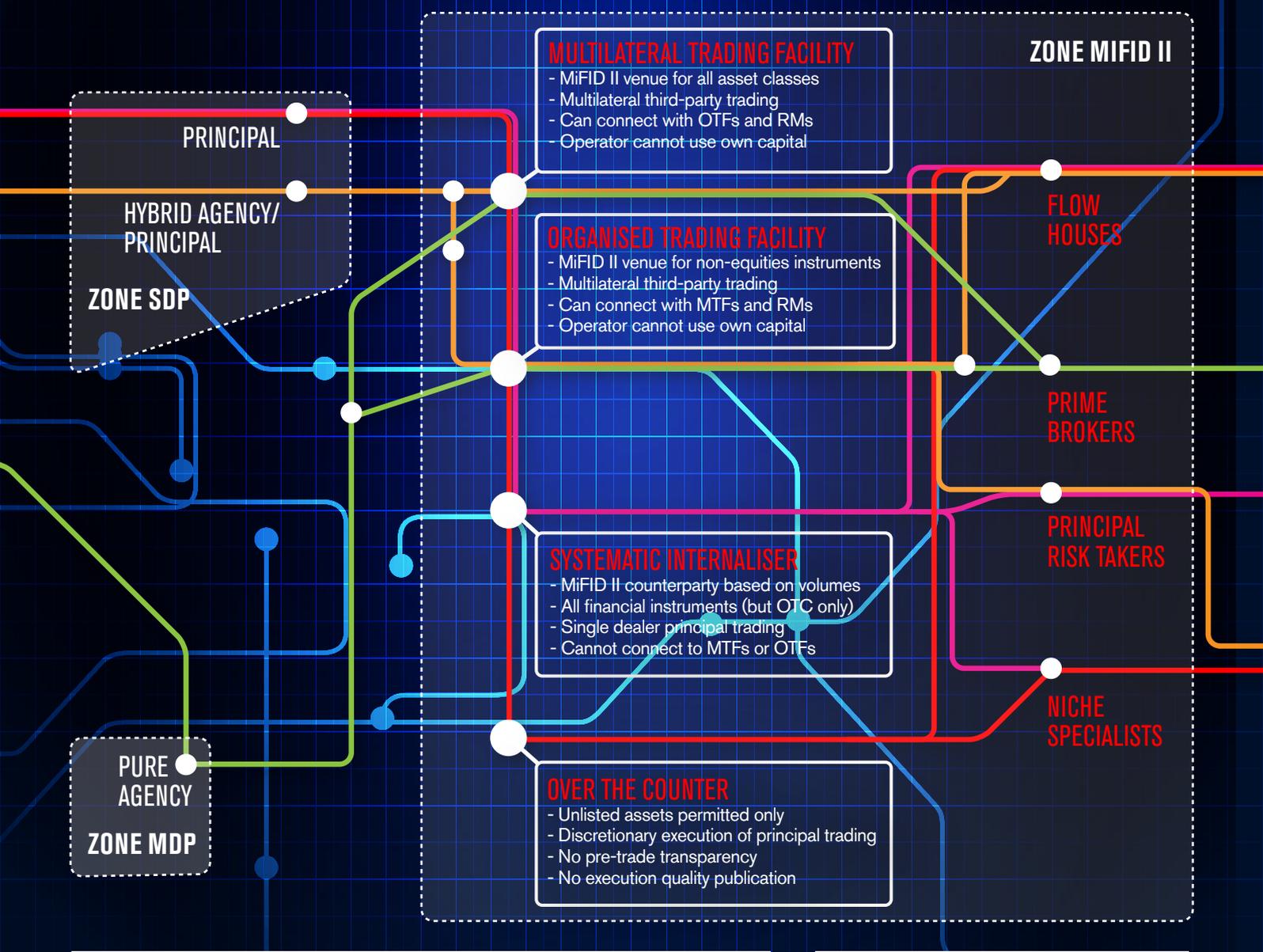


MASTERING MIFID II: MARKET STRUCTURE & PRE- AND POST-TRADE IMPLICATIONS

ADAPTING THE SELLSIDE EXECUTION FRANCHISE

Electronic trading has led to significant market structure changes and corresponding new business models. The pace and breadth of these changes will become supercharged by the mandates of the EU's updated Markets in Financial Markets Directive (MiFID II). The implications for market structure and business models in equities, FX and fixed income markets are explored in light of pre-and post-trade transparency requirements, algorithmic and high-frequency trading mandates and the trading obligations mandating use of MiFID II venues.



This report illuminates key characteristics of MiFID II's trading venues and the SI designation critical to sellside franchises, which must decide on whether and how to register their existing business as one of these. Matching venue criteria against four emerging bank business models – flow houses, prime brokers, principal risk takers and niche specialists – GreySpark believes that venue and counterparty registration decisions are largely dependent on whether the franchise operates on a principal or agency basis: agency trading will move onto multilateral trading venues while principal-focused dealing strategies will be executed as SIs.

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