APARMA submission to ESMA's MiFIR Review CP 4

APARMA submitted the following responses to ESMA's consultation on transparency for derivatives, package orders and input/output for the derivatives consolidated tape in July 2025.

Q2 Do you agree with the proposed amendments to Table 2 (fields) and Table 3 (flags) of Annex II of RTS 2? Please explain.

APARMA notes that Commission Delegated Regulation (EU) 2025/1003 is clear that, for the purpose of transparency reporting, UPI, supplemented with effective and expiry dates, is to be used to identify interest rate and credit derivatives (point 38). In contrast we consider that the reference in this consultation to a "revised ISIN" creates confusion and removes the clarity provided in the Delegated Act. APARMA remain supportive of the move to UPI

Q4 Do you agree with the general approach described above?

We agree with ESMA's chosen approach to FITRS in point 70.

Regarding implementation timescales APARMA notes that an implementation time allowance of 6 months is not sufficient.
APARMA further notes that given the implementation of OTC transparency and deferrals should be aligned with the implementation of the OTC Derivatives CTP, it follows that a 6-month implementation period is unnecessarily short given other dependencies. The Commission themselves suggest an OTC Derivative CTP launch date is dependent on the deployment of UPI as a means of identification. Specifically, as per Commission Delegated Regulation (EU) 2025/1003, UPI is only available from 1 September 2026 and, according to Article 27da of MiFIR, ESMA will then initiate the derivative selection procedure within 3 months. This takes the plan to at least 1 December 2026 followed by a 6 month selection procedure. Therefore, 1 June 2027 is probably the earliest implementation deadline or later given the considerable operational transitional period of the selected OTC derivative CTP. As a result of the dependency on the change of derivative identifier it is unnecessary to call for a 6-month implementation time period.

Q19 Do you have suggestions on the way to implement the volume masking in the post-trade reports, including the application of flags?

APARMA members believe that the absence of volume on a publication is equally as clear to a data consumer as publishing a masked volume, or publication with an identifying flag such as "VOLO". APARMA members' recommendation would be a blank / omitted field only, or the blank / omitted field combined with a "VOLO" flag.

We note that the proposed changes to RTS 2 for bonds, which include a similar volume omission and full publication structure for Category 3 and 4 bond deferrals, do not indicate the expected use of "VOLO" and "FULV" flags. As such, the expected precedent for the bond's regime is that both the interim and final publications will be made with a "LLF3" and "LIF4" flag (as appropriate to the instrument) and the only difference between the two publications is the presence or otherwise of volume information.

Separately, APARMA members note that Tables 60 and 62 in some cases appear inconsistent with the draft Regulatory Technical Standards.

According to the draft Article 9(2) and associated tables in Annex III, no more than two publications are made for a given transaction: a full publication in all cases and, in many cases, a publication with omitted volume. By contrast, Tables 60 and 62 appear to suggest that three publications would be made in some scenarios, in a manner which does not appear to demonstrate sufficient added value to a data consumer to justify the added complexity for a data contributor.

For example:

For a 5Y on-the-run CDS on iTraxx Europe Senior Financials with trade size EUR 100,000,000, the following three publications are indicated in Table 62:

1. After 15 minutes, all details apart from volume are published. It is therefore known that the quantity is greater than EUR 50,000,000.

2. At T+1 week, the same report is published, with either a blank volume or masked volume. In either case no more information is made public than in the first publication.

3. At T+2 weeks, the full report is published, with actual volume.

By contrast, Article 9(1)(c)(i) and Article 9(2)(c) indicate that only publications 1 and 3 are expected. APARMA members' view is that the two publications indicated in the draft RTS would achieve the same level of transparency to the market but with lower complexity of implementation.

Q23 Do you agree with the proposals on core market data for OTC derivatives?

The procedures and proposals for the use of Suspicious trade flags needs to be elaborated to make clear what happens when the consolidated tape provider (CTP) declares a trade suspicious when it is in fact a valid and fully accurate trade report.
APARMA agrees with ESMA's approach to new timestamps output fields. However, we note that it is important that these timestamp fields are always aligned across all CTPs and their associated input/output data requirements.

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About APARMA
The APA Association, APARMA, represents common APA interests on regulations and laws impacting APA businesses in the EU and UK and the associated supervisory framework to ensure efficient dialogue with regulatory policymakers. APARMA focuses on developing and supporting the adoption of best practices with the common aim of improving industry data quality. APARMA aims to assist authorities and regulators with advice on practicalities related to implementing laws and rules, bearing in mind the practicalities of the data sets involved. Its six members are affiliates of Bloomberg, Cboe Europe, London Stock Exchange, MarketAxess, Nasdaq Nordic and Tradeweb Markets.

david.bullen@aparma.org www.aparma.org
C/o MarketAxess Post Trade Services BV
Herengracht 280, 1016 BX Amsterdam, Netherlands