HM TREASURY WHOLESALE MARKETS REVIEW

UK FINANCE RESPONSE

September 2021

Linklaters

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UK Finance response to HM Treasury's Wholesale Markets Review

Executive Summary

UK Finance welcomes the opportunity to respond to HM Treasury's Wholesale Markets Review. This important initiative presents a unique opportunity to work with our members and UK authorities on the reform and evolution of the UK's capital and wholesale markets regime.

We believe the reforms set out within the review paper alongside the proposals detailed in our response should collectively contribute to a more efficient, agile and open regime for businesses operating in the UK wholesale and capital markets space.

Moreover, this component of regulatory reform should contribute to our broader objective of enhancing UK competitiveness where UK Finance shares HM Treasury's ambition.

The UK played an instrumental role in the design of the MiFID II framework, and whilst capital markets have been strengthened because of its rules and proved resilient during the recent Covid-19 pandemic, there are however areas which would benefit from review and reform. Recognising the significant cost and operational complexities UK Finance members underwent to implement MiFID II, this submission supports and proposes targeted changes which seek to address the recently onshored and inherited UK MiFID/R rules. In this context, our response puts forward recommendations to address the areas of MiFID/R which did not in practice achieve the policy objectives they sought to attain.

We support many of the proposals put forward by HM Treasury such as the removal of the share trading obligation (STO) and the removal of the double volume cap (DVC), which will help to achieve greater competition and support an open UK capital markets regime. We stress in our response that the overriding focus of any changes should be delivering optimal market outcomes for clients, upholding best execution, and ensuring investor protection.

We also put forward suggestions which we believe would help to remove complexity and promote meaningful transparency. For example, with regards to post trade reporting obligations we propose the decoupling of post trade reporting obligations from SI status, and instead creating a new 'super reporter' status, for which firms can register in order to report on behalf of their clients. To aid simplicity, we propose leveraging an existing industry database to house the register of entities that elect to be a super reporter for particular asset classes. With regards to the reporting hierarchy, we suggest that (i) if a super reporter transacts with a non-super reporter, the super reporter reports, (ii) if two super reporters transact, then the seller reports, and similarly (iii) if two non-super reporters transact, then the seller reports. This solution ensures there is greater clarity for clients and firms.

A summary of our key recommendations can be found in the table overleaf, followed by our response to the consultation questions.

This response was collated with the assistance of Linklaters LLP and UK Finance members.

We thank you in advance for your consideration and would be happy to discuss any component of our response. We remain committed to assisting policymakers in the reform of UK wholesale and capital markets.

Kind regards,

Conor Lawlor
Director, Capital Markets and Wholesale

Peter Bevan
Partner, Linklaters LLP

HM Treasury Wholesale Markets Review	UK Finance key recommendations
Considers clarifying the regulatory perimeter	• UK Finance members believe the current perimeter, which recognises that multiple types of trading venue can co-exist with other service providers falling outside the trading venue perimeter, works well and delivers efficient execution outcomes to investors and promotes competition.
Considers removing requirements that limit firms' ability to access the most liquid pools of capital where they can get the best outcomes for investors	• UK Finance members welcome HM Treasury's proposal to remove the share trading obligation. • UK Finance members welcome HM Treasury's proposal to remove the double volume cap.
Considers amendments to the systematic internaliser regime	• The current regime for SIs is overly complex and not fit for purpose. UK Finance members recommend reverting to a qualitative definition of SI activity on an asset class basis. • UK Finance members recommend the high-level principles to be included in primary legislation and empowering the FCA to provide detailed guidance on the interpretation of the definition per asset class. • UK Finance members recommend decoupling post trade reporting obligations from SI status and propose the creation of a super reporter status, to be held on a database. • Regarding the tick size regime, UK Finance members would urge HM Treasury to permit execution at the mid-point at any trade size, in order to ensure that clients can access the most competitive execution prices regardless of trade size. • UK Finance members urge HM Treasury to preserve the role of SIs as liquidity providers in fostering innovation and ensuring that investors trading in the UK markets can access a diverse choice of execution venues.
Considers how the transparency regime for fixed income and derivatives markets can be recalibrated to ensure it is proportionate to the characteristics of these markets	• UK Finance members support HM Treasury's proposals to bring the scope of the DTO in line with the scope of the clearing obligation, such that the DTO should always be a subset of the clearing obligation. • UK Finance members support HM Treasury's proposal to give the FCA powers to modify or suspend the UK DTO quickly following consultation with HM Treasury. • UK Finance members are supportive of HM Treasury's proposals to remove pre-trade transparency requirements, across all non-equity asset classes, for SIs and RFQ venues (subject to giving further consideration to "all to all" RFQ venues). • Regarding post-trade transparency, UK Finance members recommend a review of the scope and the applicability of post-trade reporting to ensure only truly liquid instruments, if any, should be in scope. UK Finance members are keen to work closely with HM Treasury on any proposals.
Considers amendments to the market data regime, to ensure that market activity is not unnecessarily restricted and to enable participants to identify the best available prices	• UK Finance members agree that the Government should take action to encourage the development of a consolidated tape (CT), and play an active role in its creation. • UK Finance members support the development of a CT for equities (and similar instruments such as ETFs) and bonds, but not for derivatives. • UK Finance members would prefer for both equities and bonds CT to be encouraged and developed at the same time if possible.
Considers how the Government can best ensure that the UK's approach to capital markets regulation enables firms and regulators to address the challenges and opportunities of the future, as well as the present	• UK Finance members agree that capital markets play an important role in supporting the UK's transition to a low carbon economy and would stress the importance of ensuring that national approaches fit within, and align to, international norms, given wholesale capital markets are global in nature. • UK Finance members consider that retail investors' ability to opt up to professional investor status is useful. However, access of relevant high net worth and sophisticated investors to capital markets could be further improved through greater flexibility in the relevant opt up thresholds and through removing the need for annual attestations for advised and portfolio-managed clients.

UK FINANCE CONSULTATION RESPONSE

CHAPTER TWO – TRADING VENUES

1. Where do you think the regulatory perimeter for trading venues needs to be clarified?

Overall, UK Finance believes that the current perimeter, which recognises that multiple types of trading venue can co-exist with other service providers falling outside the trading venue perimeter, works well and delivers efficient execution outcomes to investors. We consider that the current framework provides firms and end-investors with diverse trading mechanisms to choose from, which in turn optimises their trade execution, fosters competition, and drives transaction costs down while still providing investors with best execution and investor protection. While UK Finance members would not be opposed to further regulatory guidance to clarify ambiguities, UK Finance members would stress that any introduction of further legislation or guidance should not increase barriers to entry, or stifle the ability of new technology providers to enter the market and provide innovative new execution services.

In particular, UK Finance members would highlight that technology providers offering connectivity services between buy-side and sell-side firms (e.g. providers of Order Management Systems or Execution Management Systems, or other forms of bilateral order routing services) fulfil a valuable role in the trading landscape, and UK Finance members would not be supportive of changes to the regulatory perimeter that seek to disrupt those existing arrangements or impose additional layers of regulation. UK Finance members believe that the market generally has sufficient clarity to distinguish between systems which are multilateral in nature (e.g. those which offer "all-to-all" type interactions between participants), as opposed to bilateral systems such as bulletin boards or services which merely offer the provision of technological connectivity between counterparties which otherwise maintain OTC trading relationships between themselves. Though supportive of efforts to ensure that a level playing field is maintained and that systems fitting the definition of "multilateral system" are appropriately regulated as such, UK Finance would in particular caution against initiatives seeking to broadly reclassify categories of person such as "technology firms" as the operators of multilateral systems.

We believe that these providers introduce efficiencies and improve outcomes for end-investors by allowing firms to carry out their day-to-day activity more efficiently by improving the information flow, both for buy-side and sell-side firms.

UK Finance members believe that the UK should continue to support the development of these platforms which encourage innovation and create more competition in the UK market. Subjecting these platforms to complex and costly regulatory requirements would likely prevent them from existing in their current form. Such an approach would limit competition in the market, stifle innovation and will ultimately lead to increased costs for end-investors (as operational/regulatory costs are directly or indirectly passed along).

2. Do you think it would be more appropriate for changes to be made to the definition of a multilateral system in legislation, or for the application of the existing definition to be clarified through FCA guidance?

If the Government deems it necessary, UK Finance members would prefer that existing definitions were clarified by FCA guidance as opposed to changes to legislation.

In general, UK Finance members would take the view that legislation should set out high level principles governing the categorisation of systems, with details being determined by regulators considering their experience of market supervision. This approach would permit refinements to be made more swiftly in response to market developments if necessary.

3. **Should the current restrictions on matched principal trading by a multilateral trading facility (MTF) be retained?**

Our members support the views expressed in AFME's response to this question and direct HMT to AFME's submission.

4. **Should the current restrictions on the operation of an SI within the same legal entity of an organised trading facility (OTF) be retained?**

Our members support the views expressed in AFME's response to this question and direct HMT to AFME's submission.

5. **If you answered no to question 4: Should new rules and disclosures be introduced to address the specific conflicts that MTFs and OTFs would be exposed to when providing matched principal trading (MPT) or operating a systematic internaliser (SI)?**

N/A

6. **Do you think that OTFs should be allowed to execute transactions in packages involving derivatives and equities under their rules and systems?**

UK Finance would welcome OTFs being permitted to execute transactions in packages involving both derivatives and equities.

7. **What would be the risks and benefits of allowing this approach?**

The main benefit to this proposal would be the reduction of operational risk. Splitting execution for such packages across different venues leads to greater operational complexity and risks (e.g. if one "leg" of the package fails to execute), and leads to worse execution outcomes for clients, with no obvious benefit to market integrity.

UK Finance members would, however, suggest that the Government considers how to mitigate the risk that permitting the trading of packages involving an equity leg could be "gamed" to effectively permit straightforward equities trading within an OTF. This could occur, for example, if the relevant legislative change permitted OTF operators to execute package orders in equities alongside a valueless derivative (e.g. an out-of-the-money option that is close to expiration).

8. **Do you agree that the existing regulatory requirements for disclosure at admission to trading (for MTFs and SME Growth Markets) are disproportionate for small-sized issuers?**

In general, UK Finance members are supportive of initiatives which facilitate SMEs' access to capital, and which look to ensure that innovative growth companies are not discouraged from seeking outside investment (e.g. by way of listing) because of disproportionate regulatory or compliance burdens. UK Finance is therefore supportive of the general direction of travel described in the Government's consultation paper. UK Finance members do not, however, have detailed recommendations to make in this space.

9. **What principles and/or types of information should be considered when developing requirements for disclosure at issuance to ensure requirements are proportionate?**

Please refer to UK Finance's response to question 8.

10. **How far should these be determined by the venue operator versus regulation, and what other features may provide proportionate assurances around the quality of issuers admitted to a venue (e.g. role of advisors in process)?**

Please refer to UK Finance's response to question 8.

11. **Would the creation of a new category of trading venue be an appropriate means to facilitate access to public markets for very small firms? What size of firms would be appropriate for a new trading venue?**

Please refer to UK Finance's response to question 8.

12. **If you answered no to question 11: Would the facilitation of the creation of new market segments be a more suitable intervention?**

Please refer to UK Finance's response to question 8.

13. If you answered yes to question 11 or 12: What should the market cap of companies that can trade on the new trading venue and/or segment be?

Please refer to UK Finance's response to question 8.

14. Do you believe intermittent rather than continuous trading would increase liquidity?

Please refer to UK Finance's response to question 8.

15. Do you think that additional measures, such as new funds structure are needed to stimulate institutional investors to invest in SMEs?

Please refer to UK Finance's response to question 8.

16. What, if any, further forms of investor protection do you deem appropriate for this proposed new category of trading venue?

Please refer to UK Finance's response to question 8.

17. Do you believe that regulatory or industry guidance about how venues should operate and what they should communicate during an outage would be useful?

UK Finance members think that industry guidance about how venues should operate during an outage, and expectations in relation to resumption of trading, would be useful.

Historically, it has been the experience of UK Finance members that trading venues have been poor in communicating during an outage. Communication has sometimes taken place on an ad hoc, non-standardised basis (e.g. via organisation of conference calls). Trading venues' estimates of how quickly trading can resume has also often been optimistic, with the effect the market participants are discouraged from routing orders to other venues.

UK Finance members would therefore advocate for greater certainty around expectations, particularly regarding the content and standardisation of communications with the market. Primary venues should be encouraged to ensure that they have taken the appropriate amount of time to ensure that systems are stable before resuming trading, instead of restarting before full stability has been assured.

Industry guidance would be the preferred vehicle for these clarifications which could be highly technical, supplemented by regulatory endorsement or action if industry-wide agreement cannot be reached.

18. Do you have views on a fail-safe mechanism to ensure that the market has access to the key closing benchmarks during an outage in a primary exchange? What role do you see UK authorities playing to deliver this?

The preference of UK Finance members would be for industry guidance to be developed governing expectations for the primary venue's resumption of trading (as set out in response to question 17 above).

Passing responsibility for the running of closing auctions to other venues would likely prove operationally complex due to required system changes and encounter practical difficulties (e.g. existing derivative contracts may reference the closing price on the primary venue). UK Finance members would stress that significant further industry discussion would be required before any fail-safe mechanism is implemented.

19. What other steps do you think UK authorities could take to ensure market resiliency in the event of an outage?

In our member's view, an important issue to be considered would be whether index providers should be compelled in regulation to make use of alternative sources of closing benchmarks in the event of an outage, as otherwise there may be reluctance to make use of closing benchmarks that are not provided by the primary venue.

CHAPTER THREE – SYSTEMATIC INTERNALISERS

20. Do you agree that the definition for SIs should be based on qualitative criteria?

UK Finance members strongly agree that the current regime, which requires firms to undertake complex quarterly calculations in order to determine their SI status on an instrument or class basis, is not fit for purpose. The calculations involve substantial administrative effort, are dependent on the availability of accurate market-wide data against which to compare a firm's trading activity, and susceptible to interpretation which can lead to uneven application across the industry. We therefore strongly agree with moving to a qualitative assessment, as it significantly reduces complexity and removes the need to undertake the complex and cumbersome quarterly assessment requirement to determine whether a firm is a SI in a particular instrument. In practice, this currently means assessing over 100,000 sub classes across fixed income and derivatives instruments alone.

UK Finance would therefore be supportive of reverting to a qualitative definition of SI activity. In terms of framing that qualitative definition, UK Finance would suggest that firms meeting all of the criteria below should be considered to be an SI:

- the firm holds itself out as a liquidity provider in financial instruments in the United Kingdom;
- the firm makes markets in financial instruments based on client demand in the United Kingdom; and
- the firm regularly enters into transactions in financial instruments for its own account with counterparties in the ordinary course of its business in the United Kingdom.

HMT should mandate the FCA to set out guidelines giving firms guidance on how they should interpret the above criteria on an asset class basis (for equity instruments) and on a sub-asset class basis (for fixed income products).

Additionally, UK Finance members would like to emphasise that the qualitative SI criteria should be designed with third-country firms in mind and should not advertently or inadvertently prevent UK branches of third-country firms from qualifying as SIs. On the other hand, activities of third-country branches / head office should not be taken into account when applying the qualitative SI criteria to a UK firm or the UK branch of a third-country firm – i.e. the test should be based on activities conducted within the UK only.

UK Finance members consider that it would still be beneficial to allow firms to opt into SI status per asset class (for equity instruments) or sub-asset class (for fixed income products). In particular, this would be helpful for firms on the borderline of a qualitative criterion (or fluctuating between SI and non-SI status when applying the above criteria) to be able to opt into the SI regime to ensure more certainty / stability within its business and client operations.

21. If you answered no to question 20: Do you think the definition should be amended in another way?

Please see UK Finance's suggested qualitative definition in our response to question 20 above.

22. If you answered yes to question 20: Do you think that regulatory guidance should be used to support the definition in legislation?

In the view of UK Finance members the high-level SI definition should be set out in legislation, but the FCA should be empowered to provide guidance or detailed rules as to how that definition should be interpreted on an asset class basis.

SIs fulfil a valuable market role in providing principal liquidity, but the characteristics of that activity differ by asset class. For example, while an equities SI will generally undertake market making activities in a highly systematic, automated fashion, own account trading in other asset classes can remain more manual. UK Finance members anticipate that guidance will be needed to ensure that the high-level principles set out in legislation are appropriately applied to different asset classes, and that it would be impractical to seek to address those differences in the legislation itself.

UK Finance would recommend that any additional FCA guidance should be developed transparently

and collaboratively with the industry, particularly with market-making firms that may be affected. Any introduction of guidance, or changes to existing guidance, should also be made with sufficient lead-in times for affected firms to adapt to any changes.

23. Do you currently opt-in to the SI regime?

The majority of UK Finance members choose to opt-in to the SI regime.

The main driver for this decision to opt-in is the desire to simplify the post-trade reporting logic for clients, with broad opt-in decisions (e.g. at blanket asset class level) being made due to the difficulty that clients would encounter in determining whether their counterparty is an SI at the individual instrument level owing to the absence of a comprehensive single source for that information.

In addition, some members opt-in to avoid potential fluctuations in their SI status based on the difficult and cumbersome quarterly SI calculations.

This illustrates the point made in question 24 below, that the current structure which ties responsibility for post-trade reporting to SI status can lead to broad opt-in decisions that are not necessarily reflective of the market role performed by the firm.

24. Should SIs be determined at entity level instead of on an instrument by instrument basis, for reporting purposes?

We understand this question to be concerned with SI post-trade reporting obligations and not pre-trade transparency requirements. For the avoidance of doubt, UK Finance members are not supportive of firms being treated as SIs at an entity level for all instruments – this would result in disproportionate outcomes for firms, as they will be required to provide transparency in asset classes that they do not systematically trade (which is contrary to the very principle underpinning the SI regime), and would expose them to undue risk.

With respect to post-trade reporting, UK Finance members strongly agreed that the current "waterfall" based on SI status has led to the unintended outcome that sell-side firms opt in to being an SI in all instruments, creating a distortion of the SI regime, but also uncertainty regarding which party is responsible. This uncertainty, together with concerns regarding the sanctions for failure to report, contributes to duplicative reporting as well as to significant volumes of client queries for broker-dealers. UK Finance members would therefore strongly support change of the regime, and have set out our proposals below.

UK Finance welcomes the spirit of the government's suggestion that responsibility for reporting should be determined at legal entity level, rather than on an instrument-by-instrument basis. However, our members consider that a more effective solution and one which would not cause further unintended consequences and additional cost to firms, would be one which (i) de-couples the identification of the reporting party from SI status altogether; and (ii) which also gives firms the flexibility to take responsibility for reporting at an asset class level. Tying the responsibility for post-trade reporting to SI status creates an artificial incentive for firms to act as, or to "opt-in" as, an SI to accommodate clients which expect sell-side firms to "own" the post-trade reporting obligation. Additionally, for certain trade flows, SIs will not be acting in an SI capacity (yet their clients would hope to rely on them to post-trade report) and it would therefore be misleading to suggest that their SI status determines responsibility for post-trade reporting. Accordingly, our members would propose an alternative "super-reporter" model for post-trade reporting.

Under this model, UK firms and UK branches of third-country firms will be able to opt-in as "super-reporters" at an asset class level by registering on a UK database of "super-reporters" and specifying the asset classes they will be acting as super-reporters for. The new reporting hierarchy would then operate as follows:

- trades between a super-reporter on the super-reporter database and another UK investment firm – the super-reporter reports;
- trades between two super-reporters on the super-reporter database – the seller super-reporter reports;
- trades between two non-super-reporters

located in the UK – the seller reports;

- trades between a UK investment firm / UK branch of a third-country firm (super-reporter or other) and a non-UK firm – the UK investment firm / UK branch reports.

We believe that it is important for the regime to give firms the flexibility to opt-in to super reporter status at an asset class level – because many firms will do limited trading in certain asset classes and so it would be very disproportionate for them to have to build reporting solutions for those instruments.

As per the current MiFID II regime, parties should not be able to bilaterally agree / negotiate a different reporting hierarchy (as that would result in complexities and confusion regarding which counterparty has the legal obligation to report) but firms should be able to provide assisted reporting services to their clients / counterparties to help them in complying with their reporting obligations (as under the current regime).

We think this model will significantly simplify the current post-trade reporting regime, as firms would just be able to verify the super-reporter status of their counterparty by checking the super-reporter database. In this regard, we note that the APAs currently operate a detailed SI database, which we think could easily be used as the basis to create a super-reporter database. We think this would be the most efficient outcome (as it would leverage an existing widely-used tool) but would suggest that the privately managed super-reporter database is then subject to appropriate FCA oversight. Alternatively, our members would also be open to the FCA operating and maintaining the super-reporter database. The key point to ensure is that the database is kept up to date and is easily accessible to all interested parties.

We also believe that our proposal would not require any changes to the Level 1 onshored MiFIR text, as Article 20(3)(c) and 21(5)(c) of UK MiFIR empower the FCA to make technical standards to determine "*the party to a transaction that has to make the transaction public in accordance with paragraph 1 if both parties to the transaction are investment firms*". Accordingly, we consider that the super-reporter model would only need to be adopted in the UK through changes to onshored RTS 1 and 2.

For the avoidance of doubt, please note that UK Finance members are supportive of the super-reporter solution for post-trade reporting purposes (because of the simplicity it provides in that context) and do not consider that it should be extended to any other SI obligations or otherwise used as a basis to undermine the importance of the SI regime. UK Finance members would also stress that any legislative changes made to the post-trade transparency regime should not affect either the existing territorial scope of the regime or result in changes to the logic for other reporting obligations (e.g. transaction reporting or reference data reporting).

Finally, we would like to emphasise that the timing of any legislative changes to RTS 1 and 2 to implement the super-reporter database solution should be appropriately phased in, subject to transitional arrangements and further industry consultation, to take into account the fact that firms will need sufficient time for implementation.

25. What would be the risks and benefits of adopting such an approach?

As explained in our response to question 24 above, UK Finance members are concerned that continuing to determine responsibility for post-trade transparency by reference to SI status would mean that firms remain artificially incentivised to opt in for SI status, regardless of whether that is reflective of their trading capacity/market role. Additionally, it would provide a misleading characterisation for trade flows where the firm is not in fact acting in an SI capacity.

Our members would therefore strongly recommend that the super-reporter solution outlined in question 24 above is adopted within the UK. We think it would overcome a number of the complexities associated with the current regime and provide greater certainty to firms with respect to their reporting obligations.

As set out in our response to the previous question, we would not be supportive of this super-reporter

solution being applied outside of the post-trade reporting context or for it to be used as a basis to undermine the importance of the SI regime more broadly.

26. Do you agree with the government's proposal to allow SIs to execute at the midpoint for all trades, provided the executed price is within the SI's quoted price?

We are strongly supportive of initiatives to increase SIs' flexibility to determine execution prices, which will permit SIs to ensure that they are offering the most competitive prices to clients. The tick-size regime imposed on SIs for equity and equity-like instruments hampers banks' ability to offer price improvement to clients and adds substantial complexity to trading.

We therefore welcome the government's proposal to permit execution at the mid-price in sizes below LIS. This change will result in clients being offered a greater range of competitive execution prices and will therefore contribute to making the UK a more attractive place for firms to trade.

UK Finance members would, however, strongly urge the Government to reconsider its proposal that execution at the mid-price should be permitted only in sizes up to the SI's quoted price. While we note the Government's desire to consider ways to encourage SIs to quote in larger sizes, this needs to be balanced against the risks to which SIs are exposed as balance sheet liquidity providers. Currently, SIs are required only to make quotes pre-trade transparent when dealing in sizes up to standard market size (SMS), which is a threshold smaller than LIS, with the minimum quote size being 10% of SMS. The government's proposal would seem to limit the ability of SIs to execute at the mid-point in sizes between SMS and LIS (a size range in which pre-trade transparency obligations do not apply), which could lead to market distortions. Instead, UK Finance members would urge the Government to permit execution at the mid-point at any trade size, in order to ensure that clients can access the most competitive execution prices regardless of trade size.

While UK Finance members would prioritise the points made above, the Government may also wish to consider whether there would be merit in permitting SIs to execute at prices other than at the mid-point between ticks. An alternative would be to permit SIs to price improve to any point between their quoted prices in justified cases, as was permitted by Art. 14(2) MiFIR prior to the extension of the tick size regime to cover equities SIs. Permitting UK brokers to offer small improvements and better prices to clients would strengthen the UK's overall competitive position.

27. Do you think any other changes are needed to increase the effectiveness of the SI regime?

In general, we would urge the UK to preserve the role of SIs as liquidity providers in fostering innovation and ensuring that investors trading in the UK markets can access a diverse choice of execution venues.

SIs help to ensure that competitive pricing is available in the market and ultimately provide the best outcome to end investors and the market as a whole. SIs bring significant benefits in terms of liquidity, price discovery, best execution, and more broadly for the efficient functioning of financial markets. For OTC derivatives, in particular, SIs are able to offer clients bespoke and customised hedging solutions, tailored specifically to the circumstances of the relevant client (as opposed to more standardised contacts that are typically available on trading venues).

UK Finance members would emphasise that SIs face increased risks when compared against multilateral trading venues. In contrast to trading venues, SIs offer balance sheet liquidity to facilitate the execution of client transactions. As a result, SIs are exposed to the market risk of their transactions with clients, as well as to other types of risk (e.g. counterparty credit risk). Operators of multilateral trading venues, however, intermediate between clients and therefore do not themselves undertake market risk (indeed they are generally prohibited from doing so).

UK Finance would therefore urge the Government to ensure that the additional risks faced by firms which act as SIs continue to be reflected in the UK regulatory regime. In light of this different risk profile, it is not always appropriate for rules that

are applicable to trading venues to be applied to SIs as well (though this trend has informed significant amounts of policy making to date, e.g. the extension of the tick size regime to SIs). For example, initiatives to increase or incentivise greater pre-trade transparency must be balanced against the additional risks faced by SIs when publishing quotes in larger sizes. In some cases pre-trade transparency may in fact act as a disincentive to competitive price formation, since SIs may find it more difficult to hedge their exposures once the market has knowledge of quotes that have been given (and will thus factor this difficulty into the price quoted to the client).

Our members also believe that delivering a robust and proportionate regulatory regime for SIs, recognising their role as distinct from trading venues, will promote the international competitiveness of the UK. UK Finance members wholeheartedly support the Government's intention to promote the UK as a global financial centre, with deep and liquid capital markets. We believe that making the UK an attractive place for SIs to do business will further these goals, not only in terms of encouraging global firms to site principal trading operations in the UK but also in drawing a global client base to the enhanced execution outcomes that would be offered by being able to trade with a vibrant and internationally competitive pool of UK SIs.

CHAPTER FOUR – EQUITY MARKETS

28. Do you think that the double volume cap (DVC) should be deleted?

We welcome plans to remove the Double Volume Cap (DVC). These constraints on trading behaviours do not reflect the present nature of wholesale markets in the UK.

We agree that the DVC is a complex mechanism that neither produces a quantifiable end-user benefit nor advances the efficient and transparent functioning of equity markets. We note the DVC was introduced under MiFID II in 2018 with the aim of reducing the volume of dark trading. As the FCA's own research noted[1], dark trading is not harmful to markets at the levels commonly seen in jurisdictions without DVCs, and there is no evidence that having DVCs has had a positive effect, rather than simply introducing an unnecessary and complex obligation for firms to meet.

29. Do you think alternative incentives are needed to encourage lit trading?

We do not believe that incentives are required to encourage lit trading. Regulated firms are under obligations to provide best execution to their clients, and clients themselves, especially professional ones, keenly monitor the quality of the execution they receive. Firms therefore have both a commercial and regulatory incentive to use the execution venues that will provide the best execution results for clients. For clients to continue to choose UK execution venues for their needs, it is essential that UK investment firms be free to choose the venues that provide best results for their clients, rather than any particular type of venues being artificially encouraged.

30. Should reference price systems be able to match orders at the mid-point within the current bid and offer of any UK or non-UK trading venue that offers the best bid or offer, to aid best execution?

Yes, we agree with this proposal. We note that as well as aiding best execution, the use of the prevailing best bid or offer would also improve market resilience by avoiding having one point of failure regarding the venue that is referenced.

31. Do you consider SIs quotes useful?

The SI regime was established so as to provide a market structure in relation to bilateral, OTC and on-risk trading. Hence, the quotes that SIs provide to their counterparties bilaterally are the key measure of usefulness. We believe that these quotes are useful and we do not think that changes to the regime are required in this regard.

32. Do you think that the ability of SIs to execute clients' orders at mid-point would incentivise SIs to provide meaningful quotes?

Yes, it would allow for SIs to provide better bilateral quotes and improve the provision of liquidity. We also refer to our response to question 26 and note that we are strongly supportive of initiatives to increase SIs' flexibility to determine execution prices, which will permit SIs to ensure that they are offering the most competitive prices to clients.

33. If you answered yes to question 32: What incentives could UK authorities introduce to encourage you to report more trades, while maintaining fair competition with market operators?

Our members don't consider that further incentives are required - we note that SIs are already under regulatory obligations to report their trades and that the equities SI transparency regime has been functioning well. We further note that regulated firms are under an obligation to provide best execution for their clients and that trading venues and systematic internalisers play different roles within the market place and are not in direct competition with one another. To the extent there is competition between systematic internalisers and other types of execution venues, we think this should be based on the principle that firms should be able to use whichever type of venue offers the best outcome for their clients, rather than artificially favouring one type of trading method over others.

1. Occasional Paper 29 (August 2017) and Occasional Paper 60 (February 2021).

34. Do you think that the share trading obligation (STO) should be removed?

We welcome plans to remove the STO. These constraints on trading behaviours do not reflect the present nature of wholesale markets in the UK.

We agree with all of the issues with the STO raised in the consultation, namely that the STO does not reflect international standards or best practices, has not brought more trading onto lit markets and increased transparency, and can result in unfavourable outcomes and increased costs for clients by taking precedence over best execution in certain circumstances.

35. Do you think that the requirements for algorithmic liquidity providers and trading venues to enter into binding market making agreements should be removed?

We agree this obligation should be removed as it has simply imposed unnecessary costs upon liquidity providers and trading venues without any corresponding benefits.

36. What would be the impact of such a removal for you and/ or the market you operate in?

As noted in response to question 35 above, we do not think the removal of this obligation will lead to any negative consequences, but instead will simply reduce unnecessary costs and compliance burdens for liquidity providers and trading venues.

37. Do you think the scope of the tick size regime needs to be recalibrated for overseas shares to ensure that firms can trade at the best prices in the UK?

Yes, and we agree with the proposal that trading venues should be able to follow the tick size applicable in the relevant primary market of a share even where such primary market is outside the UK. We think this would lead to much better outcomes from a policy and investor perspective.

38. Do you think trading venues are better placed to establish tick sizes for new shares until sufficiently robust data is available?

We are supportive of this proposal as we agree that trading venues should have more insight into market demand and are best placed to establish the tick size until robust data is available. However, it would be important to ensure that tick sizes are still disseminated via existing means even if responsibility for setting initial tick sizes is shifted to trading venues - so that dissemination remains centralised and market participants do not have to undergo costly systems changes.

39. What are the potential benefits and risks of delegating the setting of tick sizes, in general, to trading venues? What safeguards would be needed to avoid arbitrage issues?

Whilst, as noted in response to question 38 above, we agree that trading venues are better placed to determine the tick sizes for shares before robust data is available, we do not think that trading venues should be made responsible for setting tick sizes arbitrarily. Doing so could create arbitrage risks, or cause tick sizes to reduce to such negligible sizes that they are no longer meaningful. We would therefore recommend that trading venues have to set tick sizes within certain parameters or based on a grid of possible permutations.

We note that these risks are less of a concern where the trading venues' powers to set tick sizes are only temporary and available in relation to newly traded shares per the question above.

40. Are there any other parts of the equity regime that you think could be operated more effectively by the market, while upholding high standards?

Although this question is about areas where aspects of the equity regime could be operated more effectively by the market rather than regulators, our members would like to make the following suggestions for changes to the equity regime:

- UK Finance members consider that it would be desirable to ensure that firms which compile indices do not take prices merely from venues with which they are connected; and
- Our members also consider that there is a case for matched principal trading being permitted for high touch trading in the equities space. In high touch flows, firms take an active role in managing trades and should be given the discretion to cross client orders where they consider this results in a better execution outcome for the client.

We would be happy to discuss these proposals further with HMT.

CHAPTER FIVE – FIXED INCOME AND DERIVATIVES MARKETS

41. Do you agree that the scope of the derivative trading obligation (DTO) should be revised to bring it in line with the scope of the clearing obligation following the changes introduced by the European Market Infrastructure Regulation (EMIR) REFIT? What risks/ benefits do you see with this approach?

UK Finance members strongly support HMT's proposals to bring the scope of the DTO in line with the scope of the clearing obligation. Our members support the detailed work undertaken by ISDA (see **here**), including the recommendation made by ISDA that the alignment should be based on transaction terms rather than counterparty terms, as this would operate to future proof UK legislation in the event of further changes to the scope of the UK clearing obligation. We therefore direct HMT to ISDA's response to this question, including drafting changes proposed by ISDA.

42. Do you think that all post-trade risk reduction services should be exempt from the DTO?

UK Finance members agree that post-trade risk reduction services should be exempt from the DTO where they meet the criteria put forward by ISDA in its response to this question, which is endorsed by UK Finance members. We therefore direct HMT to ISDA's response to this question.

Members would also encourage HMT to exempt post-trade risk reduction services from post-trade transparency reporting as trades undertaken pursuant to post-trade risk reduction are not reflective of market liquidity, are not price-forming, and would add unhelpful "noise" within the post-trade data.

43. If you answered yes to question 42:

a. Do you think that there should also be an aligned exemption from the EMIR clearing obligation for trades resulting from post-trade risk reduction services?

UK Finance members agree that it would make sense to align the exemptions for post-trade risk reduction services for the purposes of the UK DTO with equivalent exemptions for the UK clearing obligation. Our members support the detailed work undertaken by ISDA (see **here**), including the recommendation made by ISDA that post-trade risk reduction services have become an efficient solution to reduce overall risk in the system. In particular, we agree with ISDA's view that exemption from the clearing obligation for transactions resulting from post-trade risk reduction services would increase the use of such services. We therefore direct HMT to ISDA's response to this question.

b. What conditions do you think should be met for the exemption to be applicable?

UK Finance members endorse the parameters for the exemption which are proposed in ISDA's response to this question.

44. Do you think the FCA should be given the power to modify or suspend the DTO quickly under certain circumstances, on a permanent rather than temporary basis?

Given the ongoing challenges arising (in the absence of current temporary transitional relief) from the interaction of the EU and UK DTOs, UK Finance members support the proposal to give the FCA powers to modify or suspend the UK DTO quickly following consultation with HMT.

Where possible, our members would appreciate receiving appropriate notice of any change or suspension pursuant to the exercise of this FCA power. Our members acknowledge that circumstances may dictate that a relevant modification or suspension of the UK DTO pursuant to this power may need to be made with no (or limited) notice to market participants. If this is the case, we would encourage the FCA be granted powers to apply (temporary) forbearance measures to allow market participants to transition to complying with any modified obligations at short notice. We have assumed that any permanent changes to, or suspension of, the UK DTO would (to the extent these could result in obligations to market participants) be consulted on in the usual way.

45. Do you think that the current transparency requirements support price formation and open, competitive and fair markets? Please separate your answers by fixed income (please treat sovereign bonds, high-yield bonds and investment-grade bonds separately) and derivatives (please distinguish between OTC and exchange-traded derivatives (ETDs) where relevant).

Pre-trade transparency

UK Finance members are of the view that pre-trade transparency in respect of non-equity instruments is significantly less valuable to end investors and market participants than in equities markets for the reasons mentioned in the HMT CP. In particular, as outlined in paragraph 5.15 of the consultation paper, our members agree that pre-trade transparency does not play the same role in fixed income and OTC derivatives markets as in equities markets due to most trades being primarily executed bilaterally or through voice/RFQ systems, rather than central order book systems.

Our members are supportive of HMT's proposals to essentially remove pre-trade transparency requirements, across all non-equity asset classes, for SIs and RFQ venues. However, HMT may wish to give further consideration to "all to all" RFQ platforms in respect of non-equity instruments, as these platforms allow participants to put an RFQ out to all active members of the platform at once.

We note that under the HMT proposals, non-equities pre-trade transparency obligations will still apply to trading on electronic order books and periodic auction systems. However, even in those scenarios, our members consider that it would be better to narrow the scope of instruments that are subject to pre-trade transparency to those that are truly liquid, in line with our suggestions for narrowing the scope of post-trade transparency obligations in the section just below. This would ensure that the UK non-equities transparency regime is focussed on truly liquid instruments, which will be more useful for investors and market makers.

Post-trade transparency

UK Finance members consider that post-trade transparency data in respect of transactions in non-equity instruments can support price formation but needs to be focused on truly liquid instruments in order to be useful for investors and market makers. Market risk is created when information is published on illiquid instruments, as it is revealed to the market that an SI is sitting on a substantial trading position that cannot be offloaded swiftly. The deferrals regime recognised that risk. Post-trade transparency remains problematic as far too many instruments are in scope, resulting in information noise. Better transparency outcomes could be achieved by reducing the scope of instruments subject to the regime to a smaller set of liquid instruments. In the context of:

- Fixed income: there should be a review of the scope and the applicability of post-trade reporting to determine which truly liquid fixed income instruments should be in scope for reporting. The starting point should be to determine what transparency is needed by end-investors. If the policy objective is to provide price transparency, the scope should be reduced to focus on truly liquid instruments, in order for the information to be meaningful for both investors and market makers. The UK could take the lead in advancing strong calls from industry for an appropriately scoped and simplified post-trade transparency regime for fixed income trades to give the UK a competitive advantage by making its markets more attractive.
- OTC derivatives: please see our response to question 46 below as to alternative scope of post-trade transparency obligations in respect of OTC derivatives.

Regarding post-trade transparency deferrals and thresholds, UK Finance members consider that these should be simplified. Please see our response to question 60 for members' feedback on this point.

46. Do you think that using traded on a trading venue (ToTV) is a useful criterion for determining the scope of transparency requirements for non-equity instruments, and in particular OTC derivatives? Please separate your answers by fixed income (please treat sovereign bonds, high-yield bonds and investment grade bonds separately) and derivatives (please distinguish between exchange treaded and OTC derivatives).

UK Finance members agree with HMT's analysis that the ToTV concept is not a useful criterion for determining the scope of non-equity transparency for OTC derivative instruments. For example, the use of ISINs as a defining field in the ToTV scoping methodology is significantly flawed, because the same ISIN can relate to different products, and leads to disproportionate obligations on firms to manage significant operational cost and complexity, given the information published is not useful to end-investors. Members agree that TOTV should not be used for these purposes. However, UK Finance members note the operational difficulty and significant cost of removing the ToTV concept more widely (e.g. as it is used for transaction reporting) and would caution against this without a full consultation and analysis of the benefits of any change, and of potential knock-on consequences.

Members note HMT's proposal to determine the scope of OTC derivative transparency by reference to whether the trade is centrally cleared (either mandatorily pursuant to the EMIR clearing obligation, or voluntarily), instead of using the ToTV concept. There are several concerns about this approach, including:

1. products that are illiquid in practice, such as single name CDS, can be voluntarily cleared and so would be caught by this new scoping suggestion – when in fact the market would not benefit from price transparency on such illiquid instruments;
2. a risk that enforcing transparency on voluntarily cleared products could stifle innovation in development of clearing for new OTC derivatives in UK markets by exposing market participants to undue risk through a transparency obligation on a newly clearable/ illiquid product;
3. including "voluntarily" cleared instruments would create uncertainty, both (i) regarding whether the specific trade will be voluntarily cleared (as this may not be evident without obtaining bilateral confirmation from counterparties), and (ii) going forward (i.e. it would need to be clarified that one voluntarily cleared trade in an instrument would not "taint" the instrument, making all future trades in that instrument subject to post-trade transparency obligations); and
4. more broadly, whether referring to cleared trades more broadly was too radical a step, at least in the first instance, given the historical difficulties with scoping and ensuring that meaningful data is made transparent.

As an alternative, members suggest reframing the scope of post-trade transparency for OTC derivatives by reference, initially, to the scope of the UK DTO (as such instruments will already have been required to go through a rigorous assessment of their liquidity by the FCA). Such a change would constitute the desired simplification of the regime, without creating undue ambiguities and operational "big bang" impacts, and it would ensure that sufficiently liquid instruments are captured. This approach would also provide a clear platform of highly liquid products to ensure the regime is successful on launch. In due course, the scope could be extended to cover, in addition, mandatorily cleared OTC derivatives under the UK EMIR clearing obligation, which will have undergone a similar assessment of product liquidity by the FCA before designation.

Please note that while this would be a more pragmatic approach to transparency, our members would like to emphasise that there will not be any meaningful transparency for OTC derivatives until there are product identifiers (i.e. changes to ISINs or use of UPIs) where users of the transparency data can actually identify the derivatives traded.

47. If you answered no to question 46: Do you think the concept of ToTV should be removed for OTC derivatives, and the scope of the transparency regime determined on the basis of whether the instrument is cleared? If so, what definition of 'cleared' should be used?

Please see our response to question 46 above.

48. Do you think there is another option to determine the scope of the fixed income and derivatives transparency regime? Please separate your answers by fixed income (please treat sovereign bonds, high-yield bonds and investment-grade bonds separately) and derivatives (please distinguish between exchange traded and OTC derivatives).

Entity and Trading Systems Scoping

As set out in our response to question 45 above, our members support HMT's proposal to remove pre-trade transparency requirements across all non-equity asset classes for SIs and RFQ venues. Members are also supportive of the current entity scope for post-trade transparency which encompasses all MiFID investment firms.

Instrument Scoping

With respect to post-trade transparency instrument scoping, members are of the view that the current liquidity assessment criteria do not accurately reflect the nature and depth of fixed income and derivative liquidity in the market with the result, as HMT observes, that a number of bespoke illiquid contracts fall within the regime (which is not only both cumbersome and costly for firms, but also hampers the effective performance of the transparency regime) whilst other liquid and standardised contracts are not subject to any transparency requirements.

Members are of the view that these discrepancies can be attributed to (amongst other things) the fact that the current regime draws from: (i) the equities and equities-like markets which is not reflective of the fixed income and derivatives markets where transactions, most notably in the OTC derivatives space, are negotiated on a bilateral basis, and (ii) "backward looking" trade data which no longer reflects market activity by the time it goes live some weeks or months later.

Our members propose several alternatives to the current liquidity assessment regime below, noting that each has its advantages and disadvantages and therefore warrants further consideration. We suggest that HMT empower the FCA to consult on and establish a regime that reflects market liquidity, and UK Finance would be happy to work with the FCA on this. As an overarching principle, however, our view is that the current regime (with its extensive range of segmentation criteria) is too complex and should be simplified, with minimal (if any) segmentation criteria.

1. As set out in response to question 46 above, members' preference would be to reframe the scope of post-trade transparency for OTC derivatives by reference (at least, initially) to the scope of the UK DTO as the derivatives trading obligation includes inbuilt and rigorous liquidity assessment criteria which would, in turn, result in more useful transparency data.
2. A possible approach for bonds would be to assess liquidity by reference to issuer country and size, with the additional filter of maturity buckets if needed. The downside to this approach is that it is more akin to the quantitative "scoring" system currently in place, which is complex and costly to implement and maintain.
3. For bonds and for OTC derivatives – in both cases in addition to or as an alternative to the proposals at item 1 and 2 above – members suggest basing the assessment on instruments that brokers stream to clients via a trading venue. This could be validated by reference to existing indices, e.g. iBoxx for bonds, benchmark tenors (EUR/USD/GBP) for single currency IRS, and the iTraxx Main & Crossover indices for derivatives.
4. Alternatively, the liquidity assessments could be made by reference to real time (or close to real time) third party market data, which would be more reflective of actual liquidity at the time of giving transparency. Whilst this approach would give a more accurate picture of liquidity, it is likely to be labour intensive to establish and/or monitor and would require that the FCA has

access to relevant data feeds.

Members note that the approach to the liquidity assessment will also hinge on instrument scoping. To the extent that the instrument scope for transparency is very tightly defined such that it already comprises an inbuilt, effective liquidity assessment (e.g. where scoping is aligned with the UK DTO) the requirement for a distinct or an additional liquidity assessment would fall away.

49. What instruments do you think should be in scope of the fixed income and derivatives transparency regime? Please consider fixed income (please treat sovereign bonds, high-yield bonds and investment-grade bonds separately) ETCs, ETNs, structured finance products, emission allowances and derivatives (please distinguish between exchange traded and OTC derivatives).

Please see our responses to questions 45 to 48 above.

50. What changes do you think are needed to enable liquidity calculations to work effectively? Please separate your answers by fixed income (sovereign bonds, high-yield bonds and investment-grade bonds) and derivatives (ETDs and OTC derivatives).

Please see our response to question 48 above. In summary, UK Finance is of the view that the current regime must be simplified and amended to better reflect market liquidity. Whilst members have made some suggestions (as set out above) these require further consideration and analysis. As such, members proposed that HMT empower the FCA to explore these (and other) options further to determine which approach would not only more accurately reflect market liquidity but reduce the operational and administrative burden on firms. The approach adopted should better reflect the liquidity profile of fixed income and OTC derivative instruments as it differs materially from the liquidity profile of equities and equity-like instruments.

51. Do you think it would be preferable to move away from regular liquidity calculations towards a mix of qualitative and quantitative criteria? For example, on a sectoral basis? Please separate your answers by fixed income (sovereign bonds, high-yield bonds and investment-grade bonds separately) and derivatives (ETDs and OTC derivatives).

Our members are of the view that the current, quantitative, regime is complex and unwieldly and should be redesigned, especially when taking into account the fact that it results in poor outcomes. Members agree that there should be a shift towards using qualitative data to perform the assessment. Quantitative data can then be used to inform the qualitative criteria set or to exclude sub-sets of illiquid instruments. Members would reiterate that the qualitative criteria set should be comprehensive, practicable and easy to apply in practice. Please see our response to question 48 above for further detail on members' suggestions in relation to the liquidity assessment.

52. How do you currently use pre-trade transparency? Is pre-trade information on bonds and derivatives valuable? Please differentiate between fixed income (sovereign bonds, high-yield bonds and investment-grade bonds separately) and derivatives (ETDs and OTC derivatives), and each trading method (for example RFQ, and order book).

Our members have observed that they currently derive little to no value from pre-trade transparency for fixed income and OTC derivatives asset classes. The pre-trade transparency publication requirements were designed to provide market participants with a near real-time broadcast of basic trade data around firm quotes. Quotes and prices in the non-equities market are, however, generated on a different basis to the equities and equity-like markets. As a result, the information produced has neither been useful to investors nor to the market and therefore should not need to be generated. We are strongly of the view that, to avoid complexity and making the UK less competitive, the obligations should be removed in their entirety rather than recalibrated.

53. Is there a case for removing MiFID II pre-trade transparency requirements for any asset class? Please separate your answers by fixed income (sovereign bonds, high-yield bonds and investment-grade bonds separately) and derivatives (ETDs and OTC derivatives).

Please see our response to question 52 above for further details on why, in members' views, the pre-trade transparency obligation should be removed across all non-equity asset classes, for SIs and RFQ venues. The scope of instruments subject to pre-trade transparency obligations when traded on electronic order books or periodic auction systems should be reduced to capture a smaller set of liquid instruments, as further explained in our answer to question 45 above.

Members also suggest that a standardised negotiated trade waiver be introduced for fixed income and OTC derivatives. Unlike in respect of equities, the current regime does not have specific provisions for negotiated or pre-arranged transactions for fixed income and OTC derivatives instruments. Whilst it is nonetheless permissible to formalise negotiated or pre-arranged transactions on a trading venue (subject to meeting applicable pre-trade transparency waiver conditions) this must be done in accordance with the rules of the relevant trading venue and each venue has established its own set of applicable rules. Members suggest that HMT establish a standardised waiver to provide clarity and certainty for market participants.

54. If you answered yes to question 53: Do you think that RFQ, bilateral negotiations and indications of interest provide sufficient information for markets to function effectively? Please separate your answers by fixed income (sovereign bonds, high-yield bonds and investment-grade bonds separately) and derivatives (ETDs and OTC derivatives).

Yes, members are of the view that RFQ, bilateral negotiations and indications of interests provide the market sufficient information to function effectively. However, please see our comments on the negotiated trade waiver at question 53 above.

55. How do you use pre-trade quotes streamed by SIs? Please separate your answers by fixed income (sovereign bonds, high-yield bonds and investment grade bonds separately) and derivatives (ETDs and OTC derivatives).

At present, pre-trade quotes streamed by SIs in these non-equities asset classes present little to no value to UK Finance members.

56. For SIs, what impact do you think removing pre-trade transparency requirements would have on your business? Please separate your answers by fixed income (sovereign bonds, high-yield bonds and investment-grade bonds separately) and derivatives (ETDs and OTC derivatives).

Removing pre-trade transparency requirements for all but electronic order books, and periodic auction books will reduce the administrative burden on firms without having significant broader impact, since applying the obligation more broadly does not deliver meaningful benefit to the market. Members would highlight that other fixed income and derivatives markets, such as the US, do not have an equivalent concept but that these markets are nonetheless able to function effectively.

57. Do you have any other comments on the pre-trade transparency regime?

N/A

58. How do you currently use deferrals? Please separate your answers by fixed income (sovereign bonds, high-yield bonds and investment-grade bonds separately) and derivatives (ETDs and OTC derivatives).

UK Finance members consider post-trade deferrals to be essential and are relying on post-trade deferrals for all fixed income and derivatives asset classes when available. This is because the majority of our members' business in fixed income and derivatives markets is undertaken "on risk", and deferrals protect market participants from being exposed to undue market risk, e.g. when trading large blocks or illiquid instruments. Our members would, therefore, caution that any changes to the post-trade deferral regime would need to be based on the premise of improving

market outcomes while continuing firms' ability to manage risk.

59. Which asset classes should deferrals apply to? Please separate your answers by fixed income (sovereign bonds, high-yield bonds and investment-grade bonds separately) and derivatives (ETDs and OTC derivatives).

UK Finance members consider that post-trade deferrals should apply to all asset classes in fixed income and derivatives markets so that firms trading in these instruments "on risk" are not unduly exposed and to protect against artificial volatility in fixed income markets.

Our members take the view that deferrals are very important and should be retained for all fixed income and derivatives asset classes, even in circumstances where the scope of instruments subject to post-trade transparency is reduced (compared to scope today). This is because, even if the scope of instruments is very narrowly defined, it is considered very unlikely that any approach to scoping will work perfectly to, e.g. capture only liquid instruments. Deferrals will, therefore, be needed as a fall back, even if the use of deferrals would be reduced where instrument scope is more tightly defined.

But which deferrals are available, and how each deferral is drawn up, will clearly depend on which instruments are in scope of the post-trade reporting obligations in the first instance. See our responses to questions 48 and 60 for further detail.

60. Do you agree that the deferral regime would benefit from being simplified?

UK Finance members agree that the post-trade deferral regime could be simplified, while noting that there are different views and options as to what such simplification could look like. Our members consider that simplification could be made to the scope of the instruments which are prima facie subject to post-trade transparency (as further described in our response to question 48 above) and/or to the different deferrals which could then apply in respect of particular transactions in in-scope instruments. UK Finance members consider that for all asset classes, and however narrowly defined the scope of the instruments, deferrals should be available.

As noted in our response to question 59 above, even if the scope of instruments is very narrowly defined, deferrals will still be needed as a fall back (because any scoping approach is likely to inadvertently capture illiquid instruments).

61. What do you think the optimum deferral length is? Please separate your answers by fixed income (sovereign bonds, high-yield bonds and investment grade bonds separately) and derivatives (ETDs and OTC derivatives).

UK Finance members consider that – if the scope of instruments subject to transparency is more tightly defined (as discussed in our response to question 48 above) – a deferral period for prices of T+2 should apply to large and illiquid trades in all fixed income and derivatives asset classes, with these trades also benefiting from volume masking for a period of at least 6 months. For smaller trades in liquid instruments, our members would support near real-time post-trade transparency. Our members consider that this approach should overall reduce the current complexities associated with the deferral regime.

If the scope of instruments subject to post-trade transparency is not tightly defined, our members consider that the deferral period and appropriate period of volume masking will depend on the precise instrument scope. Deferral periods should be subject to consultation but should likely be longer than T+2. One suggestion could be to determine the appropriate lengths of deferrals for different asset classes by reference to the length of time firms active in fixed income and derivatives markets are usually exposed to market risk.

62. What are your views on the government's proposal to delete the size specific to the instrument (SSTI), package order, and EFP deferrals? Do you think it would lead to more meaningful transparency? Please separate your answers by fixed income (sovereign bonds, high-yield bonds and investment-grade bonds separately) and derivatives (ETDs and OTC derivatives).

UK Finance members would only agree with the proposal to delete the SSTI, package order and EFP deferrals if the scope of instruments subject to post-trade transparency is strictly tightened (see our commentary at question 48 above). If instrument scope is not reduced as proposed, then our members consider that HMT should retain the current deferrals regime in full because of its usefulness.

63. Do you think volume masking and/or aggregation helps to encourage real time publication? Please separate your answers by fixed income (sovereign bonds, high-yield bonds and investment-grade bonds separately) and derivatives (ETDs and OTC derivatives).

UK Finance members would like to note that volume masking does not necessarily stop all large trades being identified in the market. That being said, our members feel that (assuming a narrow scope of instruments subject to post-trade transparency as explained in our responses to questions 48 and 60 above) permanent volume masking, or volume masking which remains in place for a minimum of 6 months, does encourage real-time transparency. Our members suggest that aggregation is operationally more complex to implement and would therefore have a preference for volume masking over aggregation.

Please also refer to our response to question 61 above outlining our members' suggestion to couple a T+2 deferral for large or illiquid trades with volume masking for at least 6 months.

64. What are the risks and benefits of allowing trading venues to calculate LIS thresholds for ETD post-trade reporting?

UK Finance members note that, prior to MiFID II, trading venues used to calculate LIS thresholds in futures markets, and consider that a similar approach could work in fixed income and derivatives markets. However, our members suggest that there would need to be measures in place to prevent conflicts of interest or competition concerns where venues may act in concert to standardise sizes across different platforms. These measures could take the form of pre-set parameters (subject to consultation) within which trading venues would set LIS thresholds, and governance requirements around conflicts management.

CHAPTER SIX – COMMODITY MARKETS

65. Do you think that the scope of the 'commodity derivatives' regime should be narrowed to derivatives that are based on physical commodities?

Our members support the views expressed in ISDA and the FIA's response to this question and direct HMT to their submissions.

66. Do you think that financial instruments which refer to commodities as a pricing element but are securities in their legal form, should be removed from the regime?

Our members support the views expressed in ISDA and the FIA's response to this question and direct HMT to their submissions.

67. Do you think economically equivalent OTC commodity derivative contracts should be removed from the commodity derivatives regime?

Our members support the views expressed in ISDA and the FIA's response to this question and direct HMT to their submissions.

68. Are there any other instruments that you think should be deleted from the commodity derivatives regime?

Our members support the views expressed in ISDA and the FIA's response to this question and direct HMT to their submissions.

69. What would be the risks and benefits of transferring responsibility for position limits from the FCA to trading venues?

Our members support the views expressed in ISDA and the FIA's response to this question and direct HMT to their submissions.

70. What specific factors do you think should be addressed in the framework of requirements that UK authorities would provide for trading venues?

Our members support the views expressed in ISDA and the FIA's response to this question and direct HMT to their submissions.

71. Do you think that the scope of contracts that are automatically subject to position limits should be limited? If yes, do you think that it should be limited to contracts that are critical or significant, which includes those that are physically settled, and agricultural?

Our members support the views expressed in ISDA and the FIA's response to this question and direct HMT to their submissions.

72. Do you think that the UK commodity derivatives regime should allow position limits exemptions for liquidity providers?

Our members support the views expressed in ISDA and the FIA's response to this question and direct HMT to their submissions.

73. Do you think that the UK commodity derivatives regime should introduce a 'pass through' hedging exemption to enable investment firms to support a wider range of hedging practices?

Our members support the views expressed in ISDA and the FIA's response to this question and direct HMT to their submissions.

74. Do you think any other activities should be exempt from the regime?

Our members support the views expressed in ISDA and the FIA's response to this question and direct HMT to their submissions.

75. Are there areas of the UK's position reporting regime which could be improved?

Our members support the views expressed in ISDA and the FIA's response to this question and direct HMT to their submissions.

76. Do you think that the ancillary activities test (AAT) should revert to a qualitative assessment of the activities performed by a market participant?

Our members support the views expressed in ISDA and the FIA's response to this question and direct HMT to their submissions.

77. Do you think that the basis of the AAT should be expected activity, rather than historic activity?

Our members support the views expressed in ISDA and the FIA's response to this question and direct HMT to their submissions.

78. Do you agree that the annual notification requirement should be abolished?

Our members support the views expressed in ISDA and the FIA's response to this question and direct HMT to their submissions.

79. Does the continued existence of the separate Oil Market Participant (OMP) and Energy Market Participant (EMP) regimes for commodity derivative market participants serve any meaningful purpose?

Our members support the views expressed in ISDA and the FIA's response to this question and direct HMT to their submissions.

80. Do you think that the OMP and EMP regimes should be removed as particular regulatory statuses from the UK's regulatory perimeter?

Our members support the views expressed in ISDA and the FIA's response to this question and direct HMT to their submissions.

81. Do you think any changes would need to be made to the MiFID II regime, if the OMP and EMP regimes are removed as particular regulatory statuses?

Our members support the views expressed in ISDA and the FIA's response to this question and direct HMT to their submissions.

CHAPTER SEVEN – MARKET DATA

82. Do you agree that the government should take action to encourage the development of a CT?

Yes, we agree the government should take action to encourage the development of a CT. In particular, UK Finance members support the development of a CT for equities (and similar instruments such as ETFs) and bonds. In contrast, data quality issues in derivatives need to be addressed before any CT may be developed for that market. Creating a derivatives CT would therefore be premature and render the information useless.

If you answered yes to question 82:

83. Do you think a fixed income tape should be prioritised?

No, UK Finance members would prefer for both an equities and bonds CT to be encouraged and developed at the same time, if possible. However, UK Finance members do agree with HMT that there is likely greater demand overall for a CT in bonds than equities, so if it is truly necessary to prioritise one or the other, then the bonds CT should be encouraged. However, equally we expect that implementing a CT for equities is likely to be more achievable in the short term.

As noted in our response to question 82 above, UK Finance members believe that a derivatives CT should not be prioritised given data quality issues around derivatives reporting (for instance, more accurate identifiers of derivatives which are the same product than ISINs, as noted in our response to question 46 above) would need to be addressed before such a CT would be useful.

84. Do you think that it would be beneficial for a fixed income CT to include post-trade data only, or would there be value in a tape covering pre-trade data too?

As noted in our response to question 52, our members have observed that they currently derive little to no value from pre-trade transparency for fixed income and derivatives asset classes. We are strongly of the view that, to avoid complexity and making the UK less competitive, the pre-trade obligations should be removed in their entirety. Correspondingly, we do not think that there would be value in a tape covering pre-trade data for fixed income, and are of the view that any fixed income CT should only cover post-trade data.

85. Is there any value in a delayed data CT for fixed income markets?

We understand that this question is referring to whether a CT that only provided delayed (rather than real time) data would be of value. UK Finance members are of the view that there would be little value to such a CT.

However, UK Finance members also note that one of HMT's proposals was to remove the requirement for a CT to provide data free of charge after 15 minutes. In this regard, our members note that HMT could instead consider supporting the commercial model of a CTP by calibrating the duration of the delay by asset class (e.g. requiring data to be published for free after a shorter period for asset classes where there is little value to the delayed data, but allowing a longer delay prior to publication for free for asset classes where the delayed data may have more value).

86. Is it valuable for an equity CT to include pre- and post-trade data?

UK Finance members think that it is valuable, and indeed should be a prerequisite for an equity CT. The pre-trade equity tape should also provide more depth than just level 1 / top of book data in order for it to be meaningful to market participants.

87. Is there any value in a delayed data CT for equity markets?

Please see our response to question 85.

88. Should the government amend legislation to enable a market-led private sector CT to develop, or do you think UK authorities should be actively involved in creating a CT?

UK Finance members believe that UK authorities should be actively involved in creating a CT. Members note that a CT would have the most value

if it was as close to a "golden source" as possible. Whilst competition should be introduced as to the operation of the CT, if there were several overlapping private sector CTs (but none which constituted a "golden source"), then none of these CTs would have much value to the market.

UK Finance members believe that any CT should meet four key objectives: (1) it should be reasonably priced; (2) it should be accessible to the market; (3) it should have a balanced governance arrangement; and (4) retail investors and academia should have access to the output of the CT for free (after a reasonable delay).

In particular, the manner in which a CT would be priced is key. HMT should propose a pricing/cost/revenue structure for an equity and bonds tape for industry consultation prior to any decisions being taken on the structure of a CT.

Whilst UK Finance members agree that the government or regulators should not need to operate a CT, we believe the best approach would be for the government or regulators to develop a tendering process to select a private sector operator to operate the CT at regular intervals. In this regard, the tendering process can ensure that the objectives above are met. In particular, such public sector oversight could help to ensure that prices are controlled, and conflicts of interest in the operation of a CT are appropriately managed. However, the tendering process itself would ensure that the operator of the CT has to operate it in a competitive manner, and would be replaced at the next tendering stage if they do not.

89. What are the legislative barriers for a private sector-led CT to emerge? Do you agree with the legislative changes identified above? Are there additional changes that UK authorities should be considering?

UK Finance members agree that the changes suggested by HMT are all valid changes to help ensure that a CT (whether private sector or public sector driven) is viable and agree that the main obstacle to the development of the CT has been a lack of an ability for the CT to ensure that trading venues and APAs contribute their data. Hence, changing the paradigm so that it is the responsibility of trading venues and APAs to contribute their data (rather than it being the responsibility of a CT to ensure a particular coverage ratio) would be very helpful in this regard.

UK Finance members would also like to note that if mandatory contribution requirements were introduced without there being a single CT developed with public sector involvement, then this could give rise to unintended consequences, such as firms setting up CTs in order to receive the relevant data on a mandatory basis. This is another reason why, as per our response to question 88 above, UK Finance members would prefer a CT to be developed with public sector involvement.

In addition to the changes HMT has already identified, UK Finance members would like to emphasise that a key change that would facilitate the development of a CT is ensuring that trading venues and APAs contribute their data in a standardised format and in accordance with clear rules (e.g. ensuring that they cannot add any latency to the data provided to the CT). This would help ensure that a CT is able to combine the data effectively and produce a valuable consolidated output.

Additionally, the manner in which a CT would be priced is key. HMT should propose a pricing/cost/revenue structure for an equity and bonds CT for industry consultation prior to any decisions being taken on the structure of a CT.

90. Do you see any risks with removing the obligation for CTs to provide data for free after 15 minutes?

Please see our response to question 85 above. UK Finance members do see a risk that if CTs are not obliged to provide their data for free at some point, then this would greatly reduce the ability of retail investors and academia to benefit from the data produced by the CT.

91. What are the potential advantages and disadvantages of multiple private sector CTs for each asset class?

See our response to question 88 above. UK Finance members believe there are several disadvantages to having multiple CTs in each asset class, and in particular the lack of a "golden source" CT would reduce the value of CTs to the market. Whilst having multiple private sector CTs would facilitate competition, UK Finance members note that a tendering process for the selection of a single CT would achieve a similar effect.

92. Do you have any suggestions on further areas that UK authorities should be considering when making changes to market data, especially in relation to requirements that are set out in legislation?

UK Finance members feel that UK authorities should increase the enforcement of existing MiFID II rules with the goal of (i) improving mechanisms to reduce the market data cost, (ii) resolving restrictions posed by complex data licenses, (iii) ensuring that market data is free of charge 15 minutes after publication with no usage restrictions; and (iv) for the data to be machine readable.

UK Finance members are also supportive of the recent ESMA guidelines on market data and suggest that the UK may wish to adopt similar principles. We think they strike a balance between making the MiFID II rules more robust around 'reasonable commercial basis' requirements without resorting to formal price regulation.

CHAPTER EIGHT – REPORTING

93. Where do the current regulatory reporting regimes for wholesale markets contain duplicative reporting requirements?

UK Finance members agree with the feedback that HMT has received – i.e. that there are overlapping reporting requirements (e.g. MiFIR transaction reporting and EMIR reporting) as well as inconsistencies in the format or representation of data under the various reporting obligations. However, members note that they have undertaken extensive implementation exercises, at significant operational and compliance costs, to meet these requirements and would therefore agree with HMT's proposal not to make further changes to the UK's reporting regime(s) unless those changes were to bring the UK's reporting standards in line with global ones, such as the industry-led Global Digital Regulatory Reporting (GDRR) initiative that is currently being developed. This change would allow firms and, in particular, those firms with a global footprint, to streamline their reporting processes, thereby improving efficiencies and reducing the costs/duplication of work. Members are, however, aware that this change would bring less value to those firms that operate solely in the UK, although this could be managed by staggering implementation and allowing these firms more time to make any changes.

94. Is intervention needed to mitigate against duplicative reporting for firms undertaking securities financing transactions (SFTs) with members of the European System of Central Banks?

Under the FCA's temporary transitional powers (the "TTP"), firms are not required to report those securities financing transactions ("SFTs") that they enter into with a member of the European System of Central Banks ("ESCB") under the Securities Financing Transactions Regulation ("SFTR") until the TTP expires on 31 March 2022. These SFTs are nonetheless reportable under the MiFIR transaction reporting regime. Following the expiry of the TTP, members would, however, be required to report these transactions under both the SFTR and MiFIR reporting regimes. To avoid duplicative reporting and further operational changes, UK Finance members recommend maintaining the current position (i.e. as under the TTP) by bringing it into law as a permanent exemption.

95. Do you think the 10% loss reporting rules for portfolios and contingent liability transactions offer effective investor protection? If not, how do you think the rules in this area should be revised?

UK Finance members consider that the 10% loss reporting requirement does not offer effective investor protection. The notification, which is made only after a 10% drop in portfolio value (or any multiples of 10%), can cause investors to be alarmed, and (where the loss does not arise in respect of a managed portfolio for which the relevant portfolio manager will take action) questioning what actions are available to them, other than selling down at a loss. This may adversely impact investor confidence in investing in capital markets more generally.

96. Do you think electronic communication should become the default means of communication for disclosures and reporting to retail clients, and, if so, what protections are needed for retail clients around such a change?

Yes, we agree that electronic communication should become the default means of communication for disclosures and reporting to retail clients. This would minimise delays (as well as postal fraud) and reduce paper waste from a sustainability perspective. However, we consider it appropriate to allow retail clients to opt into receiving paper communications to ensure that those who cannot readily access digital communications may continue to receive relevant information.

However, HMT should be mindful of the digital transition to electronic format with respect to those retail clients which have so far relied on paper-based communications due to, for example, (1) personal limitations; (2) hindered access to technology; and/or (3) lack of digital literacy. For these reasons, retail customers should still retain the possibility to receive pre-contractual documentation on paper. We expect that most documents will be distributed in electronic format, however, retaining the ability to provide documents in paper format if a client

so requests (either explicitly or by conduct, e.g. by not providing an email address) will be important to ensure appropriate client information.

Additionally, we consider that changes to the retail regime should be accompanied by clear phase-in provisions, so that firms are given the time to change their approach with retail clients.

97. Are there any other changes to the conduct rules in the MiFID delegated regulation that you think could be made to reduce costs whilst continuing to offer meaningful investor protection?

N/A

98. Do you think other changes are needed to ensure that the reporting regime correctly balances investor protection and transparency?

N/A

99. Have you experienced any issues with the utilisation of International Securities Identification Number (ISINs) as identifiers?

Our members support the views expressed in ISDA's response to this question and direct HMT to ISDA's submissions.

100. Do you have any suggestions on how the use of identifiers could be improved?

Our members support the views expressed in ISDA's response to this question and direct HMT to ISDA's submissions.

CHAPTER NINE – CROSS-CUTTING ISSUES

101. What further steps can UK authorities take to enable firms to take advantage of technological innovation in capital markets?

Digitisation of reporting can offer significant benefits in terms of delivering higher quality supervisory data more quickly and consistently across different rules and market participants. While there are already a number of industry initiatives underway, we believe that the FCA should be part of this process. It's important that the industry's thinking is aligned with the FCA's expectations to ensure consensus in approach. The Treasury should mandate the FCA to prioritise digitisation of reporting and to work with the industry to ultimately bless the final digitised rule sets.

Three areas where digitisation of reporting should be prioritised:

1. Beneficial Ownership Reporting: This is a good test case because there is a lot of complexity and nuance in terms of how firms report the data and differences in what regulators across jurisdictions want from firms. Currently, firms create ad hoc forums for informal discussions to share problems/solutions on rule interpretations. There is an industry initiative underway to create a more formal and centralised utility to move from an analogue to a digital rule set. It's important that the FCA is closely involved from the start of the implementation phase, whereby the industry highlights rules that are unclear and propose a reporting approach to the regulator. This helps provide regulator awareness on areas of ambiguity and ensures consistent advice across the industry;
2. EMIR (swap dealer reporting to trade repositories): The EU is focused on EMIR refit next year and the industry is working to digitise the existing rule set in preparation for any changes so that they can be implemented more easily. The FCA should work with the industry so that any digitisation also works in the UK context. It's important the digitisation setup works across multiple jurisdictions and FCA input at an early stage would be very valuable; and
3. MIFID (transaction reporting): The reporting covers every asset class, buy side and sell side; it is wide and diverse in terms of business reach and number of fields/data points. The UK markets review provides an excellent opportunity to digitise the MiFID reporting requirements.

102. What further steps can UK authorities take to support the wholesale markets sector as we move towards a low carbon economy?

UK Finance members are supportive of the measures outlined in paragraphs 9.4 to 9.7 of the consultation and would underline their relevance to the UK achieving its statutory target to reach net zero emissions by 2050 and join those wishing to provide global leadership on ESG. The consultation identifies these as including:

i. making TCFD-aligned disclosures mandatory across the economy within a 2023-25 timeline;
ii. introducing a UK taxonomy for sustainable activities; and
iii. the issue of (at least £15bn) UK green sovereign gilts.

Further significant UK developments include:

iv. the National Infrastructure Bank with a mission for supporting local growth and tackling climate change;
v. the Greening of the Bank of England Corporate Bond Purchase Scheme;
vi. extending TCFD requirements to asset managers, life insurers and FCA-regulated pension providers;
vii. the planned FCA Sustainable Investment Label (for consumers);
viii. the formation of the UK WG on voluntary carbon markets; and
ix. a series of key strategic plans expected to be published in the Autumn.

For each of the above, we would stress the importance of approaches (i) being drawn up in a way that supports the overarching objective

of whole economy transition to net zero; and (ii) being designed in a way that can be expected to fit firmly within the developing global framework and prevailing market standards. Wholesale financial markets are global in nature and the benefits of ensuring that national approaches fit within, and align to, international norms cannot be overstated.

103. How do companies harness retail investment whilst ensuring investor protection?

Our members consider that this is an appropriate opportunity to modernise and relax some of the exemptions from the Financial Promotions Order, which we believe would give companies that seek financing in the UK better access to investors (thus increasing the attractiveness of the UK for start-ups and growth companies) and at the same time allow increased choice for high net worth individuals and family offices receiving wealth management services in the UK (and thus help the UK increase its importance as a wealth management hub).

104. How do companies take advantage of the globalisation of information to reach investors?

N/A

105. Is there a role for UK authorities to play to facilitate retail access to capital markets, while continuing to offer high standards of investor protection?

UK Finance members have a number of separate suggestions which may facilitate greater retail access to capital markets:

i. Our members consider that retail investors' ability to opt up to professional investor status is useful. However, access of relevant high net worth and sophisticated investors to capital markets could be further improved through greater flexibility in the relevant opt up thresholds and through removing the need for annual attestations for advised and portfolio-managed clients.

ii. UK Finance members note that, despite the fact that non-complex products may be purchased by any category of investors without the need for an appropriateness assessment on meeting certain conditions, the product governance requirements still extend to non-complex products. This adds compliance burdens and costs for manufacturers and distributors of such products. We consider that all non-complex products could be excluded from the scope of the product governance regime to reflect how these products are treated for the purposes of the appropriateness assessment, and given that investors in such products benefit generally from a range of other measures aimed at protecting investors' interests, such as prospectus requirements, ongoing disclosure requirements and corporate governance requirements applicable to issuers. We would also encourage HMT to consider designating as non-complex instruments which are widely regarded as simpler products in the market, e.g. vanilla bonds, and excluding such products from the scope of product governance requirements. From a consumer protection perspective, we note that the aforementioned products will likely be covered by the UK's upcoming consumer duty proposals and the product governance provisions contained therein – accordingly we don't think it makes sense to apply duplicative standards. We would also recommend that the consumer duty is applied to such non-complex and widely used vanilla instruments in a proportionate manner.

iii. Our members also consider that, for investment-advised and portfolio-managed clients, rather than restricting the products to which clients can have access, increased requirements as to investment advisers' qualifications and competence requirements would be more beneficial, as investment advisers would be able to assess products in the context of each specific client's portfolio and overall investment aims. Additionally, the FCA should further tighten the regulatory perimeter to ensure that only fit and proper firms gain, and retain, authorisation to advise or manage the assets of retail clients – rather than, again, restricting the products to which retail clients can have access.

iv. Please also refer to our response to question 103 above – we think it would be helpful for the UK to modernise and relax some of the exemptions to the Financial Promotions Order to allow companies to better access the UK retail market.

About UK Finance

UK Finance is the collective voice for the banking and finance industry. Representing more than 250 firms across the industry, it seeks to enhance competitiveness, support customers and facilitate innovation. Our primary role is to help our members ensure that the UK retains its position as a global leader in financial services. To do this, we facilitate industry-wide collaboration, provide data and evidence-backed representation with policy makers and regulators, and promote the actions necessary to protect the financial system. UK Finance's operational activity enhances members' own services in situations where collective industry action adds value. Our members include both large and small firms, national and regional, domestic and international, corporate and mutual, retail and wholesale, physical and virtual, banks and non-banks. Further information is available at www.ukfinance.org.uk.

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