

## MiFID II: ESMA publishes double volume cap data

The purpose of the DVC mechanism is to limit the amount of trading under certain equity waivers to ensure the use of such waivers does not harm price formation for equity instruments. More specifically, the DVC limits the amount of dark trading under the reference price waiver and the negotiated transaction waiver.

In January 2018, ESMA delayed the implementation of the DVC, due to data quality and completeness issues, until March. ESMA since has worked with National Competent Authorities (NCAs) and EU trading venues to solve these issues.

ESMA is today publishing the DVC calculations for January 2018 (totalling 18,644 instruments) and February 2018 (totalling 14,158 instruments). Based on this data, two caps will limit dark trading in equity and equity-like instruments, namely for:

- 17 instruments for January 2018 and 10 instruments for February 2018 for which their percentage of trading on a single trading venue under the waivers goes beyond 4% of the total volume of trading in those financial instruments across all EU trading venues over the previous twelve months; and
- 727 instruments for January 2018 and 633 instruments for February 2018 for which their percentage of trading across all trading venues under the waivers goes beyond 8% of the total volume of trading in that financial instrument across all EU trading venues over the previous twelve months.

NCAs should suspend, within two working days, the use of waivers in those financial instruments where the caps were exceeded. Hence, the use of the waivers should be suspended for these instruments for a period of six months starting from Monday, 12 March 2018. ESMA is intending to publish the applicable DVC data for March 2018 on 9 April 2018, including any data received after the cut-off date for data submissions of 1 March 2018.