

Consultation on trading obligation for derivatives under MiFIR

Responding to this paper

ESMA invites comments on all matters in this paper and in particular on the specific questions summarised in Annex 1. Comments are most helpful if they:

1. respond to the question stated;
2. indicate the specific question to which the comment relates;
3. contain a clear rationale; and
4. describe any alternatives ESMA should consider.

ESMA will consider all comments received by **31 July 2017**.

All contributions should be submitted online at www.esma.europa.eu under the heading 'Your input – Consultations'.

Publication of responses

All contributions received will be published following the close of the consultation, unless you request otherwise. Please clearly and prominently indicate in your submission any part you do not wish to be publically disclosed. A standard confidentiality statement in an email message will not be treated as a request for non-disclosure. A confidential response may be requested from us in accordance with ESMA's rules on access to documents. We may consult you if we receive such a request. Any decision we make not to disclose the response is reviewable by ESMA's Board of Appeal and the European Ombudsman.

Data protection

Information on data protection can be found at www.esma.europa.eu under the heading [Legal Notice](#).

Who should read this paper

All interested stakeholders are invited to respond to this consultation paper. In particular, responses are sought from trading venues and from counterparties trading OTC-derivatives that may become subject to the trading obligation.

ESMA consults on draft standards for

trading obligation for derivatives under MiFIR

MiFIR's trading obligation will move over-the-counter (OTC) trading in liquid derivatives onto organised venues thus increasing market transparency and integrity alike. MiFIR, which implements parts of the MiFID II framework, outlines the process for determining which derivatives should be traded on-venue.

ESMA invites stakeholders to provide feedback on ESMA's approach, which was revised following an earlier consultation in 2016. Key elements of today's published consultation include:

- liquidity analysis for interest rate derivatives and Index CDS based on a dataset covering the second half of 2016, incl. the proposal on which derivatives should be made subject to the trading obligation;
- the proposal on how to phase-in the trading obligation for derivatives
- ESMA's approach concerning the instrument register to be maintained by ESMA for the trading obligation; and
- a high-level cost-benefit-analysis.

The consultation is open for comments until 31 July 2017. ESMA will use the feedback received to finalise its draft RTS on the trading obligation. The submission of supportive data would be particularly appreciated. ESMA will send the final draft standards to the European Commission for endorsement.

Background

The trading obligation for derivatives under MiFIR is closely linked to the clearing obligation under the European Market Infrastructure Regulation (EMIR). Once a class of derivatives needs to be centrally cleared under EMIR, ESMA must determine whether these derivatives (or a subset of them) should be traded on-venue, meaning on a regulated market (RM), multilateral trading facility (MTF), organised trading facility (OTF) or an equivalent third-country trading venue.

MiFIR foresees two tests to determine the trading obligation: *The venue test* (a class of derivatives must be admitted to trading or traded on at least one admissible trading venue) and *the liquidity test* (whether a derivative is 'sufficiently liquid' and there is sufficient third-party buying and selling interest).

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China realizes longest real-time

transmission of deep-sea data

Chinese scientists announced Monday they had realized the real-time transmission of deep-sea data for more than 190 straight days, a world record.

During an expedition to the west Pacific at the end of last year, researchers with the Institute of Oceanology under the Chinese Academy of Sciences realized the real-time transmission of deep-sea data after improving the subsurface buoy observation network.

They put a floating body on the sea, which was connected to a submersible buoy. The submersible buoy transmits data to the floating body, which then sends them to a satellite. Researchers then receive the data through the satellite, according to Wang Fan, director of the institute, based in Qingdao, eastern China's Shandong Province.

The real-time deep-sea data includes the condition of the subsurface buoy, the flowing speed, direction and pressure of seawater.

"Real-time transmission of deep-sea data provides important technical support for research on ocean environment and global climate," Wang said, adding that the data could enhance the precision in ocean climate and environment forecasts.

The previous world record for real-time transmission of deepwater data was about 90 days, according to the institute.

Radical education reforms are absolutely the right thing to do

In my last column, I looked ahead to a very important statement that Education Secretary John Swinney was due to make in Parliament, about reforming the way our schools are governed.

I couldn't give too much away, but I promised it would be bold and radical.

I hope that everyone who has now seen it would agree.