

MiFID II: ESMA makes new bond liquidity data available

ESMA has started today to make available the third quarterly liquidity assessment for bonds available for trading on EU trading venues at the end of December. For this period, there are currently 439 liquid bonds subject to MiFID II transparency requirements.

ESMA's liquidity assessment for bonds is based on a quarterly assessment of quantitative liquidity criteria, which include the daily average trading activity (trades and notional amount) and percentage of days traded per quarter. ESMA updates the bond market liquidity assessments quarterly. However, additional data and corrections submitted to ESMA may result in further updates within each quarter, published in ESMA's Financial Instruments Transparency System (FITRS), which shall be applicable the day following publication.

The full list of assessed bonds will be available through [FITRS](#) in the XML files with publication date from 1 February 2019 and through the [Register web](#) interface.

As communicated on [27 September 2018](#), ESMA is also publishing two [completeness indicators](#) related to bond liquidity data.

In order to assess the contribution of a trading venue, both completeness indicators should be considered. The completeness ratio indicates the percentage of reports provided divided by the number of reports expected, irrespectively of the number of instruments available for trading on that trading venue. In other words, missing one or a few periods for a large number of instruments, or missing the same number of periods in one instrument only, does not change the value of this indicator. This indicator is independent from the number of instruments available for trading on the venue. On the other hand, the completeness shortfall takes into account the number of incomplete ISINs for the trading venue. In other words, missing one or a few periods for a large number of instruments, increases the value of this indicator.

Background

MiFID II became applicable on 3 January 2018 introducing, amongst others, pre- and post-trade transparency requirements for equity and non-equity instruments, including for bonds. Post-trade, MiFID II requires real-time publication of the price and quantity of trades in liquid bonds. It is possible to defer the publication of post-trade reports if the instrument does not have a liquid market, or if the transaction size is above large-in-scale thresholds (LIS), or above a size specific to the instrument (SSTI). In order to assist market participants to know whether a bond should be considered as liquid or not, ESMA publishes these quarterly liquidity assessments for bonds.

Next steps

The transparency requirements for bonds deemed liquid today will apply from 16 February 2019 to 15 May 2019.