

# INITIAL IMPACT OF MIFID II VENUE PERSPECTIVE

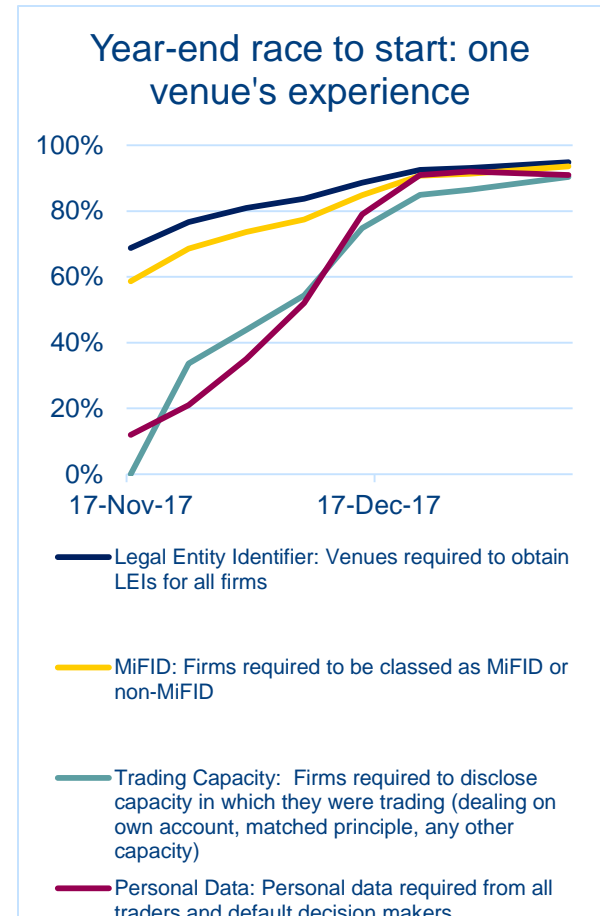
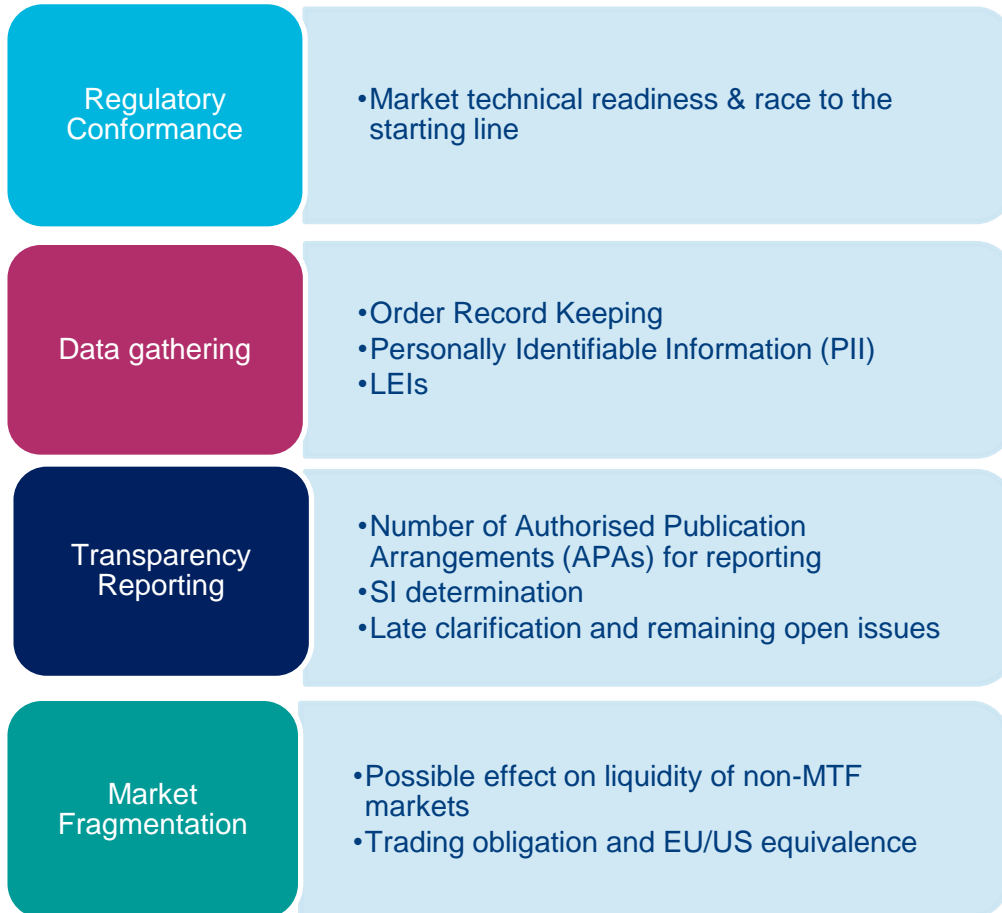
## ECB BOND MARKET CONTACT GROUP

6 FEB 2018

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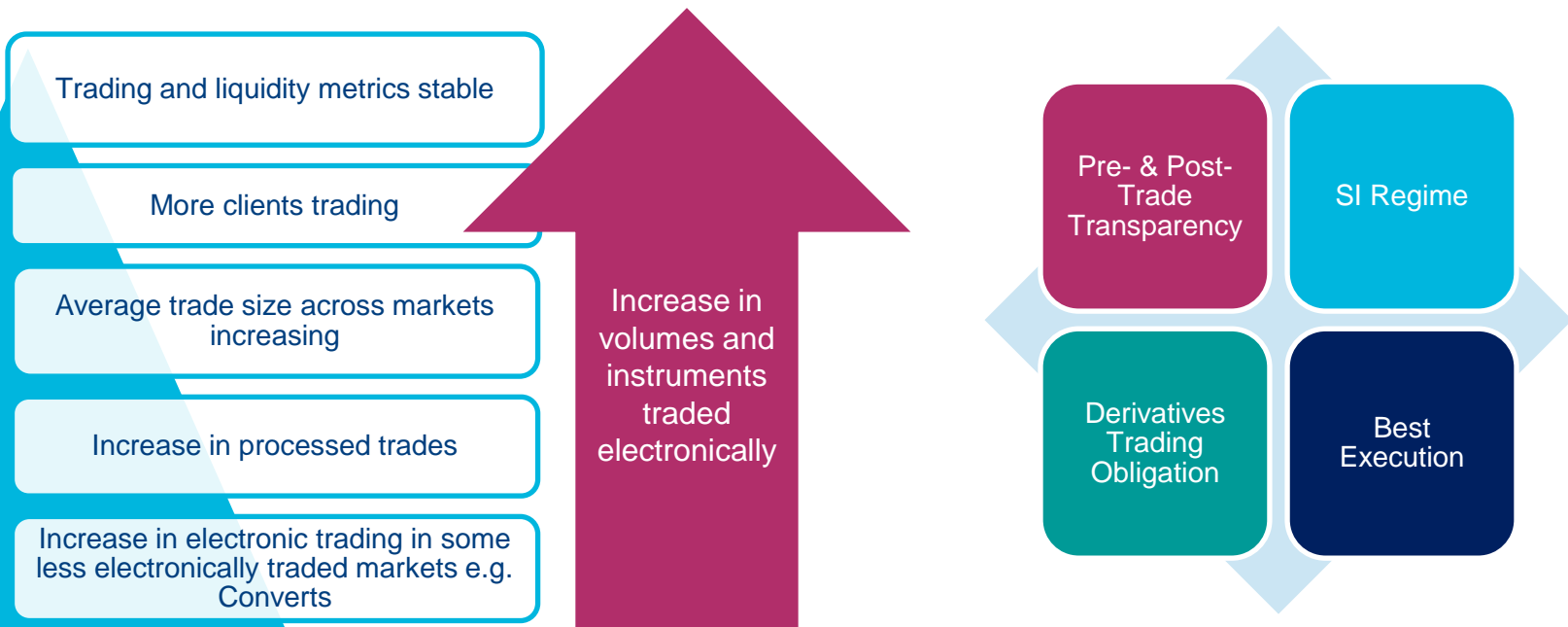


# Venue Observations

Implementation and start of MiFID II went fairly smoothly:

- Venues saw increase in volumes e-traded, well beyond typical January seasonals
- Trading and liquidity metrics have been surprisingly stable (hit rate, quote rate, transaction cost and trade from mid, time to quote, number of dealers in an RFQ)
- Liquidity on and off- MTF similar

Looking ahead, big topics continue to be:



## Overall level of transparency

- Pre- and post-trade transparency is published in real-time or waived/deferred
- Significant real-time transparency in some asset classes (sovereign bonds) but almost non-existent in others (corporate bonds).
- Scope of bond transparency to grow quickly, but update of derivatives calibration only in June 2019

## Usability of transparency

- Reference data challenges (e.g ToTV and ISIN)
- Wide variation of publication formats and level of access
- No consolidated view available (yet)

## Real-time transparency

Bonds	Transactions	Volume
EU Govt bonds	53%	16%
GBP Govt bonds	81%	21%
Corp bonds	1%	1%
Derivatives		
EUR IRS	28%	12%
Credit index	69%	53%

%age of transactions/volume below post-trade SSTI

# MiFID II / MiFIR Timelines

	2018												2019				2020				2021			
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>Pre- and Post-Trade Transparency</b>	Widening scope for bonds <ul style="list-style-type: none"> <li>ESMA ITC to add Nov/Dec 2017 new issues</li> <li>Addition of new issues on a running basis</li> <li>Full bond liquidity TTC in May 2018</li> </ul>												Annual TTC updates (from May/June 2019) <ul style="list-style-type: none"> <li>Thresholds and liquid/illiquid across asset classes</li> </ul> Review & phase-in of certain variables of the regime (from 30/07/2019) <ul style="list-style-type: none"> <li>Pre-trade SSTI thresholds, minimum number of trades, and minimum issuance sizes</li> </ul>											
<b>SI Regime</b>	<ul style="list-style-type: none"> <li>Voluntary opt-in</li> </ul>								<ul style="list-style-type: none"> <li><b>1<sup>st</sup> September:</b> mandatory SI determination (&amp; voluntary)</li> </ul>															
<b>Derivatives Trading Obligation</b>	<ul style="list-style-type: none"> <li>Category 1 &amp; 2 firms</li> <li>Additional Clearing Obligations</li> </ul>												<ul style="list-style-type: none"> <li>Category 3 and 4 firms</li> </ul>											
<b>Best Execution</b>	From 30 April: <b>1<sup>st</sup> annual RTS 28 report</b> (covering 2017)																							
	From 30 June: <b>1<sup>st</sup> quarterly RTS 27 report</b> (covering Q1/2018)																							

# Appendix: Mandatory Clearing Obligation Phase-In a Long Process



		2016						2017				2018				2019					
		JUN	JUL	AUG	SEP	OCT	NOV	DEC	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
<b>G4 Rates RTS</b>	Cat 1	MCO: from 21 Jun																			
	Cat 2	FL: until 20 Dec*						MCO: from 21 Dec													
	Cat 3																			MCO: from 21 Jun	
	Cat 4																			MCO: from 21 Dec	
<b>EEA Rates RTS</b>	Cat 1					FL: 9 Oct – 8 Feb 17*		MCO: from 9 Feb													
	Cat 2					FL: 9 Oct – 8 Aug 17*				MCO: from 9 Aug											
	Cat 3																			MCO: from 21 Jun	
	Cat 4																			MCO: from 9 Aug	
<b>CDS RTS</b>	Cat 1					FL: 9 Oct – 8 Feb 17*		MCO: from 9 Feb													
	Cat 2					FL: 9 Oct – 8 Aug 17* **				MCO: from 9 Aug											
	Cat 3																			MCO: from 21 Jun	
	Cat 4																			MCO: from 9 May	

FL = Front loading  
MCO = Mandatory clearing obligation

\*\* frontloading requirement is under proposal to be removed via a review of EMIR (Final text of EMIR review not yet finalised)

Category	
1	Clearing members
2	FCs & AIFs (>€ 8bn threshold)
3	FCs & AIFs (<€ 8bn threshold)
4	NFC+