We welcome the opportunity to provide feedback on ESMA's Consultation Paper (CP) proposing amendments to the tick size regime (Commission Delegated Regulation (EU) 2017/588 (RTS 11)).

The World Federation of Exchanges (WFE) is the global industry association for exchanges and clearinghouses. Established in 1961, we represent over 200 market infrastructure providers around the world. WFE members include stock, futures, options and commodity exchange groups as well as standalone clearinghouses.

Our members are both local and global, operating the full continuum of market infrastructure in both developed and emerging markets. Of our members, 41 percent are in the Asia-Pacific region, 40 percent in EMEA and 19 percent in the Americas. The WFE works with global standard setters, policy makers, regulators and government organizations to support and promote the development of fair, transparent, stable and efficient markets.

We welcome ESMA's efforts to coordinate minimum tick sizes in the EU with reference to third country trading venues. Such coordination serves the interests of competitiveness, competition and international regulatory coherence. The WFE believes that a level playing field between venues and jurisdictions is an important means of securing the best outcomes for end-users of financial markets.

Third-country trading venues are crucially important to the European financial market value chain. Capital flows in either direction between the EU and third countries variously support European businesses and investors and contribute to the efficient allocation of capital. Choice between EU and non-EU trading venues spurs healthy competition and enables intermediaries to achieve the best possible execution for investors.

Q1: Do you agree with the proposed amendments to RTS 11 described above? If you do not, please explain why and what alternative you would suggest.

The consultation paper sets out ESMA's objectives for amending RTS 11 as enhancing the competitiveness of EU trading venues and promoting orderly trading. We believe that the interests of investors in coordinated tick sizes between EU and non-EU venues should also be taken into account. The best means of achieving all three of these objectives would be the adoption in the EU of the tick size in use in the third country in question (approach A), which would address a large proportion third-country instruments.

We acknowledge that not all jurisdictions have tick size regimes, however, and recognise ESMA's interest in accounting for these instruments in its amendments as well. Therefore, we believe that in the case that the third country does not have a tick-size regime, approach D is a pragmatic solution. In coordinating an EU tick size regime in these cases, competent authorities should ensure that their approach does not unduly constrain trading, or result in competitive distortions, either on the EU trading venue or on the third country trading venue.

To achieve such an outcome, we recognise that there are several practical challenges concerning option D that would need to be addressed. We understand that EU trading venues within the Federation of European Securities Exchanges (including members shared with the WFE) will in their response to ESMA make practical suggestions to enhance the operability of option D. To the extent that recourse to option D is required, we ask that ESMA considers these proposals.