

## FESE Response to the “Have Your Say” consultation on the draft Delegated Act amending CDR 2017/567

Brussels, Thursday 4<sup>th</sup> September 2025

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FESE welcomes the opportunity to provide feedback on the draft Delegated Act (DA) amending CDR 2017/567. This Delegated Regulation sets out the methodology and thresholds for determining when equity instruments are considered to have a liquid market. In this context, we believe that the proposals represent a missed opportunity to achieve a more impactful outcome in terms of enhancing transparency, as mandated by the Level 1.

The definition of liquid market is pivotal to the transparency of EU equity markets. It determines the application of pre-trade transparency obligations for SIs and, in certain cases, of the use of the negotiated deal waiver (‘dealt within a percentage of a suitable reference price, being a percentage and a reference price set in advance by the system operator’).

In our view, the current thresholds proposed in the draft DA, which align with those previously suggested by ESMA, fall significantly short of actually fostering more liquidity in EU equity markets by increasing the amount of liquidity visible to investors. When looking at the number of stocks that would be deemed liquid according to ESMA’s analysis, it represents a very small percentage of the overall stocks admitted to EU markets, hence we question how this will help improve market transparency at all.

The exemptions for SIs from most pre-trade transparency requirements, resulting from the proposed definition of a liquid market (combined with the low proposed SMS threshold), are problematic. They may mislead both European and foreign investors into perceiving European liquidity as disproportionately low compared to the reality. Moreover, setting the thresholds at a level that enhances the visibility of EU liquidity is especially important now that the double volume cap is being replaced by a single cap, potentially leading to more frequent use of the negotiated deal waiver.

For these reasons, we would have preferred an alternative approach with more appropriate thresholds based on further analysis, which could have had a meaningful and positive impact on transparency in EU markets. Greater transparency is essential to strengthening the competitiveness of EU capital markets and ensuring the success of the Savings and Investments Union.