

Ministerie van Financiën
Postbus 20201
2500 EE Den Haag

Date: 15 February 2024
Subject: **Response Consultatie klimaatmaatregelen financiële sector**

Dear Mr. Van Weyenberg,

The Dutch Association of Proprietary Traders (APT) appreciates the opportunity to provide comments on the [consultatie mogelijke maatregelen om de bijdrage van financiële ondernemingen aan de klimaattransitie te versterken](#).

General introduction proprietary trading firms

The APT represents 23 independent proprietary trading firms based in the Netherlands, trading professionally in financial instruments for own account and risk. Our members contribute to price discovery by providing continuous liquidity on centrally cleared exchanges and trading platforms, hereby improving market efficiency, stability and transparency. This is often done in the capacity of designated *market maker*, to the benefit of all market participants, retail and institutional investors alike.

Next to some larger members, many of our members are mid-sized and smaller firms trading for their own account and risk. The majority of the proprietary traders established in the Netherlands are SME firms with less than 75 employees.

Proprietary trading firms/market makers facilitate the trading interests of other participants wishing to invest or divest, facilitate both sides (buy/sell) and do not take an underlying directional view of the market. This activity is often referred to as liquidity provision and facilitates the transfer of risk. Providing liquidity leads to positions - held for short periods, not for investment purposes - and since market makers do not take a directional view, the resulting positional risk is hedged. As such, proprietary trading firms tend to be market risk neutral. The nature of liquidity provision with short holding periods for positions, the hedging of directional position risk and access to multiple trading platforms and exchanges leads proprietary firms/market-makers to trading in and out of positions rapidly in normal as well as volatile market circumstances.

Proprietary traders differ significantly from banks, asset managers, pension funds and insurance companies who invest for the medium/longer term, either for themselves or for their clients. Proprietary traders do not offer portfolio management services or financing to clients. Therefore, in our view testing the suitability of investment, due diligence, asset exclusion policy and dialogue with individual issuers is less critical for our industry.

Europe's Green Deal commitment to become climate neutral by 2050 will require major financing. With sustainable finance being the cornerstone, all capital market infrastructure providers (exchanges, issuers, liquidity providers, data providers, clearing members) will be key in reorienting capital flows towards sustainable investments. Proprietary trading firms function as 'bridge builders' between supply and demand and are able to facilitate investors' rotation from traditional to for example ESG labelled assets. When investors want to sell traditional stocks (or indices) and buy assets that support the green transition instead, market makers are there to facilitate the transaction. By providing liquidity to the market, we will enable such a transition to be more cost-effective and efficient.

Specific comments with regard to the proposed requirements

With the above in mind we would like to provide some comments with regard to the proposed requirements:

- More generally, we feel a single market and regulatory harmonization across the EU is important, as well as a level playing field for Dutch firms with their EU peers.
- Given our role in the capital markets and more specifically the (very) short holding period of the positions we take, we think it is not fitting to introduce a legal best efforts requirements (**wettelijke inspanningsverplichting**) for proprietary traders to bring positions in line either with objectives following from international treaties or with specific national objectives. Evaluating the portfolio of a proprietary trader from an environmental perspective at a single point in time does not make much sense as positions change materially from day to day **and** positions are not held for investment purposes over a long period.
- With regard to the proposed climate plan requirement (**klimaatplanverplichting**), we are not in favour of introducing a "nationale kop" on top of this CSDDD requirement as this will imply an additional regulatory burden for our smaller SME members, while the intention of the European legislator seems to have been to exclude such/SME companies. As an alternative, if the Netherlands would like to extend this requirement, a threshold of 250 employees would be more proportionate than extending the requirement to all firms, large and small.
- Given our role in the capital markets, and the fact that we generally only hold instruments for a very short time, we also do not consider it useful to extend requirements with regard to the involvement policy to investment firms for own account (**betrokkenheidsbeleid** cf. question 20). Due to the short holding periods and the many hundreds/thousands of instruments traded, investment firms trading for own account are not involved in the policy of the companies behind the instruments they trade in, are not active shareholders and do not invest for the longer term.

We are happy to provide you with further information and answer any questions you might have. We would also appreciate to discuss the above in more detail with you during an in-person meeting.

Best regards,

Matthijs Pars,
Directeur APT