MARKETS IN FINANCIAL INSTRUMENTS
(TICK SIZES) INSTRUMENT 2021

Powers exercised

A.   The Financial Conduct Authority ("the FCA") makes this instrument in the exercise of the powers and related provisions in or under:

(1)   the following sections of the Financial Services and Markets Act 2000 ("the Act"):

(a)   section 137A (The FCA's general rules);
(b)   section 137T (General supplementary powers);
(c)   section 139A (Power of the FCA to give guidance); and

(2)   the relevant powers and related provisions listed in Schedule 4 (Powers exercised) to the General Provisions of the FCA Handbook.

B.   The rule-making provisions listed above are specified for the purposes of section 138G(2) (Rule-making instruments) of the Act.

Commencement

C.   This instrument comes into force on 29 January 2021.

Amendments to the Handbook

D.   The modules of the FCA's Handbook of rules and guidance listed in column (1) below are amended in accordance with the Annexes in this instrument listed in column (2) below.

(1)	(2)
Market Conduct sourcebook (MAR)	Annex A
Recognised Investment Exchanges sourcebook (REC)	Annex B

Citation

E.   This instrument may be cited as the Markets in Financial Instruments (Tick Sizes) Instrument 2021.

By order of the Board
28 January 2021

Annex A

Amendments to the Market Conduct sourcebook (MAR)

In this Annex, underlining indicates new text.

5 **Multilateral trading facilities (MTFs)**

…

5.3A **Systems and controls for algorithmic trading**

…

Flagging orders, tick sizes and clock synchronisation

5.3A.14   R   A *firm* must adopt tick size regimes in:

(1)   shares, depositary receipts, *exchange-traded funds*, *certificates* and other similar *financial instruments* traded on the *MTF*; and

(2)   any other *financial instrument* which is traded on that *trading venue*, as required by a regulatory technical standard made under powers conferred by *MiFIR*.

[**Note:** article 49 of *MiFID* and *MiFID RTS 11*]

5.3A.14 A   R   A *firm* adopting tick sizes in accordance with *MAR 5.3A.14R* may match orders large in scale at mid-point within the current bid and offer prices.

[**Note:** article 49 of *MiFID* and *MiFID RTS 11*]

…

5A **Organised trading facilities (OTFs)**

…

5A.5 **Systems and controls for algorithmic trading**

…

Flagging orders, tick sizes and clock synchronisation

5A.5.14   R   The *firm* must adopt tick sizes regimes for *financial instruments* as required by a regulatory technical standard made under powers conferred by *MiFIR*.

[**Note:** article 49 of *MiFID* and *MiFID RTS 11*]

5A.5.14A   R   A *firm* adopting tick sizes in accordance with *MAR 5A.5.14R* may match orders large in scale at mid-point within the current bid and offer prices.

[**Note:** article 49 of *MiFID* and *MiFID RTS 11*]

Annex B

**Amendments to the Recognised Investment Exchanges
sourcebook (REC)**

In this Annex, underlining indicates new text and striking through indicates deleted text.

2   Recognition requirements

…

2.5   Systems and controls, algorithmic trading and conflicts

…

2.5.1   UK   **Schedule to the Recognition Requirements Regulations, paragraphs 3 – 3H**

Paragraph 3G – Tick size regimes		
(1)	Subject to paragraph 1A, the~~The~~ [*UK RIE*] must adopt tick size regimes in respect of trading venues operated by it in -	
	(a)	shares, depositary receipts, exchange-traded funds, certificates and other similar financial instruments traded on each trading venue; and
	[**Note:** *MiFID RTS 11* contains requirements on the tick size regime for shares, depositary receipts, exchange-traded funds and certificates.]	
	(b)	any financial instrument for which technical standards are adopted by FCA under paragraphs 24 and 25 of Part 2 of Schedule 3 to the markets in financial instruments regulation ~~directive~~ which is traded on that trading venue.
	[**Note:** *MiFID RTS 11*]	
(1A)	The application of tick sizes shall not prevent the [*UK RIE*] from matching orders that are large in scale (as determined in accordance with Article 4 of the markets in financial instruments regulation) at the mid-point within the current bid and offer prices.	
	[**Note:** *MiFID RTS 1*]	
…		