June 2025

PARIS EUROPLACE RESPONSE TO THE TARGETED CONSULTATION ON INTEGRATION OF EU CAPITAL MARKETS

1. Simplification and burden reduction

The focus of this targeted consultation is to remove barriers to enhance the integration of the EU capital markets and to support their modernisation. By doing so, it will contribute to simplify the framework of EU capital markets and support the Commission's initiative to make Europe faster and simpler. This section seeks stakeholders' view on general questions regarding simplification and burden reduction of the EU regulatory framework in the trade, post-trade and asset management and funds sectors. Respondents are asked to provide concrete examples to support answers provided, and, where possible, quantitative and qualitative information.

1) Is there a need for greater proportionality in the EU regulatory framework related to the trade, post- trade, asset management and funds sectors? Please choose from 1 (strongly agree) to 5 (strongly disagree) or 'no opinion'. If yes, please explain and provide suggestion on what form it should take.

1	2	3	4	5	No opinion
X					

We fully agree that greater simplification and tayloring should be introduced in the EU regulatory framework.
More specifically, regulatory constraints and burdens implied by the AIFMD2 should be alleviated, in particular in view of the regulatory simplification effort which has been initiated in the UK. The EU should remain competitive vis-à-vis third country players in particular considering the financing needs it faces.
The AIFMD, now in its updated version AIFMD2, was originally designed to cover funds which are not UCITS. It thus covers a wide range of entities, different in terms of size, types of funds they manage (closed ended, semi liquid…), target investors (retail, professional…). Private equity funds (including venture, infrastructure and private debt funds) are very different to UCITS and have their own specificities, which should be better taken into account in the legislation. For instance, private equity funds, which invest in less liquid assets, should not be assimilated to UCITS funds in terms of redemptions/ subscriptions. In addition, the nature of the investors investing in the funds they manage (professional or not) and the type of funds they manage (closed or open-ended) should better taken into account.

Some MiFID concepts as applied under the AIFMD are not appropriate and should be adapted to the specificities of private equity. For instance, the MiFID investor classification is not suited to fund distributors and MiFID rules on good conduct or investment advice concept are not suited to asset managers (please see our response to question 7 hereafter).
Greater simplification and tayloring should also be introduced in the PRIIPs Regulation, which covers a wide range of products very different from each other. The specificities of private equity funds are not properly taken into account. Please refer to our response to question 6 below.
The current regulatory landscape of capital markets in Europe, that has been built over the last decade around MiFID I/II, Prospectus Regulation, Market Abuse Regulation, CSDR, is now well known by market participants (issuers, investors, intermediaries), and they all now value regulatory stability.
However, as regards proportionality, we strongly believe that the simplifications above should benefit all players, irrespective of their size, in order to maintain a level playing field.

2) In particular, in relation to question 1 above, should the AIFMD threshold for sub-threshold AIFMs take into consideration for instance the market evolution and/or the cumulated inflation over the last 10-15 years? Please provide your answer by choosing from 1 (strongly agree) to 5 (strongly disagree) or 'no opinion'.

1	2	3	4	5	No opinion
			X		

We do not think it would be necessary to modify the thresholds set out in Article 3 of the AIFM Directive for sub-threshold AIF managers. The current system is adapted, with a dedicated regime for sub-threshold funds (i.e. private equity and real estate funds).
While raising the AIFMD thresholds may not be a cure-all, it would help alleviate some of the challenges faced by managers. It is also worth noting that these thresholds have remained unchanged since the Directive was introduced and fail to reflect the effects of inflation. An increase would enable smaller managers to avoid the regulatory burden of AIFMD, including compliance with rules such as those under DORA.
Additional regulatory requirements applicable to fully authorized AIFMs vs. sub-threshold managers include: capital and own funds requirements, organizational and governance requirements (independent compliance, risk management and valuation functions, independent depository…), remuneration rules, reporting and disclosure requirements, costs of authorisation application…
In addition, it should be recalled that fully authorized AIFMs are subject to the DORA Regulation.
Moreover, beyond simply increasing the thresholds, there should be a harmonised regulatory status for managers operating below these thresholds - particularly when they engage in cross-border activities or manage EuVECA funds.
Last, the concept of de-authorising AIFMs should be established at the EU level would "fully authorized" AIFMs fall under the increased thresholds. This would ensure a level playing field between new and existing players in the market.
Overall, we consider that developing European investment markets requires regulatory stability, notably regarding UCITS and AIFM. Both have been recently modified. Thus, it seems unnecessary to change again such legislation.

3) Would you see a need for introducing greater proportionality in the rules applying to smaller fund managers under Alternative Investment Fund Managers Directive (AIFMD),? Please choose from 1 (strongly agree) to 5 (strongly disagree) or 'no opinion'. If you agree, please explain and provide suggestion on what form it should take, indicating if possible estimates of the resulting cost savings.

1	2	3	4	5	No opinion
		X			

Adding proportionality is not necessary because it would create additional complexity (instead of the much-required simplification), without proven benefits.
This being said, the introduction of greater proportionality in the rules applying to smaller fund managers covered by the AIFMD could make sense, while it should be ensured that such proportionality for all fund managers, whatever their size, is implemented consistently across the EU and that thresholds used by NCAs are harmonised. For instance, the proportionality applied to obligations relating to permanent control functions or remunerations should be applied consistently.

4) Are there any barriers that could be addressed by turning (certain provisions of) the Alternative Investment Fund Managers Directive (AIFMD), Financial Collateral Directive (FCD), Markets in Financial Instruments Directive (MiFID), Undertakings for Collective Investment in Transferable Securities Directive (UCITSD), Settlement Finality Directive (SFD) into a Regulation? Please choose from 1 (strongly agree) to 5 (strongly disagree) or 'no opinion'. If you agree, please explain which barriers and how a Regulation could remove the barrier.

1	2	3	4	5	No opinion
		X			

Key directives in the asset management sector such as UCITS, AIFMD and MiFID were set up to allow flexibility reflecting different market conditions or conduct requirements across member states. This has over time led to significant goldplating by member state governments and NCAs. We believe that the end outcome of any review into the status of texts as directives or regulations should be a significant reduction in national gold plating of directives. which currently gives rise to additional costs. The impact is not always caused by Level 1 text but also by different national interpretations of Level 2 RTS and Level 3 Guidelines, where we believe greater effort should be given to ensure that the drafting of the text can be applied consistently. National goldplating acts as a barrier to having operational processes / product standards that apply consistently across the EU, again leading to additional complexity and lack of efficiency/streamlining.

We would welcome moves to minimise national goldplating and allow asset managers to build standard process across the EU. Before any decision is to recast a directive as a regulation there will need to be an impact assessment of whether these underlying issues still remain relevant and whether the benefit of aligning on a single, commonly applied rule in a regulation outweighs the cost of changing the current framework. It is likely that in any review of say UCITS and AIFMD the end assessment would be that certain provisions are best cast in a regulation while others should remain in a regulation reflecting the split that we see in MiFID/MiFIR or IFD/IFR. A precondition of identifying which provisions into each bucket would be a greater use of coordination and collaboration platforms between NCAs aiming to reduce the incidence and impact of gold plating, the introduction of common templates for authorisation and alignment of supervisory practices which we examine in our response to Section 7. Any move towards greater integration of supervision at the EU level will depend as a pre-condition of success both on a greater alignment of the legislative framework and developing a single language for data reporting.

One of the most impactful areas where a single supervisory approach would benefit managers is in the area of local marketing rules where the plethora of national marketing rules regarding the marketing of UCITS. This impacts not only speed to market but also the number of products which can be brought to market, especially where local marketing approval has in effect replaced local UCITS product approval which has been significantly streamlined in recent years. In the worst case, compliance with local marketing and labelling rules may lead to a commercial decision to set up products with different investment characteristics rather than offering a pan-European product. Addressing this issue is not simply a matter of imposing a single top-down rules but will also require far greater up-front collaboration and trust between home and host state NCAs, especially to tackle legitimate host state concerns regarding investors complaints and enforcement. In our response to Section 7 we set out a number of suggestions as to pilot projects which could help unlock these issues.

Turning the AIFMD into a Regulation would require thorough work and should be considered with all due care. This could be a longer-term objective, following the example of the Prospectus Directive which was turned into a Regulation, reflecting the EU's commitment to creating a truly integrated capital market.

Granted, there is a preference for regulations vs directives to avoid unintended EU internal fragmentation (e.g. different reporting templates), but we do not support turning all existing directives into regulations, as it would be costly and burdensome. While regulations ensure full harmonization among Member States, they do not provide the flexibility needed in some cases to take into account national specificities. However, they eliminate national discrepancies, provide the legal certainty required by market players which operate cross border and simplify their compliance.

The process of transforming a Directive into a Regulation is not, however a straightforward process –the UCITS Directive provides member states with a number of national options in investment rules and limits to accommodate the specificities of national markets - unless there is widespread consensus of removing the in-built optionality – the process of retrofitting a Directive into a Regulation could become a complex political process. In MiFID the flexibility allowed to member states to ban or retain the payment of inducements is a reflection of significant differences in distribution structure which cannot be solved by a move to a regulation. If a move to a regulation is considered, the benefits of such a move would only be reaped if there is no local variation per jurisdiction.

5) Are there areas that would benefit from simplification in the interplay between different EU regulatory frameworks (e.g. between asset management framework and MiFID)? Please choose from 1 (strongly agree) to 5 (strongly disagree) or 'no opinion'. If you agree, please explain and provide suggestions for simplification. Also if possible present estimates of the resulting cost savings.

1	2	3	4	5	No opinion
		X			

We highlight here 2 examples:

- the interplay of product governance and oversight rules between MiFID, UCITS and AIFMD which creates additional complexity navigating between different sets of rules, especially when this replicated not only in Level 1 legislation but down through Level 2 and Level 3. We appreciate that current aims of negotiations in the Retail Investment Strategy files include burden reduction and simplification. As such we encourage efforts by the European

Commission and the co-legislators to develop an integrated and less siloed product governance process with the effect of ensuring that meeting product governance requirements under the relevant UCITS/AIFMD management company requirements is treated as meeting MiFID product governance requirements.

- Investor disclosure:
    - Some MiFID concepts as applied under the AIFMD2 are not appropriate and should be adapted to the specificities of private equity. For instance, the MiFID investor classification is not suited to fund distributors and MiFID rules on good conduct or investment advice concept are not suited to asset managers. We recommend the introduction at the EU level, for instance in the AIFMD, of **a definition for "semi professional" investors**, taken from existing texts such as the EuVECA exemption and the ELTIF exemption and as already implemented in various Member States. This would avoid the need for a Member State-by-Member Sates analysis and significantly ease fund raising.
    - The use of the European definition of SME set out in Recommendation 2003/361/EC implies that if an enterprise has access to additional resources, it may not qualify for SME status. As a consequence, non listed SMEs whose capital is held by private equity funds may be disqualified for SME status. **The definition of SMEs should be clarified so that SMEs backed by private equity funds can benefit from the same public support as other SMEs**. More specifically, we call for the removal of the thresholds and the application of a full exemption for VC and PE investments to the criteria of SME's definition. We also propose that the reference to venture capital companies include both legal forms of VC and PE AIFs.
    - Information requirements on costs and charges in the ELTIF and PRIIPs Regulations are inconsistent. Not mentioning that the PRIIPs KID does not take the specificities of private equity funds into account (please see our response to question 6 hereafter).
    - Obligations relating to marketing documentation may vary depending on the distribution channel used to market the funds.
    - Remuneration rules differ depending on the type of players: credit institutions or asset management companies, making the situation of asset management companies belonging to a banking group challenging.

- The current level 2 / level 3 regulation has gained too much importance and complexity, and there should be less delegation of powers from co-legislators to ESAs;

- There are however "quick wins" and room for simplification:
    - Transaction reporting (MiFIR): eliminate duplication from EMIR/MiFIR alignment,
    - Post-trade transparency requirements: review structured products risk calibration that is damaging liquidity and therefore competitiveness of EU firms
    - Active account requirements / CCPs (EMIR): avoid overlap and duplication of existing reporting and simplify operational constraints
    - As tools, we see a need to use No action letters and embed more "EU economy competitiveness" in ESAs mandate.

6) Would the key information documents for packaged retail and insurance-based investment products (PRIIPs KID) benefit from being streamlined and simplified? Please choose from 1 (strongly agree) to 5 (strongly disagree) or 'no opinion'. If you agree, please explain and provide suggestions for simplification. Also indicate what should be prioritised and if possible present

estimates of the resulting cost savings.

1	2	3	4	5	No opinion
X					

We fully support the aim to improve the PRIIPs KID. Indeed, most retail investors do not understand the content of the KID properly and are overloaded with information that is not necessarily relevant to them. In our opinion, the KID does not enable retail investors to compare different investment products in different asset classes or offered by different investment providers.

While digital services are developing apace, much of the legislative framework has been conceived on the basis of face to face communication and paper-based disclosures, with digital delivery treated as an add on rather than the primary source of communication. The regulatory framework for investment products and services must adapt to allow for innovation and recognise the changes digital services bring. Rather than deluge consumers with reams of paper and disclosures, we believe the future of disclosures should incorporate a greater number of more intuitive digital tools, to increase point of sale engagement and education on key concepts such as cost, performance and risk. We also suggest that these key concepts should be viewable in a number of different ways, reflecting neurodivergency in retail investors leading them to process key information fields differently. Provided the base data for the disclosure is consistent, consumers should be able to select between a number of different formats rather than being forced to consume data on a one-size fits all basis. Paper-based disclosures (even if sent via pdf) should be seen as a legal record of the consumer's final decision rather than acting as a static document to be read at the start of their decision-making process. However, we do believe that there must always be an option for investors (opt-in) to receive paper-based documents as not all investors use technology in the same way. The ongoing review of PRIIPs should avoid creating barriers and incentivise effective digital engagement – and at the very least we need to recognise that a pdf of a paper document does not constitute effective digital engagement.

Paris Europlace has long advocated for the electronic delivery of documents as the default mechanism for communication with investors, notably for key information disclosure documents (UCITS, PRIIPs and PEPP) to be designed on a digitally friendly rather than on a paper-basis. We believe that a general phase-out of paper-based information should be a priority given the rapid changes in the use of technology and the sustainability challenges our society faces. However, we recommend keeping an opt-in option for clients that do wish paper-based information.

Certain typical private equity features should not be presented in a standardised way, in order to avoid giving investors inappropriate information:

- The level of detail on fees should be reduced;
- A clear distinction should be made in the breakdown of costs between performance fees and carried interest;
- Performance scenarios are not helpful in the case of private equity funds and calculation methodologies are extremely burdensome (projections do not make sense and underlying assumptions cannot be verified);
- It should be explicitly possible not to classify debt funds in category 1 and to show a SRI lower than 6;
- It would be more appropriate to give private equity fund managers the opportunity to only present a holding period that corresponds to the full life of the close-ended fund.

Closed-ended funds which are no longer open for subscriptions after an initial subscription period should not be required to update their PRIIPs KIDs. Also, if a PRIIP is a long-term product, it should not necessarily have to be updated every year.

PRIIPs KIDs should not be required in the case of members of the management team when they invest

into private equity funds managed by the management company that employ them.

Finally, the application of any changes to the PRIIPs must apply both with a minimum 12 months' implementation period after the finalisation of any Level 2 measures and at year end, given the operational complexity of changing and applying quality control measures to tens of thousands of documents. So, for example, if final Level 2 rules are agreed and published in October 2027 these changes should apply to annual updates from 1 January 2029.

In conclusion, simplifying PRIIPs is essential to develop retail investment, while it would reduce costs for financial intermediaries and for clients. From this perspective, the current Retial Investment Strategy is a step in the wrong direction, as the legitimate intention to reduce costs would translate into adding complexity, and therefore costs, at the opposite of the intention.

7) Do you have other recommendations on possible streamlining and simplification of EU law, national law or supervisory practices and going beyond cross-border provision? Yes

If yes, please list your recommendation and suggested solutions. Please rank them as high, medium or low priority.

Examples of necessary streamlining include:

1. Reporting requirements under the AIFMD should be reviewed. Investor disclosures do not need to be more detailed or more frequent. We propose adapting the frequency of investor disclosures to types of funds, in particular to closed ended AIFs. Also, the protection and confidentiality of information should be ensured.
2. ESG disclosures, beyond the mere name of the funds, should be harmonized at EU level to avoid any gold plating by Member States.
3. Requirements relating to human resources in the AIFMD should be harmonized at EU level in order to avoid Member States imposing additional requirements at national level.

4. The "black-out period" following the de-notification of funds aimed at professional investors should be clarified in the CBDF directive's pre-marketing rules in order to allow potential successor funds to be distributed more easily.

5. The status of aggregators should be clarified at European level.

6. A depositary passport should be introduced in the AIFMD. The lack of depositary passport leaves the market for depositary services fragmented and prevents AIFMs tapping the benefits of the EU market.

   Also, we would like to suggest the following recommendations to streamline and simplify European law:

- Recognition of the notion of group at EU level (high priority). To reduce the reporting burden and organizational issues, notably with respect to intra-group and intra-EU delegation arrangements, we consider crucial the recognition of the group at EU level from a legislative perspective. Such an EU group definition should include conditions that its headquarters and ultimate parent company are based and supervised in an EU Member State and its eligible entities be within its consolidation perimeter (or a similar strict approach). With respect to asset management and financial services, we particularly believe that each time there are specific provisions in EU regulations, it should be contemplated how to mutualize policies at EU group level (for instance, with respect to remuneration

policies, MiFID services, reporting and due diligences in case of intra-group delegations arrangements, outsourcing). In addition, it should also be considered to set up exemptions within an EU group, as soon as a specific function is performed and regulated in one Member State, it should benefit from exemptions for other entities of the group located in other EU Member States.

- Hierarchy of norms, consistency and better sequencing between Level 1, Level 2 and Level 3 (high priority). Numerous examples of poor sequencing of entry into force could be mentioned, such as recently, regarding SFDR, with Level 1 entering into force before Level 2 measures were adopted. The same goes for EMIR 3.0 with some obligations entering into force end of June 2025, before publication of the Level 2 text which should bring considerable precisions on how to comply with Level 1 requirements. Unrealistic implementation deadlines or lack of synchronization between these levels often result in situations where market participants have to comply with Level 1 requirements when Level 2/Level 3 are still under development, hindering legal certainty. To simplify EU law, co-legislators should refrain from including excessively granular rules and/or too ambitious timelines for the entry into effective application of legislation. For instance, the use of dynamic entry into force clauses in the legislation to avoid situation where market participants have to comply with Level 1 rules when Level 2/3 measures are not available should be considered.

- Introducing a competitiveness mandate (both international and economic growth of the EU financial sector) for EU policy makers (high priority)

- Make cost-benefit analyses mandatory and systematic.

- Engage stakeholders early in rule design and conduct impact assessments focused on EU competitiveness before introducing new regulations.

- Limit reliance on Level 2 and 3 instruments (RTS, ITS, guidelines, Q&As), which have grown significantly in recent years.

- Enhance legislative oversight by the European Commission, Parliament, and Council.

- Avoid review clauses as they are a source of overregulation and relentless changes in a regulatory framework which should be stable to facilitate investment and long-term sustainable growth.

- Consider integrating in directives “clauses of maximal harmonization” that would incentivize Member States to compare themselves with others, as included in CS3D for instance.

- Encourage Member States to swiftly transpose into national law EU directives in order to avoid the creation of intra-EU barriers, as shown by the example of CSRD transposition

- Ensure NCAs don’t issue norms which should be done at EU level to avoid (re)fragmenting the internal market. Their role should be limited to control/supervision.

- Avoid double supervision and redundant controls when the mother company is already regulated in the EU.

8) Does the EU trade, post-trade, asset management or funds framework apply disproportionate burdens or restrictions on the use of new technologies and innovation in these sectors? Please choose from 1 (strongly agree) to 5 (strongly disagree) or 'no opinion'. Please explain and provide examples.

1	2	3	4	5	No opinion
	X				

The use of distribution platforms is hindered by a lack of visibility on applicable disclosure requirements which may vary from one Member State to another. Harmonized rules are needed to ensure legal certainty for market players. For instance, Member Sates impose different requirements on warnings to investors, whose length may vary from half a page to three pages. In other words, the referencing of funds and subscriptions procedures, which are defined at national level, impede the use of distribution platforms at EU level. In particular for ELTIFs, the distribution of funds on platforms should be covered by uniform rules across the EU. This would significantly ease fund raising across the EU.

9) Would more EU level supervision contribute to the aim of simplification and burden reduction? Please choose from 1 (strongly agree) to 5 (strongly disagree) or 'no opinion' and explain.

1	2	3	4	5	No opinion
	X				

We do not at this stage see large benefits of a central EU supervisor, except for some large financial market infrastructures (FMIs), as we set out later in the consultation. We do, however believe that there are significant benefits in developing collaborative platforms between NCAs and ESMA to minimise differing supervisory approaches especially in terms of the practicality of implementation. One recent example is in respect of the implementation of the EU Accessibility Act where around 75% costs of implementation costs related to investigation of local member state implementation. Differences in approach to distribution and marketing practices are another area where standardisation would reduce costs. Greater coordination and standardisation in the use of supervisory templates and reporting documents could reduce these costs considerably without modifying the essential oversight and enforcement competences of NCAs.

As regards Private equity, it is important to emphasize that, overall, the supervision of private equity actors within the EU appears to be functioning effectively. No major issues have been identified, nor have any scandals emerged, which suggests that the current framework is adequate. Consequently, we see no need for increased oversight and would oppose the introduction of a dual supervisory regime at both national and European levels. Clear delineation of supervisory responsibilities remains essential.

At the same time, it is crucial to ensure that supervisory authorities, whether national or European, are equipped with sufficient resources and possess a sound understanding of the private equity industry, including its specific characteristics, operational constraints, and investor base.

In addition, supervision of non-FMI listed companies should remain at national level.

2. Trading

This section seeks stakeholders' feedback in the trading space on the nature of barriers to integration, modernisation and digitalisation of liquidity pools and on several issues that can be grouped into two key objectives/areas, as well as their interplay: barriers to cross-border operations in the trading space and barriers to liquidity aggregation and deepening. Respondents are asked to provide concrete examples to support answers provided, and, where possible, quantitative and qualitative information.
Please note that regulatory barriers to the operation of groups and their capacity to leverage intra-group synergies is addressed in the separate questionnaire on horizontal barriers.

2.1. Nature of barriers to integration, modernisation of liquidity pools

1) On a scale from 1 (absent) to 5 (efficient), what is your assessment of the current level of integration of liquidity pools across the EU?

1	2	3	4	5	No opinion
		X			

If you responded 4 or below to the previous question, what are the barriers that limit the level of integration of liquidity pools in the EU? Please select the relevant items.

	Please select the relevant items
Legal/regulatory barriers at EU level;	X
Legal/regulatory barriers at domestic level (including also insolvency law, tax, etc., and including barriers resulting from goldplating of EU law);	X
Non-regulatory barriers (market practices);	X
Supervisory practices;	X
Other barriers (please specify)	

We identify no significant challenges for equities' liquidity pools, but a fragmentation in post-trade. Thus, addressing issues related to settlement efficiency and interoperability will benefit liquidity pools in EU. A key point of attention is the EU 'best execution' focus vs. US 'order protection' by trading venues.. Also, we see an opportunity on 24-hour trading, as Europe is uniquely placed in terms of time zone and should leverage this, but it should be business driven and not by regulators (an important point).

2) Please provide concrete examples of the identified barriers. In case of legal barriers (excluding on the "group operations" dealt with in the section on horizontal barriers), please indicate the relevant provisions.

Where possible, please provide an estimate of resulting additional costs and/or impacts on execution quality.

2.2. Regulatory barriers to cross-border operations in the trading space

3) On a scale from 1 to 5 (1 being "insufficient" and 5 being "fully harmonised"), what is your assessment of the current level of harmonisation of EU rules applicable to:

	1	2	3	4	5	No opinion
Regulated markets and their operators.						

Other trading venues and their operators.						
The provision of execution of orders on behalf of clients.						
The provision of reception and transmission of orders.						

If you replied 4 or less to any of the items in the previous question, on a scale from 1 to 5 (1 being "not needed" and 5 being "highly needed"), how necessary would you deem, for the purpose of fostering cross- border operations, an increase in the level of EU harmonisation of rules applying to:

	1	2	3	4	5	No opinion
Trading venues and their operators.						
The provision of execution of orders on behalf of clients.						
The provision of reception and transmission of orders.						

4) For which areas do you believe that further harmonisation would be beneficial (multiple choices possible)?
   - Rules of trading venues (i.e. exchange rulebook);
   - Approval of rules of trading venues and oversight over their implementation/changes;
   - Governance of the market operator;
   - Open/fair access provisions;
   - Other areas (please specify)

5) Please explain and provide concrete examples of areas where a lack of harmonisation might hamper the full harnessing of the benefits of the single market and, where relevant, differentiate between regulated markets and other trading venues (notably, multilateral trading facilities (MTFs), small and medium enterprises (SME) growth markets and organised trading facilities (OTFs). Please provide an estimate of costs and benefits of greater harmonisation in each specific case, where possible.

2.3. Non-regulatory barriers (market practices) to liquidity aggregation and deepening

2.3.1. Integrating liquidity pools across the Union

Can the use of new digital technology solutions contribute to integrating liquidity pools or connecting different pools across the EU? What barriers do you face in implementing such technology-based solutions? Please explain.

Intermediaries and venues interconnections

6) What is your overall assessment of the level of direct connection (i.e., ability to directly execute orders) of EU investment firms to execution venues across the Union, especially to execution venues located in a different Member State than that of the investment firm? Please rate it from 1 (absent) to 5 (efficient) and provide an explanation.

1	2	3	4	5	No opinion

Please explain

7) What is your overall assessment of the level of indirect connection (i.e., ability to execute orders via another intermediary) of EU investment firms to execution venues across the Union, especially to execution venues located in a different Member State than that of the investment firm? Please rate it from 1 (absent) to 5 (efficient) and provide an explanation. Please provide a comparison of cost efficiency of direct and indirect connection.

1	2	3	4	5	No opinion

If you replied 4 or less to question 7 and/or 8, and therefore that there is room for improvement in terms of connection of investment firms to multiple execution venues across the Union, how big of a barrier to the creation of deeper and more integrated pools of liquidity in the EU would you consider this suboptimal level of connection? Please rate it from 1 (not a barrier) to 5 (a very significant barrier) and provide an explanation and, where available, estimate(s) of costs that this drives.

1	2	3	4	5	No opinion

If you replied 4 or less to question 7 and/or 8, what are in your view the causes of this insufficient level of connection? Please explain. Could the more advanced and developed use of new technology (e.g. API aggregation) and technology-based solutions contribute to achieving higher levels of connection? If so, how?
If you replied 4 or less to questions 7 and/or 8, what is your overall assessment of the potential negative impact of that situation on retail investors in particular (from 1 (absent) to 5 (highly negative) and provide an explanation.

1	2	3	4	5	No opinion

8) Are there any barriers to the use of technology-based solutions that contribute to achieving higher levels of connection? Yes/no/don't know

If you responded 'Yes', what are these barriers? Are they of a policy, regulatory or supervisory nature?

9) Are you aware of instances where intermediaries charge their clients higher fees for executing clients' orders on a trading venue in a Member State that is different from the Member State of the intermediary?

If you responded "yes", what are the reasons? Please select one or more of the following options. Please explain your reasoning and provide relevant data, where available.

	Please select the relevant replies

It is more expensive for an intermediary to connect to a trading venue that is located in another Member State, because the trading venue charges more than to an intermediary located in its Member State;	
It is more expensive for an intermediary to connect to a trading venue that is located in another Member State, because of complex cross-border post-trading arrangements;	
Intermediaries are not directly connected to trading venues located in another Member State and therefore need to rely on other intermediaries, hence increasing the cost;	
It is a commercial policy at the intermediary's level to apply different fees to clients depending on whether the order is executed in another Member State, independently from what exchanges charge that intermediary;	
Other (please explain)	

Please specify where any of this could also be relevant in the context of the same Member State with multiple trading venues. Please provide detail on costs incurred by intermediaries of establishing multiple connections to trading venues.

10) Are there any barriers that may limit the possibility for trading venues to offer trading in financial instruments that have been initially admitted to trading on another trading venue? Please reply differentiating by type of trading venue.

	Yes	No	No opinion
Regulated markets			
MTF			
SME Growth Markets			

In case you responded "yes" to the previous question for any type of venue, please select one or more of the following options that would explain such situation.

Market practices pertaining to investment firms	
Market practices pertaining to trading venues	Please select the relevant items.
Market practices pertaining to CSDs	
Barriers linked to interoperability between CCPs	
Supervisory practices	
Other barriers (including legal barriers at EU level, legal barriers at national level, tax).	

In case of legal barriers, please indicate the relevant provisions and what legislative measures you would recommend to solve this issue. Please provide concrete examples, and where possible estimates of costs.

Focus on ETFs

11) How would you rate the impact of multiple ETF listings in the EU on the attractiveness of the market in comparison to other third-country markets, from 1 (very negative) to 5 (very positive)?

1	2	3	4	5	No opinion

12) In your view, which of the following are the most relevant drivers for multiple listings of ETFs in the EU? Please explain. In case of legal barriers to a more integrated trading landscape for ETFs leading to necessary multiple listings, please indicate the relevant provisions and what legislative measures you would recommend to solve this issue.

	Please select the relevant items.
Market practices pertaining to investment firms (e.g. lack of direct connection to venues situated in a different Member State than the one where the investment firm is located)	X
Market practices pertaining to trading venues	X
Market practices pertaining to CSDs	X
Barriers linked to interoperability between CCPs	
Supervisory practices	
Other barriers (including legal barriers at EU level, legal barriers at national level, tax)	X

In the European union, the ETF landscape is directly impacted by three levels of market fragmentation:

- *Fragmentation of listing rules from the trading venues*

  Each exchange has its own registration procedure (with different timelines and prerequisites) and is subject to local regulatory specifics that can vary from one country to another. For example, XETRA, the stock-exchange in GERMANY, required a lot of formalism and documentation for the listing of ETF in this country.

- *Fragmentation at the post-market level*

  Being able to register a European ETF (already listed on one European exchange) without the obligation to list it on other European exchanges would be a major step forward. Indeed, some exchanges require at least one share class to be listed locally in order to register the ETF. Simplification would allow better liquidity concentration on one market. ETF issuers, in the meantime, should continue rationalizing listings by focusing on the most liquid markets to avoid markets where market makers would be forced to widen spreads. An ETF issuer can always choose to list on additional markets if, for example, it provides local visibility and/or meets a specific client need.

  The post-trade structure is not efficient (subject to interoperability issues), due to the existence of multiple settlement systems (CSDs). This results in significant processing costs and a relative operational inefficiency. For ETFs, for example, this translates into cut-off times for processing that are too early in the day and in batches, the difficulty for market makers to realign positions between trading venues, and the challenge of having an efficient post-trade management.

- *Fragmentation concerning legal and cultural barriers from local regulators*

  There are local regulatory requirements related to listing. For example, in Italy, an ETF distributed to a retail client must be listed beforehand on Borsa Italiana in Italy.

  Retail investors generally do not have access to foreign stock exchanges, as their financial intermediary(ies) – distributors - bear access costs that are disproportionate compared to their local stock exchange.

Means to improve the consolidation of liquidity through better interconnections

13) In your view, should any intermediary offer its clients the possibility to trade, on any EU regulated market, MTF and SME growth market, in all shares and ETFs admitted to trading in the

EU?

Please explain your reasoning and provide where possible estimates of costs and benefits.
Yes.
It is desirable that all categories of the population have access to all ETF markets.
Retail investors generally do not have access to foreign stock exchanges, as their financial distributors bear access costs that are disproportionate compared to their local stock exchange.
It's important for each ETF provider to have access to any EU market in order to trade these products.
For better efficiency, especially in the context of a (possible) disruptive shift to T+1 in Europe, it will be necessary to streamline infrastructures by integrating innovation for as much Straight-Through Processing (STP) as possible. To control costs, however, it is important to avoid the creation of a new oligopoly in Europe, as unfortunately seen in the production and distribution of data.

If you responded "No" to the previous question, please specify whether your answer would change if:

	Please select the relevant items.
the scope of instruments was limited to only a subset of all shares and ETFs admitted to trading in the EU, based on certain characteristics (e.g. market capitalisation above a certain threshold).	
the scope of trading venues was limited to only a subset of trading venues (e.g. only EU regulated markets and MTFs having a significant cross-border dimension).	

14.1) If you replied "No" to question 14, do you believe any intermediary should ensure, in relation to those shares and ETFs it offers for trading to its clients, the possibility to trade such shares and ETFs on any EU regulated market, MTF and SME growth market? To note, while the previous question concerned *all* shares and ETFs admitted to trading in the EU, this question limits the scope of instruments considered to those the intermediary decides to offer for trading to its clients.

If you responded "No" to the previous question, please specify if your answer would change if:

	Please select the relevant items.
the scope of instruments was limited to only a subset of those shares and ETFs that an intermediary offers for trading to its clients, based on certain characteristics (e.g. market capitalisation above a certain threshold).	
the scope of trading venues was limited to only a subset of trading venues (e.g. only EU regulated markets and MTFs having a significant cross-border dimension).	

Intermediaries may offer their clients the possibility to trade either directly by executing the orders, or indirectly, i.e. through another intermediary. In case you selected "Yes" to questions 14 or 14.1, would a direct, indirect or mixed model be the most appropriate?

Please explain under which conditions and provide an estimation of the expected costs and benefits for the selected model.

14) Do you believe that intermediaries could improve clients' access to liquidity across the EU by using Smart Order Routing or other similar technologies? What would be the potential costs associated with it and what are the most useful/promising technologies in your view?
Yes. It would be desirable to have a universal order book rather than several separate order books

on different exchanges as is the case today. Currently, the market functions around market silos resulting from different regulations, rather than a centralized pan-European order book accessible to everyone, regardless of country. This situation logically affects liquidity. It would be desirable that this smart order routing results in the most competitive pricing offer.

15) Beyond membership and execution fees, trading venues may charge connection fees. To the extent this information is available to you, could you provide figures on the amounts charged by individual trading venues or types of trading venues (e.g. regulated markets, MTFs, etc.)?

16) Increased access to financial instruments on a cross-border basis can also be ensured by improving the interconnection between all relevant EU regulated markets and MTFs. To that end, would you consider important to ensure an increased level of interconnection between trading venues in the EU? Yes

In case you answered "yes" or "yes, provided it is funded/co-funded by public funds" to the previous question, which of the following options do you prefer?

	Please select the relevant option.
Requiring every EU regulated market and MTF to offer the possibility to trade any share or ETF that has been initially admitted to trading on a regulated market across the EU	
Requiring every EU regulated market and MTF to collect the orders and reroute them to one of the venues where a given share or ETF is traded (i.e. without requiring all venues to directly offer trading in all shares and ETFs)	
Leaving the choice of the option to each EU regulated market and MTF	

Please explain and clarify if you would see merit in limiting the options to only a subset of regulated markets/MTFs (e.g. MTFs with a cross-border dimension. In that case, please clarify what the criteria should be and provide details concerning possible implementation costs.

In case you answered "yes" or "yes, provided it is funded/co-funded by public funds" to question 17, what would be the impact in terms of building cross-border liquidity? What would be the potential estimated costs or savings associated with such a measure (where relevant, for each respective type of market participant)?
Building cross-border liquidity, rather than the fragmentation currently observed in the European ETF trading ecosystem, would allow for a consolidation of flows which would in turn help tighten bid-ask spreads.

If you replied 'yes' or "yes, provided it is funded/co-funded by public funds" to question 17, do you see any post-trade challenges associated with this?
Each exchange has its own Central Securities Depository (CSD), which can pose problems for market makers when transferring from one CSD to another, particularly in terms of costs (settlement-delivery costs can be fixed and variable, with different pricing structures), complexity (different cut-offs and instruction requirements, dealing with another prime broker and custodian), etc. T2S (Target2-Securities) seems operationally complex and is not widely used.Having multiple CSDs also complicates securities lending and collateral operations, which are useful for enhancing the performance (and thus attractiveness) of ETFs.
However, European ETFs are fungible in local CSDs thanks to mutual recognition, but not with the iCSD of Clearstream. There are operational difficulties in switching to the iCSD of Clearstream,

including the fungibility issue of securities/funds. Currently, the market functions around market silos resulting from different regulations, rather than a centralized pan-European order book accessible to everyone, regardless of country. This situation logically affects liquidity. It is necessary to improve interoperability and fungibility, including with non-EU markets (e.g., Asian markets).

17) Which of the options referred to in questions 14 and 14.1 (better access to trading venues by intermediaries, option A) and question 17 (increased interconnection between trading venues, option B) would better achieve the following objectives:

For each line, select the most appropriate option.	Option A (better access to trading venues by intermediaries)	Option B (increased interconnection between trading venues)
Increasing the level of liquidity for shares and ETFs		X
Improving the quality of execution		X
Increasing the speed of execution		X
Reducing the cost of execution for clients		X
Delivering a more efficient EU trading landscape		X

18) In other jurisdictions, notably the US, an increased level of interconnection at the level of trading venues resulted from the application of the 'order protection rule' (Rule 611 of the Regulation National Market System) that established intermarket protection against trade-throughs for certain shares. Do you have any experience with this rule?

We believe that EU framework of best execution (on intermediaries) is better suited than the US (order protection on exchanges focused on price). However, potential concerns on application of "best execution" rules (if any) would be best addressed through enforcement by supervisors.

If so, on a scale from 1 (low) to 5 (high), please assess the effectiveness of this rule in terms of:

	1	2	3	4	5	No opinion
Guaranteeing the best price for clients/investor protection						
Speed of execution						
Level of execution fees						
Split of liquidity						
Interconnection between trading venues						
Efficiency of the price formation process						
Modernising trading protocols (e.g. digitalisation/electronic trading						

Are you aware of any issues that can arise from this rule? Please provide specific examples.

19) Where implemented, the order protection rules required technological adaptations, so to allow the swift rerouting of the orders. On a scale from 1 (insufficient) to 5 (completely adequate), what is your assessment of the ability of the current state of connections among trading venues in the EU

to cater for the rerouting of orders to venues offering the best price, as required by the order protection rule in the US?

1	2	3	4	5	No opinion
					X

20) Do you consider that geographical dispersion of EU trading venues would pose issues to an effective implementation of similar rules and, if so, are there any means to tackle them.
Yes. Currently, the market functions around market silos resulting from different regulations, rather than a centralized pan-European order book accessible to everyone, regardless of country. This situation logically affects liquidity. The rules concerning the post-trade landscape must be enhanced in the European union.

21) If the current set-up does not allow for it, what are in your view the necessary arrangements to allow for sufficiently fast connections, and what would be the associated costs? Please provide cost estimates where possible.

22) Crypto-markets have seen the emergence of a market architecture whereby retail investors have direct access to a crypto-asset trading venue. Do you see merit in allowing or promoting the direct access of retail participants to trading venues for financial instruments, without an intermediary?

If your response is 'yes', please explain the advantages and disadvantages of such a model, as well as the risks and how they could be mitigated.

2.4. Ensuring fair access to market infrastructure to foster deep and liquid EU-wide markets

23) What is your assessment of the effect of the removal of exchange-traded derivatives from the so-called 'open access' to CCPs and trading venues provision under Articles 35 and 36 of the reviewed MiFIR? Please include elements in terms of costs of trading and clearing, depth of market, switch to OTC.

24) On a scale of 1 (not at all functioning) to 5 (perfectly functioning), what is your assessment of the effectiveness of the open access provisions under Articles 35 and 36 of the reviewed MiFIR on other financial instruments, notably equity?

25) Have you identified any barriers to the proper functioning open access provisions under Articles 35 and 36 of the reviewed MiFIR? If so, please specify such barriers and, where appropriate, suggest the necessary legislative amendments to address them.

26) Have you identified other barriers in terms of fair access relating to trading infrastructure, beyond those addressed under Articles 35 and 36 of the reviewed MiFIR? [free text]

2.5. Enhanced quality of execution through deeper markets

27) When the same financial instrument is traded on multiple execution venues, the best execution rule

plays a key role. The rule seeks to protect investors, ensuring the best possible result for them, while also enhancing the efficiency of markets by channelling liquidity towards the most efficient venues. On a scale from 1 (insufficient) to 5 (completely efficient), what is your assessment of the effectiveness of the best execution rules in the EU?

28) There are important differences between best execution rules in the EU and in the US. In particular, in the EU, the obligation to obtain the best possible result for the clients lies on the intermediary. In the US, the quality of execution is guaranteed also through the aforementioned "order protection rule" that prevents trading venues from executing orders if a better execution price can be found on another exchange. Which of the following options would most accurately reflect your assessment of the best execution framework in the EU vis-à-vis the US?

	Please select the relevant option
The EU framework is better suited than the US framework to obtain the best results for clients	
The US framework is better suited than the EU framework to obtain the best results for clients	
Both models are equally effective	
Both models are equally ineffective	

29) For equity instruments, the consolidated tape will disclose the European Best Bid Best Offer (EBBO) in an anonymised form. The tape will allow to have increased and integrated visibility on the different pools of liquidity available. On a scale from 1 (not effective) to 5 (very effective) how effective would lifting the anonymity of the EBBO be in achieving the following objectives? Please explain and provide a cost/benefit assessment.

	1	2	3	4	5	No opinion
Improving the ability of investment firms to assess the quality of execution					X	
Ensuring a more integrated market whereby investment firms are able to direct their order to the most efficient options					X	
Contributing to the efficiency of the price formation mechanism					X	
Other (please specify)						

We believe the CT should not be anonymised. Investors need attributed data to understand the source of liquidity and the behaviour of trading venues and optimise trading strategies. It is also a crucial aspect for the respect of the best execution principle. Attributed pre-trade date is essential for brokers, and therefore investors, in order to route orders to the most favorable venue. It also promotes competition between these venues. The overall aim of the SIU is to mobilise savings across the EU and channel them into productive investments, especially for SMEs, and to support the green and digital transition. For that, we need to enhance investor confidence, which passes through getting a full picture of market activity to help the decision making process (transparency). On an operational aspect, anonymised data complexifies regulatory oversights.

30) For equity instruments, the consolidated tape will disclose the EBBO only in relation to one layer of quotes (i.e., show only the best bid and offer, but not the second, third, etc.) On a scale from 1 (not needed) to 5 (essential), how important do you deem expanding the depth of the EBBO displayed by the equity tape? Please explain and provide a cost/benefit assessment.

	1	2	3	4	5	No opinion
					X	

The reasoning is the same as for the previous question on anonymity. Having only information on the top layer on the depth of the order book is insufficient. To help inform asset managers' overall trading strategy in term of size of orders and choice of trading venues we believe that the CT should provide the five top layers of the order book. As a general message, the more ambitious the CT will be, the more use cases it will answer. Anyhow, including the five top layers of depth of the order book in the pre-trade equity CT is crucial to provide a full view of market liquidity. Depth of book data reveals liquidity beyond the best bid and offer, enabling more precise strategies like smart order routing, liquidity analysis, and algorithmic trading (especially important for ETFs trading across multiple venues). A consolidated view enhances transparency, supports better decision-making, and improves execution quality for both institutional and retail investors. According to the US SEC order (2023) US exchanges are expected to submit a plan to provide the market with five layers of pre-trade data (best bids and offers).

31) Under the current MiFIR, the speed at which core market data is disseminated by the equity consolidated tape is not regulated. On a scale from 1 (not needed) to 5 (essential), how important do you deem defining in legislation the speed at which core market data should be disseminated by the equity consolidated tape? What should be the adequate speed? Please explain.

1	2	3	4	5	No opinion
X					

The Equity CT is intended to disseminate data "as close to real time as technically possible". However, the CT is not intended to support use cases that require extremely low latency for which firms will continue to consume direct feeds from trading venues, delivered at a much faster speed. A broadcast speed of 100 milliseconds (ms) from the data provider to the end user should be sufficient to satisfy most use cases (best exec, trading strategies) without being too onerous. Indeed, since dissemination speed significantly impacts costs, the CTP must scale its infrastructure appropriately, balancing performance with cost-efficiency to best serve users. While the CT aims to uphold a maximum latency of 100 ms, ongoing investments are essential to further enhance speed and minimize processing delays.

32) Which of the following options reflects your assessment of the impact on the consolidated tape of requiring systematic internalisers to contribute to the equity pre-trade consolidated tape?

	Please select the relevant option.
It would improve the quality of the data displayed by the tape.	
It would reduce the quality of the data displayed by the tape, also considering that systematic internalisers, under certain conditions, can	
trade at prices that are better than the quoted prices.	
It would be irrelevant.	

33) Which amendments to their regulatory framework would be required to effectively include

systemic internalisers as contributors of equity pre-trade data? Are there other hurdles (e.g. technical)?

2.6. Building quality liquidity for EU market participants: impact of recent trends

2.6.2. Non-transparent ('dark') trading (for equity instruments)

34) The EU's trading landscape is witnessing a decrease of lit order book equity trading (i.e. order book trading with pre-trade transparency). In your view, what are the main reasons that explain such a trend? Please select one or more of the options below and explain your reasoning.

	Please select the relevant options.
Regulation (please specify)	
Liquidity fragmentation	
Order flow competition (e.g. development of EMS/OMS)	
Technological developments (e.g. algorithmic trading/HFT)	
Surge in ETFs and passive management	
Other (please explain)	

35) On a scale from 1 to 5 (1 being "too low to harm price formation" and 5 being "excessive and very harmful for price formation") what is your assessment of the current levels of dark trading in the EU on orderly markets and sound price discovery? Please explain your reasoning.

	1	2	3	4	5	No opinion

36) In your view, how does a more sophisticated use of equity waivers by trading venues (i.e. the design of equity waivers is becoming more complex) affect the business model of these trading venues vis-à-vis bilateral trading systems? Please explain your reasoning.

37) Do you believe that the existing provisions on the reference price waiver (RPW) are fit for purpose? Please explain you reasoning

38) Do you agree with the current criteria to determine the reference price? [Yes, No, No opinion]

39) Do you believe that the existing provisions on the NTW are fit for purpose? Please explain you reasoning [Yes, No, No opinion]

If you answered 'No' to the previous question, please specify what legislative amendments would be appropriate. If possible, please provide estimates on the costs and benefits associated with the changes.

40) The current state of EU legislation does not allow a trading venue to benefit from the negotiated price waiver for negotiated transactions that take place with the assistance of a system or trading protocol operated by the trading venue. This is in contrast to current trends observed in other

jurisdictions (for example, in the United States, where "multilateral percentage of volume" or "trajectory crossing" venues are allowed). Do you think that trading venues should be allowed to use the negotiated price waiver to execute negotiated transactions that take place with the assistance of a system or trading protocol operated by the trading venue? Please explain your reasoning.

41) Do you think that the existing provisions on the order management facility waiver (OMFW) are fit for purpose? Please explain your reasoning.

If you answered 'No' to the previous question, please specify what legislative amendments would be appropriate and why. If possible, please provide estimates on the costs and benefits associated with the changes.

Closing auctions

42) In your view, what are the main reasons that explain the rising importance of closing auctions? Please select one or more of the options below and explain your reasoning.

	Please select the relevant options.
Rise of index investing/passive management	
Growing use of quantitative investment strategies benchmarked to the close.	
Increased emphasis on best execution under MiFID II.	
Move away/protection from HFTs	
Other (please explain)	

43) On a scale from 1 to 5 (1 being "no competition" and 5 being "very high level of competition"), what is your assessment of the current level of competition on closing auctions, including between trading venues that offer trading for the same financial instrument?

1	2	3	4	5	No opinion
X					

If you assessed that the level of competition is below 4, please point to the main causes for such a situation and to the main implications on the broader functioning of EU markets. Please specify which changes to the EU legislation would increase competition? Do you believe that the consolidated tape could play a role in that regard? Please explain your reasoning.

While fair competition has undeniably brought positive developments under MiFID, a strict replication of this principle in the context of closing auctions may have unintended consequences. Indeed, a single, transparent auction price (on a lit market) remains essential for accurate valuation and price clarity. Moreover, introducing competition at this stage could increase market fragmentation, which would be particularly detrimental to passive equity strategies and fund subscriptions/redemptions, both of which rely on a high degree of certainty regarding price formation and trading volumes. Therefore, a single, reliable market reference is necessary for baskets traded at closing auction.

44) On a scale from 1 to 5 (1 being "very low" and 5 being "excessive") what is your assessment of the level of fees charged by trading venues for orders submitted during a closing auction, compared to any other time of the trading day? Please explain your reasoning, in particular as regards the potential impact of these costs on the attractiveness of EU capital markets, should the concentration of trading in closing auctions continue to increase.

1	2	3	4	5	No opinion

If you assessed that the level of fees is 4 or above, do you believe that measures should be taken to reduce costs for investors? If so, could you please specify these measures.

45) Have you identified other challenges linked to the raising importance of closing auctions? Have you identified other measures to be taken to address such challenges?

24-hour trading

46) On a scale from 1 to 5 (1 being "not significantly positive", 5 being "extremely positive"), how positive do you deem extended trading hours / 24-hour trading for the development and competitiveness of EU markets? Please explain your reasoning.

	1	2	3	4	5	No opinion
	X					

This question is more relevant to retail investors who may benefit from 24-hour trading. Indeed, where 24h trading is offered, we see that retail clients constitute the vast majority of after-hours order flow. Institutional investors, however, generally do not share the same interest for 24h trading. Their participation in these extended hours would certainly remain minimal, with most large flows still occurring during regular trading hours or during auctions. In fact, for the reasons mentioned above, we rather see increased activity during closing auctions.

Some US exchanges have begun offering 24-hour trading for selected products, but the results aren't that positive beyond the main added value which is the attractiveness for retail investors. We can see that overall liquidity remains low outside of regular trading hours, resulting in wider spreads and increased trading costs. In the EU, Eurex offers extended trading hours until 10 pm and here also, we see that volumes after normal trading hours are very low (less than 3% of daily activity).

Around-the-clock trading also requires portfolio managers and trading desks to extend monitoring and risk management systems, which introduces significant cost and human resource challenges.

In the context of simplification and in light of other major and time consuming initiatives like T+1, extending trading hours to a full 24h cycle is not a priority for improving liquidity. A more immediate and meaningful step would be the harmonization of trading hours across EEA markets. This would allow greater flexibility in the execution of simultaneous strategies, permit real-time portfolio valuation/NAV calculation, facilitate position hedging etc. After-hour trading primarily serve retail investors and could be developed as such (e.g., via dedicated platforms), without altering the existing market framework for institutional participants.

In conclusion, while 24 hour trading can be an opportunity, and Europe is uniquely placed in terms of time zone to leverage this, this change should be business driven and not by regulators (important point).

47) On a scale from 1 to 5 (1 being "very advantageous", 5 being "highly risky"), how advantageous or risky do you deem extended trading hours/24-hour trading for the orderly functioning of EU capital markets? If you attribute a score pointing at a risk, please explain these risks and, where relevant, differentiate between different categories of investors (e.g. professional investors and retail investors). If you provide a score pointing at advantages, please explain those advantages.

	1	2	3	4	5	No opinion
				X		

As mentioned above, before considering a radical shift in trading hours, it's essential to first harmonize market practices (same trading hours for EEA markets). Implementing such a reform at this stage, while numerous other major projects are already underway, could be risky and negatively affect the market, particularly in terms of liquidity quality and execution efficiency. As identified in the ongoing T+1 project, firms will already be under time pressure. Having a 24h trading window would impact continental European operation teams who would have even less time to compute trades/matching on extended hours.

In your view, do the advantages of extended / 24h trading outweigh the potential risks?

No, not from an institutional investor perspective. See comment on Q. 48 & 49. At this stage, the only advantage we see is retail centric. And even so, we think it would undermine liquidity and the cost of trading and end up being not that advantageous in terms of cost and quality of execution.

The role of multilateral vis-à-vis bilateral trading

48) Based on the current legal framework, and considering developments in technology and market practices (including the development of smart order routing systems), is the dividing line between multilateral trading facilities and bilateral trading sufficiently clear?

49) In your view, what are the benefits stemming from competition between bilateral and multilateral execution venues? Please explain your reasoning and differentiate between different categories of clients (professional investors vs retail investors)?

50) In your view, what are the main drawbacks stemming from competition between bilateral and multilateral execution venues? Please explain your reasoning and differentiate between different categories of clients (professional investors vs retail investors)?

In your view, do benefits stemming from competition between bilateral and multilateral execution venues outweigh the associated drawbacks? Yes/No/No opinion. Please explain your reasoning and differentiate between different categories of clients (professional investors vs retail investors)?

If you responded "no" to the previous question, would you see merit in requiring that retail orders be executed on multilateral and lit venues? Yes/No/don't know. Please explain your reasoning, in particular please specify any impact that such a measure would have on the quality of execution of retail orders.

If you responded "yes" to the previous question, do you believe that any measures would be necessary to avoid an increase in execution costs for retail orders? Yes, No, Don't know. Please explain your reasoning.

51) Does the emergence of DLT-based/tokenised asset markets bring in a new element or dynamic, compared to bilateral versus multilateral venues? If so, how? Should our regulatory framework be adapted to reflect this change? If so, how?

2.6.3. Single market maker venues

52) In your view, what are the main benefits and drawbacks associated with so-called "single market maker venues" (i.e. where the venue operator limits market making to one participant)? Please explain your reasoning, in particular when it comes to quality of execution.

53) Are you aware of any existing practices that may restrict the presence of multiple market makers/liquidity providers on these venues? Yes, No, don't know. Please explain and provide concrete examples and specific restrictions or costs obstacles.

If you responded "yes" to the previous question, please clarify whether, in your view, these practices are justified and flag any potential risks in terms of efficiency of trading.

2.6.4. Ghost liquidity

54) Market developments have led to changes in the order submission strategy by certain high frequency traders, such as the submission of more orders than the amount that is really intended to be executed. This may imply that 'consolidated' liquidity (measured as the simple aggregate of a given financial instrument available across all trading venues) is likely to be an overstatement of the actual liquidity that an average trader can access. The difference between measured liquidity and tradeable liquidity is often referred to as 'Ghost Liquidity'. Do you believe that practices associated with Ghost Liquidity are conducive to adequate levels and 'quality' of liquidity and price formation on trading venues? Yes, No, don't know. Please explain your reasoning.

No

If you responded "no" to the previous question, what measures would you suggest to balance the legitimate need for traders to cancel quotes under certain circumstances and the need to preserve sound price formation on venues? Please explain your reasoning.

Ghost liquidity, meaning orders that appear on the order book without genuine intention to trade, poses a significant threat to market transparency and integrity. It distorts the perception of available liquidity, opens the door to potential price manipulation, and undermines the efficient functioning of the order book. This not only affects the fairness of the market but can also deter genuine participation, particularly from long-term investors and institutional players who rely on accurate signals for execution. To address these concerns, it may be worth exploring technical mechanisms already adopted in other markets. For example:

- Speed bumps, as implemented in certain U.S. venues, can help level the playing field by slowing down aggressive, latency-based strategies;
- Ban colocation possibilities;
- Additionally, enhanced monitoring tools such as, measuring the average time orders remain on the book (posting duration vs. average market players) or tracking the ratio of displayed orders to actual executions (cancellation rate vs. average market players), could offer valuable insights into the quality of liquidity and help differentiate between genuine and deceptive activity;
- "hit ratios" % of orders generated electronically (HFT).

2.7. Other issues on trading

55) Please provide any further suggestions to improve the integration, competitiveness, simplification, and efficiency of trading in the EU. Please provide supporting evidence for any suggestions.

As a general remark, we believe this consultation section on trading is too retail and equity centered. Our

proposal on a way forward are the following:
We push for greater standardized market practices and notably in terms of trading hours. Indeed, delays in processing subscriptions and redemptions can result in orders being sent after some markets have closed (Nordics for instance). Having standardised trading hours would help ensure same-day execution, avoiding costly T+1 delays and imbalances for funds.
Costs: different markets/regulations do not provide for sufficient fee grid transparency, leading to higher costs for users. We need transparency and comparability on costs of venues (as well as on cost of CCPs, CSDs) data product services, and on the different specificities from one market to the other.
Data product service providers: to avoid oligopolistic situations as well as ensure EU strategic autonomy regarding access to data, data product service providers need to be supervised and regulated (i.e. rating, benchmark and ESG data product service providers). In addition to a lack of EU strategic autonomy, this situation of dependency leads to ineffective price formation (see. Market Structure's report "there is no market for market data" from April 20251).
Reporting (EMIR Refit/EMIR 3.0/SFTR/ MiFIR transaction reporting) : firms have to produce complex, duplicative financial reportings to satisfy different EU regulatory requirements. It is very demanding, especially for SMEs that must dedicate a great deal of resources to these exercises, which have been increasing these past years (more so with ESMA who makes data quality a supervisory priority). These rules should be simplified (content and number of reviews) and harmonised to avoid any administrative burden and ease the access to capital markets. It would also allow for better comparability of financial information, less fragmentation and better access to cross-border markets.

3. Post-trading

Issues with respect to post trading identified to date fall into three main areas:

- barriers to cross-border settlement
- barriers to the application of new technology and new market practices
- unharmonised and inefficient market practices and application of law, as well as disproportionate compliance costs.

This consultation aims to further specify the above barriers, as well as understand current market practices and costs borne by market participants, be they fees or other compliance costs. This section seeks feedback on possible measures, legislative or non-legislative, to achieve a more integrated, modern post-trading infrastructures. Respondents are asked to provide concrete examples to support answers provided, and, where possible, quantitative and qualitative information.

3.1. Barriers to cross-border settlement and other CSD services

3.1.1. Cross-border provision of CSD services and freedom of issuance

Questions (please note that the term barrier also includes difficulties or challenges)	Answers
1) What are the main barriers to the provision of cross-border CSD services in the EU and to freedom of issuance in any CSD in the EU? Please consider all of the following elements (including additional ones, if relevant): - procedures mandated by EU or national laws (e.g.	

[1] Market Structure's Report.

passporting); - other legal or regulatory requirements (national or EU); - lack of clarity and/or complexity on the applicable legal or regulatory framework (national or EU); - supervisory practice (national or EU); - market practice (national or EU); - operational requirements (national or EU); - differences in national legal, regulatory or operational requirements; - technical/technological aspects; - language.	X X X X X X X	
	Yes	No
2) Are there barriers to the **freedom of issuance** in the EU (e.g. requirements to use domestic central securities depositories (CSD) for issuance/immobilisation/dematerialisation of securities, requirements in the corporate or similar law of the Member State under which the securities are constituted)?	X	
3) Are there barriers to **cross-border asset servicing and processing** of corporate actions, e.g. how Member States compile the list of key relevant provisions of their corporate or similar law, which apply in the context of cross-border issuance (Article 49, Central Securities Depositories Regulation (CSDR))?		
4) Are there **barriers stemming from national laws, regulatory/supervisory or operational requirements**? (for example: • setting out **restrictions for the place of settlement** for primary or secondary market transactions • preventing securities issued by entities from **other EU Member** States from being issued, maintained or settled in the national CSD • imposing **additional requirements on CSDs**, established in another Member State, wishing to provide services to national issuers and/or participants)	X	
5) Are there any **additional barriers** to the provision of cross-border CSD services which are not mentioned above?	Yes: FFT, local tax requirements and withholding agent role. Foreign CSDs face such tax costs. Passporting requests: the list of key relevant provisions of	

		corporate or similar law published by ESMA is unduly extensive. It raises difficulties due to some Member States including provisions of law that should be out of scope, thereby de facto imposing local holding models and structures. Consequently, some CSDs refrained from requesting passports in some instances	

For question 1 complete the following fields as appropriate. **For questions 2 to 5**, if 'yes' complete the following fields as appropriate. **For questions 2 to 5** where your reply is 'no' justify your reply, in particular identifying potential risks.	Please explain your answer (and where relevant clarify the type of barrier (i.e. barrier or a difficulty/challenge)). Please provide the following information, as well as any additional information relevant: an explanation of the barrier; the reason(s) why it is a barrier; the specific legal requirement(s) that create(s) the barrier, if relevant (national or EU level); the supervisory or market practice(s) (national or EU level) that create the barrier, if relevant; - the operational requirements that create the barrier (national or EU level); - the technical/technological aspect(s) related to the barrier, if relevant; - specify the Member State(s) in which the barrier exists, if relevant.	Current competition among CSDs is limited as each CSD operates within their member state market. Local laws (e.g. securities law, withholdings tax, insolvency laws) prevent true interoperability. Consolidation of market infrastructures and laws, possibly under a single supervisor, would allow CSDs to compete for services provided across borders and simplify post-trade environment. Regarding asset servicing, barriers to cross-border include withholding tax, shareholder identification, general meetings, rules on tender offers, standards used by local infrastructures. Cost transparency from CSDs is essential to improve comparability of services and value added (especially for cross-border transactions). Also on fee Schedules, aiming at standardizing and making CSD fee structures transparent would enable user choice and drive innovation.
	Please provide a ranking of the priority of addressing the barrier: - high priority; - medium priority; - low priority.	

	Please provide an estimation of the costs of the barrier.	
	Please provide potential solution(s) to remove or lower	
	the barrier. If you provide multiple solutions, please rank them in terms of preference. Suggestions for solutions can include, but do not have to be limited to: - legislative changes (specifying which changes are being suggested); - use of supervisory convergence tools (specifying which tools are being suggested); - centralised EU supervision; - adoption of market practice(s); - other.	
	Please provide data on the potential costs and benefits of the suggested solution(s).	

In recent years, we have witnessed a wave of consolidation across capital markets infrastructures but without the expected benefits in terms of increased competition, broader user choices, or reduced costs. On the contrary, this consolidation, driven primarily by mergers among private actors, has further entrenched the dominance of five major players that often operate simultaneously as trading venues, central counterparties (CCPs), central securities depositories (CSDs), and data service providers (benchmarks, ratings, ESG data, etc.). This trend has not brought better technical or operational interoperability. Nor has it led to greater harmonization of national regulations. Each EU member state continues to apply its own legal, tax, and regulatory frameworks, creating barriers to real market integration. As a result, the user experience remains fragmented, with local monopolies or oligopolies emerging, driving up costs and stifling innovation.

To build a more integrated, interoperable, competitive, and sovereign European market infrastructure landscape, we need to simplify and harmonize the applicable rules through industry-led standardization efforts, particularly in the following key areas::

- Promoting and facilitating interoperability at the level of CSDs, CCPs and Trading Venues;
- Reinforcing transparency/comparability requirements to be applied by CSDs, CCPs and Trading Venues on fees and key elements that are necessary to select the most appropriate one when relevant (for instance, having more transparency on the CCP margin and collateral models). This could be done through a single method and display format;
- Strengthening the regulatory framework regarding external data product service providers, in particular on their fee grid transparency and data quality and reliability, as well as interoperability across APIs.

Fragmented post-trade landscape

Post-trade infrastructure remains characterized by vertical integration: each exchange operates its own CCP and CSD, as seen with Deutsche Börse, Euronext, and the London Stock Exchange Group. This structure offers little to no choice for market participants.

Such fragmentation creates significant challenges for market makers when transferring assets between CSDs. These include high and variable settlement costs, complex operational requirements (e.g., differing cut-off times, instruction formats, reliance on multiple custodians or prime brokers), and the absence of effective technical links. The T+1 project has highlighted these issues which can be explained because of local CSDs running their own legacy systems, which are often old and weren't designed to offer interoperability. Practices and post-trade tools remain inconsistent and many processes are still manual. In our response to ESMA's consultation on settlement efficiency, we emphasized the need for all CSDs to support partial settlement for instance and for borader adoption of the T2S platform with multi-currency capabilities. Moreover, legal and tax disparities create barriers to smooth exchanges (see our proposal below on taxes/on the FASTER initiative).

However, when pushing for deeper integration, we must ensure that European strategic autonomy in market and post-trade infrastructure is preserved. We do not see a need for heavy regulatory intervention but rather advocate for market-driven standardization of practices, with a preference for regulations over directives, to ensure more uniform implementation across the EU.

Examples of key barriers identified:

- Interoperability between EU Central Securities Depositories (CSDs) : When an investor CSD (in Country A) wants to access securities issued in an issuer CSD (in Country B), it must:

- Open a securities account with the issuer CSD.

- Comply with local regulations in Country B (tax, reporting, compliance).

This process is time-consuming, costly, and legally complex due to the lack of a standardised procedure for establishing these links.

- Lack of Technical Standardization: Differences in messaging formats and communication protocols between CSDs hinder interoperability. Coexistence of ISO 15022 and ISO 20022 across CSDs and use of local languages and codifications in messages hampers automation.

Ex. Include Clearstream Banking AG, Euroclear France, Monte Titoli.

- Tax (e.g., withholding, exemptions) vary by country. CSDs must adapt their systems for local rules, slowing automation and increasing risks of errors

- Cross-border settlement challenges: differences in messaging formats, tax requirements and the lack of full automation in dividend processing procedures.

- Diverging settlement cut-off times across EU CSDs: Increased complexity for intermediaries managing multiple settlement window, risks of failed settlement if instructions are not aligned with cash penalties

In view of the T+1 settlement cycle, industry participants must prioritize efforts toward harmonization and standardization to ensure efficient settlement.

3.1.2. Links

Questions (for the questions below, please note that the term barrier also includes difficulties or challenges)	Answer

6) What are the main barriers to building an efficient network of links between EU CSDs? Please consider all of the following elements (please include additional ones, if relevant) o legal or regulatory requirements (or lack thereof); o fiscal requirements. o supervisory practice; o market practice; o operational requirements; o differences in national legal, regulatory or operational requirements; o technical/technological aspects; o other.	 X X X X	
	Yes	No
7) Are there barriers related to the establishment of links?	Pricing due to intermediaries, IT infrastructure, connectivity and related standards, compliance, local language barriers (publication in national language only) which leads to the need to appoint a local agent for asset servicing including tax and proxy voting), differences in business day calendars (aligned for T2S, not for the entire European landscape), and multi-currency environment (not all markets in EUR)	

8) Are there barriers related to the maintenance of links?		
9) Are there barriers related to the classification (i.e. customised, standard indirect, interoperable) and/or whether they are unilateral or bilateral links?		
10) Are there barriers related to the improper use of existing links?		
11) Is the cost of settlement via links taken into account when negotiating securities transactions?		
12) In view of the growing use of 'relayed links', does Art. 48, CSDR adequately capture current market practice?		
13) Is the use of relayed links creating barriers to cross-border settlement?		
14) Is the use of relayed links improving cross-border settlement?		
15) Who should be involved in the process for the authorisation of establishing a link as well as the ongoing supervision thereof?		
	Yes	No
16) Should all links be standard links?		
17) Should all links be interoperable links?		
18) Should all links be bilateral?		
19) Should all CSDs be mandated to establish a minimum number of links with other EU CSDs?		
20) Should the comprehensive risk assessment for the validation of a link be carried out by ESMA?		
21) Are there any barriers or material challenges to the establishment of links between CSDs and other infrastructures? If yes, please explain what could be done to reduce the costs of settlement through CSD link.		

For questions 6 and 15 complete the following fields as appropriate. **For questions 7 to 14 and 16 to 21**, if 'yes', complete the following fields as appropriate. **For questions 7, 14, 16 and 21** if 'no', justify your reply, in particular identifying potential risks.	Please explain your answer (and clarify, where relevant, the type of barrier (i.e. barrier or a difficulty/challenge)). Please provide a clear explanation of the barrier, and the reasons for this being indicated as a barrier, including - the specific legal or regulatory requirement(s) that create(s) the barrier, if relevant (national or EU level); - the supervisory or market practice(s) that create(s) the barrier, if relevant (national or EU level); - the operational requirements that create the barrier (national or EU level); - the technical aspect(s) related to the barrier, if relevant; - information on the costs, if the level of costs is considered a barrier.	
	Please provide a ranking of the importance of the issue as: - high priority; - medium priority; - low priority.	
	Please provide an estimation of the costs of the barrier and an explanation of how these cost could be reduced.	

	Please provide potential solutions and rank them in terms of preference. Suggestions for solutions can include, but are not limited to: - legislative changes (specifying which changes are being suggested); - use of supervisory convergence tools (specifying which tools are being suggested); - centralised supervision; - adoption of market practice(s); - other.	
	Please provide data on the potential costs and benefits of the suggested solutions.	

Questions pertaining to links refusals	Answers	
	Yes	No
22) Have you had a request for a link refused?		
If you answered yes to the previous question, please answer the next follow-up question		
What reason(s) was (were) given for the refusal?		
Did you file a complaint to the competent authority of the receiving CSD?		
Was a referral to ESMA needed to solve the problem?		

3.1.3. Settlement services in the EU

How could settlement in T2S be further enhanced in order to build a deeper and more integrated market in the EU and facilitate cross-CSD settlement?

Should links between CSDs participating in T2S no longer be required to enable settlement in T2S in any of the financial instruments available in T2S?

Are there any national market practices, laws, rules/regulations, or operational requirements which hinder the participation in T2S or cross-CSD settlement? Please provide details.

What can be done to ensure progress and take-up by T2S participants of already agreed harmonised standards and market practices? (e.g. market standards for corporate actions, SCoRE corporate actions standards, T2S corporate action standards, other T2S harmonisation standards, other relevant global or European market standards and market practices)

23) Do you comply with the abovementioned standards and market practices (e.g. market standards for corporate actions, SCoRE corporate actions standards, T2S corporate action standards, other T2S harmonisation standards, other relevant global or European market standards and market practices). If not, which ones do you not comply with. Please explain why.
[Yes/No]

24) Should T2S harmonisation standards be applied more widely across the EU, in order to create a more harmonised settlement environment across the EU? If yes, which standards are most needed in the non- T2S EU settlement environment?

[Yes/No]

25) Should the costs of settlement be reduced?
If yes, please explain what could be done to reduce the costs settlement.
[Yes/No]

26) Should the transparency of settlement pricing and CSD services be improved (in substance and format), for example with a standard template that would facilitate comparison of prices and service offering?? [Yes/No]

Yes. In general, we are in favour of greater transparency on costs and of greater harmonisation between actors. A standard template could respond to that need.

27) Should all CSDs settling the cash leg in Euro be required to connect

to T2S? [Yes/No]

28) Are there difficulties in accessing settlement in foreign currencies, not only in the T2S environment? If yes, how could the settlement of transactions in foreign currency be facilitated? Please provide a quantitative assessment of the main benefits and costs of such a solution.

[Yes/No]

29) Is there a need for additional currencies to be settled in T2S?

[Yes/No]

30) Should T2S be able to provide other CSD services, including issuance services and asset servicing services?

[Yes/No]

31) What improvements (e.g. organisational, operational, contractual, etc.) could be introduced to T2S to support a broader and more resilient use of it?

[Yes/No]

3.1.4. Legal certainty

Questions (nb. 'barrier' includes difficulties or challenges and consider legal certainty aspects deriving from the use of DLT (where relevant))	Answers	
	Yes	No
32) Are there barriers from national legal or regulatory requirements that affect **legal certainty of acquisitions and dispositions** in financial instruments, or cash or cash equivalent cross-border?		
33) Does the **law applicable to the assets and to the CSD** influence a decision to acquire or dispose of financial instruments cross-border?		
34) Are there barriers for **issuers to obtain legal certainty** on the ownership of the securities issued in a CSD or any other registrar?		
35) Are there barriers **for investors to obtain legal certainty** on their rights and powers (e.g. ownership rights, rights in relation to corporate events) and for intermediaries to have legal certainty on their duties in relation to financial instruments, cash or cash equivalent, issued in/maintained in/settled by a CSD? Are the barriers the same or are there different barriers where the provision of CSD services are made through DLT.		
36) Are there any **barriers to pool assets** from different jurisdictions?		
37) Are there barriers, e.g. due to the lack of certainty on the applicable law, to the cross-border **provision of services (**e.g. issuance or asset servicing) and/or **use of services.**		
38) Are there barriers to the cross-border provision or use of CSD services due to the lack of certainty on the applicable law?		

39) Are there barriers to pooling assets from different jurisdictions?		
40) Are there legal certainty barriers to the provision of cross-border asset servicing?		
41) Are there barriers stemming from national laws affecting the legal certainty of acquisitions and dispositions in financial instruments, or cash or cash equivalent?		
42) Are there new barriers that create legal uncertainty in the provision of issuance / maintenance / settlement services via **new technologies** (e.g. where bridges are used between different distributed ledgers in the issuing and minting process)?		
43) Is there a legal certainty barrier due to the **absence of a conflict of law rule,** related to proprietary, contractual and system-related aspects, under the CSDR (to complement those under the SFD/FCD etc.)? Are the barriers the same or are there different barriers where DLT is used, considering the divergences and uncertainties on the substantive law on the creation, holding and transfer of digital assets/tokens?		
44) Can the existing approach to conflict of laws under the SFD and the FCD be applied to DLT based networks/systems and collateral transactions?		
45) What is the preferred connecting factor in relation to (a) proprietary (b) contractual (c) system-related aspects related to transactions on a DLT system (and would the differences between permissioned and permissionless DLT systems, warrant different rules on conflict of laws)? - the law chosen by the participants to a transaction; - the law chosen by the network participants; - the law of the legal entity operating the DLT-based system on which digital assets are recorded; - in relation to a digital asset of which there is an issuer, the domestic law of the State where the issuer is established; - the place of the relevant operating authority/administrator (PROPA); - the primary residence of the encryption private master keyholder (PREMA); - any other?		
46) Considering various **new types of settlement assets** (including tokenised central bank money, electronic money tokens and tokenised commercial bank money) and **the different nature** of native (only created and represented on the DLT) and non-native (existing outside of the DLT) assets, should the same conflict of law rules apply to all these settlement assets?		
47) Are there any **other barriers** to legal certainty which are not mentioned above?		

For questions 39 to 54, where your reply is 'yes' complete the following fields as appropriate. **For questions 39, 51 and 53** where your reply is 'no' justify your reply, in particular identifying potential risks.	Please explain your answer (and, where relevant, clarify the type of barrier (i.e. barrier or a difficulty/challenge)). Please provide a clear explanation of the barrier, and the reasons for this being indicated as a barrier, including, but not limited to: - the specific legal or regulatory requirement(s) that create(s) the barrier, if relevant (national or EU level); - which financial instrument the barrier refers to; - supervisory or market practice(s) that create(s) the barrier, if relevant (national or EU level); - the operational requirements that create the barrier (national or EU level); - the technical/technological aspect(s) related to the barrier, if relevant; - the type of intermediary structure(s)/chain(s) that create(s) the barrier, if relevant.	
	Please provide a ranking of the priority of addressing the barrier as: - high priority; - medium priority; - low priority.	
	Please provide an estimation of the costs of the barrier and a description of where the additional costs come from and how much they are.	
	Please provide potential solutions and rank the solutions in terms of preference. Suggestions for solutions can include, but are not limited to, - legislative changes (specifying which changes are being suggested). - use of supervisory convergence tools (specifying which tools are being suggested); - adoption of market practice(s); - other.	
	Please provide data on the potential costs and benefits of the suggested solutions.	

3.1.5. Barriers and other aspects under the SFD

Questions (for the purpose of the questions below, please note that the term barrier also includes difficulties or challenges)	Answers	
48) What are the main barriers to the smooth operation of the settlement finality framework in the EU?		
	Yes	No
49) Are there any aspects of the SFD that have created barriers for the market or market participants, in particular in a cross-border environment?		

50) Do the definitions, in particular the definition of a "system" and "transfer orders", result in barriers related to the change in market practice in the set-up of systems as well as the use of DLT?		
51) Is SFD protection important for settlement systems, such as those based on DLT, that settle trades instantly and atomically, and not on a deferred net basis or in settlement batches?		
52) Should settlement systems that achieve probabilistic (operational) settlement finality be designated and benefit from SFD protections? If yes, please explain how settlement finality could be achieved in such a case and whether and, if so, why this would be desirable.		
53) Are the criteria that need to be met for a system to be designated under the SFD creating unjustified barriers to entrance?		
54) Do diverging national practices for notifying systems create an uneven level playing field or legal uncertainty?		
55) For the purposes of designating a system under the SFD, are the current list of participants, the designation process and the focus on entities rather than on the service provided creating barriers for new entities to provide settlement services in a system designated under that Directive?		

56) Does the non-aligned definition of 'collateral security' (SFD) and 'financial collateral' (FCD) create complexities for efficient collateral management ?		
57) Is there legal certainty on the scope of the settlement finality protection under SFD?		
58) Is the lack of harmonised settlement finality moments in SFD (i.e. leaving it to the rules of the system or national law) creating legal uncertainty and preventing the development of a single capital market?		
59) The SFD does not apply to third-country systems, however, Member States can extend the protections in the SFD to domestic institutions participating directly in third-country systems and to any relevant collateral security ('extension for third-country systems'). Is the lack of transparency related to Member States extending for third-country systems creating barriers to the provision of services in the single market or creating a non-level playing field for EU entities?		
60) Stakeholders have indicated they would like to have an overview of all participants in different SFD designated systems, e.g. shared on one website publicly accessible. Is the lack of transparency related to the participants of designated systems creating barriers to the single market?		
61) Has the fact that SFD designation is not mandatory for all systemically important systems (except when mandated under Art. 2(1) and 2(10) CSDR and Art. 17(4)(b) EMIR), including payment systems, created barriers to the single market?		
62) Are there any national barriers in relation to legal certainty arising from how the SFD is transposed in the Member States?		
63) Some stakeholders suggested a centralised overview over the insolvency of participants of all SFD designated systems is needed, ie. published on a common centralised website. Is a lack of transparency related to the insolvency of participants of designated systems creating barriers to the single market?		
64) Are there any barriers created by the SFD which are not mentioned above?		

For question 55 please complete the following fields as appropriate. **For questions 56 to 71,** where your reply is 'yes' please complete the following fields as appropriate. **For questions 56 to 71** where your reply is 'no' please justify your reply, in particular identifying potential risks.	Please explain your answer (and, where relevant, clarify the type of barrier (i.e. barrier or a difficulty/challenge)). Please provide a clear explanation of the barrier, and the reasons for this being indicated as a barrier, including, but not limited to, - the specific legal or regulatory requirement(s) that create(s) the barrier, if relevant (national or EU level); - the supervisory or market practice(s) that create(s) the barrier, if relevant (national or EU level); - the operational requirements that create the barrier (national or EU level); - the technical/ technological aspect(s) related to the barrier, if relevant.	
	Please provide a ranking of the priority of addressing the barrier as: - high priority; - medium priority;	
	- low priority.	
	Please provide an estimation of the costs of the barrier.	
	Please provide potential solutions and rank the solutions in terms of preference. Suggestions for solutions can include, but are not limited to, - legislative changes (specifying which changes are being suggested); - use of supervisory convergence tools (specifying which tools are being suggested); - adoption of market practice(s); - other.	
	Please provide data on the potential costs and benefits of the suggested solutions.	
65) How should irrevocability of "reserved" or "booked" digital assets be achieved?		
66) Is the point in time when a disposition becomes irrevocable problematic to pinpoint in DLT-based settlement systems, and in particular those with probabilistic settlement?		

3.2. Barriers to the application of new technology and new market practices

3.2.1. Applicability of the CSDR to DLT-based CSDs and the provision of services

Questions (for the purpose of the questions below, please note that the term barrier also includes difficulties or challenges)	Answers

67) Considering the core functions of a CSD, i.e. those of notary, central maintenance and settlement, is the current legal framework appropriate to mitigate and control risks that could arise from the use of DLT?		
68) What are **the main barriers** in the EU framework to the use of DLT for the provision of CSD services, also in light of the experience gained through the DLTPR? In answering this question please consider all, but not limited to, the following: - legal or regulatory requirements (or lack thereof); - lack of clarity in the applicable legal or regulatory framework; - supervisory practice; - market practice; - operational requirements; - differences in national requirements; - Technical/technological aspects; - Type of instrument; - other.		
	Yes	No
69) Are there any legal barriers to ensure the integrity of the issue, segregation and custody requirements also in the context of DLT-based issuance and settlement?		
70) Does the definition of cash need to be refined to take into account technological developments affecting the provision of cash, in particular the emergence of tokenised central bank money, tokenised commercial bank money and electronic money tokens? If 'yes', please specify how the use of such settlement assets can be facilitated while maintaining a high level of safety for cash settlement in DLT market infrastructures?		
71) Could the use of DLT help reduce the reporting burden?		
72) Would a per-service authorisation of CSD services, with compliance requirements proportionate to the risk of the individual service, make the CSDR more technologically neutral and contribute to removing barriers to adoption of new technologies, such as DLT?		
73) Are there any legal barriers for DLT service providers in providing trading, settlement and clearing in an integrated manner, within one entity?		
74) Are there any other barriers that you consider relevant for the DLT based provision of CSD services?		
75) In particular in permissionless blockchains, validators have the ability to choose which transactions to prioritise for validation and decide on the order of transaction settlement. Can this feature negatively affect orderly settlement and how can it be mitigated?		
76) Does the emergence of DLT-based tokenised financial instruments require changes to the provision of CSD services or the requirement to use a CSD?		

If so, which CSD roles or requirements could be meaningfully impacted in a DLT environment?		
77) Can certain functions normally assigned to or reserved for a CSD be safely, securely and effectively be performed by other market participants in a DLT environment?		
If 'yes', please specify which functions and which market participants, and state reasons.		

For questions 74 and 75 please complete the following fields as appropriate. **For questions 76 to 84**, where your reply is 'yes' complete the following fields as appropriate. **For questions 76 to 84**, where your reply has been 'no' justify your reply, in particular identifying potential risks.	Please explain your answer (and, where relevant, clarify the type of barrier (i.e. barrier or a difficulty/challenge)). Please explain the barrier and the reasons for this being indicated as a barrier, including, but not limited to - the specific legal or regulatory requirement(s) that create(s) the barrier, if relevant (national or EU level); - the supervisory or market practice(s) that create(s) the barrier,	
	if relevant (national or EU level); - the operational requirements that create the barrier (national or EU level); - the technical/technological aspect(s) related to the barrier, if relevant.	
	Please provide a ranking of the priority of addressing the barrier as: - high priority; - medium priority; - low priority.	
	Please provide an estimation of the costs resulting from the barrier.	
	Please provide potential solutions to issues identified, including the potential risks, and rank the solutions in terms of preference. Suggestions for solutions can include, but are not limited to: - legislative changes (specifying which changes are being suggested): - use of supervisory convergence tools (specifying which tools are being suggested); - centralised supervision; - adoption of market practice(s); - other.	

	Please provide data on the potential costs and benefits of the suggested solutions.	

3.2.2. Detailed questions on the applicability of the CSDR and SFD to DLT-based CSDs

85) Are there barriers or concerns with the technological neutrality of the CSDR definitions listed below or any other definitions or concepts included in CSDR and SFD in particular in the context of DLT?

	1 (not a concern)	2 (rather not a concern)	3 (neutral)	4 (rather a concern)	5 (strong concern)	No opinion
'central securities depository'						
'securities settlement system'						
'securities account'						
'book entry form'						
'dematerialised form'						
'settlement'						
'delivery versus payment (DVP)'						
Any other definitions or concepts in CSDR and SFD.						

86) For each of the definitions or concepts for which you expressed concern, please explain the exact nature of your concern and suggest potential solutions to address it (including drafting suggestions for a new definition, where available).

'central securities depository'	
'securities settlement system'	
'securities account'	
'book entry form'	
'dematerialised form'	
'settlement'	
'delivery versus payment (DVP)'	
Any other definitions or concepts set out in CSDR, SFD and FCD.	

87) Would you have any concerns about the technological neutrality of the following CSDR rules?

	1 (not a concern)	2 (rather not a concern)	3 (neutral)	4 (rather a concern)	5 (strong concern)	No opinion
Rules on measures to prevent settlement fails						
Rules on measures to address settlement fails" (e.g. cash penalties, monitoring and reporting settlement fails)						
Rules on organisational requirements for CSDs						
Rules on outsourcing of services or activities to a third party						
Rules on communication procedures with market participants and other market infrastructures						
Rules on the protection of securities of participants and those of their clients						
Rules regarding the integrity of the issue and appropriate reconciliation measures						
Rules on cash settlement						
Rules on requirements for participation						
Rules on requirements for CSD links						
Rules on access between CSDs and access between a CSD and another market infrastructure						
Rules on legal risks, in particular as regards enforceability						
Any other rules						

For the rules for which you expressed concern, please explain the exact nature of your concern, provide suggested solutions that would ensure a level playing field between different providers of CSD services, if you have any, and explain how these solutions would ensure an equivalent mitigation of risks.

3.3. Barriers and other aspects under the FCD

Questions (for the purpose of the questions below, please note that the term barrier also includes difficulties or challenges)	Answers

88) What are the main barriers to the integration of EU markets and/or consolidation of financial market infrastructures related to the FCD?		
89) Is there sufficient clarity regarding the use of tokenised assets as financial collateral in the context of financial collateral arrangements under the FCD?		
90) In the last FCD consultation, the addition re-insurers, alternative investment funds (AIF), institutions for occupational retirement provision (IORPs), crypto-asset service providers, all non-natural persons, non-financial market participants which regularly enter into physically or financially settled forward contracts for commodities or EU allowances (EUAs) was suggested by stakeholders. It was also asked if payment institutions, e-money institutions and CSDs should be added to the scope. Please provide any views you may have of one or several of the suggested potential additional participants.		
	Yes	No
91) Are there barriers related to the scope of the FCD (i.e. parties eligible as collateral taker and collateral provider, definition of financial collateral, definition of cash)? 92) Do you see legal uncertainty related to the recognition of tokenised financial instruments as collateral under the FCD? If yes, please describe these uncertainties.		
93) Do the definitions and concepts in the FCD, including the notion of 'possession and control', 'accounts' and 'book-entry' result in barriers or legal uncertainty, e.g. due to the change in market practices, the use of DLT?		
94) Is the list of collateral providers and collateral takers limiting the applicability of the FCD in a detrimental manner for DLT-based financial collateral arrangements?		
95) Do you think that collateral other than cash, financial instruments and credit claims should be made eligible under the FCD, in particular in light of DLT based financial collateral arrangements? If yes, please list what other forms of collateral should be considered as eligible and explain why.		
96) Do you see the need to change the current approach that only financial collateral arrangements should be protected where at least one of the parties is a public authority, central bank or financial institution. If yes, please explain why?		
97) Is the non-aligned definition of 'collateral security' under the SFD and 'financial collateral' under the FCD creating barriers?		
98) Are the opt-out provisions for Member States creating any barriers to the single market?		

99) Have you encountered problems with the recognition/application of close-out netting provisions under the FCD (both national and cross-border)?		
100) As noted in the Commission report on the review of SFD and FCD (COM(2023) 345 final), given the FCD deals primarily with financial collateral and only peripherally with netting (only as one of the methods that can be used to enforce collateral arrangements), do you consider that there is a need for further harmonisation of the treatment of contractual netting in general and close-out netting in particular?		
101) Are there any other barriers created by the FCD which are not mentioned above?		
102) Are there any other issues you would like to address regarding FCD financial collateral in a DLT environment?		

For questions 89 to 91, complete the following fields as appropriate. **For questions 92 to 103**, where your reply is 'yes' complete the following fields as appropriate. **For questions 92 to 103** where your reply is 'no' justify your reply, in particular identifying potential risks.	Please explain your answer (and, where relevant, clarify the type of barrier (i.e. barrier or a difficulty/challenge)). Please provide a clear explanation of the barrier, and the reasons for this being indicated as a barrier, including, but not limited to: - the specific legal or regulatory requirement(s) that create(s) the barrier, if relevant (national or EU level); - the supervisory or market practice(s) that create(s) the barrier, if relevant (national or EU level); - the operational requirements that create the barrier (national or EU level); - the technical/technological aspect(s) related to the barrier, if relevant.
	Please provide a ranking of the priority of addressing the barrier as: - high priority; - medium priority; - low priority.
	Please provide an estimation of the costs of the barrier
	Please provide potential solutions and rank the solutions in terms of preference. Suggestions for solutions can include, but are not limited to, - legislative changes (specifying which changes are being suggested); - supervisory convergence (specifying which tools are being suggested); - adoption of market practice(s); - other
	Please provide data on the potential costs and benefits of the suggested solutions with a breakdown for different stakeholders.

3.4. Uneven/inefficient market practices and disproportionate compliance costs

3.4.1. Internalised settlement

103) Does the current reporting obligation of internalised settlement allow for an accurate identification of the risks stemming from settlement outside of a CSD?

If no, which additional information (for example the identification of the trading venues where the respective financial instruments are admitted to trading or traded) should be included in the internalised settlement reporting.

If you answered no to the previous question, what would be the operational implications for supervisors of expanding these reporting obligations? Should the reporting be done directly to ESMA and not to national competent authorities?

What would be the cost implications of such additional reporting?

Should settlement internalisers with very high internalised settlement activity (in terms of value and volume) be required to publish information on their internalised settlement activity including settlement fail rates (similar to the annual data on settlement fails published by CSDs)?

Would you identify additional risks other than operational and legal risks stemming from internalised settlement?

Should some/all rules pertaining to settlement discipline and/or other CSDR requirements currently applicable to settlement at CSD level be also applicable to internalised settlement?

3.4.2. Information sharing

Question	Answer	
	Yes	No
104) Is the role of the CSDR college as envisaged in CSDR Refit sufficient to ensure efficient and complete information sharing between different authorities under CSDR?		
105) Are there barriers to information sharing between authorities and/or authorities/market participants that hinder the smooth provision of CSD services and the supervision thereof? If yes, should the document and information flows supporting the process for authorisation of CSDs and the review and evaluation of CSDs and their activities be simplified and streamlined, for example through the use of a central platform in a way that ensures all authorities involved are well informed and able to identify risks and take action to address them in accordance with their roles?		
106) Are there duplications and/or overlaps in the reporting requirements between national, European competent or relevant authorities?		

Please justify all your answers to the above questions. If you consider that there is an issue, please clearly describe the issue, which legal, regulatory or operational requirements should be amended to resolve it, the

solution(s) you have in mind to resolve it (including drafting suggestions, where possible), and the potential impact of the solution(s) you propose.

3.4.3. Authorisation procedures

Question	Answer	
	Yes	No
107) Is the authorisation procedure for CSDs too long and/or burdensome? If yes, how could the process be simplified?		
108) Is the procedure for the extension of CSD authorisation and for		
outsourcing of services and activities too long and/or burdensome?		
109) Is the procedure for the authorisation to provide banking ancillary services too long and/or burdensome? If yes, how could the process be simplified?		
110) Are the current authorisation/supervisory approval processes under CSDR suitable, or could it benefit from some refinements/streamlining and/or clarifications.		
111) Are the current authorisation processes/supervisory approval under CSDR creating legal barriers for (potential) new entrants wishing to provide CSD services?		
112) Do you consider that market participants, who provide only one core service (for example, notary, central maintenance or settlement) should be covered by some/all elements of CSDR? If yes, what would be the benefits or risks?		
113) Could there be benefits to a tiered authorisation (i.e. per service) for CSDs being introduced, e.g. to enable the requirements to reflect the different nature of different core services? If yes, should there be a process to enable requests to extend the authorisation for additional services?		

Please provide a clear justification for all your answers to the above questions. If you consider that there is an issue, please clearly describe the issue, which legal, regulatory or operational requirements should be amended to resolve it, the solution(s) you have in mind to resolve it (including drafting suggestions, where possible), and the potential impact of the solution(s) you propose.

3.5. Interaction between the CSDR and other EU legislation

114) Are there are issues between the CSDR and other EU legislation? Please explain.
Yes/No

If there is an issue, please clearly describe the issue, which piece of legislation should be amended to resolve it, the solution(s) to resolve it (including drafting suggestions, where possible), and the potential impact of the solution(s) you propose.

3.6. Other issues on post-trading

Other matters that could potentially contribute to removing barriers to the consolidation of post-trading infrastructure, to improving the EU's capital markets attractiveness while reducing fragmentation and to improving integration in post-trade services might also be important.

Please provide any further suggestions to improve the integration, competitiveness, and efficiency of post- trade

services (including clearing and settlement) in the EU. Please provide supporting evidence for any suggestions.

On T+1 and the CSDR framework: treatment of fails and associated cash penalties

Considering article 5(2) of CSDR will soon be modified so that transactions in transferable securities executed on trading venues will no longer have to be settled T+2 but T+1, a transaction will be considered as failing if it has not been settled by T+1. Under the cash penalty regime, participants who fail to settle by T+1 will therefore incur a daily cash penalty until the transaction is either settled or cancelled.

As the transition to T+1 will require significant effort and coordination across the entire settlement chain, including increased automation, IT system upgrades, changes to operational processes, investment, and workflow optimisation, we believe that a temporary suspension of cash penalties during the initial phase of the T+1 migration is necessary. This would help ease the operational burden on firms and enable them to focus on the most critical elements of the project.

Experiences from the US shift to T+1 highlight that additional resources were required to ensure a smooth transition, with some teams still actively finalising automation processes. In a T+1 environment, a likely increase in settlement fails would result in higher workloads related to incident qualification, client communication, resolution follow-up, market claims, and penalty processing, all of which translate into added operational pressure and increased costs.

Some EU market participants have estimated the current running cost of automatic cash penalty process to 0,5 million euros per participant per year. Across the EU, this adds up to hundreds of millions of euros (costs that UK and US firms are not subject to under their respective local frameworks). At least on a temporary basis, that extra burden and cost for EU participants should be avoided.

On CCPs:

1. We strongly push for being able to post non-cash VM. It is already the case for initial margins (IM) who also need to be liquidated in case of the clearing member's default and which therefore creates no differences with VM. This is a critical issue, in particular in stressed market conditions: if VM has to be posted in cash only, it creates the need for either selling securities (including top quality ones) on the market and then amplifying the market stress, or posting them on the repo market while the market conditions make it very illiquid (and such posting amplifying again the market stress). From a Financial Stability perspective, allowing the posting of top-quality securities (such as government bonds) for covering VM calls would play a positive role in such conditions (and more widely).

2. Predictability/anticipation is key to ensure financial stability. In that sense, any call for ad-hoc intra-day variation margin could be made more predictable through harmonised guidelines on the conditions on when and why ad-hoc ITD VM calls can be made.

3. Harmonising practices to bring predictability. For example : having harmonised minimum notice period between CCPs would allow sufficient time to source liquidity while still enabling the CCP to cover its risk on time. Sufficient minimum notice periods should be set for changes for buffers and multipliers as well.

4. Promote transparency in CCP initial margin models. It is paramount for clearing members and their clients to be able to mitigate destabilizing changes in margin requirements to avoid risks. These models should have enhanced simulation tools to explain various components of margin Close of Business and ITD, including add-ons and triggers. To achieve this objective, these tools should be easily interfaced by clients and not overly costly. Furthermore, disclosures on PQD (Potential Quick Defaults) should be increased and made more frequent. Transparency should also be provided on the framework for CCP discretion to ensure predictability. Harmonised practices amongst CCPs could help achieve that goal. In addition, the possible interfacing of CCP margin and risk models with APIs at no cost could also avoid manual inputs for existing and potential future trades and help ensure

anticipation of IM impacts providing predictability and certainty.