

28 August 2024

FIA EPTA response to the ESMA MiFIR Review Consultation on RTS on the Synchronisation of Business Clocks (Part of the Second ESMA MiFIR Review Consultation Package - ESMA74-2134169708-7225)

The European Principal Traders Association (FIA EPTA) represents Europe's leading Principal Trading Firms. Our members are independent market makers and providers of liquidity and risk-transfer for markets and end-investors across Europe. FIA EPTA works constructively with policy-makers, regulators and other market stakeholders to ensure efficient, resilient and trusted financial markets in Europe.

Q37: Do you agree with the proposed approach on synchronisation to reference time? If not, please explain.

Yes, we agree with ESMA's proposal to use UTC as the reference time, mirroring RTS 25 where UTC is indicated as the reference time.

Q38: Do you support a timestamp granularity of 0.1 microseconds for operators of trading venues whose gateway-to-gateway latency is smaller than 1 millisecond? If not, please explain. Would you argue for an even smaller granularity? If yes, please explain.

Yes, we agree with increasing the timestamp granularity to 0.1 microseconds for operators of trading venues where the gateway-to-gateway latency is less than 1 millisecond.

Q39: Do you support the proposed approach on the level of accuracy for trading venue members, participants or users? If not, please explain.

Yes, we agree that the level of accuracy for trading venue members, participants or users should mirror the venue requirement i.e., for participants using HFT techniques, where the venue's gateway-to-gateway latency is less than 1 millisecond, the 0.1 microsecond timestamp granularity should apply.

Q40: Do you agree with the proposed approach on traceability to UTC? If not, please explain.

Yes, we agree with ESMA's approach on traceability to UTC.

Q41: Do you agree with the proposed accuracy levels for APAs, SIs, DPEs and CTPs? If not, please explain.

Yes, in general, we agree with the proposed accuracy levels for APAs, SIs, DPEs and CTPs but with one exception. We believe that the accuracy levels for SIs with a gateway-to-gateway latency less than one millisecond should be the same as that for trading venues and their participants with the same gateway-to-gateway latency. We see no reason why SIs using low latency gateways should have a less granular accuracy level and believe it would be more

straightforward for all parties with this gateway-to-gateway latency to adhere to the same requirement.

Although implied, it is also worth highlighting that for CTPs we expect the execution/pre-trade timestamps provided by the trading venues/APAs to be detailed with the same level of granularity in the Consolidated Tape data feed i.e., for no modification of the timestamps received to be conducted by the CTPs.

Q42: Do you think that more stringent requirements should be set for SIs compared to DPEs considering they have pre-trade transparency obligations? If not, please explain.

Yes, we agree there should be more stringent requirements for SIs compared to DPEs as it is not expected that DPEs would use low latency gateways.