

ESMA publishes updated results of the annual transparency calculations for equity and equity-like instruments

ESMA has today started to make available the updated annual transparency calculations for equity and equity-like instruments. Those calculations include:

- the liquidity assessment as per Articles 1 to 5 of CDR 2017/567;
- the determination of the most relevant market in terms of liquidity (MRM) as per Article 4 of CDR 2017/587 (RTS 1);
- the determination of the average daily turnover (ADT) relevant for the determination of the pre-trade and post-trade large in scale (LIS) thresholds;
- the determination of the average value of the transactions (AVT) and the related standard market size (SMS); and,
- the determination of the average daily number of transactions on the most relevant market in terms of liquidity (ADNT) relevant for the determination of the tick-size regime.

These new results reflect late corrections of the underlying data used to perform the calculations by reporting entities. This is the data provided to the Financial Instruments Transparency System (FITRS) by trading venues and approved publication arrangements (APAs) in relation to the calendar year 2018.

ESMA had identified mis-reporting by trading venues, in particular TP ICAP UK MTF – CASH EQUITY (MIC: IMCE), related to the determination of the applicable tick-size regime. ESMA considers that this misreporting should have been identified by the relevant venues earlier. ESMA wishes to emphasise again that correct and timely reporting is essential for the calculation of correct results by ESMA. Incorrect results do have an impact on the entire market and not just the misreporting venues.

ESMA had reacted to the issue of misreporting with a statement published on [7 July 2019](#) . ESMA wishes to clarify now that from 30 September 2019, European trading venues will also be bound by the tick sizes deriving from the ESMA publication of 23 September 2019 for third-country shares with an average daily number of transactions lower than one on the most relevant market in the EU which are shares considered to be third-country shares for which the trading venue with the highest turnover is located in a country outside the EEA.

The updated results of the annual transparency calculations for equity and equity-like instruments shall apply from 30 September 2019 until 31 March 2020. In the updated results, there are 1,480 liquid shares and 689 liquid equity-like instruments other than shares, subject to MiFID II/MiFIR transparency requirements.

The full list of assessed equity and equity-like instruments will be available through ESMA's Financial Instruments Transparency System (FITRS) in the XML files from 23 September 2019 ([link available here](#)) and through the Register web interface ([link available here](#)).

Background

MiFID II/MiFIR became applicable on 3 January 2018 introducing, amongst others, pre-trade and post-trade transparency requirements for equity and non-equity instruments.

Pre-trade transparency requirements may be waived for transactions, whose size is above large-in-scale thresholds (LIS), and systematic internalisers (SIs) have pre-trade transparency obligations for instruments traded on a traded venue which are liquid and when dealing with orders up to the standard market size (SMS).

The publication of post-trade information can be deferred for transactions whose size is above large-in-scale thresholds (LIS).

MiFID II/MiFIR introduce the tick-size regime to orders in shares, depositary receipts based on the average daily number of transactions in the most relevant market in terms of liquidity and to orders in exchange-traded funds (ETFs) on the basis of their price.

Next steps

From 1 April 2020, the next annual transparency calculations for equity and equity-like instruments to be published by 1 March 2020, will become applicable.