

MiFID II: ESMA issues final guidelines on trading halts

MiFID II provides that Member States shall require a regulated market to be able to temporarily halt or constrain trading if there is a significant price movement in a financial instrument on that market or a related market during a short period and, in exceptional cases, to be able to cancel, vary or correct any transaction.

ESMA's Guidelines calibrate trading halts. The obligation for regulated markets to be able to halt or constrain trading in case there is a significant price movement in a "related market" implicitly also requires them to monitor how trading evolves in those related markets. The Guidelines provide guidance on the calibration of trading halts, the dissemination of information regarding the activation of mechanisms to manage volatility on a specific trading venue and the procedure and format to submit the reports on trading halts' parameters from National Competent Authorities (NCAs) to ESMA.

ESMA's guidelines are published in all official EU languages. NCAs to which these Guidelines apply must notify ESMA whether they comply or intend to comply with the them, within two months of the date of publication.