

From : DACSI

Re : **Reply to the ESMA consultation on the Review of the MiFID II framework on best execution reports**  
version 1.0 (as submitted)

17 Dec 2021

What follows is DACSI's response to ESMA's consultation paper "Review of the MiFID II framework on best execution reports" (DACSI 21-2157), as submitted on 17 December.

## Introductory comments

DACSI – the Dutch Advisory Committee Securities Industry – welcomes the opportunity to express its view on the review of this reporting framework. Our orientation is getting a more effective reporting (in terms of achieving its high-level objectives), while combining this with a lighter burden for reporting entities where possible.

## Section 1 – Reporting by execution venues under RTS 27

### **Q 1 Do you agree with the proposed scope in terms of execution venues for the reporting under a possible new RTS 27?**

DACSI agrees in general.

Consolidation of reporting by trading venues will provide a clearer picture to investors when making execution decisions. The only point where DACSI members disagree is the disclosure of the identity of market makers and their contribution: this is not relevant to the overall execution quality of the venue.

### **Q 2 Do you agree with the proposed level of granularity by types of financial instruments instead of individual financial instruments under a new potential reporting regime? In particular, do you agree with the two proposed categories concerning shares (i.e., shares considered to have a liquid market and shares not considered to have a liquid market)? If not, please state the reasons for your answer and clarify what alternative categorisations you would propose in order to have a meaningful level of granularity for a new reporting regime.**

Yes, we agree.

### **Q 3 Do you agree with the proposed metrics to report the execution quality obtained by execution venues?**

We roughly agree.

In DACSI's view, the proposal to use generic metrics contributes to the usability of the reporting by creating a limited set of comparable high-level data.

Needless to say that real comparability depends on the actual calculus behind the proposed metrics, as applied by the individual execution venues. We think that some additional regulatory measures are necessary to assure consistent calculus and – consequently – comparable data. Our concern specifically refers to:

- The costs for a median transaction showing the fees the execution venue applied to any of its users for a median transaction during the previous reporting period;
- The bid-offer spread related to the median transaction of the previous quarter .

We also note that, since the median bid-offer spread would apply to an aggregated class of financial instruments, it would lose its information value given the range of bid-off spreads across individual financial instruments.

**Q 4 Have you observed good or bad practices of reporting by execution venues under the current RTS 27 that can be relevant for the elaboration of proposals to enhance access and user-friendliness of this information? Please provide specific examples if possible.**

No opinion.

## Section 2 – Reporting by investment firms under RTS 28

**Q 5 Have you observed good or bad practices of reporting by investment firms under the current RTS 28 that can be relevant for the elaboration of proposals to enhance access and user-friendliness of this information? Please provide specific examples if possible.**

DACSI's members (as far as they are investment firms) have published these reports over the last few years. We do not believe that the reported data provide the information that clients would need to choose between service providers. For retail clients, the data in the reports are too detailed conceptually and difficult to reach in practice, and – at the same time – would not be fully relevant and/or sufficient for their decision making; in practice, they often choose for a much wider service package than order execution.

For wholesale clients, the reports are conceptually relevant, but lack comparability.

**Q 6 Do you agree with the classification for reporting proposed in Annex I of the possible new RTS 28, especially with regard to the suggested methodology for the reporting on equity instruments? If not, what alternative categorisations would you propose?**

Yes, we agree.

**Q 7 Do you agree with the proposals for a possible review of RTS 28?**

Yes, we agree.

**Q 8 Do you agree with the cost benefit analysis as it has been described in Annex II?**

No opinion.

## Any additional comments

**Q 9 Are there any additional comments that you would like to raise and/or information that you would like to provide?**

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