



European Forum of Securities Associations

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EFSA key points regarding the market integration and supervision package (MISP)

The European Forum of Securities Associations (EFSA) welcomes the Savings and Investment Union Strategy and the European Commission's commitment to strengthen EU's capital markets. Capital markets play a crucial role in both financing companies and necessary investments in the EU, thus contributing to EU's long-term growth and strategic independence.

The market integration and supervision package (MISP) is a comprehensive proposal which, together with other measures at EU and Member State levels (e.g. pension reforms, SIAs and increased financial education etc.), could have a positive impact on the integration of the EU capital markets, particularly in the medium-to-long term. EFSA is overall positive as regards the European Commission's ambition to remove barriers for infrastructure providers to conduct cross-border activities and to remove administrative burdens that facilitate financial institutions to build scale and hence enable EU financial markets to grow.

In this paper, we emphasize our priorities which we would like to bring to the co-legislators' attention.

General comments

In order to reach its goals, the MISP should explicitly and consistently:

(i) Make the competitiveness of EU actors and the attractiveness of EU capital markets core objectives through the entire legislative process. These objectives should be preserved during level 1 negotiations and effectively reflected in the adoption of level 2 and 3 texts. In our view it is particularly important for ESMA to integrate competitiveness as a secondary regulatory objective when drafting new rules or amending EU legislation (i.e. in the impact assessment) to ensure a level playing field between EU's and third countries' market players.

(ii) Simplify the existing regulatory framework, without undermining the core objectives of financial stability, consumer protection and market

EFSA members:

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Associazione Intermediari Mercati Finanziari (AMF Italia)

Febelfin, the federation of the Belgian Financial Sector

Bundesverband der Wertpapierfirmen (bwf)

Finance Denmark (FIDA)

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integrity. The MISP is in our view an opportunity to deliver on the EU's burden-reduction objective which should entail legal simplification and lead to tangible reduction of the compliance burden and cost base for investment firms. The overly complex EU framework is a competitive disadvantage for EU market participants' which has a negative impact on the competitiveness of EU financial markets as a whole.

(iii) Clarify that EU legislation should not have extra-territorial application as regards investor protection and market integrity: EU market participants should be able to apply local rules when they operate outside the Union with non-EU clients. The MISP is an opportunity to clarify this principle in MiFID and MiFIR, consistent with the EU Treaties.¹

(iv) Ensure that the regulatory framework is designed in a proportionate way which allows fair competition between smaller (e.g. local trading venues) and larger players in EU. In fact, smaller local players will continue to play an important role, in particular as regards financing SMEs. To ensure genuine competition between infrastructures is also of utmost importance to prevent monopoly or monopoly-like fees which results in fewer choices and higher costs for market participants and their clients.

(v) Ensure an orderly transition for directly supervised entities without introducing legal or operational risks into the financial system, ensure sufficiently long implementation periods and phase-in periods for the shift of supervision from national level to ESMA.

Specific comments

Supervision

Direct supervision

EFSA generally supports the move towards ESMA's direct supervision for significant TVs, CSDs and CCPs in order to improve market integration. We also agree that smaller trading venues outside of a group (e.g. SME growth markets) should remain under the supervision of National Competent Authorities (NCAs) given their local reach, specificities and size.

¹ Pursuant to Article 52 of the Treaty of the European Union and Article 355 of the Treaty on the Functioning of the European Union, the Treaties, and the legal acts adopted on their basis, apply within the territory of the Member States, subject only to the specific extensions and derogations expressly provided for therein. MiFID is applicable to investment firms authorised to provide investment services across the Union, aligning with the broader territoriality principle set out in the Treaties.

As regards supervision, EFSA calls for a proportional regime with clear division of competence between ESMA and NCAs² to avoid legal uncertainty, regulatory arbitrage and double reporting. It is also important to ensure that central supervision does not give bigger market players a competitive advantage compared to smaller market players that remain under national supervision. Well-functioning local ecosystems should be preserved (incl. local infrastructures) given the central role they play in financing regional economies. This requires balancing central and local supervision according to the subsidiarity principle and to ensure that skills and expertise relating to local markets continue to exist (e.g. as regards crypto markets) at local level and be developed at central level (e.g. as regards national laws applicable to local infrastructures such as tax and corporate rules).

Moreover, we propose that:

- The existing recruitment process within ESMA is complemented by a dedicated recruitment scheme designed to add to the operational and local market knowledge of ESMA's staff, including staff coming from both private and public sector.
- ESMA's knowledge of local markets and industry concerns is strengthened by reinforcing its consultation mechanisms incl. via systematic engagement with stakeholders ahead of level 2 and level 3 texts.
- Mechanisms are put in place to ensure that ESMA, other EU authorities and NCAs regularly share information on supervisory practices. This could for instance take place through the proposed collaboration platforms or, more informally, through the Standing Committees and/or workshops.
- Budgetary discipline is pursued in relation to the costs associated with the move to direct supervision, avoiding that firms under central supervision must pay double supervisory fees to national supervisory authorities and ESMA and ensuring economy of scale. We would also welcome more transparency around costs and benefits, calculated on the basis of realistic estimates. ESMA should provide a detailed estimation on an annual basis.

Additional comments on the direct supervision of trading venues (TV) and central securities depositories (CSD) follow below.

² Additional work needs to be done as regards articles 8a, 17 aa and 17 aaa of the ESMA-regulation.

Supervisory convergence

EFSA overall supports the proposed measures, notably in relation to the breach of Union law and the use of no action letters.

We welcome the extension of the scope of no action letters but consider their flexibility could be further enhanced especially to guarantee a level playing field between third country firms and EU firms.

Finally, we consider that ESMA's use of level 3 texts should be streamlined. At present, ESMA uses various tools to communicate its interpretations to the market, i.e. reports, statements, Q&A, recommendations, letters etc. which create legal uncertainty and contributes to the regulatory complexity in the EU.

MiFIR (600/2014)

Supervision of TV and trading

EFSA considers that centralised supervision over PEMOs and significant trading venues is a natural step, as regards larger cross border entities. As noted above, it is however important to avoid that smaller trading venues outside a group which remain subject to local supervision are put at a competitive disadvantage. Smaller trading venues will continue to play an important role for local ecosystems e.g. for the listing of SME companies.

As mentioned under general comments, the market integrity and well-functioning of local markets is important for EU's competitiveness. We share the view that there are areas (e.g. market abuse, market surveillance and trading halts) which should continue to be handled by National Surveillance Authorities (NSAs) rather than ESMA.

We would like to underline the importance of carefully analyzing issues related to security, continuity and resilience in this context. As mentioned under general comments, the division of competence between ESMA and NCA/NSAs as well as other authorities must be clear, and double reporting has to be avoided.

Pre-trade consolidated tape

EFSA members consider that consolidated pre-trade data can be useful from a transparency and valuation perspective, in particular for certain clients. However, the consolidated data will never be able to replace the primary data that investment firms need for the execution of client orders, and which is purchased directly from the source, i.e. the trading venues. The reason for this is that since the CT data is aggregated it will

always be published with a delay (latency). Therefore, it will be “too old” for investment firms to use for deciding where to send a client order.

Consequently, there can be no – direct or indirect - legal requirements for investment firms to use the CT data for trading or to prove best execution, i.e. no mandatory consumption. For the avoidance of doubt, EFSA suggests that this is clarified in a recital.

SIs are bilateral risktakers – need for enforcement of existing rules

Systematic internalisers (SIs) fulfil an important function as liquidity providers for the capital markets. It is thus important to ensure that they operate within their intended framework, namely by engaging exclusively in bilateral trading at risk on own account, with the exclusion of any internalisation or orderbook like activities as those constitute multilateral trading under MiFIR. In this context, and in line with the simplification agenda, EFSA considers that priority should be placed on the effective enforcement of the existing MiFIR framework and that is no need for more rules in this area.

EFSA considers that more clarity is needed as regards the contribution of SIs to the tape. As noted above, SIs are bilateral risktakers and we therefore question the rationale behind the proposal to require SIs to provide five best bids and offers to the CT.³ In fact, it could even be detrimental to data quality of the CT and should therefore be removed.

Data quality

EFSA considers that the ability of the CT to fully fulfil its objective of providing a comprehensive view of trading activity in the Union⁴ will notably depend on the accuracy of the data it aggregates and disseminates. As such, a comprehensive review of the relevant Delegated Regulations⁵ is required to address the existing data quality issues currently observed on trade reports. EFSA would welcome a bottom-up approach, with the creation of a working group⁶ gathering infrastructures, market experts and representatives from ESMA and the European Commission to agree on a common market understanding of the reporting requirements and act as an advisory committee for recommending changes to the regulation framework.

³ The reason for this is that if an SI is truly bilateral in nature it will only have one quote – its bid and offer. Thus, SIs should only be able to quote and trade on EBBO or better, so no order depth is needed. In fact, to require an SI to provide five best bids and offer makes little sense and could even be detrimental to data quality of the CT.

⁴ Regulation (EU) 2024/791, recital 1, [link](#)

⁵ Delegated Regulation (EU) 2025/1155, [link](#), and (EU) 2017/587 (RTS1), [link](#)

⁶ Similar to MIFIR Article 22b, paragraph 2 related to the establishment of an “expert stakeholder group to provide advice on the quality and the substance of data”

Closing auction

The closing auction performed by the incumbent exchanges have gained significant market share over the past few years as the closing prices from these exchanges are the official closing prices, used for various purposes and KPIs and there is no alternative source. Hence, the incumbent exchanges hold monopoly over the closing auction which often is reflected in higher fees for trading in the closing auction than for continuous trading. EFSA appreciates that the Commission aims to address this problem in the proposal. However, we do not consider the proposed approach to be the right way to do it as it is access to the official and tradable closing price which is essential.

Cost of Market Data

Cost of market data is a major concern for EFSA members. In EFSA's view the new RTS on Reasonable Commercial Basis (RCB) which are applicable from 23 August 2026 will not sufficiently address the negative consequences resulting from the inherent monopolistic position of certain trading venues. In particular, this results in large trading venues being able to charge monopoly fees and exercise cross subsidisation.⁷ EFSA therefore considers that the issue of market data costs needs to be closely monitored and to be addressed within MISF.

Additionally, vendors, benchmark providers, Credit Rating Agencies, ESG-providers etc. are at present outside the scope of the MiFIR, art. 13 and the RTS on RCB, despite recommendations from ESMA in the consultation process⁸ which are strongly supported by both buy- and sell-side as also stated in the Final Report.⁹

CSDR (909/2014)

Supervision of CSDs

EFSA thinks that the topic of centralised supervision within the EU is complex. It is important with equivalent supervision for market actors in

⁷ [Market integration package - Finance - European Commission](#) including the [Study on consolidation and reducing fragmentation in trading and post-trading infrastructures in Europe - Publications Office of the EU](#) page 156. The study refers to the upcoming RTS on RCB and does not reflect further on the problems.

⁸ [ESMA consultation on RCB etc.](#)

⁹ [ESMA Final Report on RCB etc.](#)

different member states, and we would welcome stronger convergence on an EU level.

EFSA acknowledges that centralised supervision of CSDs could lead to pooling of relevant competences, better clarity regarding the competent authority's decisions and that it could bring more level playing field in terms of competition between different CSDs. Considering the current low level of competition, where the role of the CSD is largely that of a natural monopoly, we would like to encourage the legislator to keep the fair competition aspect in mind when deciding on the future supervision framework for CSDs.

Freedom to issue in a CSD in the Union

EFSA welcomes the Commission's intention to increased freedom for issuers and trading venue members to designate any CSD established in the union. We do however think that the choice will continue to be limited in practice due to diverging national legislations e.g. corporate law, tax law, and since factors, such as language, culture and knowledge of the local market, will continue to influence the choice of CSD.

Internalised settlement

Regarding the provisions on settlement internalisers, we understand that the Commission has used the result from a TVR report as part of the underlying material for the proposal.¹⁰ We are however not sure that the data presented in the report gives a fair representation of the market, the reasons behind internalised settlement and the difference in nature between CSD settlement and internalised settlement. We would like to encourage the EU legislator and ESMA to seek further clarifications regarding these matters before the review of the technical standards.

DLT Pilot Regime (2022/858)

EFSA overall welcomes the proposed amendments to the DLT pilot regime to foster innovation and the development of market infrastructures based on DLT that are critical for the competitiveness of EU actors.

EFSA also welcomes that the European Commission has proposed to raise the threshold for aggregated market value. However, we consider that the proposed threshold of EUR 100 billion is still too low and will therefore remain a significant limiting factor for market development.

¹⁰ [ESMA50-1949966494-3846 Report on Trends, Risks and Vulnerabilities No. 2, 2025](#)

EFSA therefore recommends that it should be further evaluated whether the level of the threshold should be raised or abolished entirely.

As a final remark, EFSA notes that the proposal includes a mandate for ESMA to present a report on various aspects of DLT market infrastructures by March 2030 (article 14). Based on the report, the European Commission shall assess whether the pilot regime should be integrated into other sectoral legislation and submit, where appropriate, a legislative proposal. In our opinion, it would be good to continue to integrate DLT into the sectoral legislations and strive for them to be technology neutral. From an EU competitiveness point of view, it would be preferable to do this earlier than the proposed timing of the ESMA report and the European Commission's subsequent assessment
