
Ch3 – Market Structure Trends

Question 1: Do you agree with our assessment that current evidence does not justify prescriptive intervention to steer trading towards particular execution mechanisms, but that continued monitoring is warranted? If not, why not?

EVIA fully supports the FCA's assessment that prevailing market evidence does not justify prescriptive regulatory interventions to force order flow onto specific execution mechanisms. UK equity market structure operates effectively across a complementary spectrum of execution models. Market diversity reflects diverse investor preferences and the distinct liquidity requirements of retail, institutional, and wholesale market participants.

Clearly our mission has always been to advocate for standardisation of wholesale market protocols and systems in order to promote plurality and multilateral liquidity in the old-fashioned UK name of "shopping around". This enables innovation, systemic resilience and provides for choice and is the opposite of prescriptive supervisory intervention to steer trading towards particular execution mechanisms or venues.

This is a similar vein to the cited approach which continues to guide FCA policymaking, which is aimed at promoting effective competition, supporting innovation and informed risk-taking, and fostering growth.

Supporting Rationale

- **Preserving Multi-Venue Liquidity Formation:** Prescriptive mandates that favour single execution models—specifically Central Limit Order Books (CLOBs)—overlook the critical role of periodic auctions, midpoint crosses, and negotiated off-book mechanisms in mitigating market impact for large institutional orders. Liquidity formation relies on the structural interplay among primary exchanges, Multilateral Trading Facilities (MTFs), and bilateral liquidity providers.
- **Fostering Investor Choice and Competition:** EVIA's primary objective is to advance standardisation in wholesale market protocols and market infrastructure to promote unfettered investor choice, multi-venue competition, and multilateral price discovery. Prescriptive routing mandates reduce systemic competition, stifle technical innovation, and introduce structural vulnerabilities.
- **Alignment with Statutory Objectives:** The FCA's non-interventionist stance directly aligns with its statutory secondary objective to facilitate international competitiveness and medium-to-long-term economic growth by preserving open, flexible, and efficient capital markets.

Question 2: Do you agree with the proposed elements of a framework for monitoring equity market quality and price formation, including the metrics set out in Table 3.2? Are there any additional indicators, data sources or emerging risks we should consider?

While the qualitative and quantitative indicators outlined in Table 3.2 are valid, we note that they are all entirely predicated on order-book methodologies and somewhat at odds with the comments in question 1. Rather, as follows from our answer above, we would suggest some

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of the broader outcome measures across all the trading methodologies, trading phases, venues and bilateral are taken into account.

To capture genuine market quality and price formation, the monitoring architecture must look beyond CLOB-centric parameters and evaluate liquidity across all execution mechanisms, distinct trading sessions, and varying market conditions.

Ongoing work on resilience and outages, together with advocacy around the costs of trading data both further assert the essential benefits of plurality, standardisation and multilateral systems.

Recommended Enhancements to the Monitoring Framework

- **Segmentation by Trading Phase:** Market quality cannot be evaluated on an undifferentiated, whole-day basis. The framework should segregate metrics across four distinct trading sessions:
 1. The Market Open: Assessing price formation during initial opening auctions versus off-venue prints.
 2. Intraday Continuous Trading: Tracking the concurrent interaction of lit books, frequent batch auctions (FBAs), and dark midpoint liquidity.
 3. The Market Close: Differentiating volumes executed within primary closing auctions from alternative closing mechanisms (such as Market-at-Close) and post-close trading sessions.
 4. Out-of-Hours / Extended Trading: Monitoring activity occurring outside regular exchange trading hours, establishing baseline metrics ahead of emerging 24/5 or 24/7 retail trading segments.
- **Exclusion of Structural Market Anomalies ("Special Days"):** The monitoring framework must isolate structural volume surges occurring on index rebalancing dates, triple-witching events, and major derivatives expiries. Aggregating these events with standard trading days skews baseline liquidity and closing-auction market-share distributions.
- **Differentiating Addressable Liquidity from Technical Trades:** Off-venue trading data must be evaluated through an objective lens of addressability. The FCA's framework must isolate non-addressable, technical transactions (such as give-ups, intragroup transfers, and custody bookings) so that only transactions representing genuine economic interest inform policy decisions.
- **Execution Modality Indicator:** In alignment with FIX Protocol Tag 2405, the FCA should track whether off-venue transactions are executed via automated systems or voice/hybrid manual protocols, reflecting the degree of liquidity accessibility.

Addressable Liquidity

We consider that the work to map "addressable liquidity" undertaken by the FIX Org can provide for an essential template to evaluate the true metrics of equity market reality as per the chart below which presents a very different approach to that suggested in Table 3.2:

Where	When	What	Who		
ON BOOK	Open	Auction	RMs	MTFs	
	Intraday	Lit Continuous (CLOB)	RMs	MTFs	
		Frequent Batch Auctions	RMs	MTFs	
		Intraday/Volatility Auctions	RMs	MTFs	
		Dark	LIS	RMs	MTFs
			RFPT		
	Close	Auction	RMs	MTFs	
	Out of hours	After hours CLOB	RMs	MTFs	
Trading at last		RMs	MTFs		
OFF BOOK	Open	Vanilla	SI	OTC	
		STO exemptions*			
		Intragroup & double reports			
		NT 1& 2 waivers	OBOE		
		NT 3 (BENC, TNCP**)			
		NT3 (NPFT)			
	Intraday	Vanilla	SI	OTC	
		STO exemptions*			
		Intragroup & double reports			
		NT 1& 2 waivers	OBOE		
		NT 3 (BENC, TNCP**)			
		NT3 (NPFT)			
	Close	Vanilla	SI	OTC	
		STO exemptions*			
		Intragroup & double reports			
		NT 1& 2 waivers	OBOE		
		NT 3 (BENC, TNCP**)			
		NT3 (NPFT)			
	Out of hours	Vanilla	SI	OTC	
		STO exemptions*			
Intragroup & double reports					
NT 1& 2 waivers		OBOE***			
NT 3 (BENC, TNCP**)					
NT3 (NPFT)					

European Equities Addressable Liquidity Definitions – FIX Trading Community

- This essentially presents the breadth of the diverse and tailored equities ecosystem. Not all trading venues or off-venue liquidity provision are suitable for all market participants. Not all liquidity is addressable to all, and conversely not all the addressable services cater solely for risk transfer since many are tools, regardless of whether the liquidity is on- or off-exchange. This mitigates for effective and purposeful trade tagging and flagging as developed by both the MiFID2 revisions and codified by the FIX protocol.
- Mindful of the dependencies between these trading models and phases, and especially on the primary markets to set reference prices, it is important to facilitate

the clear identification of the trading method, the phase as well as the location if made off-venue or out of normal operating hours.

- In order to better describe the nature of the execution mechanisms and to remove non-price forming or technical trades, we therefore concur that the correct use of segment-MICs should be added to post-trade transparency flags which themselves should be conjoined and aligned with the transaction reporting ones to bring this about.

Question 3: If future monitoring were to show material harm to market integrity, are there any regulatory options that you consider could be a viable and proportionate response, including any of the options discussed above? Please explain your reasoning, including the circumstances in which such options might or might not be appropriate.

Yes, subject to establishing a level playing field. We concur that these resilience matters are suitable for further industry discussion and academic study as set out in paragraphs 3.85/3.94.

If ongoing empirical monitoring demonstrates quantifiable harm to price formation, any regulatory response must be strictly evidence-based, proportionate, and non-discriminatory. Rather than restricting multilateral execution choices, regulatory remedies should focus on establishing regulatory parity between multilateral trading venues and bilateral execution models.

As set out in [our response to CP 25/20](#)², we consider that the pressing issue here for the FCA intervention's into equity market structure must be the [creation of a level playing between across all multilateral trading mechanisms](#)¹ and more especially their relative capabilities in relation to bilateral trading mechanisms which are not meaningfully acting as risk principal. Reforming the waivers regime to enable greater competition would underpin the general

¹ In September 2026 multilateral liquidity, including dark trading and periodic auctions, represented 53.7% of that total, down from 54.1% in August. Dark trading on venues represented 6.4% of real economic interest while periodic auctions were 5.2%. (<https://www.bmlitech.com/news/market-insight/bml-market-lens-liquidity-maps>)

Periodic (frequent batch) auctions ADV was €3.8bn, up 2% over the year against 30% for real economic interest. Their share of real economic interest fell from 6.6% to 5.2%, the lowest of the last 13 months and down from the 7.3% peak of October 2025. In euro terms periodic auctions sit below their March 2026 level of €5.3bn.

Activity outside multilateral venues grew 40% over the year to €33.7bn a day, faster than real economic interest, taking its share from 42.8% to 46.3%. May 2026 remains the peak at 47.3%.

Systematic internalisers' share was 15.4% of real economic interest, up from 14.1% a year ago. SI ADV grew 41% over the year to €11.2bn.

Dark (non-lit multilateral) trading's ADV grew 19% to €4.6bn, slower than the market, with its share of real economic interest down from 7.0% to 6.4%. Large-in-scale activity overall was €6.9bn, 9.5% of real economic interest and up 24% year-on-year, with dark venues' share of those flows down from 24% to 17% and systematic internalisers supplying 82%.

Closing auction liquidity averaged €12.7bn a day, 17.5% of real economic interest, up 33% over the year and the highest share since December 2025.

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principle is that where execution outcomes are similar, the framework should impose similar conditions on firms.

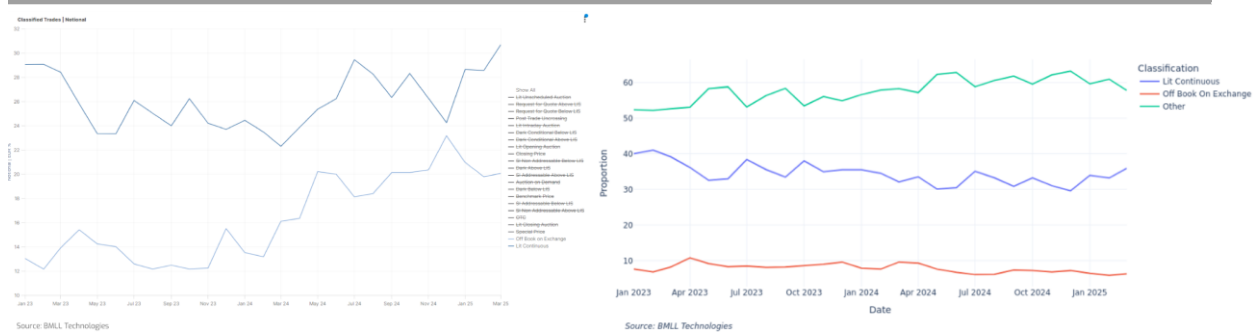
Key Policy Principles

- **Proportionate Scope Across Multilateral Venues:** The draft text exhibits structural ambiguity regarding whether proposed MAR 16 provisions are intended to apply strictly to Recognised Investment Exchanges (RIEs) operating central order books, or whether they extend across the broader population of UK MiFIR Multilateral and Organised Trading Facilities (MTFs and OTFs). Regulatory obligations must be calibrated to the specific operational profile of each venue category.
- **Level Playing Field Between Multilateral and Bilateral Mechanisms:** Where bilateral trading facilities internalise order flow under commercial conditions that replicate multilateral matching without committing meaningful risk capital, they should be subject to comparable pre- and post-trade transparency obligations.
- **Waiver Modernisation Over Prohibition:** Market efficiency is better served by modernising and reforming the pre-trade transparency waiver framework—such as the order-level reference price waiver—to enable transparent venues to compete effectively, rather than introducing blunt volume caps or venue-routing constraints.

Off-Book On-Exchange Trading [“xBoEx”]

Specifically, as set out by BMLL succinctly in this May 2025 analyst report [[How Accessible is Off-Book On-Exchange Trading? | BMLL](#)] the growth in trading on SIs has been significant even if much of that segment is still flagged as non-addressable:

- *“We observe in Figure 1 that between January 2023 and December 2024, the market share of this classification of trades has nearly doubled, from 13% to 23% (+77%). A stark contrast can be made against the trend seen in lit continuous volume; over the same period, the share of the latter was reduced from 29% to 24% (-17%). In absolute terms, Off-Book On-Exchange monthly notional rose from 249 bn EUR to 374 bn EUR (+50%), whereas lit continuous notional decreased from 556 bn EUR to 392 bn EUR (-29%).”*
- *How much of this bilaterally traded volume is truly accessible by any market participant?*
- *To answer this, we reference MMT (Market Model Typology) flags and specifically the Price Formation indicator (MMT level 3.8) for each reported trade. In Figure 5, we recreate the data points from Figure 1, this time excluding trades reported with the NPFT (Non-Price Forming Trade) or TNCP (Trade not Contributing to the Price Discovery Process) flags. We see immediately that there has not been an increase in market share as Figure 1 implies; between January 2023 and December 2024, the Off-Book On-Exchange market share of addressable trades has stayed flat at 7%. Moreover, the split between price-forming and non-price forming trades in this classification has reduced significantly, from 40/60 to 24/76 over the same time period.*



- The reason that addressable xBoEx trade volumes remain around 10% of the total is driven by factors such as ability to trade off-tick, match away from mid-price, trade below LiS, omitting segment MIC from post-trade transparency, and possibly operating de facto trading venues w/o any of the same obligations.
- We agree that order protection rules such as SEC Rule 611 of Regulation NMS do not offer a straightforward or reliable means of strengthening activity on lit order books or any other mechanism. It is therefore unlikely that any regulatory options would create a liquidity node where one such was otherwise disrupted or extinct. Rather market lead measures to collate interests into discreet events or auctions would likely and normally prevail.

Ch4 – PTT & The SI Regime

Question 4: Do you agree with our proposal to extend existing post-trade reporting exemptions currently applicable to off-venues trades to off-book on-exchange trades and delete the NPFT flag?

No, EVIA does not agree with the proposal to extend existing post-trade reporting exemptions.

Although EVIA supports the general objective of eliminating non-addressable, technical transactions from public post-trade transparency and the forthcoming Consolidated Tape. Deleting the redundant NPFT flag will remove noise from public tape feeds. However, this exemption must be implemented through targeted amendments to UK MiFIR RTS 1 Article 13 rather than an undifferentiated, blanket carve-out that risks inadvertently removing addressable, negotiated wholesale trades.

Technical and Legal Recommendations

- **Targeted Exemption via RTS 1 Article 13:** The reporting exemption for off-book on-exchange transactions must explicitly cross-refer to the non-addressable categories defined under Article 2(5) of Commission Delegated Regulation (EU) 2017/590 (RTS 22), specifically:
 1. Custodial, clearing, and settlement transfers (RTS 22 Article 2(5)(b), (c), and (d)).
 2. Novations and portfolio compressions (RTS 22 Article 2(5)(e)).

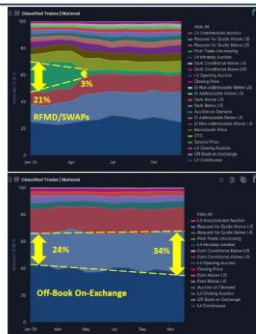
3. Give-up and give-in transactions.
 4. Intragroup and inter-affiliate housekeeping transactions.
- **Preserving Addressable Negotiated Wholesale Trading:** The FCA must clarify that genuine, negotiated transactions executed off-book under exchange rules pursuant to RTS 1 Article 6 (such as Large-in-Scale blocks and contingent trades) remain subject to post-trade transparency.
 - **Venue Auditability:** Extending the Article 13 carve-out will permit trading venues to suppress purely technical trades from public dissemination while retaining internal transaction logs for market surveillance.

Rationale

While we agree with the FCA's stated objective towards simplicity via the removal of non-addressable ("non-price-forming") trades from both transparency and consequently from the CT; it remains inescapable that the use of off-book on-exchange ["xBoEx"] has increased materially in recent years both in notional volumes and trade-count, which consequent to the trading model rather than a direct mapping to any increase in solely technical trades. We therefore consider that this proposed broad-brush exclusion would exclude a large number of relevant trades from the scope of post-trade transparency.

Rather, we would consider a better approach to attain the objective of entraining addressable liquidity could be achieved via the Fix Org MMT² tagging to enable firms to differentiate between price-forming and properly technical trades. Furthermore, we suggest that the FCA consider a thematic review or academic outreach in order to understand why this segment in particular has become so popular.

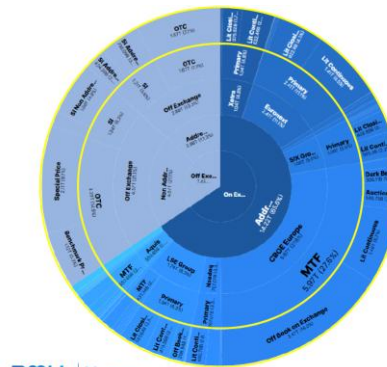
Advanced Analytics Powered by MMT



BMLL | Vantage

- 2024
- Pan European Volume Trends (%)
 - Post Trade Transparency Changes & Impact to Non-Addressable Volumes
 - Growth in Off-Book On-Exchange (Chart filtered to Exchange Reported Volumes)

FIX TRADING COMMUNITY
INDUSTRY-DRIVEN - INDEPENDENT - NEUTRAL



BMLL | Vantage

The Complete View

- Addressable vs Non-Addressable Liquidity
- Lit vs Dark
- Growth in Off-Book On-Exchange, Periodic Auctions, Close Auction
- SI Liquidity
- Alternative Close Price Destinations

FIX TRADING COMMUNITY
INDUSTRY-DRIVEN - INDEPENDENT - NEUTRAL

We wrote at length around the failures and work-arounds present in the Off-Book, On-Exchange ["xBoEx"] model in our response to CP25/20³ in order to highlight the disparity in transparency outcomes between LIS trades made on venue and those in question here. Whilst the proposal in Paragraph 4.14 does not address those concerns directly, it does create a

² [Market Model Typology – FIX Trading Community](#)

³ [EVIA Response to FCA CP25 20; SI regime for bonds & derivatives including Discussion Paper on equity markets.pdf](#)

welcome simplification by essentially removing the misreporting or errors associated with varying approaches to the NPFT flag. Modifications to Article 13 of UK MiFID RTS 1 can give effect to this.

Question 5: Do you agree that we should remove the TNCP flag? Are there any meaningful uses for the TNCP flag that we should take into account, in particular is there a case for keeping it to cover contingent trades?

Yes, subject to the introduction of a dedicated CONT flag.

EVIA supports the deletion of the TNCP (Transactions Not Contributing to Price Discovery) flag, which has generated persistent operational uncertainty and accounted for approximately 24% of trade volume in 2025 without delivering price discovery signals. However, the TNCP flag must not be deleted in isolation; it must be replaced by a dedicated **CONT** flag to ensure that contingent and multi-legged transactions remain clearly identifiable, and also align the UK together with the EU approach.

Justifications

- **Distinguishing Structured from Vanilla Liquidity:** The TNCP flag is currently the sole mechanism used to separate off-book contingent transactions (such as Exchange for Physicals (EFPs) and portfolio risk baskets) from standard vanilla trades. Removing TNCP without a successor flag would commingle complex, spread-priced contingent trades with unencumbered lit executions, degrading public price signals and distorting best execution analysis.
- **Cross-Border Harmonisation:** Introducing the CONT flag establishes direct alignment between the UK and EU RTS 1 transparency standards, simplifying data ingestion for multi-jurisdictional participants and facilitating cross-border tape aggregation.
- **Statutory Interplay:** The FCA must ensure that the statutory replacement across RTS 1 Articles 2, 6, and 13 clearly defines the scope of contingent trades to eliminate reporting ambiguity across APAs and trading venues.

Question 6: Which option for identifying trades taking place under the reformulated reference price waiver do you support?

EVIA supports **Option 1 (identifying executions via a dedicated segment MIC combined with the existing RFPT flag)** as the most pragmatic, cost-effective, and operationally viable implementation path. While a dedicated new trade flag (Option 2) represents a cleaner data architecture in theory, using segment MICs aligns directly with existing market practice and avoids burdensome system redesigns across market participant ingestion engines

It follows from our answers to Questions 4, 5 to CP25/20 that we firmly agree with the FCA proposal in paragraph 4.25 to combine the waiver indicator with the use of a segment-MIC code. Any option to add a new flag should only be undertaken were the suggested approach first be demonstrated to fail.

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Practical Considerations

- **RPW:** In particular we support the comments made in paragraph 4.29 such that applying the RPW at order level may give rise to disproportional operational and order management complexities.
- **Ingestion Infrastructure:** Downstream participant systems, Transaction Cost Analysis (TCA) platforms, and data vendor feeds are already architected to ingest and categorise trading mechanisms via Market Identifier Codes (MICs).
- **Differentiating Midpoint Orders from Iceberg Orders:** Utilising dedicated segment MICs allows market participants to cleanly isolate dark midpoint order executions sitting within a lit central order book without altering core trade-flagging logic or conflicting with reserve/iceberg order disclosures

Question 7: Do you agree with our proposal on back-reporting? If not, what would be your preferred approach?

No, EVIA disagrees with a rolling 3-year look-back proposal on back-reporting. Rather, it would be better either for no change in this aspect; or for a separate review; or were the FCA to implement rolling 1-year look-back period. Further, any such back-reporting rules should not capture any trades prior to new non-equity transparency regime coming into force.

While replacing an open-ended supervisory expectation with a time-bound standard provides conceptual regulatory clarity, a blanket three-year requirement introduces disproportionate operational complexity and escalating costs without delivering any tangible enhancement to market transparency or price discovery.

Should the FCA seek to further reform the approach to transparency, especially one which should apply to asset classes beyond cash equities, than a rigorous, evidence-based assessment should be undertaken separate from this targeted consultation. EVIA analysis and understanding is that historical post-trade transparency data experiences rapid informational decay immediately following execution. Consequently, retroactive corrections across extended multi-year horizons provide virtually no utility to market participants. Rather than imposing an arbitrary three-year window, the FCA should establish a maximum rolling one-year look-back period, subject to clear materiality thresholds, and ensure that no back-reporting obligations capture transactions executed prior to the entry into force of the relevant updated transparency regimes.

Clarification of Instrument Scope: We note that the proposal on back-reporting in paragraph 4.40 appears to extend wider than cash equities and also wider than any instruments subject to publication on a Consolidated Tape. We would be grateful if the FCA could clarify whether this proposal is intended to apply across non-equity asset classes, fixed income, and OTC derivatives, or whether its application remains strictly confined to equity instruments admitted to trading on a UK trading venue.

False Equivalence with Transaction Reporting: We consider that the assumption in paragraph 4.40 that aligning post-trade transparency back-reporting with transaction reporting timescales constitutes an inherent regulatory benefit is flawed. The two regimes serve

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fundamentally distinct supervisory objectives and are sustained by separate, non-overlapping technological architectures:

- **Architectural Divergence:** Post-trade transparency (unless under deferrals and waivers) is an instantaneous, real-time public dissemination requirement generated directly from upstream execution engines and front-office trading venues. Conversely, transaction reporting under Article 26 of UK MiFIR is an end-of-day capture ("T+1 process") regulatory surveillance mechanism populated from downstream middle- and back-office reporting hubs.
- **Data Complexity:** The data payload required for public transparency is concise and focused on execution pricing and size, whereas transaction reporting mandates granular, complex identifiers, client disclosures, and multi-layered execution chains.

Enforcing uniform historical look-back periods across disparate technology stacks ignores these structural realities and imposes severe, unnecessary operational burdens on market infrastructure providers and trading venues.

Materiality Thresholds and Evidentiary Deficit The dismissal in paragraph 4.39 of quantitative and qualitative criteria warrants formal reconsideration. Disproportionate operational friction inevitably results when firms are compelled to re-open closed accounting books to correct low-volume, immaterial reporting anomalies that exerted no distortive effect on overall market liquidity or price formation.

Back-reporting must instead be governed by a robust materiality framework:

- **Materiality Triggers:** Remediation should be confined to systemic failures involving significant aggregate volume or severe mispricing.
- **Evidentiary Support:** The public domain contains no empirical data—from APA exception logs or supervisory records—demonstrating that uncorrected historical post-trade records distort market functioning past the immediate trade date.
- **Data Consumer Reality:** Market participants who consume historical post-trade feeds confirm that data utility is heavily concentrated intraday and within immediate settlement cycles. The FCA has not demonstrated that historical data consumers require or utilise multi-year transparency adjustments.

Regulatory Boundaries, Dynamic Flags, and APA Specifications: High-volume wholesale trading venues operate within complex multi-jurisdictional trade chains involving APAs, introducing-brokers, together with downstream settlement, reporting and clearing facilities. Enforcing multi-year retrospective reporting may likely result in technological friction across regulatory change boundaries:

- **Dynamic Flag Generation:** Post-trade transparency flags are derived algorithmically at the point of publication; they are not maintained as static fields within core trade capture databases. When regulatory changes retire specific flags—as occurred with SIZE and ILQD indicators—firms dismantle the corresponding code infrastructure. Were this proposed approach to require firms to resurrect obsolete validation logic to back-report historical trades it could involve the stayed maintenance of parallel reporting schemas.

- **Role of APAs in Paragraph 4.42:** The provision excusing firms from back-reporting where an APA is technically incapable of accepting retired schemas is ambiguous and inappropriately shifts regulatory discretion onto APAs.
- **Reporting Standard at Point of Repair:** We understand that the embedded principle in CP 26/40 is such that back-reporting rules must never extend across historical regulatory boundary changes. In the exceptional event that an older transaction requires remediation, the regime must clarify the single schema approach or otherwise permit firms to submit data using the active fields, flags, and validation schemas operational at the time of remediation.

Operational Logistics; Consolidated Tape and Off-Market Batching: Operational reality dictates that data validation occurs predominantly at the initial point of publication:

- **CTP Scope:** For transactions subject to publication on a Consolidated Tape, back-reporting should adhere strictly to the standardised data-quality and error-correction frameworks adopted by the CTP.
- **Non-CTP Scope:** For instruments outside the CTP perimeter, regulatory expectations should focus exclusively on pre-dissemination validation and immediate post-trade error resolution.
- **Dissemination Mechanics:** Remediation of historical trade records must occur outside normal market trading hours via scheduled batch processing, avoiding the injection of legacy execution noise into live, real-time price discovery feeds. Same-day execution corrections should remain the sole exception permitted during active market hours.

Question 8: If public reporting were extended to cover certain equity swap activity, in what circumstances should this apply, and how should any such regime be designed to capture relevant addressable liquidity in a way that is legally clear, operationally workable and useful for market participants?

Public post-trade reporting should not be extended to equity swaps: We do not agree with the suggestion that trading activity associated with the underlying shares of an equity swap is unreported. Where an equity dealer internalises all or part of an order against its own inventory, the transactions through which those shares were acquired into inventory will already have been reported at the prevailing market price. Consequently, the underlying cash market activity is not absent from the transparency regime.

EVIA strongly cautions against extending public post-trade equity transparency to OTC equity swaps or other synthetic exposures. Synthetic equity derivatives are legally, structurally, and economically distinct from cash equities, serving bespoke financing, hedging, and portfolio management purposes. Imposing equity-style post-trade transparency under RTS 1 would create significant legal uncertainty, distort price discovery through double-counting, and disrupt established global reporting frameworks.

Furthermore, reporting synthetic transactions would not provide a more accurate representation of market liquidity or depth. Rather, it risks overstating the level of trading activity by effectively introducing an additional layer of reporting that is disconnected from the underlying price-forming transactions. This could create a misleading impression of market

depth and raise concerns among investors that reported volumes are being artificially inflated. In our view, such an outcome would be more likely to undermine, rather than enhance, investor confidence.

As set out in our response to CP25/20, and in accordance with a principles-based approach, we do not support extending reporting obligations to certain equity derivative trades which would represent a significant expansion in scope for equity trade reporting. We noted that that the manufactured reporting of hypothetical underlying component book transfers would reduce integrity, act as a deterrent to risk transfers, inflate reported activity, increase costs and complexity, and risk reducing the interpretability and consistency of any equity CT.

We also raised concerns that any such reporting requirements for synthetic equity exposure would not only further distance transparency from transaction reporting, but would distort the distinction between the equity transparency framework under RTS 1 and the non-equity transparency framework under RTS 2. It would further “gold-plate” the UK regime in a manner unhelpful to many of the objectives set out in the Edinburgh and Leeds reforms.

Reporting the price of an equity swap would not be reflective of the price of the underlying equity. The difference in the price reflects the costs, risks and balance sheet implications of providing synthetic exposure, and includes factors such as funding cost, expected dividends, stock borrowing and securities lending costs, counterparty credit risk, margin and collateral requirements, capital requirements and tax effects. Therefore, reporting the price of an equity swap as if it were the price of the underlying equity would be misleading for the purposes of equity price formation.

In short, the derivatives identifiers should be suitably fit for purpose, via the CFI templates or ISO taxonomy, for observers to adequately identify the components and therefore infer any scope of a complete hedging set, rather than trying to synthesise that component set and report the virtual trades.

Substantive Objections and Technical Safeguards

- **Blurring the RTS 1 and RTS 2 Regulatory Perimeter:** Cash equity transparency is governed by RTS 1, whereas derivatives transparency is regulated under RTS 2 and UK EMIR. Bringing synthetic equity exposures into RTS 1 would generate overlapping, contradictory reporting obligations and create severe operational friction for cross-border market participants.
- **The Fallacy of Virtual Liquidity and Double-Counting:** Equity swaps represent bilateral financing contracts, not addressable physical cash liquidity. When an executing broker hedges a swap transaction via the underlying cash equity market, that physical hedge is already reported in real time on a trading venue or via an APA. Requiring public reporting of the synthetic swap leg would publish duplicate trade reports for transactions referencing identical economic risk, misleading market participants as to true market depth.
- **Contractual Heterogeneity:** Unlike standardised cash shares, OTC equity swaps feature complex multi-asset basket structures, non-linear financing spreads, and continuous lifecycle events (e.g., resets, unwinds, and corporate action adjustments) that cannot be meaningfully compressed into cash equity post-trade flags.

- **Alternative Approaches and Mandatory Tagging:** If the FCA seeks enhanced transparency over constituent risk in portfolio swaps, it should leverage existing CFI encoding and the ANNA-DSB Basket Swap Template rather than engineering bespoke public reports. If post-trade transparency is mandated, the transaction must carry a physical transfer of economic interest and be assigned a dedicated trade flag to prevent synthetic noise from polluting the Consolidated Tape
 - Rather, should the FCA deem the components of any equity swap to be simply discoverable and capable of being modelled by reference to the CFI encoding and the applicable "Basket Swap Template" which, as indicated in the Array column, supports the entry of a number of Underlying Instrument ISINs to show the full set of constituent equities within the basket. The equities are listed without weighting information (see: <https://www.anna-dsb.com/equity-product-definition-documents/>)

RECORD TEMPLATE								
Section	Attribute	Format	Cat	Array	Example Value	Validation / Derivation	Enum Source	in UPI
Header Section	Asset Class	Set	M	N	Equity		CFI:2015 Char#2 (SE****)	Y
	Instrument Type	Set	M	N	Swap		CFI:2015 Char#1 (SE****)	Y
	Product	Set	M	N	Price_Return_Basic_Performance_Basket			Y
	Level	Set	M	N	InstRefDataReporting			Y
	Template Version	Integer	D	N	1M1			Y
Attribute Section	Notional Currency	Enum	M	N	EUR	ISOCurrencyCode (json)	ISO 4217 (3-Char CCY)	N
	Expiry Date	String	M	N	2023-11-02		RTS23/Field 24	N
	Underlying Instrument ISIN	String	C	Y	FR0000120222	Syntactic Validations (ISIN, OTHER)	RTS23/Field26	N
	Underlying Instrument Index Prop	String	C	Y	34810-JPOSTEDM		DSB Proprietary Index Enumeration	N
	Return or Payout Trigger	Enum	M	N	Total Return	(Price; Total Return; Other)	CFI:2015 Char#4 (SE****)	Y
	Delivery Type	Enum	M	N	CASH	(CASH; PHYS; OPTL)	ISO 20022 / CFI:2015 Char#6 (SE****)	Y
	Price Multiplier	Numeric	M	N	1	Positive values excluding 0	RTS23/Field 25	N
Identifier Section	ISIN	String	D	N	EZIT9H9B2FK4	ISIN	RTS23/Field1	Y
	Status	String	D	N	New			Y
	Status Reason	String	D	N	<null>	Not applicable to a New record		Y
	Last Update Date Time	DTm	D	N	2023-09-07T05:21:15	YYYY-MM-DDThh:mm:ss		Y
	Parent UPI	String	D	N	QZDXL66WTF3C	UPI	ISO 4914	N
Derived Section	Full Name	String	D	N	Equity Swap Price_Return_Basic_Performance_Basket Multiple ISINs EUR 20231102	See Derivation Rules	RTS23/Field2	N
	Classification Type	String	D	N	SEBTXC	See Derivation Rules	ISO 10962:2015	Y
	Commodity Derivative Indicator	String	D	N	FALSE	See Derivation document	RTS23/Field4	N
	Issuer or operator of the trading venue identifier	String	D	N	NA	See Derivation document	RTS23/Field5	N
	Short Name	String	D	N	NA/Swaps Bskt Tot Rtn EUR 20231102	See Derivation Rules	ISO 18774: 2015	Y
	Underlying Asset Type	String	D	N	Basket	Fixed value	CFI:2015 Char#3 (SEB****)	Y
	ISO Underlying Instrument Index	String	D	N	JPOSTEDM	See Derivation Rules	RTS23/Field28	N
	CFI	String	D	Y	(CFI Array)	See CFI Array Tab/Product Definition document	CFI:2015/CFI:2021	Y

- We note that the equivalent UPI templates currently only indicate that the underlier is a basket (through the name of the product) but do not contain the constituent ISINs in the make-up of the identifier's supporting data.

We still concur with the "Report once" approach and see no case for duplicative reporting of the synthetic exposure and again for the derivative itself. The comments across paragraphs 4.49 -/ 4.53 appear to seek to add complexity and duplication to a regime seeking exactly the opposite. Investment firms operating trading venues and arranging block trades would need to assess how any new transparency requirements interact with existing transaction reporting obligations, derivatives transparency requirements, consolidated tape reporting, and cross-border regulatory frameworks. There is a risk of duplicate reporting, inconsistent treatment across jurisdictions, and increased operational complexity for cross-border activity, especially where an equity exposure is created in one jurisdiction, hedged in another, and references securities admitted to trading in a third.

The same argument applies to tokenised trading. Rather, the tokens should have adequate and proper taxonomy and as is the case for derivatives, be subject to a proper and appropriate regime.

Question 9: Do you consider there to be a case for extending public reporting to tokenised forms of equity exposure and, if so, how should a technology-neutral approach apply across natively issued tokenised shares, digital receipt models and other forms of synthetic or fractionalised exposure?

No, we do not believe that duplicating reporting accords with a principles-led approach.

The same argument applies to tokenised trading. Rather, the tokens should have adequate and proper taxonomy and set of instrument templates and as is the case for derivatives, be subject to a proper and appropriate reporting regime.

Regulatory Categorisation Framework

- **Natively Issued Tokenised Shares:** Where a security is issued directly on distributed ledger technology but confers legal rights, ownership, dividends, and corporate entitlements identical to a conventional share, it should be considered under UK MiFIR RTS 1. Evidently, distributed ledger issuance should not be a leveraged avenue for regulatory arbitrage to bypass pre- and post-trade transparency rules.
- **Digital Receipts and Synthetic Exposure Models:** Tokenised models that merely track or replicate share price performance without conferring legal ownership should be classified as OTC derivatives or structured debt securities and regulated under RTS 2 and UK EMIR.
- **Treatment of Fractional Shares:** The FCA must establish clear rules regarding fractional equity exposures. Fractional shares do not confer statutory voting or membership rights and present complex corporate-action and reference-data hurdles (including ISIN and FIRDS registration) that require distinct supervisory guidance.
- **Classification Safeguards:** The regulatory boundary must be drawn clearly to prevent tokenised equity instruments from being miscategorised as Exchange Traded Commodities (ETCs) or Exchange Traded Notes (ETNs), which would inappropriately remove them from the equity post-trade transparency perimeter.

Question 10: Do you agree with our proposal to require equity SIs to publish quotes indicating the price and volume at which they are prepared generally to buy and sell up to and including SMS, and to amend aspects of the pricing framework that may encourage more formulaic quotes? If not, what alternative approach would better support meaningful pre-trade transparency?

While EVIA primarily represents multilateral wholesale trading venues and intermediaries rather than proprietary Systematic Internalisers, we support the policy objective of ensuring that published quotes represent genuine, actionable liquidity rather than formulaic tracking of lit venue BBOs.

We note that it follows from our answers to questions 26, 27 in response to CP 25/20 that we broadly concur with the proposals set out by the FCA in paragraphs 4.12 / 4.135. We would recommend that the SMS threshold is made equivalent to LiS so that venues and SIs are operating on a level playing field.

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We concur with the FCA's analysis regarding SIs trading on-risk and undertaking supervisory work to make sure of this.

We underline the policy objective should be to better align the transparency outcomes for both SI and "xBoEx" pre-trade transparency with those on-venue and under the suite of applicable waivers.

Question 11: Do you agree with our proposal to revoke UK MiFID RTS 8 in its entirety for algorithmic trading firms? If not, what element of the requirements should be retained or amended, and why?

Yes, we agree with the revocation of RTS8 in its entirety, together with the reasons set out in paragraphs 5.7/-/ 5.13.

We understand that none of the member firm MTFs hold out any formalised market making schemes with relevant algorithmic trading firms. This measure therefore adds some consistency across different classes of trading venues.

We also note that the forward-looking role of AI and associated agentic-agents may begin to draw a blurred line around any definition of algorithmic trading.

Ch6 – Market Functioning & Resilience

Question 12: Do you agree that we should consider developing further guidance for consolidated tape providers on how they should prepare for and respond to outages? If so, what issues should such guidance cover, and how should it differ from the proposed guidance for trading venues?

Regarding the proposed guidance for trading venues

Yes we broadly agree with the position put forward in Chapter 6 and are supportive of the proposed new MAR 16 Chapter as being non-asset-class specific. The lift-and-shift of rules down to the FCA Handbook, combined with an evolving approach to make the Handbook guidance more agile and cross-referenced provides the scope for an opportunity to develop further guidance in a manner not previously as accommodating. Furthermore, we note that operational resilience themed work around cyber-risk vulnerabilities together with common outsourcing dependencies has evolved considerably in recent years.

Taken together, we fully support the comments around risk mapping and a principles-based resilience framework made in paragraphs 6.8 /-/ 6.22. Evidently our members are particularly attentive to the requirements under MAR 5 and MAR 5A together with disclosure requirements and the content of an "outage playbook" in this regard. We also underscore the ongoing framework discussions hosted by the FCA's "TACIG" group.

We note that paragraph 6.23 cites the application of MAR 5A.5 to OTFs in the context of a consultation on equity market structure whereby equities, other than derivatives thereon, still

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remain outside the ambit of the OTF perimeter in the UK. We again urge the FCA to remove this limitation.

We also note that to date, FCA work and engagement on trading venue resilience has been almost entirely predicated solely on equities. This was demonstrated in the prescribed work at the level of the SMAC in recent years. We therefore caution that any approaches taken in MAR16 should either be restricted to principles or should turn on more detailed thematic “fieldwork” across the asset classes of fixed income, structured products, derivatives⁴, commodities and FX.

We are pleased to observe that the guidance focuses in particular on disclosure, which we consider to be the foundation of a principles-led approach and which therefore directly turns a focus onto communication protocols and channels. We therefore support the scope of required arrangements set out in Paragraph 6.29. We note the uptake of the [Fix Org standards for outage communications](#)⁵, and therefore consider that any subsumption of such industry protocols into the FCA Handbook should be made with adequate gap analysis,

Regarding the proposed guidance for consolidated tape providers

We cannot identify any high-level gaps to an approach for guidance to the CTP in contrast to that for either trading venues or indeed any intermediating APA. As a central market utility, a CTP outage poses systemic risks to market-wide visibility. However, CTP guidance must reflect its role as a data aggregator rather than an execution venue.

Evidently certain asset classes embody the concept of “primary venues” which may be built into plans for trading venues in a manner not appropriate for FMI and the post-trade processes, yet the underpinning principles for substitution where appropriate can remain consistent.

Recommended CTP Outage Standards

- **Machine-Readable Outage Communications:** CTP outage protocols should adopt the technology-neutral, machine-readable communication standards established by the FIX Trading Community, defining status, scope, affected asset classes, and anticipated recovery intervals.
- **Pre-Trade vs. Post-Trade Recovery Rules:** During an outage recovery, the CTP must not be required to replay queued historical pre-trade data. Ingesting millions of stale pre-trade quotes degrades CTP throughput and delays the resumption of live streaming. In contrast, historical post-trade transaction records must be recovered via structured batch updates outside active trading hours.

⁴ Including derivatives on cryptoassets

⁵ On 30 June 2026 FIX Protocol [released a new methodology for exchanges and market participants to automatically communicate outages electronically](#)

Question 13: Do you agree with the guidance for trading venues to publish an outage playbook on their website that sets out what and how the venue would communicate in the event of an outage?

Yes we agree with a requirement for trading venues to publish an outage playbook on their website setting out clear communication and recovery protocols, and with the high-level scope set out paragraph 6.32. To accommodate diverse venue operating models, the FCA should establish high-level core principles that allow venues to adopt a comply-or-explain approach tailored to their specific system architectures

We would add two caveats:

1. The approach set out, as per SMAC discussions to date remains essentially focused on cash-equities, as indeed do the Fix Org Recommended Practices. Yet, the foreseen asset class scope in the new MAR 16 Chapter is to be much wider. It may be the case that any MAR 16 “good playbook guidance” should be tailored to asset class and expected at Segment-MIC granularity. Outage playbook standards must not apply a uniform cash-equity template across wholesale debt, derivatives, and hybrid execution facilities. Guidance under the new MAR 16 Chapter must be calibrated to specific asset classes and operate at Segment-MIC granularity
2. One impact of the new MAR 16 Chapter shall be to draw an even brighter line on the multilateral trading-venue perimeter. We note that since the publication of [PS23/11: Guidance on the trading venue perimeter | FCA](#)⁶ in July 2023 that scant attention has been paid to this and the component populations remain largely unchanged.

We broadly agree with the position put forward in Chapter 6 and are supportive of the proposed new MAR 16 Chapter as being non-asset-class specific. The lift-and-shift of rules down to the FCA Handbook, combined with an evolving approach to make the Handbook guidance more agile and cross-referenced provides the scope for an opportunity to develop further guidance in a manner not previously as accommodating. Furthermore, we note that operational resilience themed work around cyber-risk vulnerabilities together with common outsourcing dependencies has evolved considerably in recent years.

Taken together, we fully support the comments around risk mapping and a principles-based resilience framework made in paragraphs 6.8 /-/ 6.22. Evidently our members are particularly attentive to the requirements under MAR 5 and MAR 5A together with disclosure requirements and the content of an “outage playbook” in this regard. We also underscore the ongoing framework discussions hosted by the FCA’s “TACIG” group.

We note that paragraph 6.23 cites the application of MAR 5A.5 to OTFs in the context of a consultation on equity market structure whereby equities, other than derivatives thereon, still

1. ⁶ <https://www.fca.org.uk/publications/policy-statements/ps23-11-guidance-trading-venue-perimeter>

remain outside the ambit of the OTF perimeter in the UK. We again urge the FCA to remove this limitation.

We also note that to date, FCA work and engagement on trading venue resilience has been almost entirely predicated solely on equities. This was demonstrated in the prescribed work at the level of the SMAC in recent years. We therefore caution that any approaches taken in MAR16 should either be restricted to principles or should turn on more detailed thematic “fieldwork” across the asset classes of fixed income, structured products, derivatives⁷, commodities and FX.

We are pleased to observe that the guidance focuses in particular on disclosure, which we consider to be the foundation of a principles-led approach and which therefore directly turns a focus onto communication protocols and channels. We therefore support the scope of required arrangements set out in Paragraph 6.29. We note the uptake of the Fix Org standards for outage communications, and therefore consider that any subsumption of such industry protocols into the FCA Handbook should be made with adequate gap analysis,

Question 14: Do you agree with the proposed content of the outage playbook? If not, why not?

Yes we agree with a requirement for trading venues to publish an outage playbook on their website, and with the high-level scope set out paragraph 6.32.

We would add two caveats:

1. The approach set out, as per SMAC discussions to date remains essentially focused on cash-equities; yet the foreseen scope in the new MAR 16 Chapter is to be much wider. It may be the case that any MAR 16 “good playbook guidance” should be tailored to asset class and expected at Segment-MIC granularity.
2. One impact of the new MAR 16 Chapter shall be to draw an even brighter line on the multilateral trading-venue perimeter. We note that since the publication of [PS23/11: Guidance on the trading venue perimeter | FCA](#)⁸ in July 2023 that scant attention has been paid to this and the component populations remain largely unchanged.

Question 15: Do you agree with the above additional guidance in relation to communication plans? If not, why not?

Yes, EVIA broadly agrees with the proposed guidance in MAR 16.16 which covers communications during a disruptive incident. It may be further helpful if the FCA were to draw

⁷ Including derivatives on cryptoassets

2. ⁸ <https://www.fca.org.uk/publications/policy-statements/ps23-11-guidance-trading-venue-perimeter>

out the core principles underpinning the guidance such that disparate use-cases can take a comply-or-explain approach to implementation.

One area that stands out for further guidance, and one for which firm rules are inappropriate is the treatment of threshold conditions between impaired operating conditions and the establishment of any formalised state of “outage”. Evidently spectrums exist across multiple axes of operational norms. It has often been noted that third parties or market participants bring the state of an outage to the attention of a trading venue, or conversely, an impairment may concern only marginal functionalities, post-trade aspects or specific instruments, tools, modes or phases.

The challenges for third-party and cross-border adherence to any trading venue outage playbook should be considered. Marginal outages may exist only in third-party suppliers of input technology (*Fidessa, Ion, etc.*) or downstream agent price-matching screens, technologies or execution management systems (EMS) (*C-screen, Trayport, Trading Technologies*) who may hold a remote client-base of market participants. Given this very wide heterogeneity of instances, we underscore that any threshold for outage protocols to be triggered must be proportional and case-specific. Therefore it follows that the regulatory treatment can only be broadly drawn and principles-based.

We note that consideration may be given to a discrete outage in a nominated APA downstream of the trading venue. We also note that in some instances where the trading venue outage may also extend across wider systems, that any communications plan may need to cater for third-party transmission.

Where an outage is consequent to a critical third-party supplier common to other platforms, there may be a case for FCA guidance to require disclosure in order to prevent contagion and enable considerations of alternate arrangements.

Question 16: Do you agree with the additional guidance in relation to order handling? If not, why not?

Yes, EVIA agrees with the proposed guidance in MAR 16.17 in relation to order handling.

Clarifications

- **Standardised Protocol Alerting:** Communication plans should leverage machine-readable status feeds alongside web notifications, enabling automated order-routing systems to initiate pre-configured risk procedures immediately.
- **Handling Open Quotes and Indicative Streams:** Guidance must clarify the treatment of outstanding indicative quotes, RFQ streams, and conditional orders broadcast by venues at the moment of failure. Unambiguous cancellation protocols are necessary to prevent stale signals from generating unconfirmed executions or pricing errors across secondary venues.

Question 17: What factors, in your view, limit or prevent liquidity from moving to other trading venues during an outage affecting a primary market, and the continuation of effective price formation on those venues?

EVIA opposes the introduction of rigid, mandatory timeframes for confirming unexecuted orders or transitioning liquidity during primary market outages. Outage scenarios are highly unpredictable, and fixed regulatory clocks introduce severe operational and legal risks.

Efficient migration of trading interests and broader liquidity to alternative venues or to other facilities or across to OTC arrangements in the event of an outage is clearly a desirable policy outcome, yet highly specific to the incident instances and the asset-classes in question. Clearly across trade arrangement and execution chains matters around contractual, relationship, habitual, herding and technical capabilities will constrain responses to outages.

Therefore the absence of FCA specific guidance in this area at this stage is entirely reasonable, and it may be preferable to set out relevant principles concerning the establishment and testing of contingent arrangements by firms, together with the prompt suspension of any relevant aspects of MAR such as the availability of relevant waivers, the DTO, CO, transparency rules or execution policy adherence.

Market Dynamics and Systemic Barriers

- **The "No Man's Land" Effect:** When a primary exchange halts, market participants face acute uncertainty regarding the status of outstanding orders and the "last good trade". Automated algorithms immediately retract liquidity across alternative venues due to the absence of reliable reference prices, widening bid-offer spreads across the broader ecosystem.
- **Order Status Uncertainty:** Market participants cannot safely re-route order flow to secondary venues until the primary venue confirms the cancellation or execution status of open orders. Forcing an artificial deadline risks duplicate fills and unhedged market exposures.
- **Participant Discretion:** The decision to transition liquidity must remain an individual commercial and risk-management decision for executing firms rather than a statutory mandate

Question 18: Do you have any views on setting a definite timeframe for confirming orders, followed by a specific period to transition to alternative arrangements for the purpose of ensuring liquidity becomes available on alternative venues when there is an outage on the primary market? Please explain.

The timeframes for either the confirmation of orders or transitioning liquidity to alternative venues are likely best placed in a principles-based approach for preferred outcomes. Any such should likely be coached inside the communications protocols rather than seeking definite and deadline-based outcomes for a global population of heterogeneous market participants who may also be experiencing related impacts of the outage as constraining matters.

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Foremost here is the establishment of trade-state across pre-existing orders and interests. The FCA should also pre-emptively act to clarify its expectations as to whether contingent agreements to trade, partial fills, and trades still subject to core-economic terms, and to clearing or settlement finality are subject to trade status confirmation and how that should proceed.

Question 19: Do you have any views on how to best facilitate the continuation of trading during an outage on the primary market? Please explain.

Evidently the removal of the STO in the UK, along with the change to the RPW and availability of pre-trade data on the CTP remove many obstacles to usage of alternative venues, facilities or as OTC.

We would urge that the FCA also work with the buy-side to make them comfortable with the trading during a market outage rather than completely withdrawing from the trading venue; thus clarifying in such instances the expected treatment of Best-Ex during outages.

The FCA could also work with trading venues on ensuring reference prices excluding primary are robust and accepted by the buy-side. The most effective way to support trading continuity is to implement standardised, machine-readable incident communications and establish transparent fallback reference pricing.

We suppose the more critical consideration here would be the recreation of VWAPs, fixings, windows, closing auctions and relevant specified settlement prices. Proactive contractual and mitigating work could be undertaken to ensure the maintenance of the provision of relevant prices where normal trading facilities are suffering an outage. This could be achieved in a variety of ways, but all likely benefitting from stress-testing in advance.

Further Recommendations

- **Adopting FIX Outage Messaging Standards:** The FCA should endorse the industry-wide, technology-neutral communication standards developed by the FIX Trading Community. Delivering standardised electronic messages detailing incident lifecycle status, affected Segment-MICs, and order-book status enables automated systems to react rapidly and objectively.
- **Role of the CTP as an Information Utility:** In the event that a primary market suffers a catastrophic infrastructure failure that impairs its external communications, the Consolidated Tape Provider can serve as a vital secondary distribution channel by broadcasting an objective "matching system halted" status flag to all subscribers.

Question 20: Do you agree that venues should establish and disclose the arrangements that would apply where an outage may affect the determination of an official closing price, including the use of alternative arrangements and any pre-determined fallback arrangements? If not, why not?

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Yes we agree with the additional guidance in relation to outages and closing prices, which is reflected in MAR 16.18. EVIA agrees that trading venues must establish and publish clear, pre-determined fallback methodologies for determining official closing prices when primary closing auctions fail. Given the systemic importance of closing prices for mutual fund valuations, index calculations, and derivative settlements, these fallback frameworks should not be left entirely to the unilateral discretion of individual market operators

Tiered Fallback Hierarchies: As alluded to in our answer to question 19, the establishment of relevant pricing, not only closing prices (and mindful of the moves to 24-hour markets by RMs in a manner long established by OTFs and MTFs), may be achieved in a number of ways as judged appropriate by the trading venue rules, or as derived from some effectual “waterfall” approach long demonstrated under BMR. These may include redirecting price references elsewhere, or the establishment of synthetic prices, or reliance on a fallback mechanism. Fallback methodologies should follow a predictable, transparent hierarchy (e.g., volume-weighted average continuous prices over a defined pre-outage window, secondary venue continuous prices, or the last verified traded price), minimising arbitrary manual intervention.

Again the core issue here is the establishment of principles in the first instance, then the layering of central supervisory governance to lay the basis for industry then building out adherent playbooks and testing, and the effective communication of the approach under any instance of an event.

Question 21: *Where the official closing price would normally be determined through a closing auction, do you agree that venues should have clearly defined alternative arrangements to support the continuation of an auction-based price formation process during an outage? If not, why not?*

We agree that trading venues should have clearly defined alternative arrangements which adhere to established principles. We do not agree that MAR 6 should prescribe these in detail.

We note again that the scope and intent of CP26/30, most especially for Chapter 6, keeps oscillating between cash equities, UK equity RIEs and wider MiFIR instruments and venues in a poorly set out intention of application. Rather, MAR 6 should have reflected a discrete segmentation for CP26/30 Chapter 6 as a specific consideration for RIEs and for CLOB based markets separate to the broad principles and separate to the wider scope of UK MiFIR. CP26/30 could have discussed wider markets in a Chapter 7 or preferably in a consultation not dedicated to Equity Market Structure.

Question 22: *Do you agree that venues should have a pre-determined fallback methodology for establishing the official closing price where the closing auction cannot proceed or would not be appropriate? If not, why not?*

No, we do not agree that venues should have a pre-determined fallback methodology for establishing the official closing price where the closing auction cannot proceed. We think this

would contravene a “*comply or explain*,” principle of approach as well as the “*defer rules down to trading venues*,” principle of approach under recent UK reform directions.

In the context of MTFs admitting cash-equities, evidently there is a substantive reliance on the reference rate facets of the primary UK equities trading venue, including the closing auction. It is therefore important that certainty is afforded for the prompt establishment of prices such as the official closing price. However the procedures towards the establishment of this price may be multiple inside any segment-MIC and may vary between trading venues as appropriate or subject to periodic rules governance review.

Rather venues should consider the suitability of their approaches across their segment-MICs and also across their established trading phases or modes to effect proportionate resilience in the context of the markets admitted to trading and the wider environment.

In particular we refer to comments in response to question 21 as to the intended scope and effect of CP26/30 across trading venues subject to UK MiFIR by dint of the poorly set out and confusing intention of application between RIEs and other trading venues.

Ch7 - Retail

Question 23: Do you consider there to be any issues with the structure and recent trend in the market for retail trading in UK equities? If so, please explain.

No comment on retail.

Question 24: What are your views as to potentially introducing a retail flag? Please give reasons as to why you would support or are against its introduction.

No comment on retail.