

Changes to MiFID Order Execution Policies

September 2026

Introduction

On 12 August 2026, Commission Delegated Regulation (EU) 2026/825, introducing new regulatory technical standards (RTS) governing investment firms' order execution policies (OEPs), entered into force. The RTS will apply from 12 February 2028, giving firms approximately 18 months to update their policies, governance arrangements, procedures and supporting systems.

From public reporting to internal governance

Following on from changes introduced by the MiFID II Review Directive¹, the RTS repeals RTS 27² and RTS 28³. Under the previous regime, trading venues were required to publish execution quality reports and investment firms were required to disclose annually their top five execution venues and certain information on execution quality.

The new framework abandons this disclosure-based approach and instead requires firms to demonstrate, on an ongoing basis, that their execution arrangements consistently deliver the best possible outcomes for clients. The focus is therefore shifting from periodic public reporting to robust internal governance, monitoring and documentation.

Enhanced order execution policies

The RTS introduce considerably more detailed requirements regarding the content and operation of firms' order execution policies (OEPs). Firms will be required to maintain comprehensive written policies explaining how execution venues are selected, how orders are routed, how execution quality is assessed and how specific client instructions are handled.

In addition, firms must maintain a formal register of approved execution venues containing sufficient information to support governance and supervisory oversight. This reflects the broader objective of ensuring that execution decisions are supported by a clear and auditable decision-making process.

As a result, many firms are likely to find that existing OEPs require substantial revision. Policies that have traditionally operated at a relatively high level will need to evolve into more detailed operational frameworks capable of demonstrating how best execution is achieved in practice.

Financial instrument classification

To support the effective assessment of execution quality, the RTS introduce a harmonised classification framework for financial instruments. Firms must classify instruments into standardised categories, including shares, bonds, exchange-traded products, derivatives, and contracts for difference.

Importantly, firms must also establish more granular sub-classifications where broad asset classes are insufficient for effective monitoring. For example, distinctions may be required between highly liquid and less liquid instruments or between products that are executed through different execution models.

These requirements are intended to ensure that execution quality assessments are sufficiently meaningful and that weaknesses are not concealed within broad product groupings.

Execution venue selection and order routing

The RTS set out more detailed expectations regarding the

1. Directive (EU) 2024/790

2. Commission Delegated Regulation (EU) 2017/575 with regard to regulatory technical standards concerning the data to be published by execution venues on the quality of execution of transactions

3. Commission Delegated Regulation (EU) 2017/576 with regard to regulatory technical standards for the annual publication by investment firms of information on the identity of execution venues and on the quality of execution

selection, approval and ongoing assessment of execution venues. Firms must adopt a structured and documented approach that takes account of factors such as client type, order characteristics, execution price, costs, and the nature of the relevant financial instrument.

A notable change is the requirement to assess execution quality against objective reference datasets. Where available, firms may use data from a Consolidated Tape Provider (CTP). Alternative datasets may also be used provided they offer a reliable and representative view of market conditions. This reflects a broader regulatory move towards data-driven assessments of best execution.

The RTS also impose additional requirements on firms that rely on a single execution venue for a particular class of instrument. Such firms must be able to demonstrate that the selected venue consistently delivers the best possible result and must periodically assess whether alternative venues could provide superior outcomes.

Order routing arrangements are also subject to enhanced scrutiny. Firms must explain how routing decisions are made, the factors that are taken into account and the relative importance assigned to those factors. Where automated or algorithmic routing systems are used, firms must ensure that those systems operate consistently with the firm's best execution obligations and are capable of responding to changing market conditions.

Client instructions

The RTS provide important clarification on the treatment of specific client instructions. Firms must clearly explain how such instructions are identified, recorded and executed and must distinguish between instructed and non-instructed orders.

A key clarification is that a client instruction affects only the specific aspect of the order to which it relates. All other aspects of the order remain subject to the firm's best execution obligations. The RTS therefore prevent firms from treating an entire transaction as exempt from best execution requirements merely because a client has provided instructions on one element of the order.

Own-account dealing

More onerous requirements will apply to firms that execute orders by dealing on own account. Given the conflicts of interest that may arise where a firm acts as principal, such firms must provide greater detail regarding their pricing methodologies, governance arrangements and conflict-management procedures.

In particular, firms must be able to demonstrate that execution prices are fair and reflective of prevailing market conditions.

Observable market prices should be used where available, with internal pricing models acting as a measure of last resort.

Monitoring, review and remediation

Another significant feature of the RTS is the introduction of a more structured framework for monitoring execution quality. Firms must implement ongoing monitoring processes capable of assessing compliance with their OEPs, the effectiveness of execution venue selection and the quality of client outcomes.

Execution quality assessments must be benchmarked against objective market data and supported by appropriate metrics, thresholds and escalation procedures. Firms are also required to conduct formal reviews of their execution arrangements at least annually and whenever significant deficiencies or market developments arise.

Where weaknesses are identified, firms must take remedial action within a reasonable timeframe. This may include revising execution venue selections, updating routing methodologies, strengthening governance arrangements or amending execution policies.

Practical implications

Although the RTS do not fundamentally alter the underlying best execution obligation, they will require significant implementation work across governance, compliance, operations and technology functions. Firms should therefore begin reviewing existing execution arrangements well in advance of the 12 February 2028 application date.

Key areas of focus are likely to include updating OEPs, reassessing execution venue selection methodologies, enhancing execution quality monitoring frameworks, strengthening controls around client instructions and reviewing pricing methodologies for own-account dealing activities. Firms will also need to consider whether their existing market data, analytics and reporting capabilities are sufficient to support the increased evidential requirements introduced by the RTS.

Key dates

Milestone	Date
Publication in the Official Journal	23 July 2026
Entry into Force	12 August 2026
Application Date	12 February 2028

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