

21 December 2022

## Circular on Markets in Financial Instruments Directive ('MiFID II') and Markets in Financial Instruments Regulation ('MiFIR')

### *Single Liquidity Provider and Systemic Internaliser Operation*

This circular is being addressed to investment firms, credit institutions providing investment services and/or performing investment activities and market operators including any trading venues they operate.

This circular shall be read in conjunction with [MiFID II](#) and [MiFIR](#), the delegated regulations and previous circulars issued by the Authority.

### **Purpose of the Circular**

The purpose of this document is to inform the general public and market participants that ESMA has issued a new Q&A in relation to the practical application of Article 4(1)(20) of MiFID II and Article 23 of MiFID II.

The new Q&A 33 under Section 5 (Multilateral and bilateral system) of the [ESMA's Questions and Answers on MiFID II and MiFIR market structures topics](#) aims at clarifying the fact that an investment firm acting as single liquidity provider on a Regulated Market and/or a Multilateral Trading Facility, can operate a Systematic Internaliser, but only if the two activities are fully separated.

In this respect *"to better manage the possible conflict of interest the investment firm should take all the necessary steps to carry out the two activities in a separated manner (e.g. having distinct management and operational teams and physical separation of activities, ensuring segregation of execution systems and having safeguards in place to ensure that there is no information leakage across the two activities)"*.

### **Contacts**

Any queries or requests for clarifications on the contents of this Circular should be addressed to the Authority via email on [MarketInfrastructures@MFSA.mt](mailto:MarketInfrastructures@MFSA.mt).