

## **BVI position on the Market Integration Package - Proposals on Trading and Post-trading**

The BVI<sup>1</sup> gladly takes the opportunity to present its views on the Market Integration Package regarding market infrastructure.

The European Commission adopted a comprehensive Market Integration Package of measures designed to remove barriers and unlock the full potential of the EU single market for financial services as a part of savings and investment union (SIU) strategy. This package is deemed to be of crucial importance in creating a more integrated, efficient, and competitive financial system.

Our observations regarding market infrastructure at this stage are premised on four main issues:

### **1. Consolidated Tape**

- a) We welcome the introduction of the five best buying and selling prices stipulated in Article 36b (a) (i) of MIFIR, included in the Market Integration Package, along with the volumes available at those prices and the indication of the individual trading venue where those volumes are available. Pre-trade transparency on a consolidated tape will promote fairness, efficiency, and integrity within EU equity markets. The provision of five levels of data enhances price discovery and potential growth of EU market by detailing available liquidity. Typically, five levels of market depth are typically pertinent for less liquid stocks characterised by large bid/offer spreads or for specific investment strategies necessitating high-touch execution, dynamic order placement, and limit prices. Understanding market depth empowers traders to develop more informed strategies and effectively execute orders.
- b) Furthermore, BVI deems important the creation of the European All Shares Index Family (EUASIF). This initiative involves developing a range of indices to cover various aspects of the EU equity capital markets.<sup>2</sup> The envisaged contribution of the CTs to the visibility and transparency of the EU Capital Markets Union for investors could be significantly bolstered by the CTP making available an accompanying index family detailing various regions, sectors of the EU listed shares world. This enhancement could be achieved by adding in Art 2 (1) (36b) (viii) MIFIR the obligation of the Equity and ETF Consolidated Tape Provider (CTP) to create, offer and publish the European All Shares Index Family as a free or low-cost data product to the market participants. The idea seeks to remove geographical labels in capital markets that negatively impact smaller and newer EU member states.
- c) We welcome the disclosure of SI quoting behaviour within an equity CT in Art 2 (1) (36b) MiFIR as such transparency would contribute to improved price formation. In turn, this would promote better outcomes for clients and foster greater competition across trading venues. Moreover, the

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<sup>1</sup> BVI represents the interests of the German fund industry at national and international level. The association promotes sensible regulation of the fund business as well as fair competition vis-à-vis policy makers and regulators. Asset managers act as trustees in the sole interest of the investor and are subject to strict regulation. Funds match funding investors and the capital demands of companies and governments, thus fulfilling an important macro-economic function. BVI's 114 members manage assets of EUR 4.8 trillion for retail investors, insurance companies, pension and retirement schemes, banks, churches and foundations. With a share of 26%, Germany represents the largest fund market in the EU. BVI's ID number in the EU Transparency Register is 96816064173-47. For more information, please visit [www.bvi.de/en](http://www.bvi.de/en).

<sup>2</sup> For details, please see: [https://www.bvi.de/fileadmin/user\\_upload/letter/2025/022025/2025-01-21\\_BVI\\_Indexfamily.pdf](https://www.bvi.de/fileadmin/user_upload/letter/2025/022025/2025-01-21_BVI_Indexfamily.pdf)



inclusion of SI quotes would render the CT more comprehensive and, consequently, more valuable. Broader adoption would further reinforce its function as a central reference point for European equity markets.

- d) BVI suggests amending the individual selection criteria mentioned in Article 27da MiFIR. It is critical that the CTs are legally and factually equipped to navigate through data quality improvements, expansion of user base, evolving technology, and regulatory changes. We therefore suggest detailing more the CTP governance model than it is currently the case. We therefore suggest a governance model along the following lines:
- The CT should be governed in such a way that it reflects the interests of all stakeholders (data contributors and users).
  - Broad representation on a dedicated governance body/board, including data users (buy-side, sell-side and other users), data contributors, and vendors.
  - Advisory body/board representation should be proportionate, i.e. no segment dominates (different communities such as data contributors and data users have equal voting rights).
  - A permanent voting rights representation for EC and ESMA.
  - The advisory body/board should have voting rights on decisions relating to:
    1. Pricing policies/fees,
    2. Revenue sharing scheme (if applicable),
    3. Simple, easy to use licensing policies,
    4. Data content, standardisation,
    5. Data quality,
    6. Speed and connectivity,
    7. Futureproof the tape- it needs to continue to meet market demand to grow.
  - A robust Conflict of Interest Policy should be supporting the governance scheme.

## **2. Volume weighted closing price**

We support in principle the dissemination of the volume-weighted closing price as stipulated in Article (36b) (a) (iiia) of MiFIR, included in the Market Integration Package, which results from the closing auctions of all trading venues, through the provider of the CT for shares and ETFs. However, we are concerned that implementing the volume-weighted closing price (VWCP) will be difficult in practice, particularly for trading purposes.

## **3. Open access to the services of a CCP**

We generally agree with the proposal to modify the requirements on open access to the services of a CCP in Art 35 MiFIR. Such an amendment will ensure that market participants can opt for their preferred trading and clearing arrangements.



#### 4. MiCAR and DLT Pilot Regime

- a) **MiCAR (Regulation (EU) 2023/1114):** We reject the proposed amendment to Art. 3 (1) point (25) letter c), which places Crypto-Asset Service Provider (CASPs) under direct ESMA supervision. Many NCAs, not just BaFin, are sufficiently staffed and technically capable of fulfilling their supervisory duties, even when it comes to new areas such as crypto assets and related market infrastructures. If individual NCAs do indeed have supervisory implementation deficits, these should be addressed. However, extending supervisory authority to ESMA seems excessive, especially since ESMA will also face initial challenges, as ESMA would first have to build up the necessary expertise and capabilities for this new supervisory mandate. There is a risk that such a transition in supervisory competency will lead to friction, delaying the licensing processes for CASPs and thus hindering the development of the European crypto asset market, which would ultimately put it at a disadvantage in global competition.
- b) **DLT Pilot Regime (Regulation (EU) 2022/858):** The proposed amendment to Art. 3 (1) removes the market cap/issuance size restrictions for listed shares, bonds and fund shares, while at the same time significantly raising the operator cap, both of which are very positive developments. Further, we believe that the introduction of a lower-threshold simplified regime in Art. 7a will be helpful for the development of DLT market infrastructures.
- c) We also support the DLT market infrastructure operators' call for a “fast track” to changes in the DLT Pilot Regime in order to keep European providers competitive in the global market and promote the development of tokenized financial instruments within the EU. It must be acknowledged that the current regime, with its restrictions, has not been able to achieve sufficient market acceptance on the buy side.

#### 5. CSDR

We welcome the amendments to the CSDR, which are intended to ensure that all definitions, concepts and requirements are also compatible with DLT. However, in order to make the CSDR fully compatible, we believe it is necessary to also recognize EMTs (Electronic Money Tokens: stablecoins according to MiCA) as a means of payment.

While we see a strong push to update CSDR to include DLT-based services, the targeted technology neutrality should be applied both ways. While CSDR opens up to DLT, the same should be true for entities operating outside CSDs but providing identical services, those assets should not be discriminated against. Over the longer term we see a need to amend Article 3(2) of CSDR to remove the monopoly of CSD registered securities for use in financial and central bank collateral, and on-venue trading eligibility.