

## Media Release

### DDV welcomes Bundesrat statement on payment for order flow

#### Bergmann: “The impact of a ban should be thoroughly examined”

*Berlin, Germany, 11 March 2022*

In a statement to the European Commission, the German Bundesrat indicated that it considers a ban on payment for order flow (PFOF) to be rushed at this point in time. The German Derivatives Association (Deutscher Derivate Verband, DDV) welcomes this position. “An important objective of the Capital Markets Union is for investors to invest more in securities. The recent positive developments in this area should not be hampered by regulatory interventions that may result in higher client fees. Before such a deep intervention as a ban on payment for order flow is undertaken, its impact should be analysed and evaluated,” demands Dr Henning Bergmann, CEO and Member of the Board of Directors of the DDV. Possible adverse effects of a ban, such as on client fees, the competition landscape, and the execution quality vis-à-vis the brokers’ clientele should be closely examined.

On 25 November 2021, the European Commission presented a series of legislative proposals relating to the EU Capital Markets Union, including a review of the Markets in Financial Instruments Regulation (MiFIR). Among the provisions of this MiFIR review is a ban on PFOF.

With PFOF, client trades – usually bound by instructions – are forwarded by a broker to one or more pre-selected execution venues. The broker may receive payment for this from the execution venue. Through such payments, providers are able to offer their clients services at low direct fees. In practice, PFOF can take different forms.

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Deutscher Derivate Verband (DDV), the German Derivatives Association, is the industry representative body for the leading issuers of structured products in Germany: BNP Paribas, Citigroup, DekaBank, Deutsche Bank, DZ BANK, Goldman Sachs, HSBC Trinkaus, HypoVereinsbank, J.P. Morgan, LBBW, Morgan Stanley, Société Générale, UBS, and Vontobel. Furthermore, the Association’s work is supported by more than 20 sponsoring members, which include the stock exchanges in Stuttgart and Frankfurt, gettex (which belongs to the Bavarian Stock Exchange in Munich), Baader Bank, and the direct banks comdirect bank, Consorsbank, DKB, flatexDEGIRO, ING-DiBa, maxblue, S Broker and Trade Republic, as well as the finance portals finanzen.net, onvista, and wallstreet:online, and various other service providers.

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