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MiFID II / MiFIR came into force on 3 January 2018. Both are EU laws regarded as legislative cornerstones with respect to financial instrument and financial service markets. Thus, their legal scope is extensive and expected to significantly impact European equity market structures going forward. This paper begins by explaining the big picture of MiFID II and MiFIR in broad terms. Subsequently, it examines market participant concerns that equity markets will become increasingly decentralized and complex and (based on equity market trading data before and after MiFID II and MiFIR implementation) analyzes whether these concerns are valid.

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On 3 January 2018, MiFID II came into force in EU countries incl. the UK. About a year has passed since this EU requirement became one of the biggest financial regulatory reforms in 10 years. The new regulation not only had a substantial impact in Europe but also worldwide and is definitely affecting stock markets and bond transactions globally in many areas. This report explains the background and current situation, mainly with respect to the unbundling of research fees and other expenses which are considered to have a large impact on investment bank research departments.

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