
Organizing European Financial Markets through Competition: shaping the content of rules using categorization as a strategy

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Abstract

This research aims to contribute to the literature on categories and the process of categorization. Built on an in-depth qualitative document analysis, our case concerns the dynamics of the translation of transparency standards from the International Organization of Securities Commission (IOSCO) into the European legislation. These standards are: "Ensuring that markets are fair, efficient and transparent" and "Regulation should promote transparency of trading". Through the analysis of an important case of market construction and organization – the single European Financial Market – this research sheds a light on the implementation of decisions made by regulators on the rules governing financial markets, and analyses the arguments deployed by different market participants to shape the content of those rules. Based on empirically evidence, this study examines the process that gave birth to the waivers from pre-trade transparency rules, as set by the Markets in Financial Instruments Directive. Using the theoretical framework proposed by the literature on the organization of markets, the research suggests, in particular, that the use of strategic categorization should be added to the list of strategies conveyed by market participants to thwart markets' organization. The study analyzes a group of texts of different nature and from multiple sources: public consultations from the European Commission, Draft Directives and Regulations, responses to public consultations, private advices to the European Commission, debates summaries from the European Parliament, working papers, government authorities' recommendations and reports and Data were analyzed with NVivo software.

Keywords: Europe, Financial, Markets, MiFID, Competition, Rules, Organization, Transparency

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