

FAQs on MiFID II - Interim Transparency Calculations

Scope:

This document aims at gathering Frequently Asked Questions (FAQs) and answers regarding the publication of the [MiFID II](#) Transitional Transparency Calculations (TTC) for all non-equity instruments in accordance with [RTS 2](#) regulatory technical standards on transparency requirements in respect of bonds, structured finance products, emission allowances and derivatives under [MiFIR](#).

Legal basis

- For further information on the Markets in Financial Instruments Directive II: [MiFID II](#)
- For further information on the Markets in Financial Instruments Regulation: [MiFIR](#)
- For further information on the Regulatory Technical standards: [RTS](#)
- For further information please consult the website of [ESMA](#)

A. TOPIC – General information

A.1. What are the MiFID II Transactional Transparency Calculations (TTC)?

[MiFID II/MiFIR](#) requires performing various transparency calculations in relation to trading of equity and all non-equity instruments. Those calculations will have to be performed both for the transition from MiFID I to [MiFID II/MiFIR](#) as well as on an ongoing basis once [MiFID II/MiFIR](#) applies. National Competent Authorities (NCAs) are responsible for performing the transparency calculations under [MiFID II/MiFIR](#), both for transitional purposes as well as the ongoing calculations.

ESMA was requested to coordinate the exercise in the transitional phase for the delegating NCAs. ESMA staff performed the transitional transparency calculations using data related to 2016 trading activity provided by trading venues.

The scope of the TTC is the computations required for [RTS 2](#). The data was used for the assessment of liquidity and for the calculation of large-in-scale (LIS) and size-specific to the instrument (SSTI) thresholds for pre-trade and post-trade transparency purposes.

A.2. What are the implications of being a liquid or non-liquid instruments?

[MiFID II/MiFIR](#) introduces transparency requirements for bonds, structured finance products, emission allowances and derivatives with powers for competent authorities (CAs) to waive the obligation for market operators and investment firms operating a trading venue to make public pre-trade information for non-equity instruments for which there is not a liquid market. Furthermore, transactions in non-equity instruments for which there is not a liquid market may also benefit from deferred publication.

A.3. What are asset-class, sub-asset class and sub-classes?

[RTS 2](#) under [MiFID II](#) defines several non-equity asset classes, e.g. bonds, commodity derivatives, credit derivatives, equity derivatives. However, the scope of the TTC is the computations required for [RTS 2](#) according to the sub-asset class to which each financial instrument belongs. Therefore, additional reference data was used to determine the sub-asset class. For the purpose of the determination of the classes of financial instruments considered not to have a liquid market, sub-asset classes are further segmented into sub-classes according the segmentation criteria as displayed in [Annex III of RTS 2](#).

A.4. What do LIS and SSTI mean?

[RTS 2](#) under [MiFID II](#) stipulates the size of transactions which are large in scale (LIS) and the size-specific to the instrument (SSTI) for which post-trade transparency may be deferred and further specifies the deferred publication at the discretion of the competent authorities under Article 11(3). This information is displayed in euros except for emission allowances and derivatives thereof for which they are expressed in tons of carbon dioxide.

A.5. Shall I already trade under the transparency requirements described in the interim transparency calculations?

No, the new transparency requirements will be applicable starting in 2018.

B. TOPIC – Data availability

B.1. Why are the TTC results for the asset class Bonds not published?

The publication of LIS and STTI thresholds per bond type, planned for 3 July 2017, has been delayed as ESMA is performing a quality review of the information submitted by third parties to perform this exercise. These interim calculations for bonds will be published in August 2017.

B.2. Why can I not find information on a particular equity instrument or bond in the files?

The published TTC do not contain information for equity/ETF/bonds as accordingly to the transitional provisions in [RTS 1](#) and [RTS 2](#), interim transparency calculations for equity and ETFs shall be published by 06/12/2017. Liquidity assessment of individual bonds will be published by 01/12/2017.

B.3. Why can I not find a specific ISIN/sub-class in the TTC files?

There could be several reasons why an ISIN/sub-class is not available in TTC files: (I) The TTC files only display those ISINs/sub-classes that are deemed liquid. (II) The particular ISIN/sub-classes was not traded during the reference period, namely from 3 July 2016 to 2 January 2017 (both dates included). (III) ISINs were not requested for each sub-class. (IV) The ISIN of the underlying instrument was modified (e.g. a split of an equity).

For example, ISINs of derivative contracts are not available, whereas the ISINs of their underlyings may in fact be available. In that case, please use the information on the underlying instrument of the derivative and other characteristics of the derivative to find the applicable information for the sub-class to which the particular derivative belongs to.

For further details on the segmentation criteria, please refer to [Annex III of RTS 2](#).

B.4. Why there is no data available (marked with NA) for some fields included in the TTC files?

The fields included in the tables refer to the segmentation criteria at which the whole asset class was subject to (please refer to [Annex III of RTS 2](#)). For this reason, some fields, that do not apply for that specific sub-class, were populated with NA.

C. TOPIC – Files structure

C.1. How are the TTC files structured?

The TTC files are structured according to asset classes for all non-equity instruments in line with [Annex III of RTS 2](#). Only asset classes with at least one liquid sub-class are published.

D. TOPIC – File content

D.1. What data are included in the TTC Files?

The TTC files contain reference data (e.g., notional currency, time-to-maturity bucket, etc.) and the calculated large-in-scale (LIS) and size-specific to the instrument (SSTI) thresholds for pre-trade and post-trade transparency purposes per sub-class when they have been classified as liquid.

In the downloadable TTC files you can find those instruments for which there is a liquid market. Only for those instruments, SSTI/LIS pre- and post-trade thresholds have been calculated and included in those tables. All other instruments are assessed as illiquid, and their corresponding thresholds can be found in [Annex III of RTS 2](#).

D.2. Why do not all asset classes specified in RTS 2, have a downloadable TTC file?

ESMA has calculated the liquidity of instruments subject to pre- and post-trade transparency requirements. As a result of the liquidity assessment, some asset classes turned out to be



overall illiquid (e.g. SFP) or have no liquid instrument (e.g. C10 derivatives). For the other 8 remaining classes, the thresholds were calculated and stored in individual files.