30 April 2026
ESMA74-1119406008-1622

Reply Form

Call for evidence on the market structure of European equity markets.

Responding to this Consultation Paper

ESMA invites comments on all matters in this Consultation Paper and in particular on the specific questions summarised in Annex 1. Comments are most helpful if they:

- respond to the question stated;
- indicate the specific question to which the comment relates;
- contain a clear rationale; and
- describe any alternatives ESMA should consider.

ESMA will consider all comments received by **30 June 2026.**

All contributions should be submitted online at www.esma.europa.eu under the heading 'Your input - Consultations'.

Instructions

In order to facilitate analysis of responses to the Consultation Paper, respondents are requested to follow the below steps when preparing and submitting their response:

- Insert your responses to the questions in the Consultation Paper in this reply form.
- Please do not remove tags of the type < ESMA_QUESTION_MSEM_0>. Your response to each question has to be framed by the two tags corresponding to the question.
- If you do not wish to respond to a given question, please do not delete it but simply leave the text "TYPE YOUR TEXT HERE" between the tags.
- When you have drafted your responses, save the reply form according to the following convention: ESMA_CP1_ MSEM_nameofrespondent.

  For example, for a respondent named ABCD, the reply form would be saved with the following name: ESMA_CP1_ MSEM_ABCD.
- Upload the Word reply form containing your responses to ESMA's website (**pdf documents will not be considered except for annexes**). All contributions should be submitted online at *www.esma.europa.eu* under the heading *'Your input - Consultations'.*

Publication of responses

All contributions received will be published following the close of the consultation, unless you request otherwise. Please clearly and prominently indicate in your submission any part you do not wish to be publicly disclosed. A standard confidentiality statement in an email message will not be treated as a request for non-disclosure. A confidential response may be requested from us in accordance with ESMA's rules on access to documents. We may consult you if we receive such a request. Any decision we make not to disclose the response is reviewable by ESMA's Board of Appeal and the European Ombudsman.

Data protection

Information on data protection can be found at www.esma.europa.eu under the heading 'Data protection'.

Who should read this paper?

This paper is primarily addressed to all financial market participants, including trading venues and investment firms, as well as to asset management, data reporting service providers, trade associations, issuers and other stakeholders involved in financial regulation, investor education, and retail investment market developments.

1 General information about respondent

Name of the company / organisation	AMF Italia – Associazione Intermediari Mercati Finanziari
Activity	Trade association
Are you representing an association?	☒
Country / Region	Italy

2 Questions

Q1 Do you agree with the description of the market structure summarised in Figure 1 for the purpose of the study in sections 3 and 4 based on transaction reporting data? If not, could you provide an alternative description that you consider more adapted to the reality of the European trading landscape for shares?

<ESMA_QUESTION_MSEM_1>

Our members agree with the description of the EU trading landscape summarised in Figure 1. However, to ensure the inclusion of all relevant elements, they note that such Figure should also mention trading venues using request for quote systems. With general reference to the EU trading landscape for shares and to the analysis carried out by ESMA throughout the Call for Evidence, AMF Italia members would also like to highlight that such an analysis seemingly overlooks the cost factor. In this respect they believe that the growth of trading systems alternative to lit trading is mainly given by their ability to deliver customised services while maintaining cost-effective and competitive pricing.

<ESMA_QUESTION_MSEM_1>

Q2 Do you have any insights on the XOFF transactions reported by investment firms who also act as an SI (SI-OTC trades)?

<ESMA_QUESTION_MSEM_2>

Our members are broadly in line with ESMA as far as “XOFF” transactions are concerned. Namely, they share the idea that these transactions belong to the group of OTC activity and that they are reported, at least to some extent/at least a portion thereof, by an investment firm which is also a SI.

<ESMA_QUESTION_MSEM_2>

Q3 Do you agree with the general trends identified regarding on-book vs. off-book trading, and addressable vs. non-addressable liquidity? What other trends do you consider relevant, also in terms of competitive pressures?

<ESMA_QUESTION_MSEM_3>

AMF Italia members agree with the general trends identified by ESMA: i) overall decrease in continuous lit order book (CLOB) trading, ii) significant increase of other on-book trading systems such as closing auctions and FBAs, and iii) marginal increase in the use of LIS and RP waivers. Regarding on-book trading, our members observe a shift from continuous trading toward auctions, rather than a substantial decline in multilateral trading as a whole. They consider these shifts as part of a long-term structural evolution that particularly emerges over the 2022–2025 timeframe considered by ESMA. Our members also agree with ESMA view that, given the timeframe considered, the level of addressable liquidity has not undergone material changes. Finally, they would also like to point out that trade sizes could be affected by the use of Smart Order Routing (SOR). SOR mechanisms may influence execution sizes, as single parent orders are frequently fragmented into multiple child orders and executed across different trading venues or liquidity sources.

<ESMA_QUESTION_MSEM_3>

Q4 Do you have any concerns on the impact of the identified trends on the general functioning of the EEA markets for shares? In your view, what are the implications of the relative decreasing trend in trading on CLOB for the effective price formation in the EEA markets for shares? What are the implications on price formation should this trend persist or even accelerate?

<ESMA_QUESTION_MSEM_4>

AMF Italia members agree with ESMA's findings regarding the decreasing trend of trading on CLOB; however, at this stage, they do not identify any resulting efficiency deficit in terms of price formation and therefore they do not consider this trend to be intrinsically harmful to market quality. Investors select execution methods according to a range of factors, including order size, likelihood of execution, settlement efficiency, fees and access to liquidity. While our members do not currently observe any adverse effects on market quality, a liquidity issue could emerge in the future if trading mechanisms that rely on the primary venue for price formation were to attract a growing share of order flow away from that venue. In such circumstances, there could be a risk of liquidity fragmentation without a corresponding increase in overall market efficiency. Without raising particular concerns about the current market structure, AMF Italia members suggest that these market developments should continue to be monitored over time.

<ESMA_QUESTION_MSEM_4>

Q5 As the choice of trading facility has increased, it is important for ESMA to understand why market participants are choosing the execution facilities that they do. What are the drivers that you consider most relevant when choosing on which execution venue and with which execution method to trade?

<ESMA_QUESTION_MSEM_5>

The choice of a trading facility is driven by a range of factors, such as order size, available liquidity, timing considerations, certainty of execution and applicable fees. In this context, our members consider the significant growth of trading facilities to be beneficial by offering investors a wider range of execution solutions tailored to different trading needs. Nevertheless, it is also worth considering implementation and operational costs associated with maintaining multiple execution mechanisms, a factor that is not addressed in ESMA's analysis. From a forward-looking perspective, such costs may ultimately be sustainable only for a limited number of market participants, potentially leading to increasing barriers to entry and contributing to market concentration.

<ESMA_QUESTION_MSEM_5>

Q6 What are your experiences with regard to gaining access to liquidity? To what extent are you, either directly or via a broker, able to access liquidity on relevant trading venues or relevant systematic internalisers? If not, please explain what stands in the way of gaining such access.

<ESMA_QUESTION_MSEM_6>

Fragmentation creates the need for access to multiple execution venues to reach a substantial level of addressable liquidity. However, while this should not be considered negative per se, it is worth noting that it could be costly. The choice of the execution venue is driven by best execution considerations. In this respect, access to a diverse range of trading mechanisms enables participants to optimize outcomes by selecting the most appropriate venue for each order, thereby offering customised solutions rather than relying on a one-size-fits-all model. In light of the above, a proper balance must be struck between liquidity concentration, diversity of liquidity provision, competition and costs.

<ESMA_QUESTION_MSEM_6>

Q7 If you are an issuer, how do you see these market developments? Do you consider this an attractive environment for listing? If not, why?

<ESMA_QUESTION_MSEM_7>

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<ESMA_QUESTION_MSEM_7>

Q8 What conclusions would you draw from the distribution of liquidity across EEA ISINs? Do you identify any policy recommendations in this context, with a view to enhancing price formation while ensuring a level playing field across different types of venues? Do you have explanations for the high share of OTC trading observed in the ISIN's of some jurisdictions?

<ESMA_QUESTION_MSEM_8>

The distribution of liquidity across EEA ISINs presented by ESMA does not reveal a uniform trend across the Union; rather, it highlights a variety of national patterns, shaped by the specific characteristics of each country's economy and stage of capital market development. Certain common features can be observed among countries with similar levels of capital market maturity, suggesting that liquidity patterns may be more meaningfully analysed within groups of comparable markets rather than across the EEA as a whole.

<ESMA_QUESTION_MSEM_8>

Q9 What is your view on the evolution of dark trading on EU trading venues? Are there any structural shifts that you noticed, which you believe should be further monitored?

<ESMA_QUESTION_MSEM_9>

Our members share ESMA's assessment of the trends in dark trading market share and agree with ESMA's view that, at present, these developments do not appear to be detrimental to market quality. However, they would like to point out the following main trends: (i) a decrease in the sizes executed in the dark trading segment, in contrast to the trend observed a few years ago, (ii) an expansion of the range of dark equity trading services offered by trading venues, and (iii) a relative stability in overall dark trading volumes.

<ESMA_QUESTION_MSEM_9>

Q10 What concerns/issues do you highlight at this stage? Do you see a need for specific regulatory interventions also in consideration of evidence available regarding practices related to dark trading functionalities (please provide details)?

<ESMA_QUESTION_MSEM_10>

AMF Italia members do not consider any specific regulatory intervention to be necessary at this stage; however, they would encourage ESMA to continue monitoring the effects of the Single Volume Cap mechanism, including any potential migration of trading activity towards FBAs or other trading systems, in order to assess whether unintended consequences for market structure or liquidity may emerge over time.

<ESMA_QUESTION_MSEM_10>

Q11 What is your view on the evolution and effects of trading in closing auctions on the EU markets? Do you agree with the presented rationale for trading in closing auctions or do you consider other drivers more important for explaining the growth and increasing significance of closing auctions trading?

<ESMA_QUESTION_MSEM_11>

AMF Italia members confirm the increase in volumes executed via closing auctions. In their view, this trend is partly due to the growing importance of passive trading strategies, as well as ETFs and securitised derivatives, many of which use the closing price as a benchmark. As a result, a significant share of order flow is channelled to the market close, contributing to the continued growth in execution volumes during the closing auction.

<ESMA_QUESTION_MSEM_11>

Q12 What is your view on the effects of alternative closing mechanisms offered by MTFs and SIs?

<ESMA_QUESTION_MSEM_12>

TYPE YOUR TEXT HERE

<ESMA_QUESTION_MSEM_12>

Q13 What will be in your view the effects of 24h/ extended trading ours on closing auctions?

<ESMA_QUESTION_MSEM_13>

In our members' view, the extension of trading hours to a 24-hour model is unlikely to have a significant effect on the concentration of liquidity observed during closing auctions.

<ESMA_QUESTION_MSEM_13>

Q14 Are there any structural shifts that you noticed, which you believe the competent authorities should monitor? Would you like to highlight any concerns/issues at this stage? Do you see a need for specific regulatory interventions (please provide details relating them possibly to the data and observations available)?

<ESMA_QUESTION_MSEM_14>

TYPE YOUR TEXT HERE

<ESMA_QUESTION_MSEM_14>

Q15 What is your view on the evolution of trading in FBAs on EU markets? Why are those mechanisms gaining traction in your view? Which are the benefits and shortcomings they offer? (please elaborate)

<ESMA_QUESTION_MSEM_15>

According to AMF Italia members' opinion, FBAs have proven to be a valid trading mechanism. They are subject to pre-trade transparency, contribute to price formation and help mitigate latency-related advantages. However, a significant share of transactions executed through FBAs takes place at prices that are not aligned with the applicable tick size ("off-tick"). While our members do not consider this to be problematic per se, competitive distortions could arise if FBAs were systematically able to execute off-tick under conditions that are not available to comparable multilateral trading mechanisms. This aspect is to be carefully considered, particularly in light of the withdrawal of the ESMA Q&A that required all periodic auction systems to comply with the minimum tick size regime under MiFID II. It should be noted that the withdrawal of the Q&A has created a degree of uncertainty as to the applicable framework and the consistency of the competitive landscape across trading mechanisms.

<ESMA_QUESTION_MSEM_15>

Q16 Do you have any particular observations as regards the impact of SVC on FBAs?

<ESMA_QUESTION_MSEM_16>

Our members share ESMA's view that the introduction of the SVC mechanism has contributed to the migration of a portion of dark trading volumes towards FBAs. However, it appears that this shift has gradually moderated since the initial phase of implementation of the SVC. Nevertheless, given the relatively limited observation period currently available, our members agree with ESMA that these developments should continue to be closely monitored over time.

<ESMA_QUESTION_MSEM_16>

Q17 Are there any emerging structural shifts which you believe would warrant closer monitoring? (please elaborate)

<ESMA_QUESTION_MSEM_17>

Our members do not see any emerging structural shifts to monitor.

<ESMA_QUESTION_MSEM_17>

Q18 What is your view regarding the contribution of FBAs to price formation and transparency? Should those mechanisms be generally considered as price forming/ non price forming or this assessment should be done on a case-by-case basis depending on the specific design of the auction? (please elaborate, supplementing your views with data evidence when available)

<ESMA_QUESTION_MSEM_18>

As noted above, FBAs are generally subject to pre-trade transparency requirements and contribute to the price formation process.

<ESMA_QUESTION_MSEM_18>

Q19 Please highlight any concerns/issues you may have at this stage. Do you see a need for specific regulatory interventions, particularly regarding the tick size regime and its application to transactions and periodic auctions (please provide details)?

<ESMA_QUESTION_MSEM_19>

TYPE YOUR TEXT HERE

<ESMA_QUESTION_MSEM_19>

Q20 What is your view on the evolution of trading of SIs on the EEA markets? What are the main drivers of their growth?

<ESMA_QUESTION_MSEM_20>

The growth of SI trading reflects the increasing diversity of execution models available to market participants. In our members' view, this development is primarily driven by clients' demand for immediacy of execution, the efficient handling of larger orders, the possibility of achieving price improvement relative to displayed liquidity and lower execution prices.

<ESMA_QUESTION_MSEM_20>

Q21 Does this picture reflect the trends you observe in SI trading? Do SI offer trading for both large and small sizes? Do these different trade size reflect different types of clients / SI businesses?

<ESMA_QUESTION_MSEM_21>

Our members are aligned with ESMA's assessment of the dual function performed by SIs across different trade sizes and investor categories. On one side, SIs provide the necessary liquidity for block and large-in-scale (LIS) institutional trades that drive market volumes; on the other, they efficiently process a multitude of smaller transactions. This structural adaptability confirms the versatility of SIs in catering to a heterogeneous ecosystem of market participants by offering bespoke execution workflows.

<ESMA_QUESTION_MSEM_21>

Q22 What is your perception of the application of price improvement by SIs? Does the data analysis reflect the reality, or do you believe that there are some data quality issues in the flagging of transactions subject to price improvement?

<ESMA_QUESTION_MSEM_22>

The activities of SIs cannot be measured solely by the provision of marginal price improvements over the PBBO. Evaluating SIs through this narrow lens misrepresents how they achieve optimal outcomes for clients. In fact, price improvement is offered as part of a broader, comprehensive execution service, and only when it aligns with the overarching goal of best execution. Ultimately, price is not the sole execution factor; rather, it coexists with a variety of key considerations, including market impact, certainty of execution, and immediacy.

<ESMA_QUESTION_MSEM_22>

Q23 Which flags do you consider important to identify certain trade related to SI trading?

<ESMA_QUESTION_MSEM_23>

TYPE YOUR TEXT HERE

<ESMA_QUESTION_MSEM_23>

Q24 What is your view on the evolution of SI trading on the EU markets? Are there any structural shifts that you noticed, or envisage, which you believe should be further monitored?

<ESMA_QUESTION_MSEM_24>

Our members have not identified any structural shifts.

<ESMA_QUESTION_MSEM_24>

Q25 Please highlight any concerns/issues you may have at this stage? Do you see a need for specific for regulatory interventions (please provide details possibly relating to the information and data available or observed)?

<ESMA_QUESTION_MSEM_25>

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<ESMA_QUESTION_MSEM_25>

Q26 Have you witnessed an increase in the use of benchmark trades? If so, what are the drivers of such increase on venue and on SI?

<ESMA_QUESTION_MSEM_26>

Our members have observed growing demand for benchmark-based execution, as clients increasingly favour execution strategies referenced to a volume-weighted average price or a time-weighted average price, which help minimise market impact. This trend has been accompanied by an increase in waiver requests submitted by trading venues in order to accommodate investors' preferences. However, this trend should not be regarded as detrimental to market quality and should instead be viewed within a broader context, as it highlights the long-term interdependence between different execution mechanisms. Since benchmark-based trades ultimately relies on prices formed in lit markets, an appropriate balance between lit and non-lit liquidity remains important to ensure that underlying reference prices continue to be robust, representative and reliable. From a forward-looking perspective, AMF Italia suggests continuing to monitor these trends as they can potentially influence the effectiveness of the price formation.

<ESMA_QUESTION_MSEM_26>

Q27 Should the use of transactions from multiple trading venues be allowed when calculating the benchmark?

<ESMA_QUESTION_MSEM_27>

TYPE YOUR TEXT HERE

<ESMA_QUESTION_MSEM_27>

Q28 When performing benchmark trades, on how many transactions is the calculation of the benchmark trade based (on average, min, max, liquid vs. illiquid instruments)?

<ESMA_QUESTION_MSEM_28>

TYPE YOUR TEXT HERE

<ESMA_QUESTION_MSEM_28>

Q29 To what extent SI take advantage of the provision in Article 15(3) of MiFIR? Please share any data you may be informative in this context to understand the extent to which SIs use this provision.

<ESMA_QUESTION_MSEM_29>

TYPE YOUR TEXT HERE

<ESMA_QUESTION_MSEM_29>

Q30 Would you be supportive of ESMA issuing guidance on benchmark trades? If yes, should it encompass quantifying the minimum requirements (e.g. minimum number of transactions to be included when calculating a benchmark price, minimum time period to cover).

<ESMA_QUESTION_MSEM_30>

TYPE YOUR TEXT HERE

<ESMA_QUESTION_MSEM_30>

Q31 Does member preferencing lead to unfair outcomes for end-investors, other members or the markets? Please explain, if possible on the basis of data.

<ESMA_QUESTION_MSEM_31>

AMF Italia members deem that within the current market structure, member preferencing serves as an effective tool for retaining liquidity on trading venues. By keeping transactions on multilateral platforms rather than allowing them to migrate to bilateral channels, member preferencing prevents the fragmentation of order flows. Given that comparable execution preferences are available off-venue, allowing venues to offer this functionality helps preserve trading activity within the central lit order books. This, in turn, supports the price formation process and the availability of transparent market data references for all market participants.

<ESMA_QUESTION_MSEM_31>

Q32 To what extent do you see evidence that member preferencing extends in practice beyond jumping the queue and may also violate price priority principles?

<ESMA_QUESTION_MSEM_32>

TYPE YOUR TEXT HERE

<ESMA_QUESTION_MSEM_32>

Q33 Should member preferencing be (a) prohibited, (b) should there be rules restricting the practice, or (c) should nothing be done? If you suggest there should be rules (b), which rules would you suggest? Please explain.

<ESMA_QUESTION_MSEM_33>

TYPE YOUR TEXT HERE

<ESMA_QUESTION_MSEM_33>

Q34 What would be the consequence of prohibiting certain forms of member preferencing? Please explain, if possible on the basis of data.

<ESMA_QUESTION_MSEM_34>

TYPE YOUR TEXT HERE

<ESMA_QUESTION_MSEM_34>

Q35 Are you aware of other similar and common practices, for example on RFQs, where on venue competition is limited to the detriment of other investors or members? Please explain, if possible with data.

<ESMA_QUESTION_MSEM_35>

TYPE YOUR TEXT HERE

<ESMA_QUESTION_MSEM_35>

Q36 Do you agree with the above three approaches?

<ESMA_QUESTION_MSEM_36>

Our members agree with the three approaches proposed by ESMA.

<ESMA_QUESTION_MSEM_36>

Q37 Do you agree with this first part of the table on addressable liquidity and price forming?

<ESMA_QUESTION_MSEM_37>

TYPE YOUR TEXT HERE

<ESMA_QUESTION_MSEM_37>

Q38 Do you agree with this second part of the table on addressable liquidity and price forming?

<ESMA_QUESTION_MSEM_38>

TYPE YOUR TEXT HERE

<ESMA_QUESTION_MSEM_38>

Q39 Would you consider that some benchmark transactions should be classified as non-addressable and non-price forming? If so, provide a clear description of the case and rationale.

<ESMA_QUESTION_MSEM_39>

TYPE YOUR TEXT HERE

<ESMA_QUESTION_MSEM_39>

Q40 Do you agree with this third part of the table on addressable liquidity and price forming?

<ESMA_QUESTION_MSEM_40>

TYPE YOUR TEXT HERE

<ESMA_QUESTION_MSEM_40>

Q41 Do you agree that all transactions without a flag should be considered addressable liquidity and price forming?

<ESMA_QUESTION_MSEM_41>

TYPE YOUR TEXT HERE

<ESMA_QUESTION_MSEM_41>

Q42 Do you agree with this fourth and last part of the table on addressable liquidity and price forming?

<ESMA_QUESTION_MSEM_42>

TYPE YOUR TEXT HERE

<ESMA_QUESTION_MSEM_42>

Q43 Do you agree with the approach on the combination of flags in the case of addressable liquidity?

<ESMA_QUESTION_MSEM_43>

TYPE YOUR TEXT HERE

<ESMA_QUESTION_MSEM_43>

Q44 Do you agree that intragroup transactions executed by SIs should not constitute addressable liquidity and therefore, could be flagged (i.e. a new flag in RTS 1 could be added to disentangle those transactions)? Do you agree that intragroup transactions executed by SIs should be classified as non-price forming?

<ESMA_QUESTION_MSEM_44>

TYPE YOUR TEXT HERE

<ESMA_QUESTION_MSEM_44>

Q45 Do you believe that other transactions should be flagged and excluded from the calculation of addressable liquidity (i.e. a new flag in RTS 1 should be added to disentangle those transactions)?

<ESMA_QUESTION_MSEM_45>

TYPE YOUR TEXT HERE

<ESMA_QUESTION_MSEM_45>