

MiFID II – New Publication Date for Systematic Internaliser and Bond Data

ESMA will publish the SI regime data for equity, equity-like instruments and bonds and the quarterly liquidity assessment for bonds on 8 November 2019 and the requirements based on this publication will apply from 16 November 2019.

ESMA was due to publish the SI regime data for equity, equity-like instruments and bonds and the quarterly liquidity assessment for bonds by 1 November 2019. However, the developments concerning the UK's departure from the EU have an impact on this publication date, which was already indicated in the 7 October public [statement](#) on ESMA's Data Operational Plan under a potential no-deal Brexit scenario occurring on 31 October 2019.

Background

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

According to Article 4(1)(20) of Directive 2014/65/EU (MiFID II) investment firms dealing on own account when executing client orders over the counter (OTC) on an organised, frequent systematic and substantial basis are subject to the mandatory SI regime.

Commission Delegated Regulation (EU) No 2017/565 specifies thresholds determining what constitutes frequent, systematic and substantial OTC trading. In particular, investment firms are required to assess whether they are SIs in a specific instrument (for equity and equity-like instruments, bonds, ETCs and ETNs and SFPs) or for a (sub-) class of instruments (for derivatives, securitised derivatives and emission allowances) on a quarterly basis based on data from the previous six months. For each specific instrument/sub-class, an investment firm is required to compare the trading it undertakes on its own account compared to the total volume and number of transactions executed in the European Union (EU). If the investment firm exceeds the relative thresholds it will be deemed an SI and will have to fulfil the SI-specific obligations. ESMA, upon request of market participants and on a voluntary basis, decided to compute the total volume and number of transactions executed in the EU in order to help market participants in the performance of the test since that data is essential for the operation of the SI regime and is not otherwise easily available.

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.