

**MEMO# 30979**

December 14, 2017

## **European Commission Recognizes US, Australian, and Hong Kong Trading Venues for Trading of Shares**

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TO: ICI Members

ICI Global Members SUBJECTS: International/Global

Trading and Markets RE: European Commission Recognizes US, Australian, and Hong Kong Trading Venues for Trading of Shares

On December 15, 2017, the decisions by the European Commission (EC) to recognize certain trading venues in the United States, Australia, and Hong Kong as being “equivalent” will enter into force (one day after publication in the EU Official Journal).[\[1\]](#) The equivalence decisions permit European Union (EU) investment firms to access liquidity in dual listed shares in non-EU venues that are deemed equivalent. The annexes to the equivalence decisions list the venues.

Under the amended Markets in Financial Instruments Directive (MiFID II), EU investment firms are required to ensure that their trades in shares admitted to trading on regulated markets or traded on trading venues should take place on regulated markets, multilateral trading facilities or systemic internalisers, or third-country trading venues assessed by the EC as equivalent. The MiFID II trading obligation applies to shares and not to other equity investments, such as exchange traded funds, depositary receipts, certificates, and other similar instruments.

The MiFID II trading obligation applies to shares listed on both exchanges in the recognized countries and in the European Union on the condition that trading in the European Union constitutes a significant percentage of the shares’ global trading volume.[\[2\]](#) According to the EC, there is currently no evidence that shares only listed on exchanges in the United States, Australia, and Hong Kong trade significantly in the European Union.[\[3\]](#) For these shares, the EC states that trading can continue as it did previously.

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## endnotes

[1] Commission Implementing Decision on the equivalence of the legal and supervisory framework of the United States of America for national securities exchanges and alternative trading systems in accordance with Directive 2014/65/EU of the European Parliament and of the Council and Annex (Dec. 13, 2017), *available at*

[http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.L\\_.2017.331.01.0094.01.ENG](http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.L_.2017.331.01.0094.01.ENG&toc=OJ:L:2017:331:TOC)

[&toc=OJ:L:2017:331:TOC](http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.L_.2017.331.01.0094.01.ENG&toc=OJ:L:2017:331:TOC) (US Equivalence Decision); Commission Implementing Decision on the equivalence of the legal and supervisory framework in Australia applicable to financial markets in accordance with Directive 2014/65/EU of the European Parliament and of the Council and Annex (Dec. 13, 2017), *available at*

[http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.L\\_.2017.331.01.0081.01.ENG](http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.L_.2017.331.01.0081.01.ENG&toc=OJ:L:2017:331:TOC)

[&toc=OJ:L:2017:331:TOC](http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.L_.2017.331.01.0081.01.ENG&toc=OJ:L:2017:331:TOC); Commission Implementing Decision on the equivalence of the legal and supervisory framework applicable to recognised exchange companies in Hong Kong Special Administrative Region in accordance with Directive 2014/65/EU of the European Parliament and of the Council and Annex (Dec. 13, 2017), *available at*

[http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.L\\_.2017.331.01.0087.01.ENG](http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.L_.2017.331.01.0087.01.ENG&toc=OJ:L:2017:331:TOC)

[&toc=OJ:L:2017:331:TOC](http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.L_.2017.331.01.0087.01.ENG&toc=OJ:L:2017:331:TOC).

[2] According to the US Equivalence Decision, the decision does not cover alternative trading systems on which shares admitted to trading in the European Union are traded without a separate admission to be traded on a national securities exchange registered with the US Securities and Exchange Commission.

[3] See EC Press Release (Dec. 13, 2017), *available at*

<http://europa.eu/rapid/midday-express-13-12-2017.htm?locale=en#18>.