

This response to the *‘Wijziging Besluit bekostiging financieel toezicht 2019 ivm doorberekening vanaf 2020’* consultation by the Ministerie van Financiën is provided on behalf of MarketAxess NL B.V. and Trax NL B.V. (together being, “**MarketAxess**”).

MarketAxess are of the view that any proposed changes should not result in a substantial increase in the overall fees payable by market operators. Our current fees, with regard to the MTF operated by MarketAxess, (a) have already increased since the date we commenced operations; and (b) are already twice that paid by our UK MTF to the FCA. Any further increase in fees may lead MarketAxess to re-evaluate the location and jurisdictions of the currently Dutch regulated entities. The wider implication is that a substantial increase in fees would deter financial services firms, particularly those affected by Brexit, to set up or continue business in the Netherlands. This, in turn, may hinder the chance for Amsterdam to become the leading financial centre in Europe.

We are also of the view that, as a general point, consideration should be given to the complexity and supervisory nature of a relevant market operator. Revenue is not the only indicator of the complexity of a business nor of the supervisory requirements of that business. As examples, the nature of services, regulatory permissions, prudential requirements, type of regulated activity (e.g. the types of customers and products that are supported) should also be assessed to determine the level of supervision and associated fees.

Other regulators have taken the approach to have separate fee structures for regulated markets and MTF/OTFs, where those regulated markets or MTFs/OTFs posing higher regulatory risk are subject to higher fee requirements. The logic for this (in general terms) is the cost to a regulator to properly supervise these higher risk businesses. Certain indicators would take into account those venues that support retail participants (thereby requiring the highest level of regulatory protection), the potential for the furtherance of financial crime (such as unregulated customers or those that operate from jurisdictions with weaker AML/CFT regimes), the impact of system failures, and those venues that operate both primary and secondary markets which are complex arrangements and require sophisticated measures to manage, inter alia, market abuse.

We encourage you to consider that it may be difficult to discern the true revenue for some entities if the fees are hidden or bundled with other services, or otherwise not charged directly. If this is not taken into account, calculating supervisory fees based entirely on revenue may result in a perverse outcome, where an entity is able to reduce its obligation to pay supervisory fees by masking its revenue generated from market operator services, by allocating this to revenue incurred by another service, or by another group entity.

Given the international nature of Amsterdam's market operators it would be appreciated if the decision makers could, in future, provide consultation papers in English (as well as Dutch).

We would also like to respectfully note that the fee consultation has been provided with tight timelines – less than four months away from the effective date. This is challenging when preparing the budget for 2020, when taken together with a potential substantive increase of unknown proportions. If possible, we would appreciate longer consultation periods for important cases such as this.