



GETCO

**A MODERN MARKET MAKER'S PERSPECTIVE ON
THE EUROPEAN FINANCIAL MARKETS
REGULATORY AGENDA**

GETCO EUROPE LIMITED: NOVEMBER 2010

About GETCO

GETCO is a global market maker. GETCO was founded in Chicago in 1999, and opened European offices in 2003. The firm now employs over 300 people worldwide, with 50 in Europe. The firm provides liquidity on over 50 markets in Europe, North and South America and Asia. The liquidity GETCO supplies allows individual and institutional investors to immediately transfer the risk often associated with financial instruments while saving money on trading costs. As a market maker, we do this by:

- increasing liquidity;
- reducing market volatility;
- facilitating price discovery; and
- promoting competition among market centres and liquidity providers.

In these ways, GETCO plays an important role in making financial markets more efficient, lowering the cost of capital for businesses and reducing trading costs for investors. Our strategy is to align our business with the values we believe best serve the market and investors: efficiency, transparency, reliability and competition. GETCO maintains a long-term view on the markets, which means that we understand the importance of stable, well-regulated markets.

From offices in London, Chicago, New York and Singapore, the firm transacts business in cash, futures and options products across four asset classes: equities, fixed income, currencies and commodities.

On the NYSE trading floor, GETCO is one of five designated market makers (DMM), and was recently selected by General Motors to be the DMM for GM's initial public offering on 18 November, the largest IPO in the U.S. this year. In addition, in its role as DMM, GETCO maintains fair and orderly markets and pricing continuity in the securities of other firms for which it is the DMM, including The Royal Bank of Scotland, Glaxo, Sonofi; Nike; Bristol Meyers Squibb; and Philip Morris International.

In Europe GETCO is routinely one of the top 5 liquidity providers across European trading platforms with approximately 80% of the firm's executed volume a result of providing passive liquidity, *i.e.*, other market participants choose to trade with our displayed orders in the market place. GETCO Europe is a full-scope MiFID investment firm that is authorised and regulated by the UK's Financial Services Authority (FSA).

As a full-scope firm, GETCO Europe is subject to European rules, including requirements covering capital, business conduct, and market abuse. GETCO Europe is a direct member of the following European exchanges and multilateral trading facilities (MTFs): LSE, NYSE Euronext, Xetra, Borsa Italiana, Oslo Bors, Chi-x, BATS, Eurex, MEFF, Euronext LIFFE and MEFF. GETCO Europe also offers our European clients an efficient way to access the deep liquidity of our electronic market making business through our GETCO Execution Services (GES) business.

Full details of GETCO's responses to regulatory consultations can be found on our website at www.getcollc.com

Key Drivers

There are four key principles that drive GETCO's views on market structure and regulation:

- **Regulation.** Well regulated markets provide stability, promote competition and create efficiencies – all of which contribute to investor confidence. For this reason, GETCO supports the efforts of policymakers to review and strengthen laws and regulations on key financial services dossiers. The firm believes that these policy reviews should also consider how to use technology to equip regulators with stronger surveillance tools to keep pace with market changes and effectively monitor market activity.
- **Transparency.** Efficient and fair markets are grounded in transparency. GETCO believes in the importance of transparent, public markets¹ across all asset classes. Investors are best served when price discovery of products occurs on transparent, public markets. Trades executed off of the public markets should be reported in a timely fashion and consolidated for distribution.
- **Technology.** Technology has contributed significantly to the development and functioning of the capital markets for over 200 years. In recent years, technology has made markets more efficient, competitive and innovative, and has driven changes in market structure. Given the increase in automated trading, it is critically important that regulators are aware of how technology is used to effect transactions. Though presenting new challenges, technology can also assist regulators in effectively overseeing markets and detecting and deterring market abuse.
- **Competition.** Competition among markets is essential to driving innovation that benefits investors. Whilst MiFID has introduced competition to the secondary market for cash equities, GETCO believes that new market structure policies could promote more competition in European derivatives markets and to the European post trading landscape. More competition in these areas would facilitate further pan-EU trading, clearing and settlement. While promoting policies that foster competition is critical, policy makers should also balance this goal with rules that provide for consistency in such areas as trading halts during periods of extreme volatility and risk management by CCPs.

¹ Public markets in this context means organised trading venues, including Regulated Markets (RMs), MTFs and Systematic Internalisers (SIs) in Europe.

The Role of Market Makers

Market makers have existed in markets for hundreds of years, and today electronic market makers use technology to create efficiencies and reduce trading costs for investors.

Natural buyers and sellers may not enter the market place at the same time. Market makers bridge this time gap by providing continuous, two-sided quotations, thus allowing natural buyers and sellers to immediately trade with the market makers' quotes. In this way, market makers provide an important service to other market participants.

In performing this intermediation role, market makers do not take directional positions in securities. Most market makers aim not to carry positions overnight, and will attempt to end each day 'flat', *i.e.* with no short or long positions in any particular security.

The charge by market makers for their services is the spread, *i.e.*, the difference between the bid (the selling price) and ask (the buying price). Market makers can offer better prices to market participants when they reduce their costs, which include exchange fees, overhead costs, and the risk associated with securities trading.

Market makers take on risk during the time gap their quotations are placed on an exchange. Technology is a key tool in allowing market makers to reduce this exposure risk because better technology enables a market maker to adjust prices quickly in response to market dynamics. When market makers reduce their risks it means that they can offer more competitively priced quotations *i.e.* the lower the risk, the lower the spread, and therefore the lower the cost to other market participants.

Market makers therefore:

- Lower trading costs by reducing the costs associated with finding someone with whom to trade;
- Reduce market volatility by buying when others want to sell and selling when others want to buy²; and
- Add liquidity to the markets by posting quotations³ against which other market participants³ trade.

Historically, market makers were physically present on a trading floor. Because the trading floor was the centre of price discovery, market makers had an informational advantage over other market participants. In return for these advantages, market makers had affirmative obligations to provide liquidity and maintain fair and orderly markets. Overtime, as markets have become more electronic, traditional market making programmes have become less prevalent. Today, very few European trading platforms have formal market making programmes, particularly in liquid securities. The forthcoming review of key European financial services directives provides an opportunity to examine the role market makers play in financial markets, and to consider whether and how to clarify and strengthen their role.

² See Brogaard (2009), "High frequency trading and its impact on market quality"

³ See Jarnecic, Snape (2010) "An analysis of high frequency participants on the London Stock Exchange"

MARKETS IN FINANCIAL INSTRUMENTS DIRECTIVE (MiFID)

The review of MiFID provides an opportunity to reassess the effectiveness of the existing EU regime, and update it in light of market and technological developments, and regulatory requirements to ensure stable and competitive EU markets.

Key points

- The public market price discovery process serves a vital purpose and should be protected.
- Non displayed pools of liquidity can also provide tangible benefits to investors, and serve numerous legitimate functions including improving execution prices relative to displayed quotations, reducing market impact of large orders, lowering transaction fees, lessening information leakage, and fostering innovation.
- High frequency trading (HFT) is not a trading strategy in itself; trading with “high frequency” or high speed and high volume are techniques that can be used to execute a wide variety of trading strategies.
- Regulation of market access is an important tool in limiting risk to the financial markets. GETCO supports the goal of ensuring that those with market access are not able to trade without their orders being subjected to effective pre-trade financial and regulatory risk management controls and supervisory procedures.
- GETCO supports a European Mandatory Consolidated tape; if the market cannot provide a solution, regulatory intervention may be necessary.
- GETCO supports the Committee of European Securities Regulators’ (CESR) proposal that Depository Receipts (DRs), Exchange Traded Funds (ETFs), Exchange Traded Commodities (ETCs) and certificates be subject to appropriate post-trade transparency requirements.

MiFID introduced significant changes to the European regulatory framework. In our opinion, MiFID achieved its aims of creating transparency and competition in the European equity markets, which has improved efficiency and lowered costs for investors. These changes have facilitated pan European trading and expanded the pools of liquidity available to investors.

Since the implementation of MiFID in November 2007, CESR and the European Commission are committed to reviewing the impact of the Directive on secondary market trading in equities. Most recently, in July 2010, CESR published its recommendations (in the form of Technical Advice) to the European Commission⁴, and the European Commission is due to publish its proposals for changes to the Directive in Spring 2011.

In addition to CESR’s recommendations, the market events of 6th May in the U.S. exposed shortcomings of the current U.S. securities and futures market structure. These events raised questions to EU regulators and market participants about the adequacy of market infrastructure to cope with severe market volatility. It also re-ignited the debate in the U.S. and Europe regarding the

⁴ <http://www.cesr-eu.org/popup2.php?id=7004>.

impact of increased electronic trading and the emergence of so-called high frequency trading firms on market structure.

It is important to note that there are meaningful differences between the European and US market structures. For example, European markets are not linked, unlike in the US where the National Market System operates (under Reg NMS). In addition, most European exchanges have circuit breaker type mechanisms in the form of intraday auctions triggered by high volatility, which act as a “speed bump,” and allow market participants to digest information and bring in additional liquidity. GETCO, nevertheless, agrees that it is important for regulators to examine the controls European market operators have in place to ensure that trading continues in a fair and orderly manner if a disruptive event occurs. Regulators should apply the highest standards of controls consistently across European markets to further reduce the impact of a potentially disruptive trading event.

I. Micro-structural issues in European secondary markets

In April 2010, CESR issued a Call for Evidence on micro-structural issues in the European equity markets. GETCO’s views on the issues raised by CESR are outlined below.

High Frequency Trading

As CESR noted in its Technical Advice to the Commission, respondents to its Call for Evidence defined high frequency trading in many different ways. In our view, the term “high frequency trading,” is not a trading strategy. Instead, trading with “high frequency” or high speed and high volume are techniques that can be used to execute a wide variety of trading strategies. GETCO’s primary trading strategy is that of electronic market making: posting two-sided, continuous markets. As a market maker, GETCO is fully regulated as an investment firm with the UK FSA and subject to regulation by the Regulated Markets and MTFs on which it trades.

- Key issue: Speed

There is much discussion by market participants on latency and the speed in which trading occurs in today’s markets. For GETCO and other market makers, reducing latency and increasing the speed with which we can send and amend orders and process market data is not for the purpose of executing a greater number of transactions.

Instead, “speed” is an essential tool for market makers to manage risk by controlling how and when orders are placed and modified (*i.e.* the amount of time their quotations remain on an exchange). This is commonly referred to as exposure time. For every quotation that a market maker provides, they are exposed to risk for that quote until the cancellation or modification is processed following a market move, or a move in a related instrument. The faster a market maker can react to market data and trading conditions, the lower the time between when new information is received and the time such information is incorporated into prices. For any particular order, the value of this fraction of a second exposure is very low. However, this exposure across the full range of securities on a market venue adds up to very large numbers.

Market makers therefore focus on achieving the fastest “round trip” time *i.e.* the time between when an instruction is sent to the market and when the confirmation is received. When trading

platforms offer a fast round trip time, it enables market makers to manage their risk better and therefore they are willing to offer better, more competitively priced and larger-sized quotes. The relationship between speed, spread and liquidity is evident on many exchanges and clearly adds value to all participants.

While speed is important to market makers because it allows them to better control their risks, speed may be valued for different reasons by market participants that employ other high frequency trading strategies. For example, speed of access to displayed quotations allows arbitrageurs to more quickly take advantage of pricing disparities between the same or related products. Trading strategies based on trading against displayed quotations also benefit from being able to access those quotations more quickly than other participants trying to trade with the same displayed quotes.

- Key issue: Messaging

As a result of advancements in technology over the last decade, questions have recently been raised about the impact of “messaging” and whether the ability to rapidly send and modify orders provides any meaningful benefit to the marketplace. It is GETCO’s belief that the ability to rapidly incorporate market information into quotes provides better pricing for investors, better risk control mechanisms for market makers, and therefore a marketplace with greater stability and resilience. Nevertheless, to the extent that policymakers are concerned about the number of messages sent to markets, such concerns could be addressed by exchange rules or regulatory guidelines establishing a “message-to-fill ratio”. Such requirements would provide market participants with a common understanding regarding what regulators consider to be reasonable, while preserving the essential objective of the modification process *i.e.* greater control over risk exposure and more informed pricing for the market overall.

Several exchanges already have “message-to-fill ratios” requirements and charge fees if a participant’s ratio breaches a pre-determined threshold. These thresholds are set in advance by exchanges to allow participants to monitor their activity and ensure they trade within these established parameters. Exchanges set such message-to-fill ratios to manage the impact of message rates on the operation of their trading systems, and insure that their systems are able to handle the flow of market data.

Some have suggested requiring orders to remain on an order book for a minimum period of time. While the goal of such a “time-in-force” requirement is the same as instituting a “message-to-fill ratio”, *i.e.*, to limit the amount of messaging and order modifications, the potential for negative market impact is far greater. Requiring participants to expose themselves to the risk of a market move for an artificial length of time would cause providers of liquidity to adjust their pricing to accommodate the uncertainty of market moves during that period, which would raise explicit trading costs for investors and institutions unnecessarily.

If policymakers believe that the volume of orders and cancels that participants send to a market should be limited for regulatory reasons, GETCO believes that “message-to-fill ratios” would be a better mechanism and would impose fewer costs than a “time in force” requirement.

Sponsored Access

Sponsored access is where a participant accesses the market through a sponsoring broker's systems. Naked sponsored access exists where there are no pre trade controls put in place by the broker to monitor the trade flow of its client.

GETCO is a direct member of all trading platforms on which it trades. As such, GETCO is regulated by both the home state regulator and by the Regulated Markets and MTFs of which it is a member.

GETCO believes unregulated market participants with direct access to markets pose greater risks than fully-regulated investment firms, as they are not directly subject to the systems and controls rules set out in MiFID. Any firm trading through sponsored access on a Regulated Market or MTF should be subject to the same obligations as regulated members of the market. Specifically, any market participant with the ability to directly enter orders onto a market should be subject to the same pre-trade risk management and supervisory procedures as regulated investment firms.

Co-location

Co-location is where a trading platform offers space in its data centre for members to locate their own computer hardware to reduce the time it takes to receive information and place orders on the market.

We believe that co-location is a positive development because it equalises access for participants who wish to be near the centre of price discovery. In simple terms co-location is a new manifestation of a centuries old principle: being as close to where price discovery happens as possible. Indeed certain traders have always sought proximity to the centre of trading, whether it is through purchasing a "seat" at an exchange, to receive privileged access to an exchange's trading floor or, in today's market, buying space in an exchange's data centre. And just as anyone could purchase an exchange seat, any market participant that determines that speed is an essential component to its trading strategy or risk management, can invest in co-location. Most brokers are either co-located themselves or access markets through member firms that are co-located.

GETCO also firmly believes that exchanges and regulators must ensure equal, non-discriminatory access to the co-location facility and any ancillary product offerings.

II. Non-displayed Liquidity

CESR's research⁵ estimates that 56.6% of equities trading in Europe takes place on transparent Regulated Markets and MTFs. An additional 6.8% takes place in "dark pools," which are non-displayed trading on Regulated Markets and MTFs, and on "crossing networks"⁶. CESR therefore estimates the remaining 37.8% of equities trading in Europe is "over-the-counter" (OTC). There is no

⁵ Data presented by FESE in its 'Statement on the CESR Consultation Paper on Equity Markets' (May 2010) - Original data from CESR Technical Advice to the European Commission in the Context of the MIFID Review - Equity Markets (April 2010) - <http://www.cesr-eu.org/popup2.php?id=6548>

⁶ 5.6% is dark trading on Regulated Markets and MTFs, with 1.2% taking place on "crossing networks"

pre-trade transparency of this OTC trading.⁷ GETCO believes that policymakers should seek to improve transparency by reducing the volume of trading executed OTC.

However much of the debate in Europe is focused not on the volume of trading done on an OTC basis, but on the volume of trading executed in “dark pools”. In this regard, GETCO believes policymakers must strike the right balance in protecting the important role that public markets play in fostering price discovery, whilst recognising the interests served by “dark markets,” such as non-displayed trading on MTFs and crossing networks. Regulators in both Europe and the US are considering how to balance the seemingly conflicting market structure elements associated with “displayed” versus “dark” markets. The co-existence of these two types of markets is not a new market phenomenon. Internalisation of client orders (whether firms assume the risk as principal or arrange the transaction with another client) has always occurred and has long been present in some form in equity markets.

Whilst GETCO is a market maker on transparent markets in Europe, the firm also believes that non-displayed pools of liquidity are also beneficial and serve legitimate functions. These benefits include minimising the number of market participants with knowledge of a large order, thereby reducing the market impact and the possibility of an adverse price movement against a large buy or sell order. Non displayed pools of liquidity can also lower transaction costs and foster innovation. The matching of large orders in a dark pool can also lower the explicit costs of execution by reducing the number of trades that need to be cleared and settled

While GETCO believes that transactions occurring in non-displayed venues provide tangible benefits to investors, such trades must be held to the prices being displayed within the public markets. Transactions should not be allowed to occur outside the European Best Bid and Offer (EBBO), unless specific exemptions apply, for example for large block orders. We believe this requirement would ensure that price discovery remains in the public markets while allowing firms to offer discretion to client order flow.

Regulatory Categories

GETCO agrees with CESR’s recommendation that, as part of the MiFID review, the Commission should clarify the objective and conduct a broader review of the Systematic Internaliser (SI) regime.

The evidence suggests that the SI regime has been largely unsuccessful in achieving its original goal of providing additional transparency and investor protection by increasing the number of transactions executed on public venues.

CESR, in its Technical Advice to the Commission⁸, suggests that the weakness primarily stems from the difficulties in the application of the SI definition. Specifically the following weaknesses have been identified:

⁷ In its advice to the Commission CESR recognises that these valuations may not be fully accurate due to inconsistencies in the post trade data (for example, multiple reporting of a single transaction),

⁸ CESR Technical Advice to the European commission in the Context of the MiFID review: Equity Markets, October 2010 - <http://www.cesr-eu.org/popup2.php?id=7284>

- SIs must have non-discretionary rules, and there is a lack of consistent guidance as to whether business models that offer price improvement to clients should be classed as discretionary;
- The requirement that to be classed as a SI, the SI business must constitute a material commercial part of the firm's overall business and the lack of consistent guidance about the meaning of materiality; and
- There have been some concerns that SI quotes are often unreliable because of a lack of meaningful quoting requirements.

GETCO maintains that any SI offering a service to retail, professional or eligible counterparties should be allowed to price improve on the quoted price. It is contradictory for a firm with clients to try to abide by rules of best execution if they cannot price improve on quotes.

GETCO operates a non-displayed pool of liquidity, GETCO Execution Services (GES). This business offers clients an efficient way to access the deep liquidity of our electronic market making business. In the U.S., this business is registered as an Alternative Trading System (ATS) with the Securities and Exchange Commission (SEC) and operates under a very transparent and clear regulatory structure. The ATS regulatory framework permits GES to provide price improvement to its clients on a discretionary basis, while establishing important regulatory requirements for such trading venues, such as information barrier and recordkeeping standards.

In Europe the GES business is not an MTF (as it operates on a bilateral basis), nor is it a SI (because it operates with discretion). Thus, the GES business, like many others operated by other European investment firms, is not covered by the existing regulatory categories in MiFID.

GETCO believes that policymakers should design a regulatory framework that appropriately regulates this functionality under MiFID, and permits discretion on executions. Such a framework could be established through amendments to existing categories (*e.g.* permitting price improvements by SIs), or by creating a new regulatory category for "Broker Crossing Systems" as suggested by CESR in its Technical Advice to the Commission.

III. Post-trade Transparency

Timely and accurate post trade information is essential for regulators and market participants to effectively analyse trading activity. It is beneficial to market participants, investors, issuers and regulators that post trade information be transparent, reliable and readily available to the market. GETCO supports CESR's proposal of a European Mandatory Consolidated Tape (MCT).

GETCO also believes that there must be clear, embedded standards for post-trade reporting. These standards should include a shorter time period for reporting, cancelling and amending trades under the delayed publication regime, and additional flagging requirements to increase the transparency of OTC trading.

IV. Transparency Obligations to Equity-Like Instruments

CESR recently recommended expanding the scope of the MiFID transparency requirements to apply to equity-like instruments admitted to trading on Regulated Markets.

GETCO believes that products traded by retail and professional investors should be subject to similar regulatory requirements as shares admitted to trading on an RM. Therefore, GETCO fully supports CESR's proposals that DRs, ETFs, ETCs and certificates be made subject to the appropriate requirements.

MARKET ABUSE DIRECTIVE

The Commission recently consulted on its review of the Market Abuse Directive (“MAD”), and is expected to propose legislative changes in Q1 2011.

Key points

- There should be no trade-off between competition and market integrity.
- Technology should be leveraged to assist regulators in their detection and deterrence of market abuse in fragmented markets.
- Transaction reporting provides a useful level of data for regulators, but they should also be able to monitor order entry activity across the whole market for potential market abuses.

GETCO understands that the Commission is reviewing the MAD in the pursuit of four objectives, including increasing market integrity and investor protection by “filling the gaps” in coverage and modernising the legislative framework where needed.

GETCO is fully supportive of this review to ensure that the regulatory framework keeps pace with market developments and technological enhancements.

We believe that market abuse can occur by firms who utilise either high frequency, mid frequency or low frequency techniques. Any strategies that use technology or non-public information to unfairly trade ahead of unsuspecting customers or large orders should be deemed abusive.

Regulators also need information to detect and deter market abuses. Technology can also be leveraged by them to provide enhanced surveillance tools to carry out their responsibilities. GETCO does not believe there needs to be a choice between competition and market integrity and supports the development of audit trails and surveillance tools for regulators.

SHORT SELLING

On 15th September the Commission published its proposal for a regulation covering Short Selling to create a harmonised framework for coordinated action at European level, increasing transparency and reducing risks.

Key points

- GETCO supports the continued efforts by policy makers to promote market stability and investor confidence.
- Short selling is an important tool used by market makers in their role as providers of continuous two-sided quotations. Retaining a market maker exemption is vital to their ability to provide continuous two sided markets and to maintain the level of liquidity they provide to investors at low cost.
- GETCO shares the Commission's concern about the effects of manipulative short selling and intentional failure to deliver, and supports action to prevent these abusive activities.
- Public disclosure of market participants' short positions should only be done on an aggregated and anonymous basis; disclosures to regulators should contain full details of short positions.

Short selling is an important component of efficient markets. Legitimate short selling activity provides a reliable and valuable source of market liquidity and price discovery. It is critical for policymakers to distinguish between legitimate short selling activity and potentially manipulative 'naked' short selling.

Short selling intraday is an important tool used by market makers to perform their role. Market makers will start each trading day flat (*i.e.*, with no positions). When trading opens, a market maker posts a quote to buy and to sell securities – a two-sided quote. If the first order of the day to trade with the market maker's quote is a buy order, the market maker's sale is a short sale. For this reason, short selling is a legitimate and essential part of market making. Over the course of the trading day a market maker will buy and sell repeatedly, aiming to end the day flat. Intraday, however, market makers must be able to sell short in order to provide a continuous two sided quote.

GETCO supports the European Commission's legislative proposal on short selling. We agree that regulators should have better information about market participants' short positions in shares and sovereign debt. However, we do not see the need for public disclosure that identifies the short positions of particular market participants. The same goals could be accomplished with aggregated and anonymous disclosure.

EUROPEAN MARKET INFRASTRUCTURE REGULATION (EMIR)

On 15th September 2010 the Commission published its draft legislation on over-the-counter (OTC) derivatives, central counterparties and trade repositories⁹. Whilst the focus of the legislation is to bring more stability and transparency to the OTC derivatives markets, it also includes harmonised requirements for the regulation of central counterparties (CCPs), and introduces “interoperability” among central counterparties in cash equities.

Key points

- GETCO supports the Commission’s proposals to strengthen financial markets by bringing more OTC derivatives into a centrally cleared environment
- EMIR will introduce much needed competition among central counterparties (CCPs), which would reduce the size of post trade costs within Europe
- GETCO supports the proposals in EMIR which provide a framework for interoperability among CCPs in the EU. We believe EMIR could go further and mandate that trading platforms provide CCPs access to their trade feeds upon request.

GETCO is supportive of the Commission’s proposals on EMIR. The focus of much of the EMIR proposals is on implementing the G20 commitment of promoting the standardisation and resilience of credit derivatives markets through the establishment of CCPs subject to effective regulation and supervision. In addition to furthering these goals, EMIR introduces standards at the EU level for the regulation and oversight of CCPs.

GETCO also strongly supports measures designed to ensure that CCPs not compete on risk management. Risk management requirements, however, should be proportionate to the risks and not be used improperly to limit competition.

Post trade costs in Europe are high, with many commentators suggesting it costs up to eight (8) times more to clear and settle a trade in Europe than in the US. GETCO believes EMIR would facilitate much needed competition among CCPs, reducing costs in this area. EMIR facilitates this competition by:

- Establishing a harmonised regulatory framework, which should provide an EU Passport for CCPs; and
- Enabling “interoperability” among CCPs, which would allow a market participant to choose a different CCP than its trading counterparty.

The Code of Conduct, signed by market infrastructure providers in 2006, was designed to improve services for cross border transactions. It, however, has not facilitated interoperability between CCPs. GETCO believes EMIR should mandate CCP access to platforms’ trade feeds. Providing this access will ensure that interoperability and competition can finally be achieved.

⁹ http://ec.europa.eu/internal_market/financial-markets/derivatives/index_en.htm