market data consolidation on remedying information asymmetries between various capital market participants; and the effect on more democratic access to consolidated market data on investments in SMEs.

- **Explanatory documents (for directives)**

The proposal does not require explanatory documents in relation to its transposition.

- **Detailed explanation of the specific provisions of the proposal**

Article 1(1), (3), (4), (7) and (8) hold deletions or replacements of provisions in MiFID II that will become superfluous as a result of the proposed amendments to MiFIR in this package.

Article 1(2) removes the licensing requirement for persons dealing on own account on a trading venue by means of direct electronic access (DEA) to the extent that they do not provide or perform any other investment services. This change is in line with a recommendation by ESMA in the Report on algorithmic trading<sup>11</sup>.

Article 1(5) requires Member States to oblige investment firms and market operators operating an MTF or OTF to have arrangements in place to ensure they meet the data quality standards now enacted in MiFIR.

Article 1(6) requires Member States to oblige regulated markets to have arrangements in place to ensure the data quality standards now enacted in MiFIR.

Article 1(9) requires Member States to also provide for sanctions for infringements of certain new provisions in MiFIR in relation to the reviewed volume cap mechanism, to mandatory contributions to consolidated tape providers, to the quality of data reported to consolidated tape providers as well as to payments for order flow.

---

<sup>11</sup> « Report on algorithmic trading » [https://www.esma.europa.eu/sites/default/files/library/esma70-156-4572\\_mifid\\_ii\\_final\\_report\\_on\\_algorithmic\\_trading.pdf](https://www.esma.europa.eu/sites/default/files/library/esma70-156-4572_mifid_ii_final_report_on_algorithmic_trading.pdf)



Proposal for a

**DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL**

**amending Directive 2014/65/EU on markets in financial instruments**

(Text with EEA relevance)

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 53(1) thereof,

Having regard to the proposal from the European Commission,

After transmission of the draft legislative act to the national parliaments,

Having regard to the opinion of the European Economic and Social Committee<sup>12</sup>,

Having regard to the opinion of the European Central Bank<sup>13</sup>,

Acting in accordance with the ordinary legislative procedure,

Whereas:

- (1) In its 2020 CMU Action Plan<sup>14</sup>, the Commission announced its intention to table a legislative proposal to create a centralised data base which was meant to provide a comprehensive view on prices and volume of equity and equity-like financial instruments traded throughout the Union across a multitude of trading venues ('consolidated tape'). On 2 December 2020, in its conclusion on the Commission's CMU Action Plan<sup>15</sup>, the Council encouraged the Commission to stimulate more investment activity inside the Union by enhancing data availability and transparency by further assessing how to tackle the obstacles to establishing a consolidated tape in the Union.
- (2) In its roadmap on 'The European economic and financial system: fostering openness, strength and resilience' of 19 January 2021<sup>16</sup>, the Commission confirmed its intention to improve, simplify and further harmonise capital markets' transparency, as part of

---

<sup>12</sup> OJ C [...], [...], p. [...].

<sup>13</sup> OJ C [...], [...], p. [...].

<sup>14</sup> COM/2020/590 final.

<sup>15</sup> Council Conclusions on the Commission's CMU Action Plan, 12898/1 of /20 REV 1 EF 286 ECOFIN 1023: <https://data.consilium.europa.eu/doc/document/ST-12898-2020-REV-1/en/pdf>;

<sup>16</sup> COM/2021/32 final.

the review of Directive 2014/65/EU of the European Parliament and of the Council<sup>17</sup> and of Regulation (EU) No 600/2014 the European Parliament and of the Council<sup>18</sup>. As part of efforts to strengthen the international role of the Euro, the Commission also announced that such reform would include the design and implementation of a consolidated tape, in particular for corporate bond issuances to increase the liquidity of secondary trading in euro-denominated debt instruments.

- (3) Regulation (EU) No 600/2014 was amended by Regulation (EU) XX/XXXX of the European Parliament and of the Council<sup>19</sup> removing the main obstacles that have prevented the emergence of a consolidated tape. That Regulation therefore introduced mandatory contributions of market data to the consolidated tape provider and enhanced the data quality including harmonizing the synchronisation of the business clock. In addition, that Regulation reduced the recourse to possibilities to waive pre-trade transparency for venues and systematic internalisers. Furthermore, it introduced enhancements to the trading obligations and the prohibition of the practice of receiving payment for forwarding client orders for execution. Since Directive 2014/65 also contains provisions related to consolidated tape and transparency, the amendments to Regulation (EU) No 600/2014 should be reflected in Directive 2014/65/EU.
- (4) Article 1(7) of Directive 2014/65/EU requires operators of systems in which multiple third-party buying and selling trading interests in financial instruments are able to interact ('multilateral systems') to operate in accordance with the requirements concerning regulated markets ('RMs'), multilateral trading facilities ('MTFs'), or organised trading facilities ('OTFs'). However, market practice, as evidenced by the European Securities and Markets Authority ('ESMA') in its final report on the functioning of the organised trading facility<sup>20</sup> has shown that the principle of multilateral trading activity requiring a license has not been upheld in the Union, which has led to an uneven playing field between licensed and unlicensed multilateral systems. In addition, that situation has created legal uncertainty for certain market participants as to the regulatory expectations for such multilateral systems. To provide market participants with clarity, safeguard a level-playing field, improve the internal market functioning and ensure a uniform application of the requirement that hybrid systems can only perform multilateral trading activities where they are licensed as a regulated market, a multilateral trading facility ('MTF') or an organised trading facility ('OTF'), the content of Article 1(7) of Directive 2014/65/EU should be moved from Directive 2014/65/EU to Regulation (EU) No 600/2014.
- (5) Article 2(1), point (d), point (ii), of Directive 2014/65/EU, exempts persons dealing on own account from the requirement to be licensed as an investment firm or credit

---

<sup>17</sup> Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (OJ L 173, 12.6.2014, p. 349).

<sup>18</sup> Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012 (OJ L 173, 12.6.2014, p. 84).

<sup>19</sup> Regulation (EU) XX/XXXX of the European Parliament and of the Council amending Regulation (EU) No 600/2014 as regards enhancing market data transparency, removing obstacles to the emergence of a consolidated tape, optimising the trading obligations and prohibiting receiving payments for forwarding client orders (COM 727)

<sup>20</sup> [https://www.esma.europa.eu/sites/default/files/esma70-156-4225\\_mifid\\_ii\\_final\\_report\\_on\\_functioning\\_of\\_otf.pdf](https://www.esma.europa.eu/sites/default/files/esma70-156-4225_mifid_ii_final_report_on_functioning_of_otf.pdf).

institution, unless those persons have direct electronic access to a trading venue. Articles 17(5) and 48(7) of Directive 2014/65/EU require that providers of direct electronic access are licensed investment firms or credit institutions. Investment firms or credit institutions that do provide direct electronic access are responsible for ensuring that their clients comply with the requirements laid down in Articles 17(5) and 48(7) of Directive 2014/65/EU. That gatekeeper function is effective and makes it unnecessary for clients of the direct electronic access provider, including persons dealing on own account, to become subject to Directive 2014/65/EU. In addition, removing that requirement would contribute to a level playing field between third country persons accessing EU venues via direct electronic access, for which Directive 2014/65/EU does not require a license, and persons established in the Union.

- (6) Due to the removal of multilateral systems from the scope of Article 1(7) of Directive 2014/65/EU and into Regulation (EU) 600/2014, it is equally logic to move the corresponding definition of ‘multilateral system’ into that Regulation.
- (7) Article 27(3) of Directive 2014/65/EU contains the requirement for execution platforms to publish a list of details relating to best execution. Factual evidence and feedback from stakeholders has shown that those reports are rarely read and do not enable investors or any users of those reports to make meaningful comparisons based on the information provided in those reports. As a consequence, Directive (EU) 2021/338 of the European Parliament and of the Council<sup>21</sup> suspended the reporting requirement for two years in order for that requirement to be reviewed. Regulation (EU) XX/XXXX<sup>22</sup> has amended Regulation (EU) 600/2014 to remove the obstacles that have prevented the emergence of a consolidated tape. Among the data that the consolidated tape is expected to provide are post-trade information regarding all transactions in financial instruments. That information can be used for proving best execution. The reporting requirement laid down in Article 27(3) of Directive 2014/65/EU will therefore no longer be relevant and should therefore be deleted.
- (8) The correct functioning of market data consolidation via a consolidated tape depends on the quality of the data the consolidated tape provider receives. Regulation (EU) No 600/2014 sets out requirements for the quality of data that contributors to the consolidated tape should adhere to. In order to ensure that investment firms and market operators operating an MTF or an OTF, and regulated markets, effectively meet those requirements, Member States should require that those investment firms and market operators have the necessary arrangements in place to do so.
- (9) The receipt of high quality data is of the utmost importance for the functioning of the consolidated tape and the internal market. That includes the need for all market data contributors and the consolidated tape provider to timestamp their data in a synchronized manner and thus to synchronise their business clocks. Regulation (EU) XX/XXX<sup>23</sup> has therefore amended Regulation (EU) 600/2014 to extend that requirement, which under Directive 2014/65/EU only applied to trading venues and

---

<sup>21</sup> Directive (EU) 2021/338 of the European Parliament and of the Council of 16 February 2021 amending Directive 2014/65/EU as regards information requirements, product governance and position limits, and Directives 2013/36/EU and (EU) 2019/878 as regards their application to investment firms, to help the recovery from the COVID-19 crisis (OJ L 68, 26.2.2021, p. 14).

<sup>22</sup> COM 727

<sup>23</sup> COM 727

their members, to systematic internalisers, APAs and CTPs. Since that requirement is now laid down in Regulation (EU) 600/2014, it can be removed from Directive 2014/65/EU.

- (10) Within the framework regulating the Union's markets in financial instruments, many substantive requirements laid down in Regulation (EU) No 600/2014 are supervised and sanctioned at national level and in accordance with Articles 69 and 70 of Directive 2014/65/EU. Regulation (EU) XX/XXXX<sup>24</sup> has amended Regulation (EU) No 600/2014 to include new rules on the volume cap mechanism, on mandatory contributions of core market data to the consolidate tape, on data quality standards to which those contributions are subject and on the ban on receiving payments for forwarding client orders for execution. As the supervision of the relevant entities lies with national authorities, those new substantive requirements should be added to the list in Directive 2014/65/EU of provisions for which the Member States should provide sanctions at national level,

HAVE ADOPTED THIS DIRECTIVE:

*Article 1*  
*Amendments to Directive 2014/65/EU*

Directive 2014/65/EU is amended as follows:

1. in Article 1, paragraph 7, is deleted;
2. in Article 2(1), point (d), point (ii) is replaced by the following:  
‘(ii) are members of or participants in a regulated market or an MTF;’;
3. in Article 4(1), point (19) is replaced by the following:  
‘(19) multilateral system’ means a multilateral system as defined in Article 2(1), point (11), of Regulation EU (No) 600/2014;’;
4. Article 27 is amended as follows:
  - (a) paragraph 3 is deleted;
  - (b) in paragraph 10, point (a) is deleted;
5. in Article 31(1), the following sentence is added:  
‘Investment firms and market operators operating an MTF or an OTF shall have arrangements in place to ensure they meet the data quality standards as set out in Article 22b of Regulation (EU) No 600/2014.’;
6. in Article 47(1), the following point (g) is added:

---

<sup>24</sup> COM 727

‘(g) to have arrangements in place to ensure they meet the data quality standards as set out in Article 22b of Regulation (EU) No 600/2014.’;

7. Article 50 is deleted;
8. in Article 70(3), point (a), point (xxx) is deleted;
9. in Article 70(3), point (b), the following points (iaa), (xvia), (xvib), (xvic) and (xxviiia) are inserted:  
  
‘(iaa) Article 5;’;  
  
‘(xvia) Article 22a;’;  
  
‘(xvib) Article 22b;’;  
  
‘(xvic) Article 22c ;’ ;  
  
‘(xxviiia) Article 39a ;’.

## *Article 2* ***Transposition***

1. Member States shall bring into force the laws, regulations and administrative provisions necessary to comply with this Directive by [OP please insert the date = 12 months after the date of entry into force of the CTP Regulation] at the latest.  
  
When Member States adopt those provisions, they shall contain a reference to this Directive or be accompanied by such a reference on the occasion of their official publication. Member States shall determine how such reference is to be made.
2. Member States shall communicate to the Commission the text of the main provisions of national law which they adopt in the field covered by this Directive.

## *Article 3* ***Entry into force***

This Directive shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*.

## *Article 4* ***Addressees***

This Directive is addressed to the Member States.

Done at Brussels,

*For the European Parliament*  
*The President*

*For the Council*  
*The President*