

Market Integration and Supervision Package (MISP)

Overview of Key Positions

Supervision:

- **Harmonization and no room for regulatory arbitrage:** Any reform should be applicable to all Trading and Execution Venues, CCPs, and CSDs. This would prevent an unlevel playing field and avoid regulatory arbitrage. In parallel, this will ensure full harmonization across the internal market, avoiding duplicative structures.
- **No CCP resolution fund – keeping clearing competitive:** Any reforms should avoid any establishment of an EU CCP resolution fund to avoid additional costs for the EU clearing ecosystem, which is already subject to significantly higher standards.
- **No public entity dimension (“Öffentlich-rechtliche Trägerschaft“):** Any reforms should ensure that the public entity dimension around the exchanges in Germany is being deleted. This would guarantee an EU level playing field, avoiding gold plating.
- **PEMO concept for anyone who wants:** Any reforms should ensure that the PEMO concept is widened in scope to allow any concerned entity to voluntarily opt-in without having to operate regulated markets in more than one Member State.
- **Faster time-to-market:** Any reforms should ensure that the processes to launch new products, services, or to conduct changes to the CCP risk methodology, should be significantly streamlined (e.g. max 90 days) to make the EU more competitive.

Equity Trading:

- **Tick-Size Regime – level playing field:** Any reform should ensure that the Tick-Size Regime is uniformly applied across all orders, quotes and transactions.
- **Obligation to provide best price to Regulated Markets – or alternatively open access:** SIs and dark pools should be obliged to provide their best price also to regulated markets. Alternatively, regulated markets should have open access to SIs to be able to include the best price in the reference market.
- **Consolidated tape – no premature reform but for everyone if there is a reform:** CT should first be implemented and then adapted based on experience. Should any change be conducted on pre-trade at this stage, it should be universally applicable to all trading and execution venues for all quotes, orders and transactions under LIS.

DLT Pilot Regime:

- **Starting point should be no separate regime:** Considering the approach taken by the US and other key jurisdictions, the EU should integrate all crypto assets into its ordinary financial framework and avoid a parallel regime based on technology.
- **Clear end of pilot regime and transition into real world:** The rules on the end of the DLT Pilot Regime and most importantly the transition from that point into the “ordinary real world” must be clearly stipulated.
- **Avoid unintended fragmentation and unfair competition:** Any reform must ensure that the parallel pockets which will be built under the new regime do not unnecessarily lead to significant new fragmentation, against the political intention to consolidate infrastructures and liquidity pools.
- **DLT Pilot Regime cannot become permanent:** As the regime enters into its second legislative period and with that looks at a minimum 10-year running period, it should not be forgotten that this is a sandbox approach which cannot become permanent.
- **A notification-based approach is sufficient for licensed CSDs:** Given that tokenization is a different technological way of providing already licensed services, a new authorization process should not be required for already-licensed CSDs.

Post-Trade:

- **Integration of internal market requires T2S to be strengthened:** All CSDs and all settlement internalisers should be obliged to feed into the T2S system of the ECB. To incentivise, the ECB should provide for fee rebates based on volume contribution.
- **Transparency around internalisation and a clear capping mechanism:** While it is a solid starting point to ensure consistent reporting and transparency by settlement internalisers, the reforms lack rules to cap this practice where fail rates dramatically increase in EU flagship products, such as UCITS.
- **Settlement in “new forms of money” should be enabled within CSDR:** The evolution of financial markets includes the emergence of new forms of money (e.g. wCBDC). The CSDR framework should explicitly accommodate settlement in all these new forms of money to support innovation.