



AUTORITÉ
DES MARCHÉS FINANCIERS

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The AMF publishes a summary of its SPOT inspections on post-trade transparency in the bond market

During its inspection of the practices of five investment services providers with regard to the rules on post-trade transparency stipulated in MiFID II for the bond market, the AMF found numerous shortcomings in their application.

On 3 January 2018, the new Markets in Financial Instruments Directive (MiFID II) and the Markets in Financial Instruments Regulation (MiFIR) extended the transparency requirements for executed transactions to the fixed-income universe, among others. These requirements had previously been restricted to equities and similar products. This transparency requires the post-trade publication of certain information on executed transactions, including the prices and volumes traded. This regime, which also provides for waivers and authorisations of deferred publication based on certain criteria, applies both to transactions performed on trading venues and those traded bilaterally (over the counter), with a view to improved information for investors.

The AMF analysed the application of these rules by five French investment services providers over the period between January 2018 and June 2021. These ISPs were selected for their size on the market and their profile: together, they account for 60% of volumes traded on the bond market via French service providers. Three of them execute their clients' orders by acting directly as counterparty (this is called systematic internalisation). The other two operate an organised trading facility and also trade over the counter.

During its SPOT inspections, the AMF examined in particular:

- governance arrangements for the publication of transactions;
- accessibility, exhaustiveness and quality of data;
- the compliance control system in the firms.

In addition to its investigations on the tools used, the procedures in force and the checks performed internally, the AMF carried out tests on two samples covering around 100 transactions for each firm.

In its summary document containing the good and bad practices detected during its inspections, the AMF observed an inadequate level of technical competencies on the topic of post-trade transparency in the teams located in France. It also noted shortcomings in the application by the inspected ISPs of the due diligence required by the regulations on the following topics:

- accessibility of the publications of transactions subject to post-trade transparency;
- compliance with publication time limits;
- data quality;
- the compliance system.

The AMF strongly encourages investment services providers to strengthen their systems. This should go hand-in-hand with an improvement in data reliability, which is essential in order to achieve the transparency objective sought by the legislators through MiFID II.

About the AMF

The AMF is an independent public authority responsible for ensuring that savings invested in financial products are protected and that investors are provided with adequate information. The AMF also supervises the orderly operations of markets. Visit our website <https://www.amf-france.org> URL = [https://www.amf-france.org/]

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