EUROPEAN COMMISSION
DIRECTORATE-GENERAL FOR FINANCIAL STABILITY, FINANCIAL SERVICES AND CAPITAL MARKETS UNIOrket N

Horizontal policies
Capital markets union

TARGETED CONSULTATION ON INTEGRATION OF EU CAPITAL MARKETS

Disclaimer

This document is a working document of the Commission services for consultation and does not prejudge the final decision that the Commission may take. The views reflected on this consultation paper provide an indication on the approach the Commission services may take but do not constitute a final policy position or a formal proposal by the European Commission.

INTRODUCTION

Implementation of the savings and investments union (SIU) strategy, as presented in the Commission Communication of 19 March 2025, is a top priority of the Commission. The SIU will be a key enabler of wider efforts to boost competitiveness in the EU economy by improving the way the EU financial system mobilises savings for productive investment, thereby creating more and better financial opportunities for citizens and businesses.

The development and integration of EU capital markets should be a market-driven process, but various barriers to that market-driven process must first be removed. Despite the harmonisation of regulatory frameworks and the existence of financial services passports, the persistent fragmentation due to these barriers is limiting the potential benefits of the EU's single market. Financial-market participants cannot fully benefit from scale economies and improved operational efficiency, or are not adequately incentivised to facilitate cross-border investments, raising the costs and restricting the choice of financial services available to businesses and citizens. By delivering better and cheaper financial services, the SIU will be a key element in boosting economic competitiveness.

More integrated and modernised EU capital markets should also allow us to explore and benefit from technological developments and innovation. The use of newer generation technologies such as distributed ledger technology, tokenisation of financial instruments will allow us to empower our capital markets and equip them for the opportunities and challenges ahead.

The Communication on the SIU announced legislative proposals in the fourth quarter of 2025 to remove barriers to cross-border trading and post-trading, cross-border distribution of investment funds and cross-border operations of asset managers. This reflects President von der Leyen's mission letter to Commissioner Albuquerque, which includes the task to "*explore further measures to […] promote scaling up of investment funds, and remove barriers to the consolidation of stock exchanges and post-trading infrastructure*". To this end, the Commission has already launched external studies to identify barriers affecting the consolidation of trading and post-trading infrastructures and the scaling up of investment funds in the EU. These barriers include those of an economic, legal (at national and EU level), technological, behavioural and operational nature.

Divergences in supervisory practices can also act as a specific barrier to capital-market integration, as financial-market participants operating across borders must manage different requirements across the single market. Accordingly, any strategy to integrate EU capital markets naturally leads to the need for more efficient and harmonised supervision. The aforementioned studies also seek to identify barriers to integration that are linked to supervision and the Commission will propose legislative measures in the fourth quarter of 2025 to strengthen supervisory convergence and to transfer certain supervisory tasks for capital markets to the EU level.

As part of implementing the SIU strategy, this targeted consultation seeks stakeholders' feedback on several issues and possible measures, legislative or non-legislative on 2 main areas:

- **barriers in genera**l to the integration and modernisation of trading and post-trading infrastructures, the distribution of funds across the EU and efficient cross-border operations of asset management

- and **barriers specifically linked to supervision**

In line with the simplification Communication, simplification will underpin all efforts to implement the SIU strategy and respondents are invited to indicate any areas in which regulatory simplification would be appropriate.

As a swift action is required under the savings and investments union strategy to untap EU enormous potential and give it the means to secure its economic future, this consultation must be completed within eight weeks. It is acknowledged that this consultation is extensive and to the extent that not all questions will be relevant to all stakeholders, respondents are invited to reply only to those questions that are most relevant to them.

RESPONDING TO THIS CONSULTATION

In this targeted consultation, the Commission is interested in the views of a wide range of stakeholders. Contributions are particularly sought from financial institutions and other markets participants, national supervisors, national ministries, the ESAs, EU institutions, non-governmental organisations, think tanks, consumers, users of financial services and academics. Market participants include operators and users of trading and post-trading infrastructures in the EU, notably trading venues, broker-dealers, issuers, institutional and retail investors, clearing counterparties (CCPs), central securities depositaries, trade repositories, other financial market infrastructure operators, asset managers, investment funds, regardless of where they are domiciled or where they have established their principal place of business.

This consultation should be seen as a distinct exercise from any targeted queries received by relevant stakeholders in relation to the currently ongoing external studies to identify barriers affecting the consolidation of trading and post-trading infrastructures and the scaling up of investment funds in the EU.

Responses to this consultation are expected to be most useful where issues raised in response to the questions are supported with a clear and detailed narrative, evidenced by data (where possible), concrete examples, legal references and qualitative evidence, and accompanied by specific suggestions for solutions to address them in the Regulation.

Urgent action is required to address persistent fragmentation that limits the benefits to be gained from the EU's single market and contribute to secure EU's prosperity and economic strength. All interested stakeholders are invited to **reply by 10 June 2025 at the latest to the online questionnaires below**: https://finance.ec.europa.eu/regulation-and-supervision/consultations-0/targeted-consultation-integration-eu- capital-markets-2025_en

Please note that to ensure a fair and transparent consultation process only responses received through the online questionnaires will be taken into account and included in the report summarising responses.

Recognising the comprehensive nature of this consultation, it has been decided to divide it into six key topics: simplification, trading, post trading, horizontal barriers to trading and post-trading, asset management and funds and supervision. This approach aims to streamline the response process and ensure each aspect is thoroughly addressed, thereby making it more manageable for respondents to engage with and contribute their insights effectively. By organising the consultation in this manner, the aim is to encourage detailed and focused feedback on each specific area, ultimately leading to a more robust and inclusive dialogue.

To the extent that not all questions will be relevant to all stakeholders, respondents are invited to reply only to those questions that are most relevant to them within the questionnaires they have chosen to respond to.

Any question on this consultation or issue encountered with the online questionnaire can be raised via email at fisma-markets-integration-supervision@ec.europa.eu.

PART 1

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	X (AM)				

Finance Denmark welcomes the opportunity to provide comments to the European Commission's consultation on integrated EU Capital Markets with a deadline to The Danish Financial Authority 19 May 2025. Due to the very short deadline, Finance Denmark reserves the right to provide additional comments at a later stage.

Finance Denmark has initially the following general comments to the consultation followed by more specific comments to section 1-7 in the consultation paper. Please note, however, that our response is not comprehensive and more details and comments will be included in the final response to the European Commission.

That said, **we are deeply concerned about the fact that the costs of market data are not included in the EC consultation** as the "market data business leg" is a concrete example of a market failure where the trading venue are charging monopoly rent due to the uniqueness of the data and are using the monopoly rent for cross subsidization. Hence – market data is a key barrier which must be handled as also elaborated under "general comments". We are certainly aware of changed art. 13 in MiFIR2 and the proposed level 2 from ESMA in relation to costs of market data. However, as also documented, neither the new level 1 nor the proposed level 2 will solve the problems as these rules are not the needed *ex-ante regulation* (LRIC+ and a price cap). Ideally, market data should be free of charge, due to its nature as a public good.

General comments

Finance Denmark fully supports the European Commission's initiative to work on breaking down national barriers and divergent practices in the EU capital markets. In particular, existing divergent practices and (to a

lesser extent) national over-implementation hamper time-to-market and increase structural costs for investors. Removing operational barriers would support the organic development of more efficient capital markets. However, it is important that the work on harmonization does not lead to an additional layer of prescriptive regulation and that the harmonization process includes an assessment of whether national rules/practices can benefit the EU broadly. Equally important, however, is our observation of missing enforcement of existing rules. For instance, enforcement in relation to the unjustified increases in market data costs in combination of unreasonable terms & conditions as well as participation rules, enforcement of the trading rules and the apparent existence of brokers crossing networks and so forth.

We are strong proponents for genuine competition AND a level playing field. These combined requirements are critical for the ability to build and grow competitive and efficient European capital markets where local ecosystems also can prevail and thrive.

Finance Denmark is fully aware of the urgency of improving European capital markets. However, the magnitude of the consultation and the requirement for data support and level of details in both some of the questions and responses is an unrealistic task to meet with the extremely short deadline in mind. Hence, we reserve the right to provide additional comments and data support after the deadline as well and we welcome the European Commission to call for additional examples directly as well.

Please also beware that some of the data exercises require access to fee structures and policies from the capital market infrastructure. At present, it is only possible to access limited material, and some named firms even refuse to hand out material older than the past year, making it difficult for the users to provide the requested documentation for the unreasonable development in both costs and complexity. Hence, this serves the ground for the first proposal from our side: Either require capital market infrastructure to publish fee structures, terms & conditions and other relevant material for users on their web with multiyear comparison for the past 10 years or create a public available database where all this information is available without any restrictions.

Capital market infrastructure (trading venues, CCPs and CSDs)

First and foremost, we agree that the size and the efficiency of EU capital markets are far below what we should have. Less efficient capital markets negatively impact both companies and investors. **Companies** face reduced access to capital along with higher capital costs, while **investors and pension savers** experience lower returns on their savings and investments. EU **as a whole** face a persistent weakness in both facilitating SMEs and matching the ability of China and the US to create new mega players in critical industries. The end result is harmful **to all of us.**

It goes without saying that there is a sense of urgency, and the European Capital markets have the potential to grow considerably to the benefit of the whole EU, **IF** the political system has the courage and the will to **solve the core problems** instead of focusing on the symptoms.

In that context, it is important to stress that capital market infrastructure are infrastructure companies and natural monopolies which at present are allowed to operate on an unrestricted for-profit basis unlike infrastructure in

other sectors. This allows the capital market infrastructure to be able to charge monopoly rent and impose both unreasonable terms and conditions as well as restrictive participation rules and contracts.

Furthermore, during the past years, considerable consolidation both horizontally and vertically has been manifested but without the expected benefits for users.

On the contrary. Costs have increased and both choice and quality have deteriorated leaving the European capital markets without the possibility to become efficient, to grow and to be competitive. It is time to correct a significant misunderstanding in the capital markets: Infrastructure is **not** the end goal or the star of the show – it is means to an end like the stage upon which the performance takes place. Hence, in the capital markets – the capital market infrastructure companies are the **enablers** of connectivity and growth and must be ensured to stay as such instead of continuing as monopolistic bottlenecks as this ability undermines the principle of infrastructure as a neutral enabler and stifles efficiency, competition and growth in the capital markets.

Below, Finance Denmark initially provides an overview of the core problems and proposal for solutions in relation to capital market infrastructure.

Core problems in relation to capital market infrastructure and a possible solution

The focus is mainly on shares in the section on trading venues.

Trading venues - core problems

A Regulated Market (an exchange) has three different core business legs where the exchange collects revenue: Listing, trading, and market data. For Multilateral Trading Facilities and Organised Trading Facilitites[1], the revenue stream comes mainly from trading and market data.

In the market for **listing** (the primary market) where companies carry out public offerings to gain access to capital and funding, the following is observed:

- The exchanges compete in principle for listings and mainly for larger companies in contrast to smaller companies (SMEs) as SMEs to a larger degree depends on local investors whereas larger companies appeal to a broader range of investors – both local and international investors.
- However, a company's home market is often regarded as the country in which it is incorporated. This is where companies usually go public, and it is here that investors tend to expect the listing. A company is intimately linked to the economy, culture, infrastructure, technology base and taxes of its home country. It is also committed to the relevant capital market regulations.
- Listing in another country requires resources to handle differences in financial reporting standards, legal and regulatory compliance, corporate governance, requirements for disclosure and transparency, listing fees and ongoing costs etc.

[1] Only non-equities.

- Hence, most listings, and in particular in SMEs, are still on the national exchange (incumbent exchange) due to the structural challenges and differences in corporate laws, tax laws, insolvency laws etc.[2].

In the market for **trading** (the secondary market), there is competition – but it is hampered and centralized between Regulated Markets (exchanges) and MTFs:

- Statistics[3] reveal that incumbent exchanges still hold more than 50% of the trading, and the closing auctions, where incumbent exchanges hold the absolute monopoly, count for on average 25%[4].
- There is de **facto zero competition between exchanges** in trading. Or as New Financial writes[5]: *"…Most competition today between exchanges is episodic and arguable in the wrong places. While MiFID introduced much-needed competition between exchanges in trading, most of that competition is between incumbent exchanges and more recent challengers like Aquis, Cboe Europe and Turquoise, and not between incumbent exchanges themselves…. "*
- The lack of competition between exchanges can also be verified by investigating the cross-border exchanges groups where neither offers consolidated orderbooks. Access to all orderbooks within a group requires access to each individual market (country).
- The discussions on the increasing part of trading moving away from the traditional trading venues can be attributed to the inefficiencies created by the structural problems within the trading venues, their behavior in the market hence creating the incentive for certain market players to find other ways of trading
- In sum, there is not a market failure in continuous trading – but competition is hampered due to lack of competition between the exchanges themselves. However, in closing auctions, there is an actual monopoly situation which adds to the market power of the exchanges, which affects the whole value chain.

For **market data**, **there is an absolute monopoly** (a market failure)[6]. Market data contains fundamental knowledge, which is indispensable for trading, best execution, risk management purposes etc., and thus, demand is not very responsive to price increases (inelastic demand).

- The fact that market data is unique per trading venues is verified by the European Commission and substantiated by some of the trading venues themselves when suggesting that the provision of market data services should be segmented between *"(i) the provision of proprietary trade-related information (…), namely information generated on an exchange, such as real-time pricing and trading volume data, and for which that exchange is the sole provider; and (ii) the provision of non-proprietary market information."*[7] The Commission strongly supported this view themselves in the same decision*: "..market investigation confirmed that the Notifying Parties each provide exchange-specific information that is not capable of being replicated by market data services provided by other exchanges or venues."*

[2]For example, also asset protection differs as Corporate Law differ in respect on liability – e.g. if the management is incompetent. Insolvency laws differ, there are tax difference and differences in withholding tax procedures etc.
[3] CBOE, April 2025
[4] Continued decline in lit volumes sees closing auctions and dark pools become more prevalent and own interviews with market participants.
[5] The problem with European stock markets (New Financial) and PowerPoint Presentation (newfinancial.org)
[6] There's No Market in Market Data (2025)Pricing of market data (2018), mifid_ii_mifir_review_report_no_1_on_prices_for_market_data_and_the_equity_ct.pdf, Opimas; Regulators must act on exchanges' market data monopoly; From National Marketplaces to Global Providers of Financial Infrastructures: Exchanges, Infrastructures and Structural Power in Global Finance
FLASH FRIDAY: Why the Market Data Monopoly Won't Be Nirvana - Traders Magazine; Consultation on MiFIR Review Package (non-equity trade transparency, reasonable commercial basis and reference data); Accessing and using wholesale data – Call for Input (fca.org.uk); regulating-access-to-and-pricing-of-equity-market-data-revised-version-12-september-2013.pdf;)
[7] Case No. COMP/M.6166, Deutsche Börse/ NYSE Euronext, para.139. See also para. 157

Additionally, in its competitive assessment of market data the Commission finds that as *"concerns proprietary market data, each notifying party is by definition the sole provider of the trade-related information generated on its own platforms. Therefore, there is no horizontal overlap between the Notifying Parties' activities and their proprietary data products should be considered as complementary*."[8].

- In short, the **supply of market data is a monopoly** as market data is unique for each trading venue, and therefore, market data cannot be substituted between venues (you cannot use market data from trading venue A to trade on trading venue B) nor with Consolidated Tape data. Furthermore, demand is inelastic as access to market data is indispensable for market participants in order to stay in business.

CCPs – core problems

A CCP interposes itself between the two counterparties in a financial transaction. After the parties have agreed to a trade, the CCP becomes the buyer to every seller and the seller to every buyer. In doing so, the CCP reduces counterparty credit and liquidity risk exposures through netting.

- A CCP **is a monopoly** unless interoperability is introduced and even then, the competitive situation is limited due to high switching costs for clients and high entry cost and network effect for CCPs. We also see differences in margin requirements, fees, cut-off times, buy-in rules. collateral acceptance etc.
- Interoperability is apparently not a "real" requirement for cash equities despite MiFIR art. 35 and 36. Unlike the rest of EU, interoperability is the standard in the Nordics within cash equities but not in the rest of EU. The Nordic approach to interoperability should be the European standard.
- For derivatives, requirements for interoperability have been removed in article 35 and 36 with MiFIR2. Furthermore, CCPs do generally not support free choice of settlement thereby contributing to lack of competition among CSDs.

CSDs – core problems

The core business model of a CSD is concentrated around the following business legs, as it operates a securities settlement system ("settlement service")[9], it records newly issued securities in a book-entry system ("notary service") and it provides and maintains securities accounts at the top tier level ("central maintenance service")

- For the **settlement** competition is hampered and cross-border settlement is considerably more expensive than domestic settlement. The T2S platform was created e.g. to mitigate this problem. However, even as settlement is increasing concentrated on T2S the move has not solved the problems due to lack of harmonization in settlement practice, conflicts of laws, lack of standards, lack of links between CSDs etc. In this context, we strongly encourage further adaptation of T2S in the Nordics. In addition, T2S CSD's should be mandated to offer T2S settlement for all T2S currencies they support and to create T2S links rather than links outside of T2 where they act as investor CSD's.

[8] Case No. COMP/M.6166, Deutsche Börse/ NYSE Euronext, para.140, 152 and 159.
[9] Part of this can be outsourced to T2S.

- Furthermore, despite the outsourcing of settlements to T2S, we have not seen a price reduction in CSD settlement costs - on the contrary. The costs have increased due to a market practice where the CSD charge T2S costs as add-on.
- For **issuance** of securities, there is a **de facto monopoly** for the **issuance of shares**, as the CSD issuance is linked to the exchange where the company is listed. For **issuance of bonds** and other types of instruments, there is more **competition.**
- For **maintenance** of securities, including for example the processing of corporate actions, such as dividend and interest payments, or voting rights in the case of shares, there is a **de facto monopoly** as the service is linked to the securities issued at the CSD. The lack of harmonisation in these areas prevents market participants to utilize investor CSD and T2S settlement efficiency and further legal harmonization is required.
- For the **safekeeping**, for all other countries besides NO and FI there is **competition** in relation to **client accounts**. It should, however, be noted that the end-investor accounts reduce the benefit of T2S in the Nordic markets. However, for "assets under custody", held at CSD level, there is a **monopoly** as the price for the services that only the Issuer CSD is able perform, typically depends on the value of the assets held by each market participant in the CSD. The cost often seems to be decoupled from the costs associated with the underlying services performed or systems maintained.
- Furthermore, CSDs charge for a number of "services" where cost cannot be directly contributed to the core functionalities, e.g. adaptation to CSDR, mandatory tax services, communication type fees making comparison between CSD costs almost impossible.

Other data providers – core problems

Data providers other than trading venues (such as vendors, benchmark providers, Credit Rating Agencies (CRAs) face a rather similar market power and ability to **acquire monopoly rent for value-added data** as trading venues can for raw market data.

- Data providers are at present **not in scope for regulatory requirements** in relation to pricing, transparency, standards etc. As the information providers' business cases also are related to market data (although in a value-added format in contrast to the trading venues' raw market data).
- The data providers take advantage of their position and require unreasonable pricing, terms & conditions and contracts

The following solution is proposed:

- Conduct holistic and competition-driven examination of capital market infrastructure and data providers inefficiencies and identify areas and services across European capital markets which are not subject to genuine competition and where the costs and complexity of the services provided are unreasonable. It is imperative to include the user perspectives in the examination and the EC study on barriers in the capital markets. Beware that capital market infrastructure both are natural monopolies and for-profit companies but not subject to similar infrastructure regulation as in other sectors. The capital market infrastructure investigation should assess the state of effective competition, for instance where service providers are in a

position of market power that can be or is abused. It is also key to assess if services lack effective competition across borders (following horizonal consolidation) as well as in other parts of the value chain (following vertical consolidation).

- Clarify clearly what type of businesses/business leg which is subjected to competition and what is not. The proposed regulation of capital market infrastructure should be clearly separated from services which can be opened for competition. If the relevant company only have strong market power on part of their products/market, the regulation should be targeted to those products/markets. The essence of assessment regarding the various business legs is presented in the section with "core problems" (in depth elaboration is available upon request).

- Where a business leg cannot be exposed to competition, replicate ex-ante infrastructure regulation from other sectors (energy, tele). The point being that the capital market infrastructure company should have its cost covered plus a reasonable mark-up (LRIC+) - but not be allowed to charge monopoly rent. Furthermore, a cap on the allowed prices/income/revenue (depending on what is most suitable) should be imposed to ensure incentives to continuously improve efficiency in the infrastructure[10].

- Where a business leg is not exposed to genuine competition, but can be, "nudge" competition for instance via fines, other incentives and ultimately ex ante regulation which force competition.

- Produce mandatory templates for fair, reasonable, standardized, transparent and non-discriminatory terms & conditions including participation rules and contracts for both capital market infrastructure (trading venues, CCPs and CSDs) and other data providers (vendors, benchmark provider, Credit Rating Agencies, ESG-provider).

- Ensure that the conflicts of laws and market practices including operational tax procedures, which prevent the development of cost-efficient cross-border capital market operations are removed as soon as possible.

- Ensure that further harmonisation is built on best practices that foster retail participation in capital markets, fair access and continue to support important local products like Danish Mortgage bonds.

- Dedicate one central EU supervisory authority with a competition mandate (e.g. in cooperation with DG COMP) supervising (cross-border) capital market infrastructure and data providers. This is in order to 1) prohibit rent-seeking by imposing and enforcing ex ante competition regulation similar to infrastructure in other sectors on business legs which cannot be exposed to competition and 2) introduce an appropriate

[10] For example, market data is an example of a business leg of trading venues which cannot be exposed to competition due to the uniqueness of the market data per trading venue. This provides the trading venue with a monopoly status in the supply of market data combined with inelastic demand as market data is indispensable for the buy- and sell-side to stay in business. Evidence has clearly verified that the present regulation has not worked due to inadequate and ambiguous measures combined with lack of consistent supervision and enforcement. This enables the trading venues (and in particular the incumbent exchanges) to charge monopoly rent and exercise cross-subsidization on business legs which can be exposed to competition

incentive structure to ensure competition in business legs which can, but are not, subject to genuine competition and 3) to ensure a level playing field between capital market infrastructure which at present are subject to divergent supervisory models at National level/supervisory colleges and 4) enable the central EU supervisory authority to dedicate the needed, experienced and specialised resources in this very complex area.

- In case ESMA is considered to take that role, ESMA's mandate, as regulated under Regulation 1095/2010 (EU), should be revised to grant ESMA the authority to establish ex ante regulations that ensure genuine competition in this sector. In case another entity is to take on that role, specific regulation must be prepared.

Expected outcome of the solution:
The single EU supervisor must always ensure both competition and user choice within capital market infrastructure and other data providers on a continuous basis even though the changes will lead to consolidation. No concentration rule must be imposed. Furthermore, the following outcome is expected from our proposals:

Trading venues

- Should be subject to one single European supervisor with a competition mandate which should have the ability to introduce ex ante regulations where relevant in order to abolish the possibility to charge monopoly rent or perform cross-subsidization (MiFIDIII art. 66-70 and MiFIR2, art. 13)
- Should refrain from claiming IP rights in market data (MiFIR2, art. 13)
- A requirement for interoperability in closing auctions (Include requirements in Title II of MiFIR2 and change heading to "Transparency and trading requirements for trading venues")
- Should offer trade feeds to all requesting CCPs within a specified, short deadline (MiFIR2, art. 36)
- Should not require issuance or settlement in a specific CSD (Add requirements in MiFIDIII, art. 55)
- Should offer standardized policies, terms & conditions and non-restrictive participation rules and contracts (can be included in MiFIDIII, art. 48)
- Should publish pricelists, policies, terms & conditions with multi-year comparison for the past 10 years (can be included in MiFIR2, art. 13)
- It should be considered establishing a central public database where all the required information is available.

CCPs

- Should be subject to one single European supervisor with a competition mandate which should have the ability to introduce ex ante regulation if relevant and not be allowed to charge monopoly rent (EMIR art. 14-24)
- Should be mandated to offer interoperability in EU markets (MiFIR2, art. 36)
- Should be aligned in principles for margin requirements, cut-off times, buy-in rules and collateral acceptance (EMIR art. 41-48)

- Should offer standardized policies, terms & conditions and non-restrictive participation rules and contracts (EMIR, art. 36 and 37)
- Should publish pricelists, policies, terms & conditions with multi-year comparison for the past 10 years. (EMIR, art. 38)

CSDs

- Should be subject to one single European supervisor with a competition mandate which should have the ability to introduce ex ante regulation where relevant and not be allowed to charge monopoly rent or perform cross-subsidisation (CSDR, art. 10 and 22)
- Should be mandated to offer interoperability with other CSDs (links) based on market demand. T2S links should be mandated and links outside of T2S should be reduced, hence all EU securities can be settled in all EU CSDs (art. 19 and 52 of CSDR)
- No requirement for issuance in a specific CSD (CSDR, art. 53)
- Prevent new issuances being mandated to settle in specific CSDs
- Should be aligned in principles for cut-off times and all core functionalities a CSD must offer. For example, a common data dictionary and data model for reference and transactional data in financial services, across the steps of issuance, settlement and holding of securities**.** There is no universally available golden source on securities reference data and information suffers from media breaks and lack of machine-readable data exchange in transactions. CSDs depend on information provided by stakeholders like issuers and agents, which is currently not aligned. The co-existence of different, not fully interoperable international and national proprietary messaging standards makes it costly for service users and providers to exchange and process data. A strategy and a clear timeline for all stakeholders to transition to ISO20022 must be developed. In debt issuance, the absence of a commonly adopted European template for term sheets and the lack of convergence on market conventions (business calendar, business day, interest rate calculation, rounding) makes European debt markets less deep and efficient than their potential. (CSDR, art. 36-41)
- Should offer standardized policies, terms & conditions and non-restrictive participation rules and contracts (CSDR, art. 32-36)
- Should publish pricelists based on standadized price element, policies, terms & conditions with multi-year comparison for the past 10 years (CSDR, art. 34)
- Should promote technology neutral rules to enable innovation

Other data providers (vendors, benchmark providers, CRAs, ESG-providers)

- Should be subject to ex ante regulation where relevant and not allowed to charge monopoly rent or perform cross-subsidization (new regulation – e.g. extend the scope of MiFIR2, art. 13)
- Should offer standardized policies, terms & conditions and non-restrictive participation rules and contracts (new regulation – e.g. extend the scope of MiFIR2, art. 13)

- Should publish pricelists, policies, terms & conditions with multi-year comparison for the past 10 years. (new regulation – e.g. extend the scope of MiFIR2, art. 13)

Regulatory changes/market practices:

- Removal of structural issues driving monopolist behavior from market infrastructures
- Legal barriers, including alignment on SRD II and corporate laws
- Harmonized corporate events build on common standardized data elements available for the full value chain
- Enable access to omnibus account structures in all markets
- Harmonized buyer protection rules
- Promotion of T2S links
- Harmonisation of issuance practices
- Harmonisation of tax practices

Asset management and funds

The consultation also includes several questions in relation to the asset management and funds industry and how consolidation can be pursued. However, this industry differs considerably from the capital market infrastructure as the asset management and fund industry consist of financial companies acting in competitive environments on a continuous basis.

Impediments in the cross-border competitive environment for the asset management industry are related to conflicts of law in areas such as tax but also lack of supervision convergence and diverging national practices. Hence, any measure should appropriately take these differences into account.

Supervisory convergence through more frequent dialogue between European and local supervisory authorities is important to overcome some structural barriers. Consolidation in an industry such as the asset management industry, where economies of scale are important, must come through the organic development of more efficient and integrated markets by removing frictions.

Core Problem for asset management and funds

The asset management sector in the EU is facing a growing disconnect between regulatory ambition and practical outcomes for retail investors. Despite years of reforms, the retail investor journey remains complex, fragmented and discouraging, particularly for new or smaller investors. Regulatory layers across MiFID II, PRIIPs, SFDR and other frameworks have led to overlapping and often inconsistent requirements.

This results in:

- Divergent supervisory practice and requirements between national competent authorities remain a barrier to a truly integrated market for investment funds

- Strict POG rules risk limiting open product architecture and encouraging closed distribution models to own products
- Excessively detailed disclosure that overwhelm rather than inform investors
- Language and different local requirements for marketing and passporting regime that act as barriers that restrict cross-border product access
- Product governance rules and tests that limit the availability products
- Inflexible investor profiling rules (eg. sustainability preferences) that deter meaningful engagement
- Regulatory uncertainty and diverging supervisory practices that increases administrative burdens
- Structural barriers to EU wide fund growth and scaling up investment funds cross boarder

Proposed Solution

A streamlined and investor centric regulatory approach is needed that simplifies investor experience, removes unnecessary market barriers and harmonize regulation across Europe to create level playing field between manufacturers, distributors and clients. While it is important to foster competition in the market, also level playing field and minimum investor protection must be ensured on all levels.

Conclusion for Asset Management and Funds

The success of integrating EU's Capital Markets depends on removing friction for investors, ensuring simple access to suitable products, and enabling the asset management sector to deliver value efficiently.
The above proposals will reduce administrative burdens, increase investor participation, and improve the alignment of the regulatory framework with the needs of Europe's capital markets. A more harmonized supervisory approach will also be essential to avoid fragmented implementation and ensure a level playing field across the EU on all levels, so the focus on reducing burdens should focus on all firms regardless of size.

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

If you agree, please indicate what could be an appropriate fixed threshold, or whether the threshold should be set in a delegated act to allow easier adjustments based on a methodology that you are invited to outline in your response, and why.

Please, explain

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			

Please, explain

The current regulations concerning asset management and funds sector already include proportionality considerations to an extent. Whilst it is important to foster competition in the market, level playing field and minimum investor protection must be ensured. Increased proportionality should not lead to increase of overall complexity, thus additional proportionality measures should not focus on reducing compliance burdens for smaller firms only but instead focus on reducing complexity for all the firms.

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		

Please explain

Generally speaking, national laws in relation to UCITS framework have been without significant gold-plating that could be considered to be a barrier for turning UCITS as a regulation.
National laws implementing AIFMD tend to have more local gold-plating, which full harmonization could tackle. Lack of extending AIFMD to retail distribution severally hampers efficient cross-border

distribution of retail AIFs. We generally welcome simplification via EU regulations. However, as evidenced e.g. by SFDR and related regulations, it is problematic where a regulation is interpreted very differently by different NCAs Thus, it would be crucial to ensure sufficient supervisory convergence among the member states.

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				

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					

Please explain

Forward-looking performance scenarios established by PRIIPs are complex but they do not provide additional value to retail investors as they sometimes results in counterintuitive results and the calculation methodology is not readily understood by the retail investors. Further, previous performance scenario calculations are not of interest to investors but create unnecessary costs and complexity for product manufacturers.

The performance scenarios are for the stress scenario a black box for investors and other scenarios are based on historical performance, which investment products in all other material comments by stating that "past returns and performance are not reliable indicators of future returns and performance".

We support simplifying PRIIPs by deleting the obligation to maintain separate information in addition to the KID on the product manufacturer's website as well as replacing the performance scenarios with the UCITS past performance disclosures. The requirement to use the arrival price calculation of indirect trading costs should be removed.

The calculation of the transaction costs is a regulation, which is detached from reality in the real world and should be simplified, especially for the indirect transaction costs.

Delete floor on transaction cost (PRIIPs KID)

Remove obstacles to cross-border investments through more flexible language requirement – Increase flexibility in language requirements for PRIIPs KID

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 / no / no opinion

- AIFMD: Establishment of an AIF retail passport regime to retail investors to passporting in EU (high)
- MIFID II: More flexibility within Mifid client categories to allow investors to access AIFs mor easily e.g. change conditions for the opt-up to professional client status (high)
- PRIIPs: Amend the scope of PRIIPs to explicitly exclude standard corporate bonds and financial instruments from being covered. (high)
- MiFID II: Excessively detailed information in ex-ante and ex-post cost disclosures. It is recommended that all costs be disclosed as a total amount in currency and in percentages (Medium)
- MiFID II: Flexibility in addressing clients' sustainability preferences. The current rules and terms are too extensive and not suitable for retail clients. (high)
- MiFID II: "Suitability Light" regime should be extended to all types of investment advice. (high)
- MiFID II: POG requirements should be streamlined by excluding single securities and easing distributor requirements in relation to execution services. (medium)
-RIS/Mifid II: Avoid introducing new tests and requirements in investor dialogue. Delete best interest test and incorporate Inducement test in product governance rules in RIS. (high)
- Mifid II: Simplify product governance rules for single shares and bonds.Product governance scope should not include single shares and bonds (MiFID II) (medium)
- RIS/Mifid II: Specify internal VfM requirements and processes for product manufacturers. Internal peer-grouping reguirement on costs and performance in UCITS and AIFMD, cf. EP/council mandates on RIS as well as requirement for product manufacturers to anchor strong VFM policy at management level (UCITS and AIFMD) (high)
- RIS/Mifid II – Specify Internal VfM requirement and process by distributers Internal peer-grouping reguirement on costs and performance in MiFID II POG rules, cf. EP/council mandates on RIS as well as requirement for distributers to anchor strong VFM policy at management level (MiFID II) (high)
- RIS – Increase investor transparency about products through a 'PRIIPs database'
Introduce a product database based on existing data reported in PRIIPs. Inspiration can be drawn from the industry developed European Fund Classification System and other national practices on product costs comparison websites. (medium)

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

Please explain

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					

For Capital Market Infrastructure - due to the structural issues described in Q1 (the ability to charge monopoly rent and perform cross-subsidisation) the ability to use new technologies and innovation in these sectors is prevented. For trading venues, there is competition in trading between exchanges and MTFs - but competition between exchanges is not working. Or as New Financial writes (2021): "…Most competition today between exchanges is episodic and arguable in the wrong places. While MiFID introduced much needed competition between exchanges in trading, most of that competition is between incumbent exchanges and more recent challengers like Aquis, Cboe Europe and Turquoise, and not between incumbent exchanges themselves…. ". Furthermore, the cross-border exchanges groups where neither offers consolidated orderbooks. Access to all orderbooks within a group requires access to each individual market (country). The discussions on the increasing part of trading moving away from the traditional trading venues can be attributed to the inefficiencies created by the structural problems within the trading venues, their behavior in the market hence creating the incentive for certain market players to find other ways of trading. there is not a market failure in continuous trading – but competition is hampered due to lack of competition between the exchanges themselves. However, in closing auctions, there is an actual monopoly situation which adds to the market power of the exchanges, which affects the whole value chain. For market data, there is an absolute monopoly (a market failure) . Market data contains fundamental knowledge, which is indispensable for trading, best execution, risk management purposes etc., and thus, demand is not very responsive to price increases (inelastic demand). Furthermore, market data is unique per trading venue and cannot be substituted (also verfied by EC) between trading venues or with consolidated tape. This leaves the trading venues, and in particular the incumbent exchanges with the ability to charge monopoly rent for market data and perform cross subsidiation for e.g. trading, which is the case and substantiated in number of reports. A CCP is a monopoly unless interoperability is introduced and even then, the competitive situation is limited due to high switching costs for clients and high entry cost and network effect for CCPs. We also see differences in margin requirements, fees, cut-off times, buy-in rules. Collateral acceptance etc. For cash equities, we see interoperability in the Nordics but not in the rest of EU. For derivatives, interoperability was banned with MiFIR2. Hence, the CCPs have the possibility to charge monopoly rent as well. For CSDs, competition in settlement is hampered and cross-border settlement is considerably more expensive than domestic settlement. The T2S platform was created e.g. to mitigate this problem. However, even as settlement is increasing concentrated on T2S the move has not solved the problems due to lack of harmonization in settlement practice, conflicts of laws, lack of standards, lack of links

between CSDs etc. In this context, we strongly encourage further adaptation of T2S in the Nordics. In addition, T2S CSD's should be mandated to offer T2S settlement for all T2S currencies they support and to create T2S links rather than links outside of T2 where they act as investor CSD's. Settlement costs have not decreased as CSDs charge T2S costs as an add-on. For issuance of securities, there is a de facto monopoly for the issuance of shares, as the CSD issuance is linked to the exchange where the company is listed. For issuance of bonds and other types of instruments, there is more competition. For maintenance of securities, including for example the processing of corporate actions, such as dividend and interest payments, or voting rights in the case of shares, there is a de facto monopoly as the service is linked to the securities issued at the CSD. The lack of harmonization in these areas prevents market participants utilizing investor CSD and T2S settlement efficiency and further legal harmonization is required. For the safekeeping, for all other countries besides NO and FI there is competition in relation to client accounts. It should, however, be noted that the end-investor accounts reduce the benefit of T2S in the Nordic markets. However, for "assets under custody", held at CSD level, there is a monopoly as the price for the services that only the Issuer CSD is able perform, typically depends on the value of the assets held by each market participant in the CSD. The cost often seems to be decoupled from the costs associated with the underlying services performed or systems maintained. CSDs also charge for a number of "services" where cost cannot be directly contributed to the core functionalities. In sum, the ability to charge monopoly rent and cross-subsidisation creates barriers for innovation.

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 (for capital market infrastructure)				X (for AM, funds and banking)	

1. Strongly agree for Capital Market infrastructure and
5. Strongly disagree for Asset Management and banking industry.

Finance Denmark would like to strongly underline that the approach taken on supervision must be aligned with the characteristics of the markets that are supervised, and they are fundamentally very different across the Financial landscape in Europe:

Capital Market Infrastructure:
Capital market infrastructure (trading venues, CCPs and CSDs) are infrastructure, natural monopolies and for profit and at present not regulated as infrastructure in other sectors. Hence these are not competitive and are allowed to charge monopoly rent and perform cross subsidisation which affects the whole value chain ending as costs borne by European investors. Therefore we support central supervision of such markets with a strong competition mandate to target these issues. It must be ensured that the Governance requirements are clear and with a precise

description of the mandate, powers and with KPIs which ensures that that the potential for bureaucratic inefficiency is minimized and the centralized EU supervisor with a competition mandate is able to introduce and enforce ex ante regulation, perform quick decision-making and is not using complex and bureaucratic procedures. The goal is to remove the ability to charge monopoly rent and perform cross subsidization and to ensure continuous competition and a level playing field.

Asset Management and banking

Asset Management and banking industry are very different markets compared to infrastructure markets and should be approached differently. For Asset Management and Funds in the EU as well as the banking industry, these are fundamentally competitive markets but they are typically competitive either domestically or regionally. Asset management and the banking industry consist of financial companies acting in competitive environments on a continuous basis. Impediments in the cross-border competitive environment for the asset management industry are related to conflicts of law in areas such as tax but importantly also lack of supervision convergence and diverging national practices. The regional or domestic nature of these competitive markets calls for continuous national supervision with even stronger focus and drive for regional and European supervisional convergence. In addition, especially the assets management and fund industry is characterized by many administrative processes between industry and the national supervisor where local knowledge from the supervisor regarding national markets and products are key for the setup to work.

The process of supervisional convergence should be done with focus on supervisional practices that work well in national markets but also with a competiviveness mandate at the ESAs driving the supervisional convergence process.

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;	The possibility for capital market infrastructure, e.g. exchanges, to earn monopoly rent on business legs which cannot be exposed to competition (e.g. market data) and to exercise cross-subsidization on other business legs to gain an unfair competitive advance (e.g. trading). Cost of market data The data providers claim ownership/IP rights of market data The data providers such as vendors, benchmark providers, Credit Rating Agencies, ESG providers are not in scope for regulatory requirements.
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)	Cost of market data is essential to include The terms & conditions + policies and participation agreements that capital market infrastructure (trading venues, CCPs and CSDs) and other data providers (vendors, benchmark providers, CRAs and ESG-providers) the users are facing, are overall unreasonable and lack standardization and harmonization. The participation agreements that firms must sign, also contains unreasonable terms and conditions such as NDAs, Claim of ownership of data etc.

Please explain

Barriers both in the EU and globally

The problems are that Capital Market Infrastructure companies, meaning trading venues, CCPs and CSDs are not exposed to genuine competition, leading to less efficient and much more costly infrastructure companies than they should be and the **important questions are who bears the costs of less efficient capital markets and why do we not have genuine competition?**

The costs of less efficient and costly infrastructure are born by the actual Key Players in the Capital Markets, meaning the **companies** seeking funding as they face higher costs of capital and the **investors and pensions savers** facing lower returns on their investments. Whether there should be more, or fewer infrastructure players is not the first question to ask - the first question is why do we not have genuine competition - what are the core issues behind the less efficient capital market infrastructure in Europe?

Capital market infrastructure evolved from utilities and members owned to for-profit entities, starting with the exchanges in the early 90'ies. Capital market infrastructure is infrastructure like in other industries (scale, network effect) and therefore natural monopolies – but the transformation of exchanges from utilities to for-profit companies was made without the infrastructure regulation we know from other sectors (e.g. telecom) ó Capital market infrastructure has a free rein in contrast to infrastructure in other sectors such as telecom, where the business legs which cannot be exposed to competition are subject to regulation in order to avoid the infrastructure charging monopoly rent.

This is the core problem which now also covers CCPs and most CSDs with other data providers on top, which contributes to an inefficient and costly infrastructure at the expense of the companies and investors.

From a user perspective we note consolidation both across borders (horizontal consolidation) and across the value chain (vertical consolidation). For horizontal consolidation we have not observed genuine cross-border market

within the groups as national markets still applies with strict borderlines between the markets in the group. We observe that the group uses the most profitable market as the basis for developing pricing structure, terms & conditions, for example within market data and which then covers all markets within the group.

We also observe that one of the core functions – equities trading – have dwindled, market data business has increased considerably together with technology, other data business (e.g. indices) and post trade.

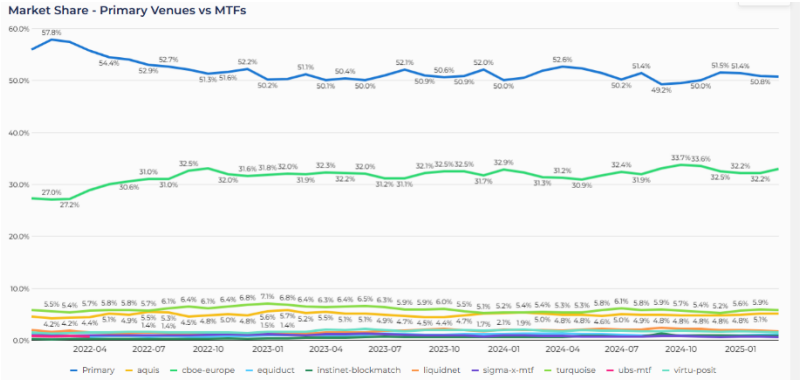
Hence, the change of the exchanges to for-profit entities, changed the business model fundamentally from national marketplaces to global providers of financial infrastructures. As demutualized, self-listed, profit-driven and globally active technology companies, they have become even more self-determined actors that actively create, regulate and shape (electronic) markets around the world and across asset classes. Hence, the role as "self-regulating" remains to a large extent despite their status as for-profit entities, which should be scrutinized as the developments so far show that the regulatory function has evolved to a "gatekeeper" that prevents competitive trading venues to e.g. be a part of the closing auction and to claim IP rights of market data despite legal opinions stating otherwise. This power has an adverse effect on the capital markets as the power is used to create inefficient and costly infrastructure and rather than mere marketplaces, exchanges have become complex organizations developed through horizontal and vertical integration whose businesses are the provision of market infrastructures. Importantly, these activities are **complementary** which entrenches exchanges' power against competition whereby they exert structural power through infrastructures due to their constitutive role in the provision of market data, indices, financial products, trading platforms and post-trade services. This power affects the actions of companies, investors and states entangled in these infrastructures.

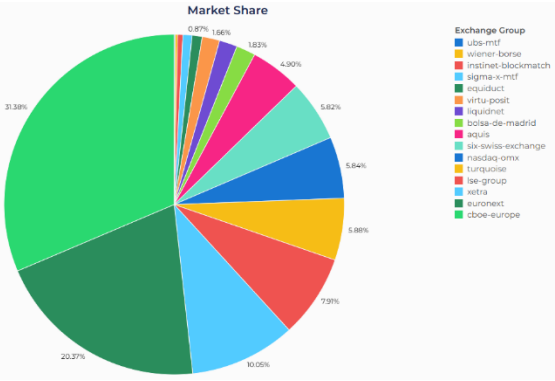
Hence, the overall problem is structural by nature due to capital market infrastructure companies' status as natural monopolies operating on for-profit without any restrictions as seen in other sectors such as tele and energy.

Barriers

In the market for **trading** there is competition between the exchanges and MTFs to attract liquidity. However, there is as a rule no competition in trading between the exchanges. As stipulated by New Financial (2021): *"…Most competition today between exchanges is episodic and arguable in the wrong places. While MiFID introduced much-needed competition between exchanges in trading, most of that competition is between incumbent exchanges and more recent challengers like Aquis, Cboe Europe and Turquoise, and not between incumbent exchanges themselves…. "* . This lack of competition in trading between the exchanges is still applicable and the two large exchange groups in EU does not offer a consolidated order book – hence market participants still have to sign up for each market in order to trade. This means that Regulated Markets are not competing with each other. Furthermore, the ability for exchanges to use the monopoly rent from market data to cross subsidize trading and also add particular restrictions on potential competitors by using e.g. market data fee (platform fee and alike) to hamper competition, creates de facto entry barriers for competitors and hampers users ability to develop genuine innovation.

For cross-border exchanges there is not a consolidated orderbook. Recent statistics show that the primary exchanges hold around 50 percent of the trading volume (source: CBOE):





Furthermore, other aspects also favor the incumbent exchanges such as the closing auctions which retain flow on the incumbent exchanges since the incumbent exchanges claim ownership of market data. These "official prices" are used for various purposes i.e. tax reporting. Recent statistics show that the closing auction, where the incumbent exchange holds an absolute monopoly, counts for on average 25 percent and with an increasing trend (Source: Continued decline in lit volumes sees closing auctions and dark pools become more prevalent and interview with market participants)

Finally, the **trading monopoly** has also been seen during the outages on some exchanges. One should expect the flow to move to alternative trading venues when an exchange closes for trading. This is not the case in the EU. There has been some discussion on how to handle this, i.e. having a "backup" trading venue in such circumstances. This suggestion was, not surprisingly, rejected by the incumbent exchanges. It should be a requirement for the incumbent exchange to open the closing auction where all trading venues can participate and where the trading venues should be credited with the market share, they provide to the closing auction. Additionally, the trading venues self-claimed IP rights on market data should be rejected once at for all as the legal basis support such removal (e.g. Copyright and Competition Law Issues: Stock Exchange Data | Exchange Data International. Additional Legal Opinion can be provided. Additionally, it must be ensured that participation agreements and contracts do not imply that participants provide IP rights to the capital market infrastructure in question.

Supervisory practices: Capital market infrastructure companies (trading venues, CCPs, CSDs) are by nature utilities (natural monopolies) and should be subject to single supervision at EU level with a competition mandate in order to handle the problem with rent seeking and cross subsidization. Furthermore, strong single supervision with a competition mandate will ensure a level playing field.

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.

As elaborate above, the market data monopoly and cross subsidization of e.g. trading increases costs, lower efficiency, hamper competition, creates entry barriers and the price is not at least paid by the key-players in the capital market – the issuers facing higher cost of capital and the investors facing lower return on their investments. The market data problems are elaborated to a significant extent. See for example Copenhagen Economics (2018), Market Structure Partners (2025).

When market participants are trading ETFs on Deutsche Börse they are forced to settle via Clearstream and Clearstream then charge bridge fee for members settling with example Euroclear. This bridge fee is pushed through end brokers which then are forced to either charge clients or move their holding to Clearstream to save the fine for not using clearstream (an additional fee per trade). This is an example of abusing market power. End result is either Retail banks stop trading ETFs or lowering universe or forced to move their holding to Clearstream as well.

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.		x				

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

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.					X	
The provision of execution of orders on behalf of clients.		X				
The provision of reception and transmission of orders.		X				

4) For which areas do you believe that further harmonisation would be beneficial (multiple choices possible)?

- Rules of trading venues (i.e. exchange rulebook); YES
- Approval of rules of trading venues and oversight over their implementation/changes; YES
- Governance of the market operator; YES
- Open/fair access provisions; YES
- Other areas (please specify); Cost of Market Data + terms and conditions for Market Data + Participation Rules and conditions

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.

Nature of barriers to integration, modernization of liquidity pools

First and foremost, we find that the core issues which prevent the development of EU capital markets are directly linked to the possibility for capital market infrastructure to earn monopoly rent on business legs which cannot be exposed to competition (e.g. market data for trading venues) and to exercise cross-subsidization on other business legs to gain an unfair competitive advance (e.g. trading). Hence, it must be prohibited to charge monopoly rent and to perform cross-subsidization.

In this context, we are deeply concerned about the fact that the costs of market data are not included in the EC consultation as the "market data business leg" is a concrete example of a market failure where the trading venue are charging monopoly rent due to the uniqueness of the data and are using the monopoly rent for cross subsidization. Hence – market data is a key barrier which must be handled as also elaborated under "general remarks". We are certainly aware of changed art. 13 in MiFIR2 and the proposed level 2 from ESMA in relation to costs of market data. However, as also documented, neither the new level 1 nor the proposed level 2 will solve the problems as these rules are not the needed *ex-ante regulation* (LRIC+ and a price cap). Ideally, market data should be free of charge, due to its nature as a public good.

In relation to the business leg "trading", we see competition in trading between the MTFs and the exchanges in continuous trading (but not between the exchanges), whereas the exchanges hold an absolute monopoly in the closing auctions. This maintains flow on the incumbent exchanges due to lack of access to other trading venues in the closing auction and because the incumbent exchanges claim ownership of market data. These "official prices" are used for various purposes i.e. tax reporting. Recent statistics show that the closing auction, where the incumbent exchange holds an absolute monopoly, counts for on average 25 percent and with an increasing trend.

Governance of the market operators which leaves the impression that incumbent exchanges are protected: For example, the applicable level 2 rules on market data and the supporting guidelines: The buy-. And sell-side industry in EU were able to ascertain that, despite the MS has confirmed they comply with the guidelines, overall lack of compliance with the level 2 and the guidelines among the investigated exchanges. Documentation has previously been shared with the EC, and we can provide it again, if requested. Dialogue with the MS' reveal a significant reluctance to take any steps of enforcement.

Rules of the trading venues clearly demonstrate that they consider market data as their ownership despite legal opinions stipulating otherwise. Furthermore, when signing the participation rules, the market participants are forced to accept the claimed IP rights for the exchange as well as NDA.

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. Interoperability/interconnection in Auctions and not at least Closing Auctions is a very good idea. It should be a requirement for the incumbent exchange to open the closing auction where all trading venues can participate and where the participating trading venues should be credited with the market share, they provide for the closing auction. Similar for other types of auctions on all trading venues. Additionally, the trading venues self-claimed IP rights on market data should be rejected once at for all as the legal basis support such removal (e.g. Copyright and Competition Law Issues: Stock Exchange Data | Exchange Data International. Additional Legal Opinion can be provided. Finally, it must be ensured that participation agreements and contracts do not imply that participants provide IP rights to the capital market infrastructure in question.

We do not support interconnectedness in continuous trading as this would lead to significant additional costs for the market participants and hence create an unlevel playing field as this will favor the larger market players and be a genuine threat for the local ecosystems. When closing auctions are opened up for to other trading venues, the self-

claimed IP-rights are removed and a ban on monopoly rent is implemented, the basis for genuine competition is created and a market driven development based on level playing field can materialize enabling the much needed growth of EU capital markets to the benefit of the key players – issuers and investors (including pension savers).

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
	X				

Please explain

I relate to the questions on the level of direct connection to execution venues across the Union, most market participants are connected to one or a few venues unless the market participant is very large. This is due to the costs of connectivity, costs of market data, fees for trading, where the fee structure typically is most favorable to certain market participants, costs of administration and compliance etc. Hence, market participants consider that the level reflects the high costs of direct connection which by nature will favor bigger players and then create an unlevel playing field. For those reasons we do not support a requirement to connect to all/a certain level of execution venues. It must be the decision of the market participants on where to connect provided they are able to comply with, for example, the best execution requirements. On the same note, a requirement for trading venues to trade all shares in the EU would also favor bigger players and create an unlevel playing field. The right approach is to create the right framework for market driven development which is to focus on the core problems and prohibit the capital market infrastructure from charging monopoly rent and perform cross-subsidization and require interoperability in the closing auctions. This will enable development which enables the market participants to adapt, and it will facilitate that the local eco systems can participate in a market driven development based on genuine competition and a level playing field, which is essential for in particular the SMEs and the investors. Hence, the basis for creating larger and more deep and efficient capital markets in a market driven way is created.

8) 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
				X	

Due to large costs associated with connecting to primary and expensive marginal fee if acting as smaller participant, local players are typically only members of local venues. All other markets are dominated by Very large/Global players for costs issues. This creates a vicious circle as smaller/medium banks may need to use brokerage (which are the global banks) providing these with more flow and their price for trading and connectivity are much lower than medium/smaller players. This creates an unlevel playing field and the trend is "big is beautiful". Hence, instead of pursuing more symptom treatment by creating more complexity and unreasonable workarounds, focus should be on solving the core issues by handling the structural problems with capital market infrastructure as well as the well-known barriers in the post-trade space as suggested initially in this response. When this is in place, genuine competition and a level playing field enable the needed development of EU Capital markets.

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.

As for barriers to connect directly, these are significant in relation to costs. This is due to the costs of connectivity, costs of market data, fee structure which favors certain market participants, costs of administration and compliance etc. This creates an unlevel playing field. Cf above.

The barriers are all significant and ranked with 4 or 5:

- Terms and conditions and participation rules
    - Cost of connectivity
    - Cost of Market data
    - Fee schedules which favor certain market participants/certain type of flow. It should be the same marginal fee despite the level of trading

1	2	3	4	5	No opinion
		X			

Please explain

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? Not from an immediate point of view, as the barriers are related to the cost levels and the fee structures from the trading venues. New technology will not change that fact as the barriers will continue to exist unless the policy makers step up and ensure that market infrastructure companies are not allowed to charge monopoly rent and perform cross subsidization. Only then will the infrastructure need to meet the requirements to be efficient and client friendly to stay in business as they face reality, firms subject to genuine competition face every day. It is essential for the development of healthy and genuine competition that the success of the business depends on happy clients and not because the goods supplied or service is indispensable for the client.

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. AS above

1	2	3	4	5	No opinion
				X	

Please explain The barriers hit the end users in the capital market, including the retail investors, as the high barriers reduce the offerings and innovations in the market which market participants could have offered to their clients compared to the situation where capital market infrastructure react as they should – as **enablers** (aka railway tracks) for the market to thrive and grow and not as the "star of the show".

7) 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?

- The structural problems such as capital market infrastructure are able to charge monopoly rent and perform cross subsidization.
- Cost of connectivity
- Cost of market data
- Rules and regulations including participation rules including fee structures from the capital market infrastructure

8) 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?

Yes/No/Don't know.

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;	X
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)	It is more complex to connect to a trading venue in other member states due to all the various costs (connectivity cost, costs associated with understanding and handling the different rules, polices, fee structures and requirements associated with direct participation etc.). Lack of harmonized, standardized terms & conditions, fee schedules etc. require a significant amount of resources to handle and comply with However, only if you have a large local broker and therefore have low marginal cost on that specific market, will the larger

	broker have a competitive advantage compared to others in relation to the offerings to the clients.

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.

9) 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	X		
MTF		X	
SME Growth Markets	X		

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.

	Please select the relevant items.

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

Please explain your answer.

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.

Legislative measures – an example

Trading will typically require a secondary introduction to the local CSD, as exchanges do not offer free choice of CSD. This means that there must be interoperability between the company law under which the company is issued and the rules that apply to the CSD. Most CSDs will require the issuer to obtain a legal opinion which supports this approach also between EU countries and thus impose additional legal costs on the issuer.

For Regulated Markets:

- They hamper competition in trading by imposing special market data fees ("platform fees" or similar) on competitors in trading (MTFs, OTFs, SIs).
- Differentiated, value-based fees both on market data, but also on trading – the more valuable for the user, the higher the price. Please see Pricing of Market Data - Copenhagen Economics and There's No Market in Market Data – Market Structure Partners
- In general, higher prices on business legs which cannot be exposed to competition
- Artificially lower fees on business legs which can be exposed to competition (cross subsidization)
- The self-claimed IP rights of Market Data force firms to participate in the closing auction EDI-Closing-Prices-and-Other-Stock-Exchange-Data-Copyright-and-Competition-Law-Issues-compressed.pdf

SME Growth Markets:

- The link between listing and trading has been reinserted (was removed in 2007) to some extend by requiring consent from the issuer if the shares may be traded on another trading platform ⇔ The concentration rule is sneaking back – however, now with for-profit exchanges instead of utilities.

Focus on ETFs

10) 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

11) 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)	
Market practices pertaining to trading venues	
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)	

Please, explain and provide concrete examples, and where possible estimates of costs.

Means to improve the consolidation of liquidity through better interconnections

12) 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?

Yes/No/No opinion

Please explain your reasoning and provide where possible estimates of costs and benefits.

The challenges are similar to what is explained in the sections above and it would be a significant problem with access requirements to all venues both direct or indirect for intermediaries as this creates an unlevel playing field and favors “big is beautiful” and may have severe consequences for the local eco-systems. Similar problems for the local market participants will be the case if the trading venues should interoperate in all aspects of the trading. In addition, it will impose a risk on the handling of the flow. Regulation should not prescribe the mandatory connection of an intermediary to any EU trading venue in all shares and ETFs admitted to trading in the EU.

Intermediate clients conduct their individual assessments on how they provide best execution to their clients in accordance with the regulatory framework and thus selecting the venues on which they trade should be part of this assessment. This flexibility also allows investors to choose which is the most suitable intermediary to meet their own objectives and promotes competition for the provision of intermediary services.

The correct step forward is to ensure that capital market infrastructure is not allowed to charge monopoly rent and require interoperability in **auctions and not at least closing auctions only to ensure the possibility for genuine competition in trading**.
This will imply a market-driven consolidation which must be kept under control by a single supervisor with a competition mandate in order to ensure continuous competition and level playing to support the choice of users across EU no matter what the size of the users.

12.1) 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).	

Please explain No! A requirement to offer certain instruments would be interfering with the freedom to choose business model for the intermediaries, which – in contrast to trading venues (and other infrastructure providers) – are subject to genuine competition.

12.2) 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.

Yes/No/No opinion

Please explain your reasoning and provide where possible estimates of costs and benefits.

12.2.1) 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).	

Please explain NO – as above

12.3) 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?

Yes/No/No opinion

No to all, cf. above

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

13) 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/No/No opinion - Please explain.

SOR is already used by many market participants for selected venues. There must NOT be a requirement to connect to more/all venues. First this is again something which will destroy the local eco-system as elaborated above. Second, it is associated with signifikant latency issues.

- Cost of technology
- Cost of connectivity
- Cost of market data
- Cost of associated with fee schedules which favor certain market participants/certain type of flow
- Other

Could be a significant problem with access requirements to all venues both direct or indirect for intermediaries as this favors "big is beautiful" and may have severe consequences for local players.

14) 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.)?

15) 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? No – only in auctions and in particular closing auctions for the reasons stressed above

Yes – but only in auctions/ Yes, provided it is funded/co-funded by public funds/ No/ Don't know.

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.

Only in closing auction and other auction

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)?

Only in closing auction and other auction

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?

Yes/No/No

opinion

Please explain.

16) 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: NEITHER A OR B Only interoperability in closing auction and other auctions

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		
Improving the quality of Execution		
Increasing the speed of execution		
Reducing the cost of execution for clients		
Delivering a more efficient EU trading landscape		

17) 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?

Yes – via discussions with US participant / No / No opinion

Direct connection to execution venues across the Union, market participants consider that the level is reflecting the high costs of direct connection which by nature will favor bigger players and we do not support a requirement to connect to all/a certain level of execution venues. It must be the decision of the market participants on where to connect provided they are able to comply with, for example, the best execution requirements. On the same note, a requirement for trading venues to trade all shares in the EU

would also favor bigger players. The right approach is to create the right framework for market driven development which is to focus on the core problems and prohibit the capital market infrastructure from charging monopoly rent and per-form cross-subsidization and require interoperability in the closing auctions. This will enable a development which enables the market participants to adapt, and it will facilitate that the local eco systems can prevail, which is essential for in particular the SMEs and the investors Hence, the basis for creating larger and more deep and efficient capital markets in a market driven way is created.

In relation to interconnection, best execution and consolidated tape we are strong opponents of any kind of inspiration from the US, such as an adaptation of an order protection rule and alike:

Rule 611(a) (the Order Protection Rule) of Regulation National Market System (NMS) in the US prohibits any trading center (which includes any entity that executes orders as principal or agent) from executing trades at prices worse than the best displayed liquidity available at the published bid or offer of any national securities exchange. This prohibition was intended to enhance intermarket competition by preventing executions at prices that are worse than the displayed "top of book" quotations at each exchange. For example, if a national securities exchange's published best bid and offer (BBO) is $10.00 x $10.50, the amount of liquidity quoted at those prices is "protected" and a trading center could not execute a limit order to sell at a price of $9.00, or a limit order to buy at $11 (up to the share amounts quoted in the BBO), because there are better-priced protected quotations indicating a willingness to buy the security at $10 and a willingness to sell at $10.50. Executions at prices inferior to protected quotations are known as "trade throughs," and trade throughs are prohibited unless they meet an exception, which are contained in Rule 611(b).

The most common exception to the Order Protection Rule is called an Intermarket Sweep Order or ISO (Rule 611(b)(6)). This allows a trading center to execute an order immediately at any price, even if it would trade through a protected quotation, as long as it simultaneously routes orders to execute against all protected quotations. Trading centers generally utilize this exception when executing larger customer orders at a single price and when there is only limited liquidity available at protected quotes.

As long as trading centers do not trade through a protected quotation, they are not required to route orders to protected quotations to execute against those quotations (i.e., trading centers may execute orders at prices equal to or better than protected quotations).

Regulation NMS and Rule 611 have led to increased market fragmentation and complexity. For clients, the ability to choose is by nature important for the outcome. That said, it requires that the problems with high-cost infrastructure is solved [brug input fra Q1].

In EU, Best Execution is not only about price. It is "..the best possible result for their clients taking into account price, costs, likelihood of execution and settlement, size, nature or any other consideration relevant to the execution of the order
when the investment firm executes an order on behalf of a retail client, the best possible result shall be determined in terms of total consideration, representing the price of the financial instrument and the costs relating to the execution, which shall include all expenses incurred by the client which are directly relating to the order, including the execution venue fees, clearing and settlement fees and any other fees paid to third parties involved in the execution of the order

For the purposes of delivering best possible result in accordance with the first subparagraph where there is more than one competing venue to execute an order for a financial instrument, in order to assess and compare the results for the client that would be achieved by executing the order on each of the execution venues listed in the investment firm's order execution policy that is capable of executing that order, the investment firm's own commissions and the costs for executing the order on each of the eligible execution venues shall be taken into account in that assessment. " (MiFIDIII, art. 27).

The US requirement is only about price and therefore not in line with EU rules where costs, likelihood of execution etc. must be taken into account. Furthermore, it would imply that firms lose control over their order execution policy and require connection to all trading venues. With latency – there is also a high possibility that the orders will not be filled. And if costs are not included in the considerations – it could result in much worse net result for the client.

We believe the clients choice should be the key focus. And we are pretty sure that clients prefer to have a higher return when the costs are included that a price where the net result will be lower when costs are taken into account.

Furthermore, the order protection rule requires that the prices is included in the Consolidated Tape: "The definition of "protected bid or protected offer" (collectively, "protected quotations") includes several key elements. First, they must be "automated quotations" displayed by an "automated trading center." The definitions of automated trading center and automated quotation generally require that quotations must be immediately and automatically executable, without any programmed delay. 5 Second, to be protected, a quotation must be disseminated in the consolidated market data feeds. Consequently, Rule 611 does not apply when the consolidated market data feeds are not operating.

A similar requirement in EU will be a de facto requirement of mandatory consumption Consolidated Tape. As access to proprietary data is "license to operate" and already very expensive, mandatory consumption of Consolidated Tape under the present conditions with unreasonable market data costs, will be unacceptable. Furthermore, not all trading venues/incumbent exchanges are required to contribute to the Consolidated Tape. Finally, latency prevents that Consolidated Tape to be used as a valid source of where the best prices are available.

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						Best X is not only about price
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. Yes / No / no opinion

See above

18) 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					

19) 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 / No / No opinion

Please explain

Distance creates latency. Latency issues are about Physics and creates the grounds for latency arbitrage, where certain HFT firms may be able to gain at the expense of smaller players - hence another challenge for local eco systems. And please see our comments above.

20) 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.

21) 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?

22) Yes/No/Don't know

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.

(The practices we see in the crypto market are, in our opinion, deeply problematic:
There is no screening for whether the customer understands the product and whether it is in the customer's best interest - this means that customers often do not understand the risks they are taking and it takes on more of a casino character

Blockchain does not really have the possibility of being forgotten. It is therefore very doubtful whether GDPR will be complied with. This opens up for regular fraud on a large scale, as customers may find it difficult to distinguish between real crypto exchanges and fake ones.
Intermediaries are crucial to protect retail customers from exploitation.)

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.

By legally introducing an absolute monopoly in derivatives clearing to the relevant CCPs/exchange groups, the incentive to offer competitive terms and conditions are low. The more integrated, the lower the incentive also takes the status of the capital market infrastructure (trading venues, CCPs and CSDs) as for-profit entities into account. First priority will always be to maximize profit. So the assessment is that costs increase both directly and indirectly (fees, collateral, margins etc.).

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?

Please explain

1	2	3	4	5	No
					opinion

It works in the Nordics with interoperability. However, not for other exchange groups in EU, where "Preferred Clearing" is used to protect their silos. In short, it is not working as it should as it should be a requirement to offer interoperability.

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.

[Yes, No, No opinion] Since both Euronext and Deutsche Börse have found a model to avoid interoperability (preferred clearing), the Open Access should be extended with a legal requirement to offer interoperability for CCPs.

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?

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?

4 Please explain

Best Execution is working fine in EU and the removal of RTS 27 and 28 was a big step in the right direction. Whether the new level 2 is an improvement is still to be seen.

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 explain your choice.

	Please select the relevant option
The EU framework is better suited than the US framework to obtain the best results for clients	YES! A key element is that best execution is NOT only about price, but must also take costs, likelihood of execution and settlement, size, nature or any other consideration relevant to the execution of the order when the investment firm executes an order on behalf of a retail client, the best possible result shall be determined in terms of total consideration, representing the price of the financial instrument and the costs relating to the execution, which shall include all expenses incurred by the client which are directly relating to the order, including the execution venue fees, clearing and settlement fees and any other fees paid to third parties involved in the execution of the order. This also includes market data costs

The US framework is better suited than the EU framework to obtain the best results for clients	No – it is only about price and require mandatory consumption of consolidated tape.
Both models are equally effective	
Both models are equally ineffective	

PLEASE see our response to question 17 on Order Protection Rule.

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 marke t 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)						

Please explain and provide a cost/benefit assessment.
First of all, best execution is not only about price and should not only be that as this will lead to a worse outcome for investors. Secondly, due to latency issues a EBBO can never work as a "silver bullets" for the preferred trading venues whether there is anonymity or not. Furthermore, the costs associated with the need to hook up directly or indirectly to all trading venues included in the EBBO will not be a viable solution. On the contrary. This will imply that only the biggest market players are able to stay in business if there is a direct or indirect requirement to access all trading venues, which will be the case if the EBBO – unjustified - is deemed to be the "silver bullet". And equally important, **price formation is NOT only about pre-trade information**, post-trade information, macroeconomics, microeconomics (company information), geo politics, trade politics etc. are at least as important in the price formation process. The past months have proven this quite firmly, in our opinion.

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					

Please explain and provide a cost/benefit assessment. Please see our comments to Q 31

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					

Please explain Please see our comments to Q 31.

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.	X

Please, explain your answer SI liquidity is for clients only. It is not a trading venue so such a requirement would be irrelevant and distorting.

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)?

Please explain This is not relevant, cf. above.

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

2.6.1. 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)	It seems as if the existing regulatory requirements on what is bilateral and what is multilateral trading are not being enforced, which is problematic and hamper competition and creates an unlevel playing field to the detriment of the local eco-systems. It is not about more rules. It is about enforcement and removal of structural barriers forcing trading venues to be subject to genuine competition.

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 impact 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
			X			

Please explain As mentioned in Q 31, price formation is NOT only about pre-trade information, post-trade information, macro economics, micro economics (company information), geo politics, trade politics etc. are at least as important in the price formation process. The past months have proven this quite firmly, in our 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.

It seems as if the existing regulatory requirements on what is bilateral, what is multilateral trading and how waivers can be used, are not being enforced, which is problematic and hamper competition and creates an unlevel playing field to the detriment of the local eco-systems. It is not about more rules. It is about enforcement.

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

Please explain you reasoning..

[Yes, No, No opinion]

Please explain you reasoning

If you answered 'No' to the previous question, please specify what legislative amendments would be appropriate.

38) Do you agree with the current criteria to determine the reference price? [Yes, No, No opinion] It could be considered to let the reference price waiver refer to EBBO

If you answered 'No' to the previous question, please specify what legislative amendments would be appropriate.

39) Do you believe that the existing provisions on the negotiated trade waiver (NTW) are fit for purpose?

Please explain you

We believe that the use should be properly investigated, and the rules enforced.

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.
[Yes, No, No opinion]
Please, explain your reasoning See our response to Q38.

If you answered ‘Yes’ to the previous question, please specify what legislative amendments would be appropriate.

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

[Yes/No/No opinion]

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	X
Growing use of quantitative investment strategies benchmarked to the close.	X
Increased emphasis on best execution under MiFID II.	X
Move away/protection from HFTs	X
Other (please explain)	Important KPI being measured against and as closing price is used for various purposes including tax reporting etc.

The incumbent exchanges hold an absolute monopoly in the closing auction. Recent statistics show that the closing auction counts for on average 25 percent and with an increasing trend. It should be a requirement for the incumbent exchange to open the closing auction where all trading venues can participate and where the trading venues should be credited with the market share, they provide to the closing auction. Get ownership of market data clarified (no ownership-no IP rights), hence the Joint Closing Price created.

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. See response to Q 44

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. See Q 44

1	2	3	4	5	No opinion
			X		

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.

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?
The exchanges self-claimed IP-Rights to market data should be removed.

Please beware that market participants have observed a lack of enforcement of the existing regulatory requirements in the markets and encourage relevant authorities to ensure compliance with in particular:

- MiFIR, art. 23 (1) (b)
- MiFIR, art. 23 (2)
- SIs role as genuine risk taker and neither performing matched principal trading on a systematic basis nor act on a multilateral basis, including performing internal netting of various clients trading interest during the day and placing the net position on the trading venue to be executed at the closing price.

Consistent and uniform enforcement of the regulatory requirements by all NCAs is essential to ensure a level playing field leading to genuine competition between market participants, hence a healthy and sustainable development. We do not see that today

24-hour trading

45) 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					

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.

46)

	1	2	3	4	5	No opinion
			X			

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

47)

- The core issues preventing the growth and efficiency of the EU's capital markets to the benefit of issuers and investors are not handled by 24 hours trading but first and foremost by solving the structural issues in relation to capital market infrastructure companies (ban monopoly rent and cross subsidization, ensure single supervision with a competition mandate), handling conflicts of laws, removing remaining barriers in the post trade area etc.
- Costs associated with 24 hours trading to both staff and internal it-infrastructure etc as well as risks associated with 24 hours opening must be considered and this will – again – favor "big is beautiful" – and create a significant risk problems to ensure viable local eco-systems to de detriment of the overall development of EU capital markets.

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?

Yes, No, Don't know.

Please explain and provide concrete examples.
It seems as if the existing regulatory requirements on what is bilateral, what is multilateral trading and how waivers can be used, are not being enforced, which is problematic and hamper competition and creates an unlevel playing field to the detriment of the local eco-systems. It is not about more rules. It is about enforcement.

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)?

49)

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)?

50)

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)?

51)

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.

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?
Same rules to the same business and same risk. Technology neutrality applies. This is in order to ensure level playing field.

52)

2.6.2. Single market maker venues

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.
There are well-functioning Single Dealer Platforms which can provide better or at least as good results as the Primary exchange or MTFs. The important part is choice. And various offerings should be able to co-exist and compete in a level playing field environment. This must apply for both market participants as well as capital market infrastructure. It is critical that both clients and market participants are able to choose and are not forced to use certain venues. However, today – competition is not working due to the structural problems as the capital market infrastructure are able to charge monopoly rents. For exchanges they charge monopoly rent on market data and enjoy monopoly closing auctions. For trading rules we observe challenges in relation to supervision and enforcement of the existing regulatory requirements as described above.

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.

53)

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.

2.6.3. 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.

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.

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.

The trading venues' most lucrative business leg is market data as trading venues hold monopoly power. Market data is indispensable for the functioning of an investment firm's operation (both buy- and sell-side) and to comply with regulatory requirements[1] and is used for trading, clearing, settlement, research, investment strategy, trade control, best execution, reporting, accounting, risk management etc. As market data contains indispensable fundamental knowledge, demand is not very responsive to price increases (inelastic demand). The fact that each trading venue has a monopoly with respect to its own market data has been substantiated by some of the trading venues themselves in front of the European Commission when suggesting that the provision of market data services should be segmented between *"(i) the provision of proprietary trade-related information (...), namely information generated on an exchange, such as real-time pricing and trading volume data, and for which that exchange is the sole provider; and (ii) the provision of non-proprietary market information."*[1] The Commission strongly supported this view themselves in the same decision*: "..market investigation confirmed that the Notifying Parties each provide exchange-specific information that is not capable of being replicated by market data services provided by other exchanges or venues."* Additionally, in its competitive assessment of market data the Commission finds that as *"concerns proprietary market data, each notifying party is by definition the sole provider of the trade-related information generated on its own platforms. Therefore, there is no horizontal overlap between the Notifying Parties' activities and their proprietary data products should be considered as complementary*.". (Case No. COMP/M.6166, Deutsche Börse/ NYSE Euronext, para.139. See also para. 157 Case No. COMP/M.6166, Deutsche Börse/ NYSE Euronext, para.140, 152 and 159.)

In short, the supply of market data is a monopoly as market data is unique for each trading venue, and therefore, market data cannot be substituted between venues (you cannot use market data from trading venue A to trade on trading venue B).

This is a global problem which has accelerated as trading venues went from operating as utilities to for-profit companies, and as securities markets were liberalized while the regulatory handling of the market data did not address the market imbalance in power between exchanges and data consumers. The costs have increased considerably and the terms and conditions for usage have worsened significantly.

Due to the uniqueness, it is **not possible to create competition within the raw market data from the trading venues** whereby market data is subject to a genuine market failure and must be subject to genuine ex ante competition regulation cost-based approach (LRIC+) and a price cap as the present regulatory framework is far from sufficient as also verified but the continuously increasing I market data costs, despite some attempts to regulated this, due to inadequate regulation and lack of enforcements.

A significant misunderstanding is that introduction of consolidated tapes will solve/minimise the market data problems. This is not correct as first, market data is unique per trading venue and cannot be substituted between trading venues or with CTPs - meaning that investment firms will always need access to proprietary data from trading venues whether there is a CTP or not. While we agree that CTPs can increase the overall transparency in the market, we note that MiFIR2 allows exemptions possibilities for SME growth markets and small venues (which actually are the venues that need visibility). Thereby, the concept and value of a CTP even as a mean to increase transparency, is diluted.

Notes
pricing-of-market-data.pdf, mifid_ii_mifir_review_report_no_1_on_prices_for_market_data_and_the_equity_ct.pdf, Opimas; Regulators must act on exchanges' market data monopoly; From National Marketplaces to Global Providers of Financial Infrastructures: Exchanges, Infrastructures and Structural Power in Global Finance FLASH FRIDAY: Why the Market Data Monopoly Won't Be Nirvana - Traders Magazine; Consultation on MiFIR Review Package (non-equity trade transparency, reasonable commercial basis and reference data) – See response from Nordic Securities Association; Accessing and using wholesale data – Call for Input (fca.org.uk); regulating-access-to-and-pricing-of-equity-market-data-revised-version-12-september-2013.pdf There's No Market in Market Data – Market Structure Partners (2025)

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 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

As for trading, the main barriers to the provision of cross-border CSD services in the EU and the freedom to choose CSD are structural as specified under "general remarks". Furthermore, we see other barriers like different tax legislation and procedures, different interpretation of sanctions and KYC requirements.

The most important barriers to handling are:

1. Removal of structural issues driving monopolist behavior from market in-frastructures, cf. above
2. Legal barriers, including alignment on SRD II and corporate laws
3. Harmonized corporate events build on common standardized data ele-ments available for the full value chain
4. Enable access to omnibus account structures in all markets
5. Harmonized buyer protection rules
6. Promotion of T2S links
7. Harmonisation of issuance practices
8. Harmonisation of tax practices
9. Single-sided trade reporting under EMIR

We support a centralized EU supervision of market infrastructures with a competition mandate that secure cost efficient infrastructure open to competition and support fair access for all European issuers and investors.

We recommend removal of barriers for omnibus accounts in all EU markets.

We recommend the EC to further investigate options to harmonize corporate and insolvency laws, and replace key directives with regulation, e.g. Shareholder Right directives, Settlement Finality directive and Financial Collateral Directive.

We support continues work towards a single European Rulebook using regulation rather than directive and which harmonize post trade infrastructures. Harmonisation should be driven throughout the full value chain including data elements from issuers all the way to the end investors custodian.

We support aligned withholding tax procedure in EU as soon as possible as a regulation covering all EU countries and with no exemptions. We consider FASTER as a clear step towards more harmonised tax procedures. However, it still leaves room for large variations and interpretations and put undue reporting obligation on the custodians likely resulting in lower reclaim rates for small investors.

We are strong proponent for **same business, same risk, same rules!**

Some examples of the legal barriers/market practices

Member state securities laws and corporate laws differ to a great extent in how they define rights in/attached to book entry securities and what the legal effects of holding or transacting a security are. Due to the lack of harmonisation or at least a comprehensive and general conflict of laws framework (see also EPTF barrier 11) this results in a high level of legal uncertainty in cross-border securities transactions.

Corporate law barriers to harmonised processing of corporate actions corporate laws differ as to what holding pattern they recognise for the purpose of processing of corporate events. This variation results in investors being discriminated in the way they can or cannot exercise their rights stemming from corporate events based on their location and the location of the account providers through which they hold the securities. This is a key barrier that the Shareholder Rights Directive (SRD) attempted to remove but its focus is limited both in terms of instruments covered, i.e., it covers only equities but not debt instruments (some markets have increased the in scope securities to include debt instruments) and in terms of types of corporate events (it focuses on participation and voting on general meetings while the processing of other types of corporate events are not harmonised). Industry standards have been created and are promoted / monitored by the AMI-SeCo on shareholder identification, but such European market standards cannot correct underlying differences in national laws.

Securities and corporate law barriers to free choice of location of issuance/ restrictions on form and location of securities is for example that National securities and corporate laws require the use of the domestic CSD for securities issued by certain issuers to be valid or restrict the possibility of issuing or transferring securities in the domestic CSD which are not constituted under the national (securities and /or corporate) law. They often prevent domestic issuers from using a foreign CSD for issuance/initial entry either explicitly or implicitly by imposing idiosyncratic national requirements on what services the issuer CSD has to provide to the issuer (e.g. how general shareholder or bondholder meetings are to be processed) or which additional compliance actions it needs to perform vis-à-vis national authorities (e.g. reporting). Finally, it is common that national securities laws only allow dematerialised issuance of securities (i.e. securities which are constituted under the national law) in the domestic CSD forcing issuers using foreign CSDs to resort to creation and maintenance of global or definitive notes. Despite widely shared expectations and its objectives as stated in its pre-amble / recitals, the CSD Regulation (CSDR) did not remove these barriers as its relevant provisions have been subjected to the existing national corporate and securities laws. The diverging understandings and practices of the relevant CSDR articles and corporate laws creates additional hurdles for foreign CSD issuance. The list of key paragraphs in member states' corporate laws is currently compiled in a way which does not help any

stakeholders in identifying the relevant requirements and is not conducive to removing the related barriers. In practice, most national competent authorities simply present article numbers from their national laws or provide some text reference in the national language. Therefore, while these efforts might be perceived as compliant with the letter of the CSDR they are certainly not commensurate with its spirit and objectives.

The process of issuance is a complex set of steps consisting of pre-trade/trade and post-trade phases. The significance of issuance to post-trading is that, to a great extent, choices on key features of the securities, on representation and exchange of reference / static data and of the process distribution affects post-trade procedures not only in primary market transactions but throughout the lifecycle of the security (asset serving, secondary market transactions, collateral management). Issuance processes across the 27 EU jurisdictions vary significantly and can exhibit high levels of inefficiency in general. In the post-trade domain issuance practices lead to the following issues:

- Lack of a single, trusted 'golden source' for security reference and corporate events data which hinders efficient regulatory reporting and processing of corporate actions
- Frictions in exchanging standardised machine-readable data to allow the settlement of primary market transactions in an efficient and timely manner
- Use of market conventions which cause frictions or media breaks in post-trade processing

Corporate Actions (CA) and General Meetings (GM) are perhaps one of the most complex areas in post-trade. As a consequence, harmonisation in this area will be equally complex but of high importance in the cross-border environment foreseen in the CMU plan. Although the EPTF report indicated significant progress in the harmonisation efforts, with all relevant stakeholders agreeing on market standards as well as the T2S CA Standards, more recent monitoring done by the AMI-SeCo Corporate Events Group (CEG) has shown that many markets still do not comply with these standards. Another area also covered by EPTF (Barrier 5), is fragmentation in shareholder identification and registration regimes between countries, possibly as a consequence of diverging local implementations of the SRD2, which also covers the CA and GM processes. The 2024 CEG compliance report revealed that compliance with the various standards was limited. Specifically, only 8 out of 40 markets met the Market CA Standards, 15 out of 28 markets adhered to the T2S CA Standards, and 10 out of 31 markets complied with the SI Standards (Market Standards for Shareholder Identification).

For Corporate Actions, the main challenges are diverging local practices, including announcements, deadlines, messaging, and the lack of centralised golden source of information on securities. Combined, these create hurdles for an efficient management of CAs, by making Straight-Through-Processing (STP) more difficult, especially for cross-border ownership of securities and securities financing transactions (SFTs). The CAs originating from an issuer typically go through a variety of different actors, all of which apply their specific logic on the data and information processing, before it finally reaches the investor. This is especially the case in a cross-border environment where securities are often held through a (longer) chain of intermediaries. The main challenges are reported to stem from both the non-compliance with EU standards / market practices and from the lack of an EU-wide golden source of

information. Additionally, CAs are burdened with relatively high degrees of manual processing, often with varying requirements such as signed physical documents or certificates.

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. 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.	The main barrier is structural, as specified in Q1, that capital market infrastructure (trading venues, CCPs and CSDs) are natural monopolies and for-profit. The other main barriers are marked with yellow We also see other barriers like different tax legislation and procedures, different interpretation of sanctions and KYC requirements	
	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)?	Bonds Shares (EPTF barrieres 5 and 11 for documentation)	

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))?	X	
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 – the structural barrier with CSDs as de facto monopolies	

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	**Ownership rights to book-entry and intermediated securities and third-party effects on the assignment of claims** Member state securities laws and corporate laws differ to a great extent in how they define rights in / attached to book entry securities and what the legal effects of holding or transacting a security are. Due to the lack of harmonisation or at least a comprehensive and general conflict of laws framework (see also EPTF barrier 11) this results in a high level of legal uncertainty in cross-border securities transactions. **Corporate law barriers to harmonised processing of corporate actions** corporate laws differ as to what holding pattern they recognise for the purpose of processing of corporate events. This variation results in investors being discriminated in the way they can or cannot exercise their rights stemming from corporate events based on their location and the location of the account providers through which they hold the securities. This is a key barrier that the Shareholder Rights Directive (SRD) attempted to remove but its focus is limited both in terms of instruments covered, i.e., it covers only equities but not debt instruments (some markets have increased the in scope securities to include debt instruments) and in terms of types of corporate events (it focuses on participation and voting on general meetings while the processing of other types of corporate events are not covered). Industry standards have been created and are promoted / monitored by the AMI-SeCo on shareholder identification, but such European market standards cannot correct underlying differences in national laws. **Securities and corporate law barriers to free choice of location of issuance / restrictions on form and location of securities** National securities and corporate laws require the use of the domestic CSD for securities issued by certain issuers to be valid or restrict the possibility of issuing or transferring securities in the domestic CSD which are not constituted under the national (securities and / or corporate) law. They often prevent domestic issuers to use a foreign CSD for issuance / initial entry either explicitly or implicitly

		State(s) in which the barrier exists, if relevant.	by imposing idiosyncratic national requirements on what services the issuer CSD has to provide to the issuer (e.g. how general shareholder or bondholder meetings are to be processed) or which additional compliance actions it needs to perform vis-à-vis national authorities (e.g. reporting). Finally, it is common that national securities laws only allow dematerialised issuance of securities (i.e. securities which are constituted under the national law) in the domestic CSD forcing issuers using foreign CSDs to resort to creation and maintenance of global or definitive notes. Despite widely shared expectations and its objectives as stated in its pre-amble / recitals, the CSD Regulation (CSDR) did not remove these barriers as its relevant provisions have been subjected to the existing national corporate and securities laws. The diverging understandings and practices of the relevant CSDR articles and corporate laws creates additional hurdles for foreign CSD issuance.The list of key paragraphs in member states' corporate laws is currently compiled in a way which does not help any stakeholders in identifying the relevant requirements and is not conducive to removing the related barriers. In practice, most national competent authorities simply present article numbers from their national laws or provide some text reference in the national language. Therefore, while these efforts might be perceived as compliant with the letter of the CSDR they are certainly not commensurate with its spirit and objectives. **Market practices in relation to issuance** Issuance is the process of initial creation and distribution of a security from the issuer via a set of intermediaries (issuer CSD, issuer agent, primary or syndicate dealers, investors' custodians). The process of issuance is a complex set of steps consisting of pre-trade / trade and post-trade phases. The significance of issuance to post-trading is that, to a great extent, choices on key features of the securities, on representation and exchange of reference / static data and of the process distribution affects post-trade procedures not only in primary market transactions but throughout the lifecycle of the security (asset

		serving, secondary market transactions, collateral management). Issuance processes across the 27 EU jurisdictions vary significantly and can exhibit high levels of inefficiency in general. In the post-trade domain issuance practices lead to the following issues" ▪ Lack of a single, trusted 'golden source' for security reference and corporate events data which hinders efficient regulatory reporting and processing of corporate actions ▪ Frictions in exchanging, standardised machine-readable data to allow the settlement of primary market transactions in an efficient and timely manner ▪ Use of market conventions which cause frictions or media breaks in post-trade processing **Custody and Asset Servicing** Corporate Actions (CA) and General Meetings (GM) are perhaps one of the most complex areas in post-trade. As a consequence, harmonisation in this area will be equally complex but of high importance in the cross-border environment foreseen in the CMU plan. Although the EPTF report indicated significant progress in the harmonisation efforts, with all relevant stakeholders agreeing on market standards as well as the T2S CA Standards, more recent monitoring done by the AMI-SeCo Corporate Events Group (CEG) has shown that many markets still do not comply with these standards. Another area also covered by EPTF (Barrier 5), is fragmentation in shareholder identification and registration regimes between countries, possibly as a consequence of diverging local implementations of the SRD2, which also covers the CA and GM processes. The 2024 CEG compliance report revealed that compliance with the various standards was limited. Specifically, only 8 out of 40 markets met the Market CA Standards, 15 out of 28 markets adhered to the T2S CA Standards, and 10 out of 31 markets complied with the SI Standards (Market Standards for Shareholder Identification). Within custody and asset servicing, another significant barrier to cross-border activity is the differing tax procedures between countries. These

		include Withholding Tax (WHT) and tax reporting processes in general as highlighted previously by EPTF (Barrier 12). Important harmonisation efforts such as the EU FASTER Directive aim to address some of these issues, however, market players still report many challenges in this area. For **Corporate Actions,** the main challenges are diverging local practices, including announcements, deadlines, messaging, and the lack of centralised golden source of information on securities. Combined, these create hurdles for an efficient management of CAs, by making Straight-Through-Processing (STP) more difficult, especially for cross-border ownership of securities and securities financing transactions (SFTs). The CAs originating from an issuer typically goes through a variety of different actors, all of which apply their specific logic on the data and information processing, before it finally reaches the investor. This is especially the case in a cross-border environment where securities are often held through a (longer) chain of intermediaries. The main challenges are reported to stem from both the non-compliance to EU standards / market practices and from the lack of an EU-wide golden source of information. Additionally, CAs are burdened with relatively high degree of manual processing, often with varying requirements such as signed physical documents or certificates. For **General Meetings there are many challenges i**n addition to the basic types of exercising rights of a shareholder (delivery of proceeds, splits, etc.), there is also the processing of the share / bond-holders right to attend and/or vote at in General Meetings (GM), which suffers from similar highly fragmented, national proprietary procedures and requirements. Due to the intermediaries between the issuer and end-holder of the security, the information flow often includes several parties and subsequently, varying data and process management, making a streamlined communication difficult. In the case of cross-border investment, the post trade management includes a relatively long chain of intermediaries,

		making it especially difficult and costly for the issuer to reach the end-investor and to finalise the process by participation / voting in GMs. **Exampels are Country-specific procedures** on the structure of GMs with regard to the voting rules. Such as the voting types and the need to block positions to instruct the vote in some markets, **Announcements of coming meetings.** This pertains mainly the relationship between the (last) intermediary and the end-investor, which should be an efficient communication channel both ways, from the issuer to the end investor and vice versa. Market players report the usage of different formats for announcing meetings, ranging from ISO20022 messages in some markets to physical documents in others, making it difficult to create an environment with streamlined processing and communication tools on a cross-CSD / border basis. **Requirements on physical presence on GMs.** According to an AMI-SeCo survey on barriers to digitalisation in securities post-trade services, physical presence is still required in many jurisdictions. Additionally, electronic voting is rarely used in those countries where it is allowed, due to a lack of market practice and rules on (proxy) voting. This is an obvious disadvantage for any non-domestic investor as participation is accompanied by additional costs which continues to make cross-border voting a challenge. **Requirements on physical documentation** is relevant to the processing of CAs in general, however, such requirements work as a significant barrier to GM participation and / or voting. The previously mentioned ECB survey on digitalisation indicates that the distribution of physical documentation, especially in combination with the requirement on wet ink signatures and PoAs in original. Even if a streamlined GM processing would be the norm in Europe, requirements on physical documentation and / or wet ink signatures in any step of the process works as additional hurdle for participation, especially for non-domestic investors who are required to follow the differing local rules in each market. **Registration and Shareholder Identification** there has been little process in harmonisation on shareholder transparency and registration, as compared to the other standards. The underlying issues (and causes) creating this barrier are generally well mapped, and EU-wide attempts to solve this have been done in the form of regulation, specifically by the provisions laid out in the SRD 2. However, according to a report by ESMA ,

		uncertainties in the common implementation of the directive allows for the complexities in the cross-border environment to persist. Even though registration and shareholders identification are highly related, separating the topics may provide more clarity on the issues. **Withholding tax procedures** **Clearing –** lack of interoperability, differences in margin requirement, eligible collateral **CSDs –** legal barriers, lack of harmonisation and standardisation and lack of links. Cross-border settlement is too complex and too expensive. Furthermore, there are still countries with regulatory requirements of the place of settlement. Also trading venues may stipulate the place of settlement for both primary and secondary markets Most CCPs do not use and/or do now allow cross-CSD settlement Issuer CSD not providing access to Investor CSD **Different cut-off times** **Differences in the use of partial settlement combined with price incentives for some specific products and markets to deselect use of partial settlement leading to non-optimal market practices.** ~~**Access to non-euro central bank money settlement by non-domestic entities**~~ **Lack of standardized connectivity and messaging** **Lack of common, consistent, machine-readable data in a standardized format traveling throughout the transaction value chain (issuance trade post trade)** **Timing of securities static data provision:** Data updates required for settlement should be done as soon as possible and investor CSDs should not have a disadvantage compared to issuer CSDs regarding updates of static information. A level playing field is required where there is no

		noticeable delay in set-up of securities information between an issuer and investor CSD. **Use of local / proprietary identifiers** should be banned after an appropriate transition period **Consistent use of transaction types in settlement / reconciliation messages on established common market practices that cover business needs** **Proprietary, local instruction message formats and requirements** from CSDs should be banned
	Please provide a ranking of the priority of addressing the barrier: - high priority; - medium priority; - low priority.	HIGH priority: Removal of structural issues driving monopolist behavior from market infrastructures Legal barriers, including alignment on SRD II and corporate laws Harmonized corporate events build on common standardized data elements available for the full value chain Enable access to omnibus account structures in all markets Medium: Harmonized buyer protection rules Promotion of T2S links Harmonisation of issuance practices - Harmonisation of tax practices
	Please provide an estimation of the costs of the barrier.	Not realistic to provide with the short deadline
	Please provide potential solution(s) to remove or lower	See above

	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.	We support a centralized EU supervision of market infrastructures with a competition mandate that secure cost efficient infrastructure open to competition and support fair access for all European issuers and investors. We recommend removal of barriers for omnibus accounts in all EU markets. We recommend EC to further investigate options to harmonize corporate and insolvency laws, and replace key directives with regulation, e.g. Shareholder Right directives, Settlement Finality directive and financial collateral directive. We support continues work towards a single European Rulebook that harmonize post trade infrastructures. Harmonisation should be driven throughout the full value chain including data elements from issuers all the way to the end investors custodian.
	Please provide data on the potential costs and benefits of the suggested solution(s).	

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.	Not at least a lack of incentive to do this as a consequence of the de facto monopoly status plus lack of firm requirements to do so. We also see ICSD's are not incentivized to bring settlement in all T2S currencies onto the platform and to change legacy links to T2S links limiting access to settlement in central bank money and create barriers for moving securities in and out of iCSDs There should be a right for market driven demand for links which must be complied with immediately We do believe that relayed links can offer an attractive solution for smaller EU markets to be included through fewer central hubs.	
	Yes	No
7) Are there barriers related to the establishment of links?	X	
8) Are there barriers related to the maintenance of links?	X	

9) Are there barriers related to the classification (i.e. customised, standard indirect, interoperable) and/or whether they are unilateral or bilateral links?	X	
10) Are there barriers related to the improper use of existing links?		X
11) Is the cost of settlement via links taken into account when negotiating securities transactions?	(X)	
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) Does the use of relayed links improve 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?	One single supervisor with a competition mandate	
	Yes	No
16) Should all links be standard links?		
17) Should all links be interoperable links?	x	
18) Should all links be bilateral?		
19) Should all CSDs be mandated to establish a minimum number of links with other EU CSDs?	X	
20) Should the comprehensive risk assessment for the validation of a link be carried out by ESMA?	If ESMA is the single supervisor	
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.	Yes – lack of firm requirements and lack of incentives due to monopoly status	

For questions 6 and 15 complete the following fields as appropriate. **For questions 7 to 13 and 21**, if 'yes', complete the following fields as appropriate. **For questions 7 to 11, 13 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.	Classification as such is not an issue as it is quite universal and widely standardised way to classify link types. Therefore would reply NO. However, there may be issues with some type of links that are different from other type of links, ex. risk profile for indirect links is very much different to direct links
	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 costs 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?	X	
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?	No	

Was a referral to ESMA needed to solve the problem?	

3.1.3. Settlement services in the EU

23) 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? Settlement in T2S could be further enhanced by more non-EUR countries joining T2S. We are not aware of any technical changes to T2S that would have a material impact on cross-CSD settlement. T2S today supports efficient settlement between two CSD's if the CSD has the appropriate links established. Deeper integration require a decupling between exchange, CCP and CSD, and better integration around the CSD processes beyond settlement. We propose that T2S should explore the opportunities to enhance the core functionality beyond settlement, for example to establish a common solution for publication and sharing of corporate event information, common standards for issuance including definitions of key terms, improved support for market claims, transformations and buyer protection, or long term even support for common issuance CSD services.

24) 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? In that case it should be free to pick up any CSD for all the securities available in T2S. However, it is hard to see how to get there. The entire issuance of a security/financial instrument that is issued in an EU/EEA CSD (or any other CSD) must be registered in the CSD's register (depending on jurisdiction, this register can either be the legal register of the issuer or it can be a technical reflection of the register held by the issuer/issuer agent/registrar). Any and all CSD participant account holdings in the security must at all times correspond exactly to the issued number/amount in the register. CSDs are required to protect the integrity of the issuance, and must therefore at all times know the holdings of the issued securities on CSD participant accounts. An investor CSD does not need to become a participant in the issuer CSD to allow it to have securities issued in the issuer CSD in its own books and records; the investor CSD can instead use a so-called indirect or intermediated link, holding via a custodian/investment firm that is a participant in the issuer CSD. But as the issuer CSD cannot have some of the issuance not reflected in its register, and as CSD securities accounts must be held/operated by a CSD participant, either a direct or indirect link is required.

25) 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. The main barrier for T2S participation is the central bank decision on making the currency available on T2S. e.g. Euronext Securities Copenhagen currently do not settle SEK on T2S. Local legal requirements regarding segregated accounts prevent investors from that market utilize safekeeping in non-domestic CSD's. Legal requirements to offer settlement functionality for participants without direct or indirect access to a central bank account can potentially limit settlement flows through T2S

26) 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)? Local

Legal barriers to implementation of standards needs to be tackled as a high priority.

Implementing the technical, operational and process changes to comply with European market standards and global market practice is costly – very costly in some respects. It can therefore be necessary to create commercial incentives for the adaptation of key standards. ECMS is a good example of incentive that has helped drive standards for interest and redemption processes. All markets do not agree with all market standards and market practices. Creating market standards and market practice is often a consensus-based approach. Very rarely is a compromise that suits all markets and jurisdictions found, thus resulting in a need to implement changes that are less than optimal – perhaps even seen as detrimental – for a market, or a sub-set of a market. Especially for the end investor markets that are using a fundamental different structure standards built for omnibus markets can be challenging. An example is reversal standard (standard 13 in SCoRE) where this in an end investor market require debit authorization from each end investor to be implemented. Some standards are not sufficiently detailed to ensure consistent implementation or do not sufficiently segregated on different product elements. A comprehensive single rule book for Europe with a clear governance structure also beyond collateral can support further adaptation. This would include more granular specifications of standards for ETFs and other products beyond equities and bonds. Finally, implementation of standards towards the issuer community has been insufficient.

27) 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. It is a strategic priority for the members of Finance Denmark to support adaptation of the standards in the Danish market, but it has not been possible to fully adapt to all current standards for corporate actions. Especially SCoRE standard 13 on reversal is difficult to implement in end-investor markets.

In addition, the model with end investor accounts and layered settlement model creates national specificities that we are working together with the CSD to address.

[Yes/No]

28) 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? All standards are needed to create a harmonized settlement environment also in the non-T2S EU space. We see corporate action standards as the highest priority for non-T2S markets.

[Yes/No]

29) Should the costs of settlement be reduced? Yes – and that can be achieved by removing the CSDs ability to charge monopoly rent and require Central supervision with a competition mandate. CSDs should, like all capital market infrastructure be required to standardise and harmonise terms and conditions as well as participation rules and remove the possibility to require unreasonable terms and conditions by banning monopoly pricing and cross subsidisation. Require publication of fee schedules with multiyear comparison (at least 10 years) .

If yes, please explain what could be done to reduce the costs settlement.
[Yes/No] See above plus ensure to remove the critical barriers for cross-border settlement as soon as possible and take the rest quickly thereafter

30) 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]Standardise and harmonise terms and conditions as well as participation rules and remove the possibility to require unreasonable terms and conditions. Require publication of fee schedules with multiyear comparison (at least 10 years).So far many only publish pricelists for one or two years which makes it impossible to follow the development in fees structure. The complexity of CSD fee structure is already high – as it has been for the past 15 + years for the trading venues and to some extent also CCPs. Following the development in e.g. fee structure for market data – illustrates how bad these can develop within a rather short period of time to the detriment of the users

31) Should all CSDs settling the cash leg in Euro be required to connect to T2S? [Yes/No] . We believe that all CSD's located in a EUR country settling in EUR should be required to connect to T2S. CSD's located in a non-EUR country where the domestic currency is not connected to T2S should still be able to settle in EUR in central bank money as there is otherwise a risk of introduction of more commercial bank money settlement. In addition, all T2S connected CSD's should be mandated to settle in T2S in all T2S currencies where they offer settlement

32) 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. Change to T+1 will create larger issues than today when settling in foreign currencies (FX). At present we do not believe there are substantial difficulties in accessing settlement in any EU (or EEA) currency. CSDs may not be able to support all EU currencies as settlement currencies and may have even less need or demand for this from their participants and issuers – but securities settlement on behalf of investors can be, and is, performed in all EU currencies without difficulties. [Yes/No]

33) Is there a need for additional currencies to be settled in T2S? Yes. We believe that DKK in T2S have provided positive outcome for the Danish market, and we fully support NOK and SEK joining as well. We will in addition like to highlight that full benefit of new currencies require that all EU CSD's and iCSD settling in these currencies are doing so on T2S. We would therefore see higher benefit from DKK joining if the main EU iCSD would enable DKK settlement on T2S as well.

[Yes/No]

34) Should T2S be able to provide other CSD services, including issuance services and asset servicing services? . We do not see it as beneficial to expand the range of core CSD services given the investment and adaptation effort done by CSDs and market participants to implement the current model. There could be merit in allowing T2S to develop new services like data services if this could support data exchange and harmonisation among CSDs.

An assessment should be made of the Eurosystem role in a potential new DLT infrastructure for Europe.

[Yes/No]

35) 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] Key benefits include data distribution on corporate events, issuance functionality, and better support for corporate actions. With regards to resilience, the Eurosystem has experienced several very large incidents affecting Target services and we welcome its efforts to increase the resilience of the Target platform. We would like to Eurosystem to investigate barriers to broader use of DCP access.
We would welcome that the Eurosystem constantly evaluating the opportunities provided by new technologies to understand the benefits that it may bring. This includes API's for CSD participants and DLT technologies.

CSDs should review their processes to eliminate redundancies when onboarding to T2S. However, not all CSDs have optimized their systems, leading to duplicated functions and additional costs. Further analysis is needed to identify and remove these redundancies.

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
36) 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?	X	

The fragmented EU legal framework for ownership rights in book entry securities, creates cost and uncertainty, inhibiting the growth of a single capital market. The EU lacks harmonised rules on third party effects of assignment of claims. This might result in the confinement of securitization markets.

There is a need for an introduction of a single conflict of laws rule for ownership rights in book entry securities and for an introduction of a conflict of laws rule on third party effects of assignment of claims.

37) Does the **law applicable to the assets and to the CSD** influence a decision to acquire or dispose of financial instruments cross-border?	X	
38) Are there barriers for **issuers to obtain legal certainty** on the ownership of the securities issued in a CSD or any other registrar?		
39) 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.	X	

SRD II

If a legal regime, and a set of operational procedures, such as registration procedures, have the effect that an end investor may not (or not immediately) be recognised as the legal owner, then this raises the question of whether the end investor in EU securities has actually acquired the full set of legal rights associated with ownership of those securities.

Important steps have already been taken to strengthen the legal framework for the exercise of shareholders' rights, with, notably, the original Shareholder Rights Directive (SRD) of 2007, and a revised version, Shareholder Rights Directive II (SRD II) in 2017, which sets out a series of operational requirements that have applied since September 2020, and that are designed to improve connectivity between issuers and investors, through the chain of intermediaries.

However, SRD II does not contain a definition of the term "shareholder", instead relying on national corporate and securities laws of the country of issuance of the security in question. This means that, in practice, the party identified as the shareholder differs from country to country. This is especially problematic from a cross-border investment perspective. Typically, cross-border custody chains are longer and more complex than domestic custody chains – in other words, issuers and investors are separated by more "layers" of intermediaries. This increases the probability that, under national transpositions of SRD II, and under specific national registration processes, the true 'end investor' is not identified as the 'shareholder'.

This makes it more difficult for both issuers to meaningfully identify their shareholders, and for investors to exercise their rights. Difficulties in the exercise of rights occur most frequently in the exercise of voting rights. Common problems include issues arising out of requirements for the provision of paper-based power of attorney documents, out of badly placed record dates for voting entitlements (i.e.: record dates that are too close to or after the market deadline for voting instructions), and out of difficulties in message formats. We also see different interpretation of key dates. Also, additional uncertainties occur when there is dual ownership of a safekeeping account. Some of the difficulties in the exercise of rights are exacerbated by the fact that SRD II is a directive, and the key Level 1 requirements of SRD II take effect through transposition into the

national law of each member state. Consequently, and despite the fact that the Level 2 requirements have the legal form of a regulation, the Directive falls short of delivering a single pan-European legal or operational framework for delivering its objectives.		
40) Are there any **barriers to pool assets** from different jurisdictions?		
41) 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?	X	
42) Are there barriers to the cross-border provision or use of CSD services due to the lack of certainty on the applicable law?	X	
43) Are there barriers to pooling assets from different jurisdictions?		
44) Are there legal certainty barriers to the provision of cross-border asset servicing?	X	
45) Are there barriers stemming from national laws affecting the legal certainty of acquisitions and dispositions in financial instruments, or cash or cash equivalent?	X	
46) 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)?		
47) 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?		
48) Can the existing approach to conflict of laws under the SFD and the FCD be applied to DLT based networks/systems and collateral transactions?		

49) What is the preferred connecting factor in relation to (a) proprietary (b) contractual (c) system-related aspects related to transactions on a DLT system? - 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? Would the differences between permissioned and permissionless DLT systems, warrant different rules on conflict of laws)?		
50) 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?		
51) Are there any **other barriers** to legal certainty which are not mentioned above?	X	
We recommend that the EPTF report is taken into consideration together with the upcoming Ame-SeCo SEG report for a full overview.		

For questions 36 to 47, and 51 where your reply is 'yes' complete the following fields as appropriate. **For questions 36 to 47, and 51** 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

52) What are the main barriers to the smooth operation of the settlement finality framework in the EU?	
We would like to share some general considerations around Settlement Finality. It gained consensus, over time, the (apparent) view that Settlement Finality was and is something mainly regarding CSDs. This is incorrect, as it regards all users and market participants. We would like to underline the importance of having a transaction (and its relevant settlement instructions) protected by the SFD by the moment in time such transaction is input in the settlement system, but it is not yet settled. This is a crucial topic of interest for the entire industry, not just for CSDs. DVP We also highlight that SFD does not reflect the important role of delivery-versus-payment (DVP) in today's settlement systems. SFD treats the securities transfer and cash payment legs as separate, when in fact these are linked and dependent upon one another, as detailed in Barrier 10 of EPTF Report. We believe that the EU shall move convincedly towards the harmonization of the Settlement Finality "timings" across the EU, by evidently moving from a Directive to a Regulation. This would sensibly enhance settlement certainty in the Union, which in turn and in the long term would contribute to making the EU a definitely more attractive market, also thanks to the consequent and sensible reduction we would observe in the cost of credit-line and risk mitigation currently needed and affecting the settlement space. Key proposals: • Uniform and directly applicable rules should be developed in relation to the application of the SFD protections regarding third-country systems (Recital 7). • The SFD should broaden the range of parties protected under the SFD and should clarify the modus operandi of such protections. • The SFD should clarify the destiny of an irrevocable but not yet finally settled transfer order (Art. 4). • The protection of settlement finality should apply to all activity processed by the system (whether CSD, CCP or payment system), independent of the regulatory status of the participant in the system. In case of CCPs this protection should also cover clients and indirect clients (also in the interest of safeguarding the default management procedures of CCPs, in particular the transfer of client positions in the event of a default of a clearing member). • The protection of enforceability of collateral security should apply – with relation to CSD and CCP activity - to all participants in the intermediary chain (from infrastructure to end investor), both as collateral giver, and as collateral taker. • The structure of SFD should be modified, so that it describes separately, by type of infrastructure, how the relevant protections operate. • The terminology used by SFD should be modified, so that it matches more closely the business activities of each type of infrastructure.	

	Yes	No
53) Are there any aspects of the SFD that have created barriers for the market or market participants, in particular in a cross-border environment?	X	
National legislation across Member States do not seem to provide the same level of certainty and protection to a settlement agent/custodian across the EU, resulting in an overall increase of complexity to mitigate pre-settlement risks. The focus should be on the existence of a simple 'right of retention' compared to a 'right of retention AND right of sale' of the assets that are settled by a custodian on behalf of a client. In case of insolvency of the client after the settlement instructions are irrevocably matched and released for settlement the availability of an immediate right of sale allows the custodian to be more strongly protected at the potential detriment of other creditors of the client, since it can quickly recover the exposure against that client by immediately selling the assets received against the custodian's own money (that was used for the DVP settlement), without any need to wait for an authorization by an insolvency liquidator.		
54) 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?		
55) 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?		
56) 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 why this would be desirable.		
57) Are the criteria that need to be met for a system to be designated under the SFD creating unjustified barriers to entrance?		X
In general, we believe that the current wording of the SFD is technology agnostic. We do not see a compelling reason to water down the criteria necessary for designation.		
58) Do diverging national practices for notifying systems create an uneven level playing field or legal uncertainty?		
59) 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?		

60) Does the non-aligned definition of 'collateral security' (SFD) and 'financial collateral' (FCD) create complexities for efficient collateral management?	X	
61) Is there legal certainty on the scope of the settlement finality protection under SFD?	X	
62) 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?	X	
63) 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?	X	
SFD gives primacy to the rules of a designated securities settlement system in the event of the insolvency of a participant in the system, in order to protect transfer orders from challenges resulting from insolvency proceedings. We agree that insolvency laws in the EU should not lead to different results when transfer orders are submitted by EU entities to non-EU systems. The extension of the SFD regime to third-country systems, where appropriate, will promote the integrity of the system and provide greater certainty to any EU institution who is a participant. This minimises the risk of Member State insolvency laws undermining the system's determination of settlement finality in case of the insolvency of an EU participant. In other words, an EU court could not be used to undermine the effect of transfer orders in third country systems in a way that could not be done if the system was in the EU. We note that this is not intended to impact or alter the rules governing any third-country system or apply EU law extra-territorially.		
64) 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?	X	
Transparency of all participants would allow to easier assess the counterparty risk. Lack of participants overview can also discourage broader participation (e.g. smaller institutions, foreign firms), promoting fragmented infrastructure.		
65) 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?		
66) Are there any national barriers in relation to legal certainty arising from how the SFD is transposed in the Member States?	X	

67) 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?		X
68) Are there any other barriers created by the SFD which are not mentioned above?		X
69) How should irrevocability of "reserved" or "booked" digital assets be achieved?		
70) 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?		

For question 52 please complete the following fields as appropriate. **For questions 53 and 54, 57 to 60, and 62 to 68** where your reply is 'yes' please complete the following fields as appropriate.	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		
For questions 53 and 54, 57 to 60, and 62 to 68 where your reply is 'no' please			

justify your reply, in particular identifying potential risks.	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.	

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
71) 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?	Yes, we overall see the current legal framework appropriate to control the risk. It is important to ensure a same business, same risk, same regulation principle also apply to DLT infrastructures

72) 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.	Other barriers include lack of CBDC and access to utilize DLT issued bonds as central bank collateral The main barrier is the cost investment across the full ecosystem to create the necessary network effects for scale.	
	Yes	No
73) 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?		
74) 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?		
75) Could the use of DLT help reduce the reporting burden?		
76) 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?		
77) Are there any legal barriers for DLT service providers in providing trading, settlement and clearing in an integrated manner, within one entity?		
78) Are there any other barriers that you consider relevant for the DLT based provision of CSD services?		
79) 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?		

80) 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?		
81) 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 question 72 please complete the following fields as appropriate. **For questions 73, 77 and 78**, where your reply is 'yes' complete the following fields as appropriate.	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	
For questions 73, 77 and 78, where your reply has been 'no' justify your reply, in particular identifying potential risks.	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: islative changes (specifying which nges are being suggested): of supervisory convergence tools ecifying which tools are being ggested); tralised supervision; ption of market practice(s); er.	
	Please provide data on the potential costs and benefits of the suggested solutions.	

82) **Detailed questions on the applicability of the CSDR and SFD to DLT-based CSDs** 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.						

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).

83) 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
84) What are the main barriers to the integration of EU markets and/or consolidation of financial market infrastructures related to the FCD?	Finance Denmark believes the concepts of 'possession' and 'control' in the FCD require further clarification in order to provide additional protection to financial institutions entering into 'security financial collateral arrangements'. In order to achieve the policy objective, we recommend expanding the range of permitted dealing with financial collateral beyond the existing provisions relating to substitution and withdrawal of excess collateral. The best way to provide additional protection for financial institutions is to permit incremental flexibility in order to avoid the loss of a 'security financial collateral arrangement' due to the lack of 'possession' and 'control'.
85) Is there sufficient clarity regarding the use of tokenised assets as financial collateral in the context of financial collateral arrangements under the FCD?	

86) 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.	Payment and e-money institutions: We support extending the personal scope of the FCD to include payment institutions and e-money institutions, to ensure these institutions are able to benefit from the protections and increased certainty afforded by the FCD in recognising the efficacy of netting mechanisms and giving effect to security arrangements. These protections support credit risk mitigation and efficient markets and so in general, we consider it advantageous to broaden the personal scope of the FCD. CSDs: Central securities depositories are a key part of EU financial market infrastructure and so it is logical to extend the personal scope of the FCD to include them (to the extent they are not already in scope) This would be consistent with the existing scope of 1(c) FCD, which includes central counterparties, settlement agents and clearing houses. It would also be in line with the Commission's statement to cover systemically important collateral providers and takers under Article 1(c) FCD.	
	Yes	No

87) 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)?	X	
The discretion afforded to Member States in Article 1(3) to exclude collateral arrangements from scope of FCD protections where one party is an SME or other unregulated corporate entity creates additional costs and introduces uncertainty for market participants regarding the enforceability of collateral arrangements entered into with these counterparties. The exclusion of collateral arrangements entered into with SMEs or unregulated corporate legal entities from FCD protections limits the ability of financial institutions to provide certain derivatives, margin financing, prime brokerage and related services to unregulated clients that may, but for their lack of regulatory authorisation, organically belong in the financial markets sphere.		
88) Do you see legal uncertainty related to the recognition of tokenised financial instruments as collateral under the FCD? If yes, please describe these uncertainties.		
89) 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?	X	
We believe that the notion of "possession and control" would benefit from clarification. We also support proposals which aim to provide additional protection to financial institutions by incrementally increasing the existing flexibility to deal with financial collateral during the term of the 'security financial collateral arrangement'. These specific proposal include, without limitation, that: the collateral may be held in an account in the name of either the collateral-provider or the collateral-taker; the collateral-provider may withdraw income (e.g. interest, coupons or dividends) which accrues on the financial collateral from the account (provided that there is no default); the collateral-provider may receive a copy of any notices relating to the financial collateral; the collateral-provider may exercise voting rights relating to the financial collateral (provided that there is no default); the collateral-provider may be responsible for determining the value of the financial collateral or the secured obligations; the collateral-provider will generally be entitled to the return of financial collateral if the collateral taker goes insolvent (provided that the secured obligations have been fully and finally discharged); and the provision of a standing instruction to a third party custodian or collateral manager to provide automated substitutions, return of excess collateral or transfers or reinvestment of income (e.g. interest, coupons or dividends).		
90) 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?		

91) 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.		
92) 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? Please explain		
93) Is the non-aligned definition of 'collateral security' and 'financial collateral' under the FCD creating barriers?	X	
As a general remark, we are supportive of efforts to harmonise definitions of key terms across EU legislation and regulation.		
94) Are the opt-out provisions for Member States creating any barriers to the single market?		
95) Have you encountered problems with the recognition/application of close-out netting provisions under the FCD (both national and cross-border)?		
96) 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?		
97) Are there any other barriers created by the FCD which are not mentioned above?		
98) Are there any other issues you would like to address regarding FCD financial collateral in a DLT environment?		

For questions 84, complete th e following fields as appropriate. **For questions 84, 87, 93, 94, 95, and 97,** where your reply is 'yes' complete the	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);
following fields as appropriate. **For questions 84, 87, 93, 94, 95, and 97,** where your reply is 'no' justify your reply, in particula r identifying potential risks.	- 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

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

We would like to challenge the premise of the question that there are material risks stemming from settlement outside of a CSD. Internalised settlement takes place on the books of intermediaries who are

subject to a robust regulatory and prudential framework, and have appropriate controls in place to ensure accurate, safe and timely settlement of internalised instructions.

We believe that the current reporting obligation of internalised settlement allows for an accurate identification of the risks stemming from settlement outside of CSDs. We feel that there are still some preconceptions around the "internalised settlement" run by custodian banks and financial institutions whereas internalised settlement has, de facto, the same degree of safeguards (in terms of supervision, compliance to current legislation and requirements) as other forms of settlement. Or, else, it is not riskier. As we understand by our members, there are also solid and consolidated internal processes and procedures about internalised settlement which complement the safeguards provided for by European legislation, even in terms of high standard for settlement efficiency. Further to this, our members consider it appropriate and in no-need of amendments the current clustering (run within internalised settlement) by type-of-transaction and type-of-underlying-asset. Some kind of these clustering depend on the service providers engaged by custodian banks.

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.

We believe there should be no additions to the current framework of the internalised settlement reporting, as we consider it complete and adequate to the purpose and there risks inherent to such activity. As it is not an activity bearing large risks, it would be considered disproportionate to the goal to amend this part of the legislation in order to require further details to be reported, also in light of the legislative and procedural "simplification" initiative the Commission is pursuing.

If no, 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?

We have not gathered specific preferences about reporting the details of the internalised settlement to the competent NCA or directly to ESMA. However, any foreseeable transmission to ESMA shall not bear specific additional costs to users.

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)?
Internalized settlement reporting is already provided by custodians. We would recommend that current data is better utilized to create insight into internalized settlement.

If a very high internalized settlement activity takes place on behalf of European investors this could instead be interpreted as a lack of fair access to the infrastructure. We have no evidence about internalised settlement fails or other information to answer this question but we believe that publishing such information would be disproportionate in comparison to consolidated safeguards

build up over the year by custodian banks and, conversely, in comparison to the strong need for much greater and urgent harmonisation by CSDs on their settlement efficiency statistics, which need to be made consistent and comparable as soon as possible, certainly by the migration to the shorted SSC T+1.

100)

101) Would you identify additional risks other than operational and legal risks stemming from internalised settlement? No

102) 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?

General comment: We already report all internalized settlement to relevant authorities. We do not see a need for further requirements in this area.

No, we do not see any benefit in expanding the settlement discipline rules to internalized settlement. CCP settlement is always done at CSD/T2S level settling the market leg of the transaction, ensuring that any lack of settlement discipline with effect on the broader market is penalized. Market practice among custodians already today is to pass settlement penalties to clients and thereby creating incentives along the settlement chain

3.4.2. Information sharing

Question	Answer	
	Yes	No
103) 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?		
104) 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?		
105) 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
106) Is the authorisation procedure for CSDs too long and/or burdensome? If yes, how could the process be simplified?		
107) Is the procedure for the extension of CSD authorisation and for outsourcing of services and activities too long and/or burdensome?		
108) Is the procedure for the authorisation to provide banking ancillary services too long and/or burdensome? If yes, how could the process be simplified?		

109) Are the current authorisation/supervisory approval processes under CSDR suitable, or could it benefit from some refinements/streamlining and/or clarifications?		
110) Are the current authorisation processes/supervisory approval under CSDR creating legal barriers for (potential) new entrants		
wishing to provide CSD services?		
111) 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?		
112) 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

113) 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

114) 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.

- Removal of structural issues driving monopolist behavior from market infrastructures as demonstrated several places above.Post trade barriers beyond the CSDs and custodians like different rules governing name registration and registrar service could contribute to additional barriers.

PART 2

4. Horizontal barriers to trading and post-trading infrastructures

This section seeks feedback on horizontal barriers to trading and post-trading infrastructures in four main areas:

- EPTF (European Post Trade Forum)
- cross-border operational synergies between entities
- issuance
- and innovation

Respondents are asked to provide concrete examples to support answers provided, and, where possible, quantitative and qualitative information.

We refer to the general comments and sections 1, 2 and 3.

I relation to encourage innovation it goes without saying that the structural barriers meaning the ability for the capital market infrastructure to collect monopoly rent and use cross-subsidization are preventing the fostering of viable alternatives. Users are forced to use the capital market infrastructure as the capital market infrastructure companies are not subject to competition and their business does not depend on "happy clients" like companies subject to genuine competition.

If and when the framework allows true innovation and "disruptors", we still underline the need for level playing field and call for "same business, same risk, same rules".

4.1. EPTF barriers

1) How do you assess the continuing importance of the barriers identified by the EPTF report and those put on EPTF watchlist (WL) in 2017?

Please rank each barrier according to the urgency of its resolution for achieving an integrated EU market for post-trade services. Please rank barriers as high/medium/low urgency (max 6 barriers per grading category). Please mark barriers that have been resolved and are no longer relevant.

Barrier	High	Medium	Low	No longer relevant	Do you agree with EPTF recommendations? YES/NO
Fragmented corporate actions and general meeting processes (EPTF 1)					

Lack of convergence and harmonisation in information messaging standards (EPTF 2)					
Lack of harmonisation and standardisation of ETF processes (EPTF 3)					
Inconsistent application of asset segregation rules for securities accounts (EPTF 4)					
Lack of harmonisation of registration rules and shareholder identification processes (EPTF 5)					
Complexity of post-trade reporting structure (EPTF 6)					
Unresolved issues regarding reference data and standardised identifier (EPTF 7 (formerly Giovannini Barriers 8 and 9, redefined and combined)					
Uncertainty as to the legal soundness of risk mitigation techniques used by intermediaries and of CCPs' default management procedures (EPTF 8) (formerly Giovannini Barrier 14)					
Deficiencies in the protection of client assets as a result of the fragmented EU legal framework for book entry securities (EPTF 9) (formerly Giovannini Barrier 13)					
Shortcomings of EU rules on finality (EPTF 10)					
Legal uncertainty as to ownership rights in book entry securities and third-party effects of assignment of claims (EPTF 11) (formerly					

Giovannini Barrier 15)					
Inefficient withholding tax collection procedures (the lack of a relief-at-source system) (EPTF 12)					
National restrictions on the activity of primary dealers and market makers (WL1)					
Obstacles to DvP settlement in foreign currencies at CSDs (WL2)					
WL3: Issues regarding intraday credit to support settlement (WL3)					
Insufficient collateral mobility (WL4)					
Non-harmonised procedures to collect transaction taxes (WL5)					

4.2. Leveraging cross-border operational synergies between entities (outsourcing, treatment of group structures)

2) On a scale from 1 (it is inadequate) to 5 (it is adequate), do you believe that the current regulatory and supervisory set-up as regards outsourcing is adequate, and captures the risks linked to outsourcing appropriately?

1	2	3	4	5	No opinion

If you responded 4 or less, please point to specific issues and to possible improvements, including, where relevant, any distinction between intra- and extra-EU outsourcing.

3) In case of groups that include trading and/or post-trading infrastructures, does the legislative framework adequately cater for intra-group synergies, notably by way of outsourcing, on a scale from 1 (inadequate) to 5 (adequate)?

1	2	3	4	5	No opinion

If you responded 4 or less, please point to which types of operations have been negatively impacted by the legislative framework, and what have been the costs (or alternatively: foregone cost synergies)? Please indicate which specific regulatory provisions or supervisory practices have hindered the ability to outsource functions within your group, notably across borders.

If you consider that the current regulatory and/or supervisory framework should be adapted to more effectively facilitate intra-group operational synergies, please detail the specific legislative amendments that should be implemented. Should any safeguards be maintained in this process (e.g. for preventing/managing conflict of interests)? KEY to solve the structural problem

Please explain

Questions	Answers	
4) What are the main barriers to consolidation at group level of CSDs' functions: legal barriers in the CSDR; legal barriers in other EU legislative acts; legal barrier (incl. fiscal, tax-related regulatory requirements) in national law; supervisory barriers; technical/operational barriers; market practice other barriers		
	Yes	No
5) Are there barriers to consolidation due to the structure of the regulatory reporting mandated in the CSDR?		
6) Are there barriers to consolidation due to the organisational requirements (e.g. on outsourcing) mandated in the CSDR?		
7) Are there obstacles to consolidation related to the current CSD supervisory and oversight framework?		

For question 4 complete the following fields: **For questions 5**	Please provide a clear explanation of the barrier, and the reasons for this being indicated as a barrier, including - the specific legal requirements that create the barrier, if relevant (national or EU level); - whether a barrier is more prominent for one or more types of financial instruments - the supervisory or market practice(s) that create(s) the barrier, if relevant;	
to 7, where your reply is 'yes' complete the following fields as appropriate. **For questions 5 to 7** where your reply is 'no' justify your reply, in particular identifying potential risks.	- the technical aspects related to the barrier, if relevant; - information on the costs, if the level of costs is considered an issue.	
	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 absence of a group perspective, where possible.	
	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); - centralised supervision; - adoption of market practice(s); - other.	
	Please provide data on the potential costs and benefits of the suggested solutions.	

4.3. Issuance

Questions	Answers
8) Please describe the steps and how long it takes to issue securities (and, if applicable other financial instruments) in your Member State, and indicate which steps could work better, in particular if undertaken cross-border (i.e. CSD and/or trading venue is in another Member State).	From a CSD perspective the issuance of new securities on an existing issuer works fairly well. Registration of a new issuer or change of issuer responsible could be improved with digital signing of issuer agreements between the CSD, issuing agent, and issuer (this 3rd party agreement covers DK only) Issuing of new securities in an

	existing ISIN is done realtime and the securities can be traded immediately.	
9) What are the main barriers to the smooth functioning of processes related to pre-issuance and issuance in an integrated EU market? In answering this question, please consider all of the following, but not limited to this: - legal requirements; - supervisory practice; - differing or lack of data exchange standards (exchange of non- machine readable data; - market practice; - differences in national requirements; - technical/technological aspects.	There is a significant difference in market practices when settling CA events regarding time schedule, deadlines, whether securities are settled against simultaneous payment, or whether money and securities transfers are separated, etc. Diverse market practices can create inconsistencies. Further, there are significant differences in stock market regulation, local tax reporting, which can also lead to inconsistencies. In the Danish market, a temporary ISIN is used for new shares until the capital increase is registered with the DBA. Some foreign banks have difficulties in understanding that new shares are issued in a separate ISIN code	
	Yes	No
10) Are there barriers related to the settlement period of primary market operations?	X, but the use of temporary ISIN in the Danish primary settlement process is seen as a larger barrier	
11) Are there barriers related to ISIN allocation, or relating to the length of ISIN allocation processes? If so, could any of these barriers be addressed through legislative changes?		X, the allocation process itself works well

12) Should the attribution of ISIN be further regulated, e.g. introduction of a 'reasonable commercial basis' clause, or the prohibition of entities active in closely linked activities (e.g. settlement-related activities) from performing tasks as national numbering agencies? 13) Should measures be taken to create more competition in the area of ISIN attribution and, if so, please explain what measures?	YES! Any possibility to charge monopoly rent must be abolished	
14) Are there barriers related to the lack of a harmonised approach for investor identification and classification?	Yes, especially different treatment and reconiztion of joined ownership create challenges	
15) Are there barriers related to the lack of automation and straight- through processing along the issuance value chain?	STP is defacto no possible for all elements and CSD's still require manual input in GUI on some elements. For example, in the Danish Market Issuer Agents are requested to manually type in general meeting agenda's	
16) Are there barriers related to the exchange of data between the stakeholders involved in the issuance?	Yes, mainly stemming from differences in the implementation of SRD II. In addition some issuers would	

	like to offer local language and English as an option which is currently not supported	
17) Are there any other barriers related to issuance which are not mentioned above?		

For questions 8 to 11, and 14 to 17, where your reply is 'yes' complete the following fields as appropriate. **For questions 8 to 11, and 14 to 17,** where your reply is 'no' justify your reply, in particular identifying potential risks.	Please explain your answer (and clarify the type of barrier (i.e. barrier or a difficulty/challenge)), including - the instruments concerned, or for which the concern is most acute; - the specific legal 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; - the technical aspects related to the barrier, if relevant; -	
	Please rank the importance of the issue as - high priority; - medium priority; - low priority.	
	Please provide an estimation of the costs of the barrier.	
	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); - other.	
	Please provide data on the potential costs and benefits of the suggested solutions.	

Question	Answer
18) On a scale from 1 (very complex) to 5 (very straightforward), what is your assessment of the current procedures for issuing debt or equity instrument in the EU, in particular for the first time?	3: Relatively straight forward in the domestic marked, but quite complex cross

	border
Please point to the main difficulties you might have identified, if any.	
19) In particular, what is your assessment of the level of competition in the area of underwriting, and of the level of fees for such services? Do you perceive that they can be a significant barrier for those issuers considering issuing financial instruments (debt or equity)? If so, what are the drivers for such difficulties?	Monopoly in issuance of shares (linked to the listing exchange) , competition in the debt issuance. However, there are a number of fees involved from the CSD where it is often not an option to opt out of certain characteristics making the price/fees higher for the Issuer
20) On a scale from 1 (very unsatisfactory) to 5 (very satisfactory), what is the level of transparency of fees structures in the area of underwriting satisfactory? If you think the level of transparency of fees structures is unsatisfactory, do you believe transparency on the prices billed to issuers and investors for such services should be provided on an ex post basis (e.g. publication of indicative prices for underwriting services) or on an ex ante basis (standard/average price lists)?	2. As a rule, we should require standardized harmonized fee scheduled available with multiyear comparison for the past 10 years. The CSD fees are generally seen as very opaque
21) Would a front-to-end pan European platform as proposed by the ECB in 2019 (European Distribution of Debt Instruments (EDDI) initiative) solve the barriers and obstacles identified in the previous questions?	We can see benefits in a common front end, but it is vital that it would allow current functionality like the Danish mortgage bonds to be continues with very efficient day to day issuance
If yes, should this front-to-end pan European platform focus on debts instruments solely or would this service also contribute to improving equities	We would recommend to start with debt

issuance processes too?	instruments and then expand to all other type of instruments over time.
If no, how should these barriers and obstacles identified be addressed?	It should be analysed if a central issuer CSD would help
22) Are you satisfied with the current level of digitalisation of the bookbuilding process? Yes, No, don't know.	
If you responded "No" to the previous question, is there any legislative measure that could be taken to support more digitalisation? If yes, please explain.	

4.4. Innovation – DLT Pilot Regime (DLTPR) and asset tokenisation

Questions	Answers	
	Yes	No
23) Do you believe that the DLTPR limit on the value of financial instruments traded or recorded by a DLT market infrastructure should be increased?		
24) Do you believe that the scope of assets eligible within the DLTPR should be extended?		
25) Do you believe that the DLTPR should be extended to cover other types of systems, such as clearing systems?		
For questions 23 to 25, where your reply is 'yes' please complete the following fields as	Please provide details on the preferred changes to the DLTPR and explain your reasoning (how limits should be increased, which concrete assets should be eligible and why)	

appropriate.	Please provide a ranking of the importance of the issue as: - high priority - medium priority or - low priority	
	Please provide an estimation of the benefits and risks that result implementing the changes to the DLTPR that you propose. For example, if you suggest extending the scope of instruments, or increasing the threshold, you are encouraged to estimate how much additional financial activity would the DLTPR attract, and opine on the associated risks.	
For questions 23 to 25, where your reply is 'no' please explain your reply, in particular identifying potential risks.		

Question	Answer	
	Yes	No
26) Should the DLT trading and settlement system (DLT TSS), allowing for trading and settlement activities within a single entity, become embedded into the regular framework (CSDR, MIFID)?		
Please explain your reply, noting in particular the risks and the benefits.		
27) What other changes to the DLTPR are needed to ensure that it remains a framework that is fit for the purpose of allowing new entrants and established financial companies to deploy pioneering innovation with DLT in the EU, while also ensuring appropriate risk mitigation? 28) What type of below-specified changes to the DLTPR would improve business certainty and planning for businesses that are considering to join the DLTPR? Please rank each set of changes on a scale of 1-5 (1 denoting 'least important').		

(a) remove the references in the DLTPR to the limited duration of licenses;
(b) size-proportional requirements within the DLTPR, whereby the greater the size of the business of the DLTPR participant (e.g. measured in terms of volume of transactions traded/settled), the greater the compliance obligations;
(c) clearer regulatory pathways to 'graduate' into the 'regular' CSDR framework;
(d) other.

Please explain your reply. Where possible, please include examples from other jurisdictions that can serve as a model.

29) Does the DLTPR create a sufficiently clear and flexible framework for the use of EMTs as a settlement asset, bearing in mind the overarching need to ensure high level of safety for cash settlement in DLT market infrastructures?
[YES/NO]

Please explain your reply.

30) Do you think that in addition to, or instead of the current derogations-based approach (allowing switching off of certain MIFID and CSDR provisions), the DLTPR should take a principles-based approach whereby high-level provisions govern trading and settlement services, with the purported aim of creating more flexibility for deploying innovative DLT-based projects?

[YES/NO] We believe that the fundamental principles should be same risk same rule and that MIFID and CSDR should be adjusted to enable DLT infrastructure to compete with traditional infrastructure on equal terms

Please explain your reply

What would be the advantages and disadvantages of such an approach and how can the disadvantages be mitigated?

Please provide examples of principles-based standards or regulation (EU or non-EU), in the financial or non-financial domain, that may serve as a useful model or inspiration for a principles- based DLTPR, and why you think these examples are insightful.

Question	Answer	
	Yes	No

31) Do you believe that DLT is a useful technology to support trading services in financial instruments?		X
Please explain your response.	DLT is a very useful technology for issuance and for post trade processes, but not efficient for trading. Trading for instruments with lower liquidity depends on auctions on primary exchanges.	
32) Do you believe there are regulatory barriers beyond those addressed by the DLTPR that may hinder or prevent DLT-based provision of trading services in financial instruments?	X	
If 'yes': Please specify and explain these regulatory barriers	DLT bonds require that they can be seen as equal in terms of collateral including central bank collateral and do therefore also depend on adjustment of the collateral directive.	

.

33) For a financial entity using DLT to deploy its services, the distributed ledger is often an external platform on which services are run, and this platform may have a very distributed governance structure. What are the benefits and risks of deploying financial services, including post-trading services, on distributed ledgers external to the financial service provider, and therefore outside its direct control?

34) How should the regulatory perimeter between a technological service provider and a financial service provider, especially a CSD, be drawn in the above described DLT context?

35) The Commission recently published a study on the use of permissionless blockchains for enhancing financial services, which set out operational robustness criteria for assessing permissionless blockchains. Do you believe that beyond the Digital Operational Resilience Act (DORA), additional legislative or non-legislative action is needed to ensure appropriate mitigation of risk stemming from decentralised IT systems such as permissionless blockchains?

[YES/NO.] We believe that public blockchain applications can be build in a manner that mirror the risk profile of permission blockchains and provide substantial benefits in terms of access and interoperability. We therefore recommend that the principles of same risk, same business, same legislation also apply to permissionless blockchains.

Please explain your reply.

36) Basel prudential standards on crypto exposures applicable to credit institutions assign group 2 status to tokenised assets, including tokenised financial instruments, that are

issued and recorded on permissionless distributed ledgers. The transitional prudential treatment of exposures to tokenised assets in the Capital Requirements Regulation currently applicable does not make a distinction based on the type of underlying distributed ledger. Do you believe that prudential rules should differentiate between permissioned and permissionless distributed ledgers?

[YES/NO.]

Please explain your reply.

37) Do you believe that risks from permissionless blockchains, in particular operational risks and other risks set out in the BIS Working paper on novel risks, mitigants and uncertainties with permissionless distributed ledger technologies, can be mitigated?
[YES/NO]

Please explain your reply.

38) Asset tokenisation concerns the use of new technologies, such as distributed ledger

technology (DLT), to issue or represent assets in digital forms known as tokens. Where do you see most barriers to asset tokenisation in Europe?

Please rank each of the potential barriers on a scale of 1-5 (1 denoting 'least barriers').

(a) Member State securities and corporate law
(b) Member State laws other than securities and corporate law
(c) EU laws that relate to trading and post-trading
(d) EU laws other than laws that relate to trading and post-trading

Please explain your reply, pointing to concrete examples in areas beyond the SFD, FCD and CSDR.

Question	Answer	
	Yes	No
39) Should public policy intervene to support interoperability between non- DLT systems and DLT systems?	X	
If reply is 'yes': Please explain how this can be done in a manner that is cost-efficient for the industry.	Substantial benefits have been achived through the work lead by ECB for harmonisation of securities post trade. It is important that this progress is not lost with a potential migration to DLT. We therefore recommend that the harmonisation scope is expanded with focus on interoperability also with existing technology for listed and debt instruments.	
If reply is 'no': Please explain your response.		
40) Should public policy intervene to support interoperability between distributed ledgers?		
If reply is 'yes': Please explain how this can be done in a manner that is cost-efficient for the industry.		
If reply is 'no': Please explain your response.		

41) Lack of standardisation acts as a hindrance to interoperability. This is especially the case with a relatively new technology such as DLT. Where is the greatest need for standardisation in the area of DLT?

Multiple replies are possible. Please rank each of your reply from 1-5, with 1 denoting 'least important'

(a) Business standards applicable to digital assets (for example data taxonomy to describe digital assets)

(b) Technical standards applicable to digital assets and smart contract-based applications
(c) Technical standards applicable to links (bridges) between DLTs
(d) Other

Please explain your reply.

42) Given how you foresee DLT-based financial market infrastructure to develop, what do you think is the best way of providing interoperability between distributed ledgers?

Please rank each of your reply from 1-5, with 1 denoting 'least important'

(a) regulated financial entities, such as a CSD, that are present on multiple ledgers, acting as a distributed ledger hub for clients
(b) pure technology companies that focus on sending messages securely across distributed ledgers for clients that are regulated financial companies
(c) regulated financial entities that focus on sending messages securely across distributed ledgers for clients that are regulated financial companies
(d) some other

model Please explain your

reply.

5. Asset management and funds

Despite Directive 2009/65/EU relating to undertakings for collective investment in transferrable securities (UCITSD) and the Directive 2011/61/EU on alternative investment fund managers (AIFMD) enabling funds to be marketed across the EU through a relatively simple notification procedure, national barriers, divergent practices, and regulatory complexities often impede efficient and scalable operations, thereby impacting costs and accessibility for EU citizens. This section seeks to:

(i) identify obstacles experienced by EU funds and asset managers to accessing the single market
(ii) gather stakeholder insights on barriers and experiences in managing cross-border investment funds
(iii) explore the effectiveness of existing authorisation and passport systems
(iv) and explore possibilities for simplifying current requirements

Stakeholders input on operational challenges, passporting/marketing of investment funds, national supervisory practices and other barriers more generally are welcome. Stakeholders are encouraged to share quantitative data and practical evidence to support positions.

5.1. Operations of asset managers

The responses in this section on "operation of asset managers" will be treated confidentially.

1) What is your total amount of assets under management (AuM) in respect of UCITS funds and alternative investment funds (AIFs)? In EUR (millions) Less than or equal to 100 100 to 500 500 to 1,000 1,000 to 5,000 5,000 to 20,000 20,000 to 50,000 Over 100 billion	For UCITS Over 100 bn	For AIFs Over 100 bn
2) What is your total number of funds managed in the EU?	Number UCITS 1.397	Number EU AIFs 763
3) In how many Member States do you provide the functions listed in Annex I of AIFMD or Annex II of UCITSD and in which Member States?	For UCITS List of Member States Examples of Member States / functions	For AIFs List of Member States Examples of Member States / functions

4) In what Member States are you authorised as an asset manager?		
5) In how many Member States do you have branches? Please list these Member States and provide examples of functions covered by these branches.	For UCITS: Number of Member States List of Member States	For AIFs: Number of Member States List of Member State
	Examples of functions covered by these branches	Examples of functions covered by these branches
6) In how many Member States do you have authorised subsidiaries? Please list these Member States and provide examples of key activities carried out by these subsidiaries.	For UCITS: Number of Member States List of Member States Examples of key activities carried out by these entities	For AIFs: Number of Member States List of Member State Examples of key activities carried out by these entities
7) Do entities with your group have to maintain the same functions across different EU entities, for instance because these entities are supervised on a standalone basis, for commercial or other reasons?	Yes, some members	
If yes, what functions are duplicated?	Risk Management, Compliance, Fund Administration (due to local Luxembourg law), Transfer Agency (due to local Luxembourg law)	
If yes, please explain why.	Local laws in certain markets such as Luxembourg and Ireland go beyond EU level requirements with the consequences that, due to substance and outsourcing requirements, some functions a) cannot be outsourced or b) could be outsourced but need to be performed from the country of the fund's domicile/ management company's head office (e.g. Fund Administration or Transfer Agency).	
8) Do you use the UCITS passport to market your UCITS funds in EU Member States other than the UCITS home Member State?	Yes, some members	

If yes, how many Member States and which ones?	Number Number of Member States List of Member States	
If yes, do you create different UCITS or units specifically for marketing in certain Member States?	Yes	
If yes, please briefly explain why	Certain local taxation regimes and/or structural differences on the infrastructure for trading the funds where locally created funds fit better to the local infrastructure.	
If you do not use the UCITS marketing and management passports, please explain briefly why. • Commercial reasons • Administrative reasons • Regulatory considerations • Other	Commercial reasons (distribution expectation), Administrative (operational infrastructure for fund trading differs between different locations), Regulatory considerations (mostly tax related).	
9) Do you use the AIFMD passport to market your EU AIFs in other EU Member States?	Yes, some members	
If yes, how many Member States and which ones?	Number of Member States List of Member States	
If you do not use the AIFMD management passport, please explain briefly why this is. • Commercial reasons • Administrative reasons • Regulatory considerations • Other	Regulatory considerations (local regulation on retail AIFs).	
10) Do you have to create different AIFs, or compartment of AIFs to be marketed in different Member States?	Yes, some members	
If yes, please briefly explain why	The host countries commonly have local rules on e.g. liquidity of the fund or the underlying investments that the fund must comply with in order to gain local marketing permits for retail distribution.	
11) What is the percentage (estimate) of your total AuM and percentage of total number of both UCITS funds and AIFs that have been notified to be marketed in at least one other Member State?	Percent value Percent number of funds	

12) Please provide other information you consider relevant to describe your EU cross-border organisation and functions.	With regards to AIF marketing for retail clients the local requirements from the host country (eg Danish national regulation) are complex to fulfill and deviate significantly with different locations leading to operational complexity.

5.2. Authorisation Procedures

5.2.1. Authorisation of Management Companies (UCITS and AIFMD)

Questions	Answers	
	Yes	No
13) Are the current authorisation / supervisory approval processes for management companies under AIFMD/UCITSD sufficiently clear and comprehensive to enable the smooth provision of asset management and supervision thereof?		X
Please explain.		To obtain marketing approval for retail distribution, the national competent authority (NCA) requires that alternative investment funds (AIFs) offer redemptions at least on a monthly basis. This requirement may be overly restrictive for AIFs investing in illiquid assets, where a redemption frequency of quarterly intervals would be more suitable from a liquidity management perspective.
14) Is the authorisation process proportionate in circumstances where not all requirements are relevant to the activity envisaged by the applicant?		X

If no, please specify the relevant circumstances and related requirements.		
15) Does the current authorisation process for management companies under UCITSD/AIFMD act as a barrier to the functioning of the single market?	X	
If yes, please explain the main barriers, which may encompass EU law, national law, requirements imposed by national competent authorities (NCAs), and operations such as technology and communication channels.		
16) Are the current authorisation processes / supervision for management companies under AIFMD/UCITSD applied in a consistent way across Member States?		X
If no, please present these divergences and explain if these divergences created challenges for operating in the single market?	In certain markets the AIFM authorization covers all investment strategies, whilst in some markets, such as Luxembourg and Denmark, the authorization may be limited to specific investment strategies which imposes unproportionate burdens to the AIFM before launching new strategies not covered by existing authorization.	
17) Are you supportive of further harmonising and streamlining authorisation requirements and procedures for management companies to increase simplification and reduce fragmentation in the EU's asset management sector?	X	

If yes, how should this be done? Please provide a ranking having regard to the impact of proposed solutions as high, medium or low	

5.2.2. Authorisation of Investment Funds (UCITS)

Questions	Answers	
	Yes	No
18) Is the current authorisation framework for UCITS effective and proportionate?		X
19) Is the authorisation framework for UCITS sufficiently proportionate in circumstances where not all requirements are relevant to the operations of a fund?		X
If no, please specify the relevant circumstances and related requirements.	Too many unforeseen and disproportionate requirements – excessively long processing times and too many "stop-the-clock" questions, as well as subjective demands.	
20) Do divergent practices arise in the authorisation framework for UCITS across Member States?	X	
If yes, please explain these divergences and whether these divergences create challenges for operating in the single market.	In certain jurisdictions local NCA approves only fund rules whilst in some markets prospectus is also approved. Level and style of information required to be disclosed varies extensively between NCAs. Also NCA processing times vary significantly. Processes in relation to also changing the fund documentation vary. E.g. in Sweden, unit classes must be included in the fund rules. The addition of a unit class and NCA approval is a lengthy process that significantly increases time to market compared to many other markets where unit classes can set up more flexibly. This is a clear disadvantage to Swedish funds and an example of local rules complicating harmonization	

	operations across multiple fund domiciles.	
21) Are you supportive of further harmonising and streamlining the authorisation framework, such as requirements and procedures, for UCITS to increase simplification and reduce fragmentation in the sector?	X	
If yes, how should this be done? Please provide a ranking having regard to the impact of proposed solutions as high, medium and low priority.	Whilst we believe local supervision is needed to ensure sufficient knowledge of the local markets and day-to- day dialogue with the entities on national issues, European level supervisory convergence should be strengthened. Aligned requirements as to the content and form of UCITS prospectus would ease cross-border management and also benefit end investors. However, it would be crucial to strengthen ESMA's mandate to coordinate how the disclosure obligations are interpreted to ensure that the experiences from SFDR are not repeated. i.e. having an identical EU level template in place yet having to populate it differently in many jurisdictions due to widely diverging local NCA views	

5.2.3. Treatment of service providers and depositaries during the authorisation process

Questions	**Answers**	
	Yes	**No**
22) Where the fund authorisation process involves an assessment by the NCA of the fund service providers appointed to a fund, in particular the depositary, is the current framework (requirements and procedures) sufficient and proportionate?	Yes,	
Please explain.	Members have not experienced any bad examples	

If no, please explain how aspects of the framework could be improved. For example, would you agree that there is scope for further standardisation of the treatment of service providers, including depositaries as part of the authorisation framework?		
23) Should an authorisation process be introduced at the entity level for depositaries, with the understanding that such authorisation would allow them to offer their services across the EU?	Yes, some members	
Please explain.	Particularly for specialised AIFs If no – this poses a particular challenge for smaller countries, which may end up being unable to establish specialised AIFs. Greater flexibility and competition.	
24) With the entry into application of Directive (EU) 2024/927, to what extent are barriers still expected to persist for investment funds in accessing competitive, good-quality depositary services for AIFs? Please provide a ranking of the importance of the issues having regard to their impact as high, medium or low priority.		
25) What are the main barriers for UCITS to access competitive and good-quality depositary services? Please provide a ranking of the importance of the issues having regard to their impact as high, medium or low priority.		
26) What are the main barriers for AIFs to access competitive and good-quality depositary services? Please provide a ranking of the importance of the issues having regard to their impact as high, medium or low priority.	Members note that the main barriers for AIFs to access competitive and good-quality depositary service that they are only allowed to use Danish depositaries – which may not be able to handle more complex instruments.	

5.3. EU passport for marketing of investment funds

Questions	Answers

	Yes	No
27) In the context of the EU framework, are the current passporting provisions on marketing sufficiently simple and proportionate to enable the smooth marketing of investment funds in the single market?		X
If no, please explain and suggest areas for improvement.	Initial passporting notification of UCITS funds is processed in an efficient manner, although there are certain diverging approaches (e.g. in Finland template is emailed to NCA but in Luxembourg it is submitted through a portal). In addition, each host NCA has their own processes for management companies to notify changes to initial notifications. E.g. in the name change of a fund both home state NCA and host state NCA need to be separately informed as home state NCA updates the ESMA register. These overlapping reporting obligations consist mainly of highly manual work consisting of sending traditional emails and the process could be improved by having an EU level portal accessible by ESMA, home and host state NCAs as well as the ManCos and AIFMs to manage notifications in a more structured manner. The 1-month rule when notifying new share classes is unreasonably long especially as ESMA or NCAs do not register UCITS on share class/ISIN level but only on (sub-)fund/LEI level. •Lack of harmonization in marketing AIF funds across borders to retail investors is a key shortcoming. Increasing retail investors access to financing EU strategic priorities. Introducing a more unified framework for marketing and passporting of AIF	

	to retail investors across the EU through suitability rules.	
28) In the context of the EU framework, are the current passporting provisions on marketing for investment funds applied in a consistent way in domestic legislation by Member States?		X
If divergences exist, please explain, describing the impact and suggested areas for improvement.		
29) In the context of national frameworks, where divergences for passporting (marketing notification regime, review of the marketing documents by the host Member States, IT or additional administrative requirements) exist, please elaborate on them, using practical examples.		
30) Are there barriers linked to different national requirements on marketing documents?	X	
If yes, please explain the key differences, impact and suggestions for improvement.	Different national definitions of what constitutes marketing	
31) Do national frameworks require the appointment of local physical presence in host Member States to access the same rights as domestic UCITS or AIFs (e.g. as regards taxation, simpler administrative procedures)?		X
If yes, please explain impact.		
32) Are there any aspects of the cross-border distribution of funds framework (Directive (EU) 2019/1160 and Regulation (EU) 2019/1156) that have created obstacles to the marketing of investment funds?		
If yes, please elaborate and explain impact.		
33) Could the central database published by ESMA pursuant to Article 6 of Regulation (EU) 2019/1156 be improved to support compliance with Member State marketing requirements?		
If yes, please explain.		
34) Are fees/charges, currently levied by some host NCAs, a significant barrier to the distribution of investment funds in the single market?		x
Please explain.	Where there is a small number of potential investors/low investor AUM	

	in the host state, the fees may act as a barrier. It should be noted that there is a great variance from no fees at all too few thousand euros per notified fund charged annually, whilst the difference cannot be justified with any particular rationale.	
35) Do you think the fees/charges are consistent with the overall cost relating to the performance of the functions of the NCAs in question?		x
36) Do you think the fees/charges are consistent with the overall cost relating to the performance of the functions of the NCAs in question?		x
Please explain.	Yes and no, the NCAs work and perform more or less the same way irrespective if the cross-border services are charged or not. High fees do not guarantee a better service.	
37) In relation to the tasks listed in Article 92(1)(a)-(f) of the UCITSD, who performs these tasks on behalf of the fund (e.g. the fund itself, a manager or a third party)?	The list of tasks does not well cater for situations where the management company acts as a pure product manufacturer and marketing to end investors is solely undertaken by one or a limited number of distributors. In these cases it is common that the distributor would perform some of the tasks whilst the management company would perform some of them itself. In larger fund domiciles, constancy firms are most often used, although their role in practice is limited as host NCAs do not publish the contact point information set out in the cross-border notification, which would support that the Commission would review the need for these type of service providers going forward	
Where third parties are involved in the performance of these tasks: • Please state the entity type (e.g. transfer agent, consultancy firm, etc) and the task performed by these entities on behalf of the fund. • Please explain why a third party has been appointed to perform the task(s).	See above	

38) Is the notification requirement for pre-marketing of investment funds creating barriers to the marketing of investment funds in the Union?		
Please explain.		
39) Please use this field to describe any operational issues that you would like to report as a de facto barrier to the distribution of investment funds in the single market. For example, the need to follow a specific procedure to submit documents to a NCA		

or to use a dedicated platform for communication with a NCA.	

5.4. EU passporting for management companies

Questions	Answers	
	Yes	No
40) In the context of the EU framework, are the current passporting provisions sufficiently clear, comprehensive and proportionate to enable the smooth operation of fund management companies in the single market?		x
Please explain. The passporting notification process is very comprehensive and efficient. What is worth clarifying and/or harmonizing is the approval process in case the management company needs to appoint local firms to carry out one or more main functions of the management company (IM, Administration incl. TA and/or Accounting, Distribution) due to local legislation in the host country.		
41) In the context of the EU framework, are the current passporting provisions for management companies reflected in a consistent way in domestic legislation by Member States?		X
Please explain.		
42) In the context of the EU framework, where divergences for passporting of management companies exist, please elaborate on them, using practical examples.		
43) Is the current notification procedure for management companies, which is derived from the EU framework, applied in a consistent way by NCAs?		X
Where barriers and/or divergences in NCA regimes exist, please elaborate on them, using practical examples, including reference to impact, such as on costs and resources.		
Where barriers and/or divergences in the notification procedure derive from NCA regimes, how could they be best addressed? See comment above. Although the passporting notification process is very comprehensive and efficient and the timeframe for passporting is one month there might be other items that could impact on the passporting timeline like for example the appointment of local transfer agents or other delegates legally required to be in the same country as the fund as per host country regulation. In such case the timeline might be impacted since regulatory notification, approval or non-objection from home regulator might be required. It would be beneficial to assess whether these local approval rules should be permitted under EU rules. If assessed as proportionate, what would be worth harmonizing is the approval process in the EU level in case the management company needs to appoint such local firms to carry out one or more main functions of the management company (IM, Administration, Distribution) to be able to provide the passporting services. One example would be Ireland where in order for a foreign management company to passport to Ireland its license to manage Irish funds a local Transfer Agent will need to be appointed. Such requirements of the host country might trigger regulatory notifications / approvals (on top of the passporting notification) in the home country which might have an impact on the passporting timeline.		

5.5. Group operations - Eliminating inefficiencies and duplication

Questions	Answers	
44) In your view, what are the key obstacles to consolidating functions across entities within the same asset management group, and to reducing duplication and operational inefficiencies across these entities? Please provide an answer on the following topics		
	Yes	**No**
- Legal barriers in UCITSD	x	
Please explain	Outsourcing: With current regulatory framework the assumption is that outsourcing itself would increase the risk and requires significant oversight and resourcing from the outsourcing party. It could also be assessed that outsourcing to a regulated entity having focused capabilities (both operational and expertise) on the specific area would in fact not increase the risk and the required oversight of such activities should be simplified, at least when operating within the same group of companies. Certain NCAs consider that where branch of the management company would perform the function, the function would need to be subject to outsourcing oversight. License: A management company is not necessarily permitted to service another management company or investment firm within the same group unless obtaining an extended license (where available). Intra-group services	

	should be provided more flexibly without having to top-up licenses.	
- Legal barriers in AIFMD	Yes	
Please explain	See above	
- Legal barriers in other EU legislative acts		
Please explain		
- Legal barriers in national laws	Yes	
Please explain	Local laws preventing outsourcing or requiring presence of certain functions in the home state of the management company are some of the key obstacles to consolidating across asset management groups. DK tax legislation	
- Supervisory barriers	Yes	
Please explain	Market practices especially when it comes to supervisory practices are diverging. As a concrete example, there are different interpretations of active/ passive limit breaches and how quickly those need to be corrected and relate reporting requirements etc. which complicate operating on a group level.	
- Market practices in different EU Member States	Yes	
Please explain	Different rules and implementation of AML practices	
- Other barriers (specify which one)		
Please explain		

Questions	Answers	
	Yes	**No**
45) Do you consider that there is scope to streamline authorisation and supervision of asset managers operating in groups by reducing duplication, lowering operational costs, and save resources across entities within a group?	Yes	
If yes, should this be achieved through group authorisation?		
If yes, should this be achieved through the use of waivers (i.e. authorisation can be issued also where the authorised entity itself does not have the function but another group entity)?	Yes, we agree that assessments that required functions are in place should be assessed on group level instead of entity level.	
If yes, please estimate the extent and significance of efficiency gains and cost reductions that a group perspective would bring.		
If yes, please specify the functions you consider most appropriate for group-level authorisation and supervision, using the following suggested functions (Please explain and provide a ranking of the importance of the issue as high, medium or low priority):		
- Compliance	Medium	
- Risk management	High Typically, it is expected that the IFS should have either the portfolio management or the risk management function. Since the portfolio management function is, in most cases, delegated, the IFS would be required to retain the risk management function. This results in a duplication of functions, as the asset manager also performs risk management.	
- Portfolio management	High	
- Marketing	Medium	

- Distribution	High
- Depository	Low
- All	Medium (governance)
- Other (such as, for instance, governance)	
46) 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) - other	Proposal to delete or amend the requirement that, in case of delegation, the entity must retain either the portfolio management or the risk management function – and to make this requirement more flexible.
Please provide data on the potential costs and benefits of the suggested solutions with a breakdown for different stakeholders.	
47) What conditions and safeguards would be necessary to allow for the assessment of certain functions at the group level rather than at the level of individual entities?	
48) How should the group be defined for the purposes outlined above?	
49) Do you consider that group-level authorisation and supervision would improve supervision?	

Other barriers to cross-border operations

5.6.

Questions	**Answers**	
	Yes	**No**
50) Have you encountered other specific barriers than those discussed above when marketing and providing asset management functions across Member States?	X	
- EU financial regulation other than UCITSD/AIFMD	X	
- National financial regulation	x	
- Supervisory administrative practices	X	
- Corporate law		
- Tax law	X	
- Other		
If yes, how have these barriers impacted your operations?		
Where barriers have been identified, how could they be best addressed? Please provide a ranking having regard to the impact of proposed solutions as high,	1.NCAs should not apply	

medium or low priority.	stricter interpretations at the national level 2.Better harmonization of supervisory requirement

5.7. Barriers for investments in funds

The questions in section 5.7 are addressed specifically to investors, in relation to their investments in funds both nationally and on a cross-border basis.

Questions	Answers	
	Yes	No
51) Have you encountered any specific issues or barriers to accessing investments in EU funds, directly, or a cross-border basis?	X	
If yes, what is this due to? Lack of uniform nominee regulation within EU countries - currently, in some countries, the use of nominees is prohibited (e.g. Finland to the extent unitholders of a Finnish fund are Finnish investors), a separate nominee license granted by a local NCA is required (e.g. Norway and Sweden), and the MiFiD authorization required to act as a nominee varies (e.g. in Finland a nominee must have a license to offer safekeeping of financial instrument, in Sweden a nominee must have must have a license to receive and transmit or execute orders in financial instruments whilst in Norway nominee must have a license to receive and transmit or execute orders in financial instruments or to provide portfolio management). Harmonizing the regulation would make cross-border fund sales more efficient, improve safeguards related to seakeeping fund units/shares on behalf of beneficial investors. Further alignment would be needed with AML regulation (i.e. who is the management company's client from AML perspective) to ensure that a management company could operate, where more efficient, as a pure product manufacturer with no internal distribution to end investors. Where investor wishes to purchase a fund not cross-border notified in the country of residence of the investor, the applicability of reverse solicitation regimes is not harmonized and there is a varying level of risk accepting such requests. The diversity of practices related to fund naming, which complicates naming practices for funds marketed in multiple countries and causes unnecessary confusion for consumers. Introduce a more unified framework for marketing and passporting AIF to retail investors across the EU through suitability rules. Ensure access to a simple and digital advice regime for all retail investors (esp. important for new and low AuM investors). Extend the proposed suitability light regime in MiFID II article 25 (in RIS) to all types of investment advice and not only independent advice. Avoid introducing new tests and requirements in investor dialogue. Delete best interest test and incorporate Inducement test in product governance rules in RIS. Remove rigid rules governing sustainability preferences in advice. Ensure at sufficient flexibility for financial institutions to engage in dialogue with investors also in light of new reporting rules following the ongoing omnibus review on sustainability (CSRD) and new product categories expected in light of the upcoming SFDR review		
- The EU framework	X	

Lack of harmonization of the rules on marketing of AIF funds cross-border to retail investors		
- Restrictions or differential treatment based on the national framework where a fund is domiciled The diversity of practices related to fund naming, which complicates naming practices for funds marketed in multiple countries and causes unnecessary confusion for consumers.	X	
- Supervisory administrative practices	x	
- Corporate law		
- Tax law		
- Other (please explain)		
How have these barriers impacted your investment decisions in funds specifically?	1. Investors are not able to invest in a wider range of products 2. sustainable pref. to detailed for many	
Where barriers have been identified, how could they be best addressed? Please provide a ranking having regard to the impact of proposed solutions as high, medium or low priority.	Flexibility in opt up investors Flexibility to investment firm to ask investors sust. Pref.	
52) Do you consider that the scope of investor protection rules under UCITSD, and AIFMD are disproportionate for qualified investors?	x	
53) Do you consider that some investor protection rules should be waved for qualified investors?	x	
Please explain Not one size fits all, so more flexibility to categorize investors. Enlarge investment universe retail investors through a more flexible opt-up regime to professional status Flexibility for retail investors for upgrade to professional status to get access to broader service and products (MiFID II) It would be in the interest of both management companies and investors if KIDs could be provided in English instead of local languages where the end investor consents to this. Qualified investors should have the right to waive the obligation to receive KID altogether.		

5.8. Portfolio requirements and investment limits of investment funds

5.8.1. Investment limits – UCITS

Questions: Investment limits – UCITS	Answers Yes	No
54) Do you believe that Article 53 of the UCITS Directive should be amended to extend the possibility for UCITS funds to benefit from increased investment limits in a single issuer, even when the fund does not aim to replicate the composition of an index?	Yes	
If yes, what safeguards should be considered to ensure that UCITS funds continue to meet high standards of quality and investor protection? For instance, A) Should a derogation be limited to funds that use an index as a performance benchmark, in which some equities have weights above 10%?	Medlemsinput A) Yes UCITS investment limits should apply to both active and passive funds equally to ensure level playing field. Qualifications as similar as possible should be applied to both types of funds.	
B) Should a derogation be restricted to certain indices and in this case which indices?	No	
C) Should the 40% diversification rule under Article 52(2) of the UCITS Directive be adapted?	Yes	
D) Other safeguards?		
55) Do you believe that Article 56(2)(b) of the UCITS Directive should be amended to allow UCITS to invest more than 10% in an issue of a single securitisation?	X	
If yes, how does the rationale of the 10% issuer limit differ for securitisations compared to corporate bonds issued by a single issuer?	If the securitization is diversified, the limit should be allowed to differ. Ie for senior tranches with STS-label there are controlled for diversification in the underlying securitization.	
If yes, what could be an acceptable limit, and why?		
56) Are there any additional concerns or drawbacks to consider regarding the increase of the threshold?		
If yes, how would this risk be mitigated?		
57) Does the 10% issuer limit affect the liquidity management of funds?		X
Please explain		

58) What are the potential cost savings for fund managers (e.g. due diligence costs)?	

6. Supervision

This section covers the European Supervisory Authorities (ESAs) with a special focus on the European Securities and Markets Authority (ESMA). It is divided into three parts:

1. The first part focuses on the effectiveness of the current framework
2. The second part goes into more detail regarding the specific sectors, i.e. central counterparties (CCPs), central securities depositories (CSDs), trading venues, asset managers, and cryptos assets service providers
3. The last part covers four horizontal areas: the governance framework for new direct supervisory mandates, supervisory convergence, data and funding

Respondents are invited to provide concrete examples to support their responses, and, where possible, include quantitative and qualitative input.

6.1. Effectiveness of the current framework

How effective are current EU supervisory arrangements in achieving the objectives or performing the tasks below? Please rate each objective from 1 to 5, 1 standing for "least effective" and 5 for "most effective":

FOCUS IS ON ESMA

As elaborated above, we observe that capital market infrastructure at present is allowed to charge monopoly rent and perform cross-subsidization. We also note different interpretations of rules, goldplating, lack of enforcement of existing rules and so forth.

For capital market infrastructure (trading venues, CCPs and CSDs), this calls for one single EU authority which should be provided with a mandate for direct supervision as well as a competition mandate. This mandate should also cover other data providers such as vendors, benchmark providers, Credit Rating Agencies, ESG-providers. The goal is to remove the ability to charge monopoly rent and perform cross subsidization and to ensure continuous competition and a level playing field.

For Asset Management and Funds in the EU, there is a growing disconnect between regulatory ambition and practical outcomes for retail for retail investors. Despite years of reforms, the retail investor journey remains complex, fragmented and discouraging, particularly for new or smaller investors. Regulatory layers across MiFID II, PRIIPs, SFDR and other frameworks have led to overlapping and often inconsistent requirements.

A streamlined and investor centric regulatory approach is needed that simplifies investor experience, removes unnecessary market barriers and harmonize regulation across Europe to create level playing field between manufacturers, distributors and clients. Hence, a more harmonized supervisory approach will also be essential to avoid fragmented implementation and ensure a level playing field across the EU.

1)

	1	2	3	4	5	No opinion
Contributing to financial stability						

The functioning of the internal market						
The integrity, transparency, efficiency and orderly functioning of financial markets						
The enforcement of EU rules						
The prevention of regulatory arbitrage and promotion of equal conditions of competition						
Supervisory convergence across the internal market	X					
Development of the Single Rule Book						
Consumer and investor protection						
Support financial innovation in the market						
Market monitoring						
Supervisory data management including data sharing						
Responsiveness, transparency						
Stakeholder engagement and involvement						
Use of resources						
Proportionality of the fees for direct supervision						

2) What prevents the ESAs from reaching the objectives or performing the tasks listed in Question 1? Please explain your answer. It depends on the activity. We see National protection of capital market infrastructure and in particular incumbent exchanges and ESMA has not the power to do anything about this. Similar, different interpretations of rules, goldplating, lack of enforcement etc. is problematic and despite the move to a single rulebook, it does not help if it is only on paper.

   Furthermore, ESMA is faced with too many political challenges due to inappropriate and unclear level 1, leaving political decisions at level 2 and 3. This implies too much focus on political battles, complex issues and too many dependencies on NCAs/MS interests and with the resources in mind – this is inefficient. Furthermore, the ESMA mandate is not clear enough for instance for capital market infrastructure. The problems with market data is a good example as ESMA does not have the power to do anything and incumbent exchanges are protected by the MS.

3) Please assess ESMA's governance model currently in place for the direct supervisory mandates. Currently, the Board of Supervisors adopts supervisory decisions prepared either by ESMA staff (for example for credit rating agencies (CRAs)) or the CCP supervisory committee (for tier 2 third country CCPs).

ESMA/a European authority should be provided with a mandate for direct supervision and a competition mandate in relation to capital market infrastructure (trading venues, CCPs , CSDs), This mandate should also cover other data providers such as vendors, benchmark providers, Credit Rating Agencies, ESG-providers. The goal is to remove the ability to charge monopoly rent and perfom cross subsidization, to ensure continuous competition and a level playing field.

Please rate the effectiveness from 1 to 5 (1 least effective, 5 most effective).
You may want to consider elements, such as ability to take decisions swiftly, independent decision in EU public interest, quality of the decisions being taken, ability to take into account supervised entities and other stakeholders.

6.2. Specific questions on supervisory arrangements for different sectors

4) Do you have ideas how EU-level supervision of financial markets could be structured (for example the whole or part of the sector should be supervised at EU level, supervisory decisions could be taken at EU level or national, etc.)? Yes – capital market infrastructure – central supervision with a competition mandate

   What broad changes would that involve in terms of
   - supervisory architecture and supervisors' responsibilities,
   - supervisors' approach to exercise their mandates and processes,
   - improved cooperation among supervisors?

5) Some national competent authorities (NCAs) have developed advanced expertise or specialisation in supervising certain sectors. What is your view on building on these NCAs and creating EU centres of supervisory expertise by sectors? This depends on the governance – there must not be basis for conflicts of interests nor dependencies on National interests. That said, where appropriate, EU should capitalize on local expertise built by NCAs in certain fields . We would recommend to conduct an inventory of competencies among national authorities noting both strengths and gaps. We would recommend fostering collaboration and knowledge sharing with networks and communities of practices where experts from different NCAs share insights and best practices. This could be achieved by a better representation of local NCAs (at working level) in the EU.
6) Do you think supervision of EU financial markets would benefit from pooling together resources and expertise of individual NCAs in regional hubs? This depends on the area and see comments to no 5)

7) What is your view on setting up regional hubs of ESMA to ensure closer interaction with market participants?

   Please explain your reply highlighting benefits and downsides

6.3. Questions on the supervision of EU CSDs

6.3.1. Identifying costs related to the current supervisory framework and benefits of more integrated EU supervision

8) How would you rate the convergence of supervisory practices across Member States in the area of the supervision of CSDs? 4-5

Please rate from 1 to 5 (1 very convergent, 5 very divergent)

Please provide examples of divergent outcomes of supervisory practices for CSDs in different Member States.

9) Please estimate the regulatory compliance costs (including administrative costs – such as staff costs, facilities costs, travel, IT technology costs –, professional fees – such as legal, accounting, consulting, etc. –, and applicable fees) that arise from engagement with your current supervisor(s). Please separate

any details on costs into fees and compliance, one-off cost and on-going costs and per supervisor. Please explain your answer providing, where possible, quantitative evidence and examples.

In particular, please provide, where possible, details on the cost of the following elements:

a) Applications for the initial authorisation of CSDs;
b) Applications for the extension of services or outsourcing of core services;
c) Supervisory processes/approvals, e.g. with regards to provision of services in host Member States, links, provision of banking-type ancillary services;
d) Involvement and consultations of different bodies, supervisors, central banks, and further authorities in supervisory decisions;
e) Ongoing compliance with Regulation (EU) No 909/2014, including reports and contacts with bodies, supervisors and authorities;
f) Lack of consistent processes (e.g. different actors involved) across different supervisory procedures;
g) Legal uncertainties arising from different implementation or interpretations of EU Regulations in different Member States or between Member State authorities and ESMA;
h) Duplicative or conflicting instructions from national supervisory authorities and ESMA;
i) Reporting of business and activities;
j) Other (please specify).

10) Do you consider that the current supervisory framework ensures efficient supervision and legal certainty? Please explain your answer providing, where possible, examples. NO

11) To which extent do you agree with the following statements about possible benefits of more integrated EU supervision (please rate from 1 to 5)?

a. It could reduce EU CSDs' regulatory costs; 2
b. It could enhance the quality of supervision over EU CSDs; 1
c. It could facilitate the provision of cross-border services by EU CSDs, and cross-border issuance by EU issuers; 1
d. It could simplify and accelerate the procedure to apply for authorisation for EU CSDs; 1
e. It could simplify and accelerate the procedure for additional authorisations (e.g. to extend the scope of services or activities offered in the EU or to outsource EU CSD core services); 1
f. It could simplify and accelerate supervisory procedures and approvals, e.g. with regard to the provision of services by EU CSDs in host Member States, links and provision of banking-type ancillary services;
g. It could lead to more efficient use of supervisory resources; 1
h. It could decrease uncertainties that currently arise from different implementation or interpretations of EU Regulations in different Member States or by Member States and ESMA; 1
i. It would remove the need for market actors to deal with duplicative instructions from more than one supervisory authority; 1

j. It could create a level playing field between EU CSDs; 1
k. It could ensure a harmonised understanding of decentralised technologies and the novel risks they may bring to the EU CSDs to supervise;
l. It could improve the resilience of EU CSDs;
m. It could reduce the need for detailed regulations and extensive rulebooks to achieve harmonised supervision;

1

n. Other (please specify in reply to the next question).

For each point, options to choose from: 1 (strongly agree), 2 (rather agree), 3 (neutral), 4 (rather disagree), 5 (strongly disagree), 6 (no opinion)

Please explain your answer providing, where possible, quantitative evidence and examples. If you indicated 'Other', please specify what was intended.

12) Do you consider that more integrated EU supervision could also produce negative side-effects? No - not if it is limited to Capital Market Infrastructure (trading venues, CCPs and CSDs) and other data providers.

13) Do you have other comments?

6.3.2. How could more integrated EU supervision of CSDs function?

14) Please indicate to which extent you support the following possible models of more integrated EU supervision:

a. A single EU supervisor, responsible for the supervision of all EU CSDs	1
b. A centralised EU supervisor, responsible for the supervision of only certain, systemic EU CSDs (other CSDs to remain subject to national supervision)	4
c. A centralised EU supervisor over all EU CSDs, but with powers in certain key areas with other powers remaining at national level (see questions on areas below)	4
d. A centralised EU supervisor, responsible for the supervision of only certain, systemic EU CSDs and with powers in certain key areas (other powers, as well as non-systemic EU CSDs to remain subject to national supervision)	4
e. Supervisory colleges with enhanced powers	5
f. Other set-up (please explain in the textbox)	Include compeition mandate

For each model, options to choose from: 1 (strongly support), 2 (rather support), 3 (neutral), 4 (rather not support), 5 (strongly not support), 6 (no opinion)

Please explain your answer providing, where possible, quantitative evidence and examples, including on potential costs and benefits. If you replied 'Other', please indicate what was intended.

If you selected option 1 or 2 for question 14 (b), please explain which criteria you would use to determine the most systemic CSDs that would be subject to the supervision at the EU level e.g. ICSDs, CSDs that are substantially important for a certain number of host Member States, passing some pre-defined volume activity threshold.

If you selected option 1 or 2 for question 14 (c) or (d), please identify the areas where more integrated EU supervision would provide the most benefits (please indicate the relevant articles of CSDR where applicable)

Please explain your answers providing, where possible, quantitative evidence and examples.

15) Would joint supervisory teams, e.g. under options (c) and (d) in question 14, composed of national experts and representatives of the EU supervisor, under the EU supervisor's lead, be an efficient tool to provide technical support of the supervision by the EU level supervisor? 4

Please choose between: 1 (strongly agree), 2 (rather agree), 3 (neutral), 4 (rather disagree), 5 (strongly disagree), 6 (no

Please explain your answer

16) To ensure stronger EU-level supervision of CSDs, which of the following authorities or bodies should be closely involved in supervision?
   a. ESMA;
   b. EBA;
   c. Relevant authorities as defined in CSDR;
   d. The Eurosystem;
   e. Competent authorities of other Member States;
   f. Supervisory colleges;
   g. The competent authority designated under MiFID;
   h. The competent authority designated under the CRR;
   i. Other (please specify, in reply to the next question).DG COMP

For each point, options to choose from: 1 (strongly agree), 2 (rather agree), 3 (neutral), 4 (rather disagree), 5 (strongly disagree), 6 (no opinion)

Please explain your answer providing, where possible, quantitative evidence and examples. If you replied 'Other', please indicate what was intended.

17) How would you expect your compliance cost to change under the supervisory model you chose in question 16?

Strong increase +20% or more	Increase +5-20%	Neutral +/- 0-5%	Decrease -5-20%	Strong decrease -20% or more
		X reorganization of ressources – fewer at National level , more at ESMA level		

Please explain your answer providing, as much as possible, quantitative evidence (e.g. your calculations of the evolution of your costs, splitting them between administrative costs (staff costs, facilities costs, travel, IT technology costs), professional fees (e.g. legal, accounting, consulting, etc), supervisory fees etc.

6.4. Questions on the supervision of EU CCPs

6.4.1. Identifying the costs of the current supervisory framework and benefits of more integrated EU supervision

18) How would you rate the convergence of supervisory practices across Member States in the area of the supervision of CCPs? 4

Please rate from 1 to 5 (1 very convergent, 5 very divergent)

Please provide examples of divergent outcomes of supervisory practices for CCPs in different Member States. (eligible collateral, interoperability etc.)

19) Please estimate the regulatory compliance costs (including administrative costs – such as staff costs, facilities costs, travel, IT technology costs –, professional fees – such as legal, accounting, consulting, etc. –, and applicable fees) that arise from engagement with your current supervisor(s). Please separate any details on costs into fees and compliance, one-off cost and on-going costs and per supervisor. Please explain your answer providing, where possible, quantitative evidence and examples.

In particular, please provide, where possible, details on the cost of the following elements:

a. Involvement and consultations of different bodies (e.g. colleges), supervisors, central banks, and further authorities in supervisory decisions;
b. Ongoing compliance with Regulation (EU) No 648/2012, including reports and contacts with bodies (e.g. colleges), supervisors and authorities;
c. Lack of consistent processes (e.g. different actors involved) across different supervisory procedures;
d. Legal uncertainties arising from different implementation or interpretations of EU Regulations in different Member States or between Member State authorities and ESMA;
e. Duplicative or conflicting instructions from national supervisory authorities and ESMA;
f. Reporting of business and activities other than transaction-level reporting under EMIR Article 9;
g. Other (please specify in reply to the next question).

20) To which extent do you agree with the following statements about possible benefits of more integrated EU supervision (please rate from 1 to 5)? 1

a. It could reduce EU CCPs' regulatory costs; 2
b. It could enhance the quality of supervision over EU CCPs; 2
c. It could simplify and accelerate the procedure to apply for authorisation to provide clearing services in the EU; 2
d. It could simplify and accelerate the procedure for additional authorisations (e.g. to extend the scope of services or activities offered in the EU); 2
e. It could simplify and accelerate validation procedures for risk models and parameters; 2
f. It could simplify and accelerate the procedures for obtaining supervisory approvals, e.g. with regard to outsourcing; 2

g. It could lead to more efficient use of supervisory resources; 2
h. It would decrease uncertainties that currently arise from different implementation or interpretations of EU Regulations in different Member States or by Member States and ESMA; 1

i. It would remove the need for market actors to deal with duplicative instructions from more than one supervisory authority; 2
j. It would create a level playing field between EU CCPs;1
k. It would create a level playing field between EU CCPs on the one hand and third-country CCPs on the other hand;1
l. It would improve EU capacity to deal with the cross-border risks arising from greater amounts of clearing in the EU; 1
m. It could ensure a harmonised understanding of decentralised technologies and the novel risks they may bring to the CCP to supervise;
n. It could improve the resilience of EU CCPs;
o. It would reduce the need for detailed regulations and extensive rulebooks to achieve harmonised supervision; 1
p. Other (please specify in reply to the next question). It could ensure removing the ability to charge monopoly rent and ensure interoperability

For each point, options to choose from:
1 (strongly agree), 2 (rather agree), 3 (neutral), 4 (rather disagree), 5 (strongly disagree), 6 (no opinion)

Please explain your answer providing, where possible, quantitative evidence and examples. If you indicated 'Other', please specify what was intended.

21) Do you consider that centralised EU supervision could also produce negative side-effects. As long as Centralised EU Supervision is limited to Capitalmarket Infrastructure (trading venues, CCPs and CSDs) and other dataproviders such as vendors, benchmark providers, CRAs, ESG-providers, we do not see immediate risks of negative side effects. However, it must be ensured that the Governance requirements are clear and with a precise description of the mandate, powers and with KPIs which ensures that that the potential for bureaucratic inefficiency is minimized and the Centralised EU supervisor with a competition mandate is able to perform quick decision-making and is not using complex and bureaucratic procedures.

Do you have other comments?

It is essential that the EU supervisor is equipped with a clear, strong, and unequivocal mandate to oversee and enforce regulations or capital market infrastructure. Additionally, the EU supervisor should have a competition mandate—possibly in collaboration with DG Comp—to establish the necessary ex-ante regulation ensuring that capital market infrastructure cannot charge monopolistic rates or engage in cross-subsidization, aiming to compel the optimization and competition of capital market infrastructure. The goal is to compel capital market infrastructure to optimize and compete so that European capital markets can grow and become competitive compared to, for example, the US.

6.4.2. How could more integrated EU supervision function?

22) Please indicate to which extent you support the following possible models of more integrated EU supervision of CCPs:

a. A single EU supervisor with all supervisory powers, responsible for the supervision of all EU CCPs	1
b. An EU supervisor with powers in certain key areas	4
c. Supervisory colleges with enhanced powers	4
d. Other set-up (please explain)	Involving DG COMP as a competition mandate must be given to ESMA as well.

For each model, options to choose from:
1 (strongly support), 2 (rather support), 3 (neutral), 4 (rather not support), 5 (strongly not support), 6 (no opinion)

Please explain your answer providing, where possible, quantitative evidence and examples, including on potential costs and benefits. If you replied 'Other', please indicate what was intended.

If you selected option 1 or 2 for question 23 c), please identify the areas where more integrated EU supervision would provide the **most benefits** (please indicate the relevant articles of EMIR where applicable)

Please explain your answer providing, where possible, quantitative evidence and examples, including on potential costs and benefits.

23) Would joint supervisory teams, composed of experts of national experts and representatives of the EU supervisor, be an efficient tool to provide technical support to the supervision by the single supervisor? 2-3

- Please choose between:
- 1 (strongly agree), 2 (rather agree), 3 (neutral), 4 (rather disagree), 5 (strongly disagree), 6 (no opinion)

Please explain your answer

24) To ensure stronger EU-level supervision, which of the following authorities or bodies should be closely involved in supervision?
   a. European Central Bank and the relevant central banks of issue of Member States
   b. ESMA
   c. Single Supervisory Mechanism and other bank supervisors for non-Banking Union Member States
   d. Competent authorities of other Member States
   e. Supervisory colleges
   f. Other (please specify, in reply to the next question) DG COMP

For each point, options to choose from:
1 (strongly agree), 2 (rather agree), 3 (neutral), 4 (rather disagree), 5 (strongly disagree), 6 (no opinion)

25) To ensure stronger EU-level supervision, where should the centre of gravity of supervisory activity be allocated?
   a. European Central Bank and the relevant central banks of issue of Member States;
   b. ESMA 1
   c. Single Supervisory Mechanism and other bank supervisors for non-Banking Union Member States;
   d. Competent authorities of other Member States
   e. Supervisory colleges;
   f. Other (please specify, in reply to the next question). In cooperation with DG COMP

For each point, options to choose from:
1 (strongly agree), 2 (rather agree), 3 (neutral), 4 (rather disagree), 5 (strongly disagree), 6 (no opinion)

Please explain your answer providing, where possible, quantitative evidence and examples, including on potential costs and benefits. If you replied 'Other', please indicate what was intended.

26) How would you expect your compliance cost to change under the supervisory model you chose in question 26:

Strong increase +20% or more	Increase +5-20%	Neutral +/- 0-5%	Decrease -5-20%	Strong decrease -20% or more
		Less at National level , more at ESMA level		

Please explain your answer providing, as much as possible, quantitative evidence (e.g. your calculations of the evolution of your costs, splitting them between administrative costs (staff costs, facilities costs, travel, IT technology costs), professional fees (e.g. legal, accounting, consulting, etc), supervisory fees, etc.

6.5. Questions on the supervision of significant EU trading venues

6.5.1. Identifying the pros and cons of the current supervisory framework and possible benefits of a more integrated EU supervision

27) How would you rate the convergence of supervisory practices across Member States in the area of the supervision of trading venues**? 4**

Please rate from 1 to 5 (1 very convergent, 5 very divergent)

Please provide examples of divergent outcomes of supervisory practices for trading venues in different Member States. .
The complexity in the capital market infrastructure companies and their business models is high and the structural problems increase the complexity even further. Hence, the ability to fully comprehend and being able to investigate, supervise and enforce the needed regulatory framework is a significant task which requires sufficient and trained personnel at the NCAs dealing with this on a frequent and in-depth basis. This is, however, not the reality. On top – the political tendency to protect in particular the National exchanges, leads inevitable to a requirement for single supervision at EU level with a competition mandate and sufficient, trained personnel to fulfill the task so the EU capital markets can become efficient, deep and grow to the benefit of the key player in the market – the issuers and the investors.

28) To which extent do you agree with the following statement about the pros and cons of the current supervisory framework for trading venues in the EU, compared to a possibly more integrated EU supervisory framework?

a. The current supervisory framework enables an efficient supervision thanks to the proximity of NCAs with the supervised entities; 5
b. It results in sufficiently consistent supervision over EU trading venues;5

c. It is optimal in terms of regulatory costs for trading venues (i.e. it allows costs to be kept to a minimum); 5
d. It allows an efficient use of national and EU supervisory resources;5
e. It creates an uneven playing field for EU trading venues;1
f. It creates legal uncertainty because of different implementation or interpretation of EU legislation in different Member States or by NCAs and ESMA; 1
g. It does not allow an effective supervision for groups operating across EU-borders;1
h. It prevents economies of scale for trading venues with operations cross-border;
i. It makes it more complex and costly for EU trading venues to develop their activities across borders;
j. It makes it more difficult for EU trading venues to attract market participants;
k. Other (please specify in reply to the next question).

For each point, options to choose from:

1 (strongly agree), 2 (rather agree), 3 (neutral), 4 (rather disagree), 5 (strongly disagree), 6 (no opinion)

Please explain your answer providing, where possible, examples and quantitative evidence.

29) Please estimate the regulatory compliance costs that arise from engagement with your current supervisor(s) (including administrative costs – such as staff costs, facilities costs, travel, IT technology costs –, professional fees – such as legal, accounting, consulting, etc. –, and applicable fees). Please separate any details on costs into administrative costs, professional and and supervisory fees, and between one-off cost and on-going costs and per supervisor. Please explain your answer providing, where possible, quantitative evidence and examples.

In particular, please provide, where possible, details on the regulatory compliance costs that arise from engagement with your current supervisor(s) on the following elements:

a. The authorisation to operate an (additional) trading venue;
b. The development of or changes to the exchange rulebook, including regulatory approval where relevant;
c. Ongoing compliance with MiFIR/MiFID II and national implementing measures; specify which one;
d. For groups operating across borders, compliance with different supervisory requirements and procedures;
e. Legal uncertainties arising from different implementation or interpretation of EU legislation in different Member States or between NCAs and ESMA;
f. Duplicative or conflicting instructions from NCAs and ESMA;
g. Duplicative or conflicting reporting obligations towards different supervisors;
h. Other (please specify in reply to the next question).

30) To which extent do you agree with the following statements about possible benefits of more integrated EU supervision (please rate from 1 to 5)?

a. It could reduce EU trading venues' regulatory costs; 2
b. It could enhance the quality and consistency of supervision over EU trading venues; 1
c. It could facilitate cross-border activities of trading venues;1
d. It could increase the effectiveness of supervision for groups allowing for a comprehensive EU- wide understanding of the activities performed by each individual trading venue;1
e. It could simplify and accelerate the procedure to apply for (additional) authorisation for EU trading venues;1
f. It could simplify and/or accelerate procedures for obtaining supervisory approvals;1
g. It could simplify and/or accelerate the procedure for obtaining the agreement for amendments to the exchange rulebooks;
h. It could lead to more efficient use of supervisory resources; 1
i. It could decrease uncertainties currently arising from different implementation or interpretation of EU legislation in different Member States or by NCAs and ESMA; 1
j. It could remove the need for market participants to deal with duplicative instructions from more than one supervisory authority; 1
k. It could create a level playing field between EU trading venues in scope; 1

l. It could ensure a harmonised understanding of new technology/new types of instruments (e.g. smart contracts) used by EU trading venues and the novel risks they may bring to the EU trading venues to supervise; 1

m. It could reduce the need for detailed regulations, extensive rulebooks, as well as the use of Level 3 tools (e.g. Q&As) to achieve harmonised supervision;

1

n. Other (please specify in reply to the next question). Centralised Supervision with a competition mandate could remove the ability to charge monopoly rent and perform cross subsidization enabling the basis for genuine competition

For each point, options to choose from: 1 (strongly agree), 2 (rather agree), 3 (neutral), 4 (rather disagree), 5 (strongly disagree), 6 (no opinion)

Please explain your answer providing, where possible, examples and quantitative evidence, in particular as regards potential costs and savings/benefits. If you replied 'Other', please indicate what was intended.

6.5.2. How could more integrated EU supervision function?

31) Please indicate to which extent you support the following possible models of more integrated EU supervision. (Note: the models are not mutually exclusive (e.g. an EU-level supervisor could be responsible for the supervision of all trading venues and have all or only some of the MiFID/R powers):

a. An EU-level supervisor, responsible for the supervision of all EU trading venues.	1
b. An EU-level supervisor, responsible for the supervision of certain EU trading venues according to certain criteria described in the next section.	2
c. An EU-level supervisor with all MiFID/R supervisory powers.	4
d. An EU-level supervisor with powers in certain key MiFID/R areas.	4
e. Joint supervisory colleges with enhanced powers[1]	4
f. Other set-up (please explain)	DG COMP involved to ensure a competition mandate

For each model, options to choose from: 1 (strongly support), 2 (rather support), 3 (neutral), 4 (rather not support), 5 (strongly not support), 6 (no opinion)

Please explain your answers providing, where possible, examples and quantitative evidence, including on potential costs and benefits. If you replied 'Other', please indicate what was intended.

32) In the case of a single EU-level supervisor (a, b, c and d in question 32), to which extent would you support the two possible models described below?

a) ESMA is the direct supervisor, with decisions taken by the ESMA Board of Supervisors and certain tasks delegated to NCAs. 4-5.

[1] Under this model, NCAs would retain supervisory powers. Yet, entity-specific supervisory colleges consisting of representatives of ESMA and the NCAs that are relevant for the trading venue under scrutiny could issue opinions on a pre-defined list of supervisory topics. This would be complemented by the supervisory convergence tools and joint inspections with NCAs and ESMA representatives.

b) Within ESMA, a Supervisory Committee composed of representatives of ESMA, relevant NCAs and possibly independent experts is in charge of the on-going supervision. The ESMA Board of Supervisors could retain decision making powers on a limited number of important MiFID/R issues. 5

For each model, options to choose from:

1 (strongly support), 2 (rather support), 3 (neutral), 4 (rather not support), 5 (strongly not support), 6 (no opinion)

33) Would joint supervisory teams, composed of experts of NCAs and representatives of ESMA, under ESMA's lead be an efficient tool to achieve a more harmonised and efficient ongoing supervision of trading venues? 5

- Please choose between:
- 1 (strongly agree), 2 (rather agree), 3 (neutral), 4 (rather disagree), 5 (strongly disagree), 6 (no opinion)

Please explain your answer Due to the Member state protection of incumbent exchanges, there must be **one independent supervisor with a competition mandate**

If you consider that none of the above presented options would be adequate for (certain) trading venues, which alternative supervisory model would you support? None is adequate. Similar approach as for CCPs and CSDs to prevent conflicts of interests
Please explain your answer providing, where possible, examples and quantitative evidence, including on potential costs and benefits.

34) How would you expect your regulatory compliance costs arising from engagement with your current supervisor (as defined in question 30) to change if your trading venue(s) would fall under one of the following models of more integrated EU supervision?

	Strong increase +20% or more	Increase +5-20%	Neutral +/- 0-5%	Decrease -5-20%	Strong decrease -20% or more
An EU-level supervisor with all MiFID/R powers			X		
An EU-level supervisor with some MiFID/R powers		X			
Joint supervisory colleges	X				

with enhanced powers					

Please explain your answer providing, as much as possible, quantitative evidence (e.g. your calculations of the evolution of your costs, splitting them between administrative costs (staff costs, facilities costs, travel, IT technology costs), professional fees (e.g. legal, accounting, consulting, etc), supervisory fees, etc. Should the estimation of your costs differ depending on the type of single EU-level supervisor (see question 33), please specify.

6.5.3. How could the potential scope of a possible EU-level supervision be defined?

35) Which criteria should be used to define the scope of trading venues that should fall under EU-level supervision?

i. Only trading venues that are deemed significant based on their size or owing to their third country dimension (i.e. trading venues belonging to non-EU groups)
ii. Only trading venues with a significant cross-border dimension within the EU
iii. Only trading venues that fulfil both above criteria
iv. other (please specify) All trading venues should be subject to single supervision with a competition mandate. The second best solution is cross-border dimenstion

36) Assuming competences are split between an EU-level supervisor responsible for the supervision of significant relevant trading venues and NCAs responsible for the supervision of less significant institutions ('LSI'), do you believe that the EU-level supervisor should also have any oversight function with respect to LSI supervision?

Ye
s
No
Please explain To ensure a level playing field and to ensure enforcement of a ban on charging monopoly rent and perform cross subsidization.

37) Among the following options to determine if entities belonging to the same group should be in scope of EU-level supervision, please indicate which one you would most support:

i. if a trading venue belonging to a group is in scope of EU-level supervision, all trading venues located in the EU and belonging to that group should be in scope, irrespective of whether the quantitative criteria for being in scope are met for each of these individual trading venues;
ii. only EU trading venues of a group that individually reach the criteria should be in scope;
iii. quantitative criteria should be calculated on the basis of a group and hence all EU trading venues belonging to that group should be in the scope;
iv. other (please specify);
v. Has no view.

Please explain No i) is chosen in order to avoid that some in a group is not in scope and can use being out of scope to take advantage of this,which is the case for no ii) as only some trading venues and only some of a group are in scope. No iii) could imply that e.g. Nasdaq could be in scope and e.g. Euronext and Deutsche Börse out of scope depending on the criteria.

Significance criterion based on size

38) What should be the appropriate criteria in terms of size to assess the significance of a trading venue(s) for the purpose of EU-level supervision? If you responded (iii) to question 38, the reference to a trading venue should be understood as a reference to a group. Please select any of the following options.

i. Trading volume (in EUR) of the trading venue relative to the total volume traded in the EU for all asset classes (e.g. shares, bonds, etc) is equal or higher than a certain percentage

ii. Trading volume (in EUR) of the trading venue relative to the total volume traded in the EU for only some but not all asset classes is equal or higher than a certain percentage.
If you picked (ii), please specify which asset classes.

iii. Trading volume (in EUR) of the trading venue relative to the total volume traded in the EU for at least one asset class is equal or higher than a certain percentage.
If you picked (iii), please specify which asset class.

iv. Other [please specify].

39) Depending on your reply to question 39, in your view, what should be the appropriate percentage range (5-10%, 10-30%; 30-50%, other). Please explain your reasoning, providing, where possible, quantitative evidence and examples.

40) Do you consider that the application of the above criteria could also produce negative side-effects or lead to unintended results?

Cross-border criterion

41) In your view, what would be the appropriate criteria to assess the cross-border dimension of a trading venue for the purpose of EU-level supervision? Please select any of the following options:

a) *Cross-market activity*: More than [X %] of the trading activity on the trading venue occurs in instruments [shares, bonds] whose most relevant market in terms of liquidity is located in another Member State;
b) *Cross border activity within a group*: Trading venues belonging to a group are located in at least [Y] Member States other than the Member State where the headquarters of the group are located;
c) *Cross border members or participants*: More than [Z%] of members of or participants in a trading venue are established in Member States other than the Member State where the trading venue is established.
d) Any of the previous criteria
e) All of the previous criteria
f) Other criteria

As exchanges are not competing with each other and groups do not have consolidated order books, a) does not make any sense for exchanges and would only cover pan European MTFs. Number C), however will ensure that "groups" like Deutsche Börse is also included as DB is "only" vertically consolidated, which b) would not..

Please explain your answer and provide quantitative thresholds for your preferred option(s) above, expressed in percentages for X and Z (42 (a) and 42 (c)) and in numbers of Member(s) (States) for Y) (42 (b)). Please also provide quantitative evidence and examples. If you indicated 'Other' under Question 42 (f)), please specify what was intended.

42) Should it be possible for a trading venue to opt-in into EU-level supervision even though it does not meet the relevant criteria?

Ye
s
No

If you answered “yes”, who should be able to apply for the opt-in?

(a) The trading venue directly;

(b) The NCA responsible for supervising the trading venue, after a request from that trading venue;
(c) The NCA responsible for supervising the trading venue, without a request from the trading venue;
(d) other (please specify) All – a) to c)

43) Please indicate for the following areas of MiFID II to which extent you agree/disagree that EU-level supervision of (certain) trading venues could provide benefits. Certain powers may be logically bundled. A non-exhausting list of relevant articles is provided in brackets:

- Authorisation/withdrawal of authorisation for regulated market/MTF/OTF (e.g. Articles 5, 7, 8 and 44 of MiFID II) 1
- Requirements on management bodies, shareholders and members with qualifying holdings and those exercising a significant influence (e.g. Articles 9, 10, 11, 12, 13, 44 and 45 of MiFID II) 1
- General organisational requirements, conflict of interests and ongoing supervision (e.g. Articles 16, 21, 22, 23, 47, 48, 49 and 54 of MiFID II) 1
- Trading process in MTF, OTF and regulated market, admission of financial instruments to trading (e.g. Articles 18, 19, 20, 51 and 53 of MiFID II) 1
- Market transparency and integrity (e.g. Articles 31, 32 and 52 of MiFID II) 1
- SME growth markets (e.g. Article 33 of MiFID II) 4
- Rights of investment firms (cross-border provision of services) and provisions regarding CCP and clearing and settlement arrangements (e.g. Articles 34, 36, 37, 38 and 55 of MiFID II) 1
- Commodity derivatives regime (e.g. Articles 57 (8) and 58 of MiFID II) 1
- Supervisory powers (e.g. Article 69 of MiFID II): 1
- Sanctions (e.g. Articles 70, 71, 72 and 73 of MiFID II) 1
- Group level supervision 1
- Provisions related to prevention or detection of cases of market abuse pursuant to Regulation (EU) 596/2014, e.g. analysing and referring suspicious transactions to NCAs mostly 1 (with National input)
- **Other (please specify)**

For each point, options to choose from:

1 (strongly agree), 2 (rather agree), 3 (neutral), 4 (rather disagree), 5 (strongly disagree), 6 (no opinion)

Please explain your answers providing, where possible, quantitative evidence and examples. If you replied 'Other', please indicate what was intended.

44) Please indicate for the following areas of MiFIR to which extent you agree/disagree that EU-level supervision of (certain) trading venues could provide benefits. This is notwithstanding that certain powers may be logically bundled. A non-exhausting list of indicative relevant articles is provided in brackets:

- Transparency requirements for equity and non-equity instruments (e.g. Articles 4, 7, 9, 11 and 11aof MiFIR) 1
- Transmission of data, obligation to maintain recording and report transactions (e.g. Articles 22, 22a, 22b, 22c, 25 and 26 of MiFIR) 1
- Non-discriminatory access to a CCP and to a trading venue (e.g. Articles 35 and 36 of MiFIR) 1

- Other (please specify) **The most important part is missing and that is art. 13 – market data costs**

For each point, options to choose from:
1 (strongly agree), 2 (rather agree), 3 (neutral), 4 (rather disagree), 5 (strongly disagree), 6 (no opinion)

Please explain your answers providing, where possible, quantitative evidence and examples. If you replied 'Other', please indicate what was intended.

6.6. Questions on the supervision of funds and asset managers

6.6.1. Identifying costs related to current supervisory framework and benefits of more integrated EU supervision

45) How would you rate the convergence of supervisory practices across Member States in the area of the supervision of funds and asset managers?

Please rate from 1 to 5 (1 very convergent, 5 very divergent)

Please provide examples of divergent outcomes of supervisory practices for funds and asset managers in different Member States.

Please estimate the regulatory compliance costs[2] (including the applicable fees) for UCITS funds, their fund managers and AIFMs that arise from engagement with your current supervisor(s). Please separate any details on costs into fees and compliance, one-off cost and on-going costs and per supervisor. Please explain your answer providing, where possible, quantitative evidence and examples.

In particular, please provide, where possible, details on the cost of the following elements:

a) Applications for the initial authorisation as UCITS funds, their fund managers and AIFMs;
b) Applications for approvals of UCITS sub-funds;
c) Notifications or applications for the extension of services of an asset manager (e.g. to extend the scope of services or products offered or activities performed in the EU);
d) Notifications to home Member State NCAs to market UCITS funds and AIFs in host Member States;
e) Notifications to Member State NCAs relating to UCITS funds' and AIFs' marketing material;
f) Notifications to Member State NCAs where changes are made to UCITS and AIF fund documentation, e.g. the KIID;
g) Supervisory approvals for fund managers, e.g. with regard to outsourcing;
h) Involvement and consultations of different bodies (e.g. colleges), supervisors, central banks, and further authorities in supervisory decisions;
i) Lack of consistent processes (e.g. different actors involved) across different supervisory procedures;
j) Legal uncertainties arising from different implementation or interpretations of the EU regulatory framework in different Member States or between Member State authorities and ESMA;

k) Duplicative or conflicting instructions from NCAs and ESMA;

[2] Including administrative costs (staff costs, facilities costs, travel, IT technology costs), professional fees (e.g. legal, accounting, consulting, etc.), and supervisory fees.

l) Other (please specify in reply to the next question).

Please explain your answer providing, where possible, quantitative evidence and examples. Please separate any details on cost into fees and compliance. If you indicated 'Other', please specify what was intended.

To which extent do you agree with the following statements about possible benefits of more integrated EU supervision (please rate from 1 to 5)?

46)

a. It could reduce UCITS funds, their fund managers' and AIFMs' regulatory costs;
b. It could enhance the quality of supervision over UCITS funds, their fund managers and AIFMs;
c. It could simplify and accelerate the procedure to apply for authorisation of UCITS funds, their fund managers and AIFMs in the EU;
d. It could simplify and accelerate the procedure for additional authorisations of managers (e.g. to extend the scope of services or activities offered in the EU);
e. It could simplify and accelerate the procedures for marketing UCITS funds and AIFs in the single market (outside the home Member State of the fund);
f. It could simplify and accelerate the procedures relating to regulatory notifications and approvals of marketing materials and changes to fund documentation;
g. It could simplify and accelerate the procedures for obtaining supervisory approvals, e.g. with regard to outsourcing;
h. It could lead to more efficient use of supervisory resources;
i. It would decrease uncertainties that currently arise from different implementation or interpretations of EU Regulations in different Member States or by Member States and ESMA;
j. It would remove the need for market actors to deal with duplicative instructions from more than one supervisory authority;
k. It would create a level playing field between UCITS funds, their fund managers and AIFMs;
l. It would create a level playing field between EU authorised funds and fund managers on the one hand and third-country investment funds and managers on the other hand;
m. It would reduce the need for detailed regulations and extensive rulebooks to achieve harmonised supervision;
n. Other (please specify in reply to the next question).

For each point, options to choose from:
1 (strongly agree), 2 (rather agree), 3 (neutral), 4 (rather disagree), 5 (strongly disagree), 6 (no opinion)

Please explain your answer providing, where possible, quantitative evidence and examples. If you indicated 'Other', please specify what was intended.

47) Do you consider that more centralised EU supervision could also produce negative side-effects?

48) Do you have other comments?

6.6.2. How could more integrated EU supervision function?

49) Please indicate to which extent you support the following possible models of more integrated EU supervision:

a. A single EU supervisor, responsible for the supervision of asset managers with significant cross-border activities, while NCAs remain responsible for the supervision for asset managers with limited or no cross-border activity, UCITS funds and AIFs;	5
b. A supervisory college, chaired by an EU supervisor, having the main responsibility for, and taking joint decisions on, the supervision of asset managers with significant cross-border activities, while NCAs remain responsible for the supervision of asset managers with limited or no cross-border activity, UCITS funds and AIFs.	5
c. A supervisory college, chaired by a "lead NCA", having the main responsibility for, and taking joint decisions on, the supervision of asset managers with significant cross-border activities, while NCAs remain responsible for the supervision of asset managers with limited or no cross-border activity, UCITS funds and AIFs	5
d. A supervisory coordination college comprised of all relevant national competent authorities and ESMA while supervisory responsibilities remain unchanged. ESMA's mandate to coordinate how the single rulebook is interpreted and enforced but leave it to NCAs to conduct supervision with necessary consideration for local conditions. It is important to stress, that we are not against central supervision per se.	1
e. Other set-up (please explain)	

For each model, options to choose from:
1 (strongly support), 2 (rather support), 3 (neutral), 4 (rather not support), 5 (strongly not support), 6 (no opinion)

Please explain your answer providing, where possible, quantitative evidence and examples, including on potential costs and benefits, taking into account experience with voluntary colleges established so far. If you replied 'Other', please indicate what was intended.

In case you support the option described in question 51 (b), please identify the areas where EU-level supervision would provide the most benefits:

AIFMD

- Authorisation, notification of material changes and withdrawal of authorisations of AIFMs (Articles 6 – 11 of AIFMD)
- Delegation of functions (Article 20 AIFMD)
- Appointment and supervision of the depositary (Article 21 AIFMD)
- Transparency requirements (Articles 22-24 AIFMD)
- Pre-marketing (Article 30a AIFMD)
- Marketing of EU AIFs in the home Member State of the AIFM (Article 31 AIFMD)
- Marketing of EU AIFs in Member States other than in the home Member State of the AIFM (Article 32 AIFMD)
- De-notification of marketing arrangements (Article 32a AIFMD)

- Management of EU AIFs established in another Member State (Article 33 AIFMD)
- Management by EU AIFMs of non-EU AIFs not marketed in Member States (Article 34 AIFMD)
- Enforcement and sanctions (Article 48 AIFMD)

UCITSD

- Authorisation of UCITS (Article 5 UCITSD)

- Authorisation of UCITS management companies (Articles 6 - 8 UCITSD)
- Authorisation of UCITS investment companies (Articles 27 – 29 UCITSD)
- Delegation of functions (Article 13 UCITSD)
- Freedom of establishment and freedom to provide services for UCITS management companies (Articles 16 – 21 UCITSD)
- Supervisory reporting (Article 20a UCITSD)
- Appointment and supervision of the depositary (Articles 22 – 26a UCITSD)
- Marketing of UCITS in other Member States (Articles 91 – 94 UCITSD)
- Enforcement and sanctions (Articles 99 -100 UCITSD)

Please explain your answers providing, where possible, quantitative evidence and examples.

50) Would joint supervisory teams, composed of experts of NCAs and representatives of ESMA, under ESMA's lead, be an efficient tool to achieve a more harmonised and efficient supervision of AIFs, UCITS and their fund managers? 6

Please choose between: 1 (strongly agree), 2 (rather agree), 3 (neutral), 4 (rather disagree), 5 (strongly disagree), 6 (no

Please explain your answer

51) How would you expect your compliance cost to change under the supervisory model you chose in question 51?

Strong increase +20% or more	Increase +5-20%	Neutral +/- 0-5%	Decrease -5-20%	Strong decrease -20% or more

Please explain your answer providing, as much as possible, quantitative evidence (e.g. your calculations of the evolution of your costs, splitting them between administrative costs (staff costs, facilities costs, travel, IT technology costs), professional fees (e.g. legal, accounting, consulting, etc), supervisory fees, etc.

6.7. Questions on the supervision of EU crypto-asset service providers (CASPs)

52) To which extent do you agree with the following statements about possible benefits of more integrated EU supervision (please rate from 1 to 5)?

a) It could reduce the CASPs regulatory costs;
b) It could enhance the quality of supervision over CASPs;
c) It could simplify and accelerate the procedure to apply for authorisation to provide crypto- asset services in the EU;
d) It could simplify and accelerate the procedure for additional authorisations (e.g. to extend the scope of crypto-asset services or activities offered in the EU);
e) It could simplify and accelerate the procedures for obtaining supervisory approvals, e.g. with regard to outsourcing;

f) It could lead to more efficient use of supervisory resources;

g) It would decrease uncertainties that currently arise from different implementation or interpretations of the EU MiCA Regulation in different Member States or by Member States and ESMA;
h) It would remove the need for market actors to deal with duplicative instructions from more than one supervisory authority;
i) It would contribute to creating a level playing field between EU CASPs by eliminating regulatory arbitrage and gold plating;
j) It would improve EU overview and cooperation over cross border activities;
k) It could improve the resilience of EU CASPs;
l) It would reduce the need for detailed regulations, extensive rulebooks and supervisory convergence activities to achieve harmonised supervision;
m) It could contribute to a harmonised understanding of complex organisational structures and the different CASP business models.
n) Other (please specify in reply to the next question).

For each point, options to choose from: 1 (strongly agree), 2 (rather agree), 3 (neutral), 4 (rather disagree), 5 (strongly disagree), 6 (no

Please explain your answer providing, where possible, quantitative evidence and examples. If you indicated 'Other', please specify what was intended.

53) Do you consider that centralised EU supervision could also produce negative side-effects.

54) Do you consider significant crypto-asset service providers to be subject to different risks than smaller crypto-asset service providers? If yes, what are these risks?

55) Can these risks be addressed by supervision of crypto-asset service providers at EU level?

56) Do you have other comments?

6.7.1. How could more integrated EU supervision of CASPs function?

57) Please indicate to which extent you support the following possible models of more integrated EU supervision of CASPs:

a. A single EU-level supervisor, responsible for the licencing and supervision of all EU CASPs.	
b. An EU-level supervisor, responsible for the supervision of a subset of CASPs, for example significant CASPs, while NCAs would be responsible for the supervision of not significant CASPs.	
c. An EU-level supervisor over all EU CASPs, but with powers in certain key areas with other powers remaining at national level (see questions on areas below)	

d. An EU-level supervisor, responsible for the supervision of only certain, systemic EU CASPs and with powers in certain key areas (other powers, as well as not significant CASPs to remain subject to national supervision)	
e. A supervisory model for significant crypto-asset service providers, like the one for issuers of significant Asset Referenced Tokens in the current MiCA regime (authorisation by the NCA	
and if certain criteria are met, supervision passes to EBA with the help of a supervisory college)	
f. Other set-up (please explain)	

For each model, options to choose from:
1 (strongly support), 2 (rather support), 3 (neutral), 4 (rather not support), 5 (strongly not support), 6 (no opinion)

Please explain your answer providing, where possible, quantitative evidence and examples, including on potential costs and benefits.

If you agree with the option under point (b), please explain which criteria you would use to determine the CASPs that would be subject to the supervision at the EU level. If you replied 'Other', please indicate what was intended.

If you agree with the options under point 54 (c) or (d), please identify the areas where more integrated EU supervision would provide the most benefits (please indicate the relevant articles of MiCA where applicable).

Please explain your answers providing, where possible, quantitative evidence and examples.

58) Would joint supervisory teams, composed of experts of NCAs and representatives of ESMA, under ESMA's lead, be an efficient tool to achieve a more harmonised and efficient authorisation, supervision and monitoring of CASPs?

- Please choose between:
- 1 (strongly agree), 2 (rather agree), 3 (neutral), 4 (rather disagree), 5 (strongly disagree), 6 (no opinion)

Please explain your answer

If you supported the option described in question 54 (b), should also the authorisation of this subset of CASPs be conducted at EU level?

59) Please identify under what circumstances more integrated EU supervision would provide the most benefits for CASPs:

a. The size of the crypto-asset service provider.

b. Whether it is part of an international group/conglomerate with subsidiaries in many different Member States and/or third countries.
c. Whether it has a complex organisational structure featuring holding companies established in third countries.
d. There is increased cross border activity. What would you consider “increased cross border activity”?
e. A large percentage of its clients reside in a different Member State.
f. The crypto-asset service provider provides certain crypto-asset services deemed more complicated (i.e. operates a crypto-asset platform).

g. The crypto-asset service provider relies on outsourcing arrangements with entities that are not located in the same Member State as the crypto-asset service provider.
h. Whether the crypto-asset service provider is part of a group which includes issuers of asset referenced tokens and e-money tokens.
i. Other (please specify, in reply to the next question).

For each point; options to choose from: 1 (strongly agree), 2 (rather agree), 3 (neutral), 4 (rather disagree), 5 (strongly disagree), 6 (no opinion)

Please explain your answers providing, where possible, quantitative evidence and examples. If you replied 'Other', please indicate what was intended.

60) Do you consider the threshold for significant CASPs in Article 85(1) of MiCA adequate, high, or too low? (the threshold is currently 15 million active users on average in one calendar year)

61) Would a threshold based only on size be an appropriate criterion for supervision at EU level, or would it be more appropriate to consider further nuanced criteria, taking into account the indicators mentioned in question 62?

Please explain.

7. Horizontal questions on the supervisory framework

7.1. New direct supervisory mandates and governance models

1) Would you agree that EU level supervision is beneficial to achieve a more integrated market? Please provide your answer by choosing from 1 (strongly agree), 2 (rather agree), 3 (neutral), 4 (rather disagree), 5 (strongly disagree), (no opinion)

The centralised EU Supervision must be limited to capital market infrastructure (trading venues, CCPs and CSDs) and other data providers such as vendors, benchmark providers, CRAs, ESG-providers and we do not see immediate risks of negative side effects. However, it must be ensured that the Governance requirements are clear and with a precise description of the mandate, powers and with KPIs which ensures that that the potential for bureaucratic inefficiency is minimized and the centralised EU supervisor with a competition mandate is able to introduce and enforce ex ante regulation, perform quick decision-making and is not using complex and bureaucratic procedures.

	1	2	3	4	5	No opinion
	x					

Please explain your reply highlighting benefits and downsides.

2) Are there other sectors of financial services, not covered in the questions on the topic of supervision where granting ESMA new direct supervisory powers should be considered?

Y (please provide examples) / N

If the answer to previous question is 'yes', which entities should fall under its remit and which criteria should they meet? Please specify the area(s) and criteria. MiFIR art, 13: Market Data pricing, terms and conditions. EU supervision and competition mandate is required in order to prevent trading venues (and CCPs and CSDs) to charge monopoly rent. Therefore, in case ESMA is considered to be the EU authority with a competition mandate, ESMA's mandate, as regulated under Regulation 1095/2010 (EU), should be revised to grant ESMA the authority to establish ex ante regulations that ensure genuine competition in this sector. Furthermore, other data providers such as vendors, benchmark providers, CRAs and ESG providers must be in scope to as they are abusing their market power as well.

3) What should be the key objectives behind a decision to grant direct supervision to the ESMA? To remove the core issue behind the fragmented and inefficient capital markets in EU due to the possibility for capital market infrastructure (trading venues, CCPs and CSDs) to charge monopoly rent and perform cross subsidization. This creates expensive and inefficient capital markets which harm the key players in the capital markets – the issuers and the investors.

Please provide your answer by choosing from 1 (agree - very important objective), 2 (agree important objective), 3 (neutral), 4 (rather disagree (i.e. less important), 5 (disagree (not important), (no opinion)

	1	2	3	4	5	No opinion
a) Streamlined supervisory process	X					
b) Single supervisory point of contact and efficiency in the engagement with a single supervisor, instead of multiple NCAs	X					
c) Reduced volume of Level 2 legislation (technical standards) and supervisory guidelines	X					
d) Coherent supervisory outcomes for the EU market as a whole	X					
e) more harmonised application of EU rules	X					
f) enhanced pool of expertise and resources	X					
g) building synergies and avoiding duplications,	X					
h) ensuring a high level of supervision across EU	X					
i) reduced costs	X					
j) other	Prohibit rentseeking and level playing field					

4) What would be the costs (one off costs and ongoing costs) and savings for your organisation associated with new direct supervisory mandates at the EU level? We expect that the change in costs should be covered by the supervised entities (capital market infrastructure and other data providers). As we consider that the change will imply a reduction in staff at National level and an increase at EU level, we assume that the direct cost for supervision for the capital market infrastructure should be overall unchanged. However, as the capital market infrastructure companies will only have to answer to one supervisor, it is expected that the internal costs should decrease. Having said that, we assume that more intense supervision and enforce is imposed which could lead to unchanged or slightly higher internal costs. For other dataproviders, the supervision will be new and associated with new costs.

5) Which governance do you consider most suitable for a given model of direct supervision?

a. A Supervisory Committee. It would be composed of a limited number of independent members (employed by ESMA) and representatives of those NCAs in whose jurisdiction directly supervised entities are operating. This committee will guide the supervisory tasks given to the EU level and carried out by ESMA staff and/or joint supervisory teams. The committee could have different formations/configurations for each of the sectors supervised. In terms of decision making, three alternatives could be envisaged:

   1. Final decision making by the Supervisory Committee
   2. Supervisory Committee in charge but Board of Supervisors (BoS) would have a veto right on certain decisions when a set of pre-defined criteria would be met (e.g. particular political sensitivity/importance)
   3. As per the current CCP Supervisory Committee, the new Supervisory Committee would prepare the decisions, but the BoS would be the final decision-making body

b. Establishing an Executive Board composed of the Chair of ESMA and a small number of full-time independent members. It will take all decisions towards individual supervised entities. The BoS would ensure some NCAs involvement, and it would still be able to provide its opinion on any decision about directly supervised entities. This model would be similar to the one designed for the Anti- Money Laundering Authority (AMLA).

c. A governance model based on the current setting of direct supervision as for example for CRAs. In this model, ESMA would become the sole direct supervisor without any direct participation of NCAs' staff in the authorisation and ongoing supervision. All EU NCAs would remain involved in all supervisory decisions through the BoS approval process, regardless of whether they are home NCA or not. When it comes to day-to-day supervision, this should be performed by ESMA staff. ESMA would be able to decide to delegate certain tasks to NCAs, but would continue to remain responsible for any supervisory decision.

In your view, which governance model is the most suitable and for which reasons (e.g. speed of decision making, inclusiveness of process)? You may differentiate your reply per sector. Please explain your reply.

6) Would you envisage a different governance model apart from one of those outlined above? Please explain your reply. Number 5 b could work with the inclusion of DG COMP to ensure that ex ante regulation is imposed that the EU entity is able to supervise and enforce these rules as well.

7.2. Supervisory convergence

Please select the ESA for which you are replying, this selection will apply to all questions included in this section.

ESMA / EIOPA / EBA / all three ESA

7) Please rate the effectiveness of supervisory convergence tools from 1 to 5 (1 least effective, 5 most effective)

	1	2	3	4	5	No opinion
Breach of Union law						
Binding mediation						
Peer reviews				X		
Emergency powers						
Opinions			X			
Recommendations						
Product intervention powers						
Inquiries						
No action letters						X
Guidelines		X				
Colleges of supervisors						
Coordination groups						
Collaboration platforms						
Warnings						
Questions and Answers		X				
Supervisory handbooks						
Stress tests						
Union strategic supervisory priorities						
other, please specify						

If you would like to differentiate per areas, please comment.

7.3. Increasing the effective use of supervisory convergence tools

8) Do you think that the current supervisory convergence tools are used effectively and to the extent that is possible?

Y/N. If the answer is no, please explain and give examples. No Action letters should be used more frequently as this is an important tool to reduce uncertainty with the lengthy and rather rigid legislative process in EU. No-action letters are essential in situations where existing rules prove inadequate or misaligned with rapidly evolving market conditions or regulatory developments.

Peer reviews within the fields should be an efficient tool to investigate the NCAs compliance and enforcement. However, we have experienced a cancellation of a scheduled peer review on market data guidelines, despite the fact that none of the NCAs complied with the guidelines in contrast with their official statements. This is indeed problematic and creates mistrust. Why are there no consequences when NCAs are not complying with their obligations to supervise and enforce the rules?

Opinions can also be an efficient tool. However, as with the guidelines – the credibility goes hand in hand with compliance and enforcement.

Guidelines should not be a necessary tool. Ideally, level 1 with limited level 2 should be adequate. Furthermore, guidelines are, as Q&A, level 3 and therefore not legally binding. This creates problems e.g in relation to market data where the level 2 was not clear enough, so level 3 was needed. However, with the market data guidelines not being complied with in combination with lack of supervision and enforcement, the guidelines were basically useless – as well as level 2, resulting in continued increasing market data costs, unreasonable terms & conditions (including policies and participation agreement).

For Q&As – problems also arise with that caveat that guidelines are subject to consultation whereas Q&As are not – but often considered as de facto legally binding despite they are level 3.

This underlines the need to ensure better processes for level 1 so the rules are clear and concise only leaving technical issues for level 2 and preferably no need for level 3.

9) Do you think that the current governance and decision-making processes within ESAs provide sufficient incentives for the use of supervisory convergence tools?

Y/N

If your answer is no, what governance changes would you propose to increase the usage of supervisory convergence tools as well as the accountability and transparency of ESAs in using these tools?

- Move supervisory convergence decision to a Supervisory Committee as described above in the governance section

- Move supervisory convergence decisions to an Executive Board as described above in the governance section.
- Other (please explain). Single supervision with a competition mandate for capital market infrastructure (trading venues, CCPs and CSDs) as well as vendors, benchmark providers, CRAs and ESG-providers

10) How could the mandate of the Chair and Executive Director of ESAs be modified to allow them to act more independently and effectively in promoting supervisory convergence?

- Prohibition of re-election
- Longer term.
- Other (please explain).

11) [For NCAs] Did resource constraints ever hinder or prevent the use of supervisory convergence tools? Y/ N

Please give examples

7.4. Enhancements to existing tools

12) Do you see limitations or weaknesses in supervisory convergence tools in addressing significant divergences in supervisory practices between NCAs?

Supervisory convergence tool	**YES**	**NO**
Breach of Union law		
Binding mediation		
Peer reviews	X	
Emergency powers		
Opinions	X	
Recommendations	X	
Product intervention powers		
Inquiries		
No action letters		
Guidelines	X	
Colleges of supervisors		
Coordination groups		
Collaboration platforms		
Warnings		
Questions and Answers	X	
Supervisory handbook		
Stress tests		
Union Strategic Supervisory Priorities		
other, please specify		

If the answer is yes, please explain why and in which specific areas.

If your answer is yes, what concrete changes would you propose to address the limitations or weaknesses flagged and make these tools more effective?

See comments above to Q8 and Q9

Supervisory convergence tool	Potential improvements
Breach of Union law	
Binding mediation	
Peer reviews	
Emergency powers	
Opinions	
Recommendations	
Product intervention powers	
Inquiries	
No action letters	
Guidelines	
Colleges of supervisors	
Coordination groups	
Collaboration platforms	
Warnings	
Questions and Answers	
Supervisory handbook	
Stress test	
Union Strategic Supervisory Priorities	
other, please specify	

13) ESAs founding regulations and sectoral legislation lay down the requirements to delegate tasks and responsibilities both from NCAs to ESAs or from ESAs to NCAs. This tool has been rarely used. What kind of changes would be warranted to increase its usability?

Please explain, highlighting benefits and downsides

7.5. Possible new supervisory convergence tools

14) Do you see limitations in the current supervisory convergence tools to address home/host issues? Y/N

Please explain why

If the answer is yes, please explain:

- what potential measures could be introduced to assess and ensure the effectiveness of home and host supervision in a given sector?
- for which sectors would you support the new measures?
- the cost and expected benefits of of these new measures.

15) In the context of supervision of products or of conduct of business rules, supervisory convergence powers could be reinforced. The ESAs may identify cases where home supervision is deemed ineffective either through ongoing monitoring or in response to a specific complaint. For example, the ESAs could be given the power to issue an opinion/binding advice regarding ineffective national

supervision to avoid that products or entities are granted access to the EU-market without adequate supervision. Do you think that ESAs should be empowered to issue an opinion in cases where national supervision is deemed ineffective? Y/N

16) Do you think that ESAs should be empowered to issue a binding advice in cases where national supervision is deemed ineffective? Y/N.

If your answer is 'no' to the questions above, please explain why. If your answer is yes, please specify in which areas

17) What would be the cost and expected benefit of such a system?

18) Are there additional supervisory convergence tools that should be introduced? Please provide an example and explanation. Single supervision with a competition mandate for capital market infrastructure (trading venues, CCPs and CSDs) as well as other dataproviders (vendors, benchmark providers, CRAs and ESG-providers)

7.6. Data and technology hub

Please select the ESA for which you are replying, this selection will apply to all questions included this section.

ESMA / EIOPA / EBA

Which area(s) would benefit most from an ESA(s)' enhanced role as a data and technology hub? Datahub for fee schedules for capital market infrastructure as well as other data providers with 10 years multi years comparison, Single, trusted 'golden source' for security reference and corporate events data to enable efficient regulatory reporting and processing of corporate actio
In which sectors/areas would the development of supervisory technology tools (suptech, i.e. use of technology by supervisors to deliver innovative and efficient supervisory solutions that will support a more effective, flexible and responsive supervisory system) be most beneficial to enhance efficiency and consistency of supervision? Please give examples.

How should ESAs' suptech tools be funded?

- Privately by the supervised sector which would benefit from them
- Charges from NCAs proportionate to the use of the tool
- General budget (EU/NCA)
- Combination of the above
- Other [please specify]

7.7. Fundin g

Please select the ESA for which you are replying, this selection will apply to all questions included this section.

ESMA / EIOPA / EBA

ESAs' budget is currently composed of:

- contributions from the NCAs which are complemented by a contribution from the EU budget, with NCAs contributing 60% and the EU budget 40%;
- In case of direct supervisory mandates, also of fees charged to market participants to cover the full costs of direct supervisory activities. ESMA has nine separate fee income streams and they represent approx. 30% of ESMA's revenue;
- other payments from NCAs for ESAs to be able to undertake tasks on their behalf.

B) Do you consider the provisions on financing and resources for the tasks and responsibilities of the ESAs appropriate?

Y
N

Please explain your answer

C) ESAs face pressure to fulfil a growing number of mandates while staying within the ceilings of the multi-annual financial framework (MFF). Taking into account the limitations of public financing, should ESAs be fully funded by the financial sector?

Y
N
Please explain your answer

If not fully funded by the financial sector, would you be in favour of targeted indirect industry funding for certain convergence work (indirect fees), e.g. for specific tasks, like voluntary colleges, opinions, etc.?

Y
N
Please explain your answer

D) Do you think the current framework includes sufficient checks and balances to ensure that ESAs make efficient and effective use of their budgets?

Y / N

E) Which of the following measures could be envisaged to ensure efficiency and effectiveness of ESAs budgets?

Measures	
Periodic performance audits assess the organisation's efficiency and effectiveness in executing its mandates, using resources, and achieving its goals.	Y/N
Stronger role for the Commission on budgetary matters (at present, the Commission has no voting rights except the budget where it has one vote)	Y/N
Veto power for the Commission on the budget	Y/N
Transparency and monitoring mechanisms	Y/N
An obligation to publish details on the calculation	Y/N

Please provide additional details