

Update of annual equity transparency calculations – application of the tick size regime for third-country shares

This update has among other things an impact on the average daily number of transactions on the most relevant market in the EU determining the tick size to be applied for trading on European markets. ESMA has very recently been made aware of an issue with the updated calculations which appears to affect the results for shares whose main pool of liquidity is in a third country while having less than one transaction a day on average on the most relevant market in the EU.

ESMA is investigating this issue and will revert in due course with a revised set of results for the relevant shares. In order not to impose a potentially incorrect tick size in the meantime, ESMA wishes to clarify that European trading venues are until further notice not bound by the tick sizes deriving from the ESMA publication of 21 June 2019 for third-country shares with an average daily number of transactions lower than one on the most relevant market in the EU. All those shares should be considered third-country shares for which the trading venue with the highest turnover is located in a country outside the EEA.

ESMA acknowledges that this change at short notice is not ideal, but believes this announcement avoids market disruption due to potentially incorrect tick sizes for third-country shares. ESMA will aim to quickly rectify the issue.