European Equity Trading and the Consequences of Regulation

December 15, 2015

Executive Summary:

MiFID II will force greater clarity in how research is being valued and paid for. To the extent this increases the sell side's ability to construct a research "P&L," potentially down to the individual account level, it will simultaneously bring greater clarity to the profitability of trading relationships. In a more unbundled world, it will become more difficult for one side to subsidize the other.

Methodology:

Between March and May 2015, Greenwich Associates interviewed 200 European equity portfolio managers and 185 European equity traders regarding their overall commission expenditures, allocations for research/advisory services encompassing research product, analyst service, sales service, and corporate access), use of execution services, and relationships with sell-side brokers.

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