Reforms proposed by the European Commission in markets in financial instruments

June 2026

On 4 December 2025, the European Commission (EC) published a series of **measures aimed at integrating the European Union (EU) market** in the field of financial services, as part of the Savings and Investment Union strategy. The main objective of these measures is to address the fragmentation of EU capital markets by creating a more integrated and efficient financial system that encourages private investment, contributes to the agenda for simplifying the European regulatory framework, and improves the competitiveness of the EU financial sector.

This article outlines the **main proposed reforms relating to the regulatory framework for markets in financial instruments**, comprising Regulation (EU) No 600/2014 on markets in financial instruments (MiFIR)[1] and Directive 2014/65/EU on markets in financial instruments (MiFID)[2]. The Commission sets out these amendments in the following regulatory provisions:

- Article 3 of the Master Regulation[3] sets out the proposed amendments to **MiFIR**, including:
  - The **transfer of certain supervisory powers to ESMA.**
  - The harmonisation of the rules applicable to **trading venues**. To this end, a new title – Title Ia – is introduced into MiFIR, dedicated to trading venues; it incorporates provisions that were previously part of the Directive – which had led in practice to differences in interpretation and transposition – and setting them out in greater detail. This new title introduces significant changes for regulated markets, providing greater flexibility and freedom regarding the services they may provide and their organisational structure.
  - Creation of **pan-European market operators** (PEMOs).
  - Improvements to the **consolidated tape.**
- Article 3 of the Master Directive[4] also contains changes relating to **MiFID**:
  - Certain rules concerning **trading venues** are repealed, amended and transferred to MiFIR, to achieve greater harmonisation.
  - Whilst certain provisions relating to the authorisation of investment firms operating a multilateral trading facility (MTF) or an organised trading facility (OTF) are retained, others relating to certain investing firms and to the trading of commodity derivatives, emission allowances and derivatives on emission allowances are repealed, as these are all transferred, in greater detail to MiFIR.

[1] Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012, CELEX:32014R0600:EN:TXT.pdf.

[2] Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU, CELEX:32014L0065:EN:TXT.pdf.

[3] Proposal for a Regulation of the European Parliament and of the Council amending Regulations (EU) No 1095/2010, No 648/2012, No 600/2014, No 909/2014, 2015/2365, 2019/1156, 2021/23, 2022/858, 2023/1114, No 1060/2009, 2016/1011, 2017/2402, 2023/2631 and 2024/3005 as regards the further development of capital market integration and supervision within the Union, EUR-Lex – 52025PC0943 – ES – EUR-Lex.

[4] Proposal for a Directive of the European Parliament and of the Council amending Directives 2009/65/EC, 2011/61/EU and 2014/65/EU as regards the further development of capital market integration and supervision within the Union, EUR-Lex – 52025PC0942 – ES – EUR-Lex.

Pregunta

Why are changes being proposed regarding trading venues? What are the most significant changes planned in this area?

Respuesta

In the field of trading, there is no full harmonisation of the rules governing trading venues: the fact that the rules on their authorisation and functioning were subject to national transposition of MiFID allowed for a wide margin of discretion, which has resulted in **a lack of regulatory and supervisory convergence and unequal conditions** that undermine and harm competition in the EU, particularly for entities and groups operating cross-border; all of this has hindered that trading operators develop their activity across several Member States (MS).

To put an end to the regulatory diversity resulting from the existence of different national regimes, the Master Regulation proposes that **the requirements on the authorisation and functioning of regulated markets be transferred from the Directive to the new Regulation,** with the aim of creating a 'single regulatory code' for trading venues.

Another proposed change is that the **direct supervision of certain trading venues,** specifically significant ones (i.e. those important to the EU economy and those with a significant cross-border dimension), PEMOs and trading venues operated by PEMOs, should be transferred to **ESMA**. National surveillance authorities[5] would retain powers at local level to ensure market integrity, specifically, the supervision of orderly trading and the control of market abuse[6].

In order to reduce administrative burdens, the reform addresses the specific case of market operators or investment firms that operate a trading venue and are part of a group, so that, when they enter into **arrangements for resource or function allocation between group entities**, they may benefit from these arrangements being treated as intra-group arrangements rather than outsourcing agreements, provided they meet certain requirements that facilitate their supervision. If an entity located outside the EU were involved in the intra-group arrangement, it would be considered an outsourcing agreement.

With regard to the **cross-border activities** that regulated markets may carry out and the authorisation enabling them to do so, the proposal includes clear rules that put an end to the vagueness of the current Directive and expressly allows regulated markets to freely offer the activity for which they have been authorised across the EU by virtue of the **freedom to provide services or** the right of establishment through a **branch**. This entails the establishment of appropriate mechanisms to facilitate **access** by members or participants from other Member States to that regulated market and **remote trading** on it (through 'trading screens')[7], as well as activities relating to the **admission of members or participants** or activities concerning the **admission to trading of a financial instrument**. To ensure fairness and promote competition, the EC text prescribes the application of the same passport regime to all market operators and investment firms operating an MTF or an OTF.

Similarly, market operators who wish to operate regulated markets in more than one Member State may rely on a **single individual authorisation**: that of the competent authority of the home Member State, which is also responsible for its supervision. The possibility for Member States to require in their national legislation, as is currently the case in some of them, that the market operator establish a separate legal entity within their territory as a condition for the authorisation of a regulated market is removed. This amendment will lead to improvements in the efficiency of these entities' corporate structures and a reduction in the costs and burdens they currently face.

Another significant development is the creation of the **Pan-European Market Operator** (PEMO) which, unlike the previous arrangement, will obtain the relevant single authorisation from ESMA to manage several trading venues across different Member States; this development is voluntary for those entities wishing to operate under a single authorisation. The authorisation must list all the trading venues that the PEMO is authorised to operate; if the PEMO wishes to expand its scope of operations to other trading venues, it must apply for an extension of the authorisation. As the trading venues operated by the PEMO do not need to hold individual authorisations, the PEMO must determine, for each of them, the Member State in whose territory each trading venue is deemed to be situated or operated.

Furthermore, new measures are proposed to facilitate **access to the services of a central counterparty (CCP) or a trading venue.** Current legislation may give rise to situations where there are restrictions or delays in the granting of access, both by a trading venue to a central counterparty (CCP) and by a CCP to a trading venue; additionally, trading venues may limit the ability of two market participants executing a transaction on their venue to freely choose two different CCPs, even where an **interoperability arrangement** exists between them. To address these situations, the proposal stipulates that access may only be denied where justified and in accordance with specific conditions; if there is a dispute between the parties, ESMA may intervene to reach a solution; the EC, furthermore, stipulates that CCPs may clear transactions in a non-discriminatory manner regardless of the trading venue on which a transaction was executed, and trading venues, in turn, may not restrict access to specific trading data where the counterparties to a specific transaction executed on their venue have not chosen the same CCP to clear it, provided that an interoperability arrangement exists between those CCPs.

[5] The 'national supervisory authority' refers to the designated authority of the Member State in which (a) a trading venue is situated or operated and where ESMA is the competent authority in accordance with the provisions of the proposed text for Article 38fa regarding 1) PEMOs; 2) market operators that operate at least one significant trading venue or that are part of the same group of a CSD or CCP for which ESMA is the competent authority pursuant to Regulation (EU) No 909/2014 or Regulation (EU) No 648/2012; and 3) investment firms that operate at least one significant trading venue or that are part of the same group of a CSD or CCP for which ESMA is the competent authority pursuant to Regulation (EU) No 909/2014 or Regulation (EU) No 648/2012 with respect to the operation of MTFs or OTFs.

[6] Specifically, in accordance with the provisions of the new Article 38fa introduced by the Master Regulation into MiFIR, national supervisory authorities retain, in respect of these market participants, the powers relating to the receipt of trade data, the ability to request order book data, or the adoption of emergency measures to impose temporary trading halts in emergency situations or to suspend or exclude one or more financial instruments from trading. Furthermore, national supervisory authorities may impose sanctions and other administrative measures.

[7] This possibility was already provided for in MiFID II.

Pregunta

What inefficiencies currently exist with regards to the consolidated tape? What measures are proposed to improve it?

Respuesta

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Regulation (EU) 2024/791, which amends MiFIR with regard to enhancing data transparency, removing obstacles to the emergence of consolidated tapes, optimising the trading obligations and prohibiting receiving payment for order flow[8], introduced a series of improvements aimed at removing obstacles to the emergence of consolidated tapes for bonds, shares, exchange-traded funds and over-the-counter (OTC) derivatives. However, these improvements did not include certain transparency measures, such as the publication of the **top five bid and offer prices for shares and exchange-traded funds, the volumes available at those prices, and the specific trading venues offering those prices and volumes**; to address this lack of information, the Master Regulation now includes an obligation for **consolidated data providers** to disclose this data.

Another impediment to trading efficiency is the **concentration of trading activity in closing auctions**, a practice that has increased in recent years; this raises resilience concerns and limits competitiveness. For these reasons, the reform introduces an obligation for consolidated data providers for shares and exchange-traded funds **to disseminate a volume-weighted closing price resulting from all closing auctions operated by trading venues that are data contributors**; ESMA will issue recommendations on the methodology required to determine the volume-weighted closing price.

With regard to **systematic internalisers,** they are required, when executing a retail client's order at a price better than the quoted price, to update the quoted price immediately and always prior to execution. Furthermore, they must transmit to the data repository of the consolidated tape for shares and exchange-traded funds the data they publish in accordance with Article 14(1) of MiFIR[9], as well as the five best bid and offer quotes across the EU, indicating the systematic internaliser offering them.

[8] Regulation (EU) 2024/791 of the European Parliament and of the Council, of 28 February 2024, amending Regulation (EU) No. 600/2014 as regards the enhancement of data transparency, the removal of obstacles to the establishment of consolidated reporting systems, the optimisation of trading obligations and the prohibition of receiving payments for order flow, OJ:L_202400791:EN:TXT.pdf.

[9] Article 14(1) of MiFIR: "**Obligation for systematic internalisers to make public firm quotes in respect of shares, depositary receipts, ETFs, certificates and other similar financial instruments** 1. Investment firms shall make public firm quotes in respect of those shares, depositary receipts, ETFs, certificates and other similar financial instruments traded on a trading venue for which they are systematic internalisers and for which there is a liquid market. Where there is not a liquid market for the financial instruments referred to in the first subparagraph, systematic internalisers shall disclose quotes to their clients upon request".

Pregunta

What additional amendments are being introduced to improve transparency in price formation and in OTC derivatives transactions?

Respuesta

Investment firms that carry out **transactions in OTC derivatives**, either on their own account or on behalf of their clients, are exempt from certain obligations, provided that they carry out such transactions on a trading venue in a third country and that such trading venue: (1) operates a multilateral system, (2) is subject to authorisation, supervision and enforcement, in accordance with the legal and supervisory framework of the third country, by a competent authority that is a full signatory to the IOSCO Multilateral Memorandum of Understanding Concerning Consultation and Cooperation and the Exchange of Information; and (3) is subject to post-trade transparency requirements involving the publication of such transactions as soon as possible or, in limited and defined cases, following a deferral period.

Links of interest:

Market integration and supervision package

Proposal for a Regulation of the European Parliament and of the Council amending Regulations (EU) No 1095/2010, No 648/2012, No 600/2014, No 909/2014, 2015/2365, 2019/1156, 2021/23, 2022/858, 2023/1114, No 1060/2009, 2016/1011, 2017/2402, 2023/2631 and 2024/3005 as regards the further development of capital market integration and supervision within the Union

Proposal for a Directive of the European Parliament and of the Council amending Directives 2009/65/EC, 2011/61/EU and 2014/65/EU as regards the further development of capital market integration and supervision within the Union

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