



News Release

MANAGED FUNDS
ASSOCIATION

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MARCH 2, 2015

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MFA Voices Support for Strong, Safe, Transparent and Fair Financial Markets in ESMA MiFID Consultation Response

The Managed Funds Association (MFA) today submitted a response letter to the consultation paper issued by the European Securities and Markets Authority (ESMA) regarding ESMA's proposals and draft technical standards for the Level 2 implementation of the EU Markets in Financial Instruments Directive and Regulation (MiFID II/MiFIR).

"MFA and our members support ESMA's overall objectives of establishing safer, sounder and more transparent financial systems," said Stuart J. Kaswell, Managed Funds Association's General Counsel. "That's why we welcome the opportunity to provide input on ways to benefit investors, strengthen the economy and work toward the sensible implementation of new regulations."

MFA responded to several key issues. The comments support ESMA's overall policy objectives of reducing systemic risk, ensuring market liquidity and enhancing investor protections. Issues covered in MFA's letter include impartial access to trading venues, straight-through-processing (STP), data security, best execution, as well as several other important market matters.

Impartial and non-discriminatory access to trading venues has long been a priority of MFA members both in the U.S. and EU. If regulators can address the current "two-tier" system that fragments liquidity between dealer-to-dealer and dealer-to-customer markets, MFA believes that regulators can achieve market structure reforms that eliminate barriers to entry, reduce inefficiencies, and promote transparency and liquidity.

While MFA strongly supports ESMA's decision to give effect to STP in the cleared over-the-counter derivatives markets to make these markets more secure and efficient, MFA's letter suggested modifications to enhance the benefits of STP based on our members' trading experiences in U.S. markets.

MFA raised concerns with ESMA's proposal to extend the best execution public disclosure requirement applicable to broker-dealers to portfolio managers. MFA's members have a strong obligation to ensure that the funds that they advise obtain best execution. Unfortunately, MFA believes that ESMA's public disclosure proposals would make it more difficult for managers to obtain best execution and could compromise trading strategies. MFA also believes that the Level 1 text of MiFID II /MiFIR does not require such disclosures. MFA hopes to work with ESMA to refine these recommendations.

Finally, MFA underscored the need for robust data security measures, especially given the massive amounts of sensitive information that MiFID II/MiFIR requires to be transmitted to third parties and national competent authorities.

A copy of MFA's complete response to ESMA's MiFID II/MiFIR consultation paper is available [here](#).

About Managed Funds Association

The Managed Funds Association (MFA) represents the global alternative investment industry and its investors by advocating for sound industry practices and public policies that foster efficient, transparent, and fair capital markets.

MFA, based in Washington, DC, is an advocacy, education, and communications organization established to enable hedge fund and managed futures firms in the alternative investment industry to participate in public policy discourse, share best practices and learn from peers, and communicate the industry's contributions to the global economy. MFA members help pension plans, university endowments, charitable organizations, qualified individuals and other institutional investors to diversify their investments, manage risk, and generate attractive returns. MFA has cultivated a global membership and actively engages with regulators and policy makers in Asia, Europe, the Americas, Australia and all other regions where MFA members are market participants.

For more information, please visit: www.managedfunds.org.

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