27 September 2018
ESMA71-99-1038

PRESS RELEASE

ESMA to publish new data completeness indicators for trading venues

The European Securities and Markets Authority (ESMA) has today announced details of two new data completeness indicators for trading venues detailing the delivery of double volume cap (DVC) and bond liquidity data. The two indicators – the Completeness Ratio and the Completeness Shortfall – will assist trading venues in delivering complete and accurate data on a timely basis, by providing performance information on the timeliness and completeness of their data provision. The indicators will be published for the first time on 8 October for DVC data and by 1 November for bond liquidity.

In recent months ESMA, and the national competent authorities (NCAs), have been working to improve the timeliness and completeness of the data underpinning the monthly DVC and quarterly bond liquidity assessment publications. While these efforts have produced some positive results, the current situation remains unsatisfactory with significant data completeness issues.

ESMA considers the provision of timely, complete and accurate data as essential for the proper implementation of MiFIR and compliance with its requirements. To ensure data completeness ESMA will start publishing completeness indicators for all venues covered by DVC and bond data reporting.

Steven Maijoor, Chair, said:

> "ESMA is committed to ensuring data completeness to facilitate the consistent application of the DVC and bond market liquidity rules across the EU. Moreover, we need to ensure a level playing field between trading venues. These goals can only be accomplished if the relevant data from trading venues is consistently complete and correct. The two indicators that ESMA will start publishing from October and November should make trading venues increase their efforts to provide timely and complete data. The DVC and bond liquidity assessments are key building blocks of the MIFID II objective to increase transparency."

New indicators

In order to increase the incentives for trading venues to deliver data for the performance of the DVC and bond liquidity calculations on a timely basis, ESMA will publish two completeness indicators:

- **The Completeness Ratio**: is an indicator that provides information on the completeness of a particular venue taken in isolation, irrespective of the performance of other venues. The completeness ratio is calculated as the number of records received from a venue divided by the total number of records expected from that venue over the relevant period. One record corresponds to a bi-weekly report in the case of completeness for the DVC and to a one-day report in the case of completeness for bond liquidity.

- **The Completeness Shortfall**: is a measure that gives an indication of a venue's performance in terms of completeness compared to other trading venues. It reflects the percentage of missing data for which a particular venue is responsible.

ESMA will publish one file containing trading venue identification information – MIC Code, full name, country of the NCA – and quantitative information – Completeness Ratio, Completeness Shortfall, number of ISINs, number of reporting periods and number of incomplete ISINs.

Next steps and publication of indicators

ESMA will publish completeness indicators as follows:

- **DVC:** on 8 October 2018 with the next DVC update and then on a monthly basis. The period used to calculate the completeness indicators will include all the months related to (i) the calendar years relevant for any of the monthly files that can be modified on the DVC publication date and (ii) the calendar year relevant for the DVC publication of the month e.g. on 8 October 2018 the period will include all the months from 1 April 2017 to 31 August 2018.

  A venue which has submitted all its DVC records will have a Completeness Ratio of 100% and a Completeness Shortfall of 0%. The completeness shortfalls across all venues adds up to 100%.

- **Bond liquidity:** from the next bond liquidity quarterly assessment publication by 1 November 2018 and then on a quarterly basis. The period used to calculate the completeness indicators will be the calendar quarter used for the quarterly liquidity assessment published on the publication day of such calculations (e.g. for the November 2018 publication the calendar quarter used will be 1 July 2018 – 30 September 2018).

  A venue which has submitted all its bonds records will have a Completeness Ratio of 100% and a Completeness Shortfall of 0% (The completeness shortfalls across all venues adds up to 100%).

Notes for editors

1. The formula for the completeness ratio on MIC M is the following:

- $CompletenessRatio\ (MIC\ M) = \frac{Num\ of\ records\ \text{received}\ by\ MIC\ M}{Tot\ num\ of\ records\ \text{expected by}\ MIC\ M}$

2. The formula for the completeness shortfall on MIC M is the following:

$$CompletenessShortfall\ (MIC\ M) = \frac{\frac{Num\ of\ missing\ records\ on\ MIC\ M\ and\ ISIN\ 1}{Num\ of\ missing\ records\ on\ ISIN\ 1} + \frac{Num\ of\ missing\ records\ on\ MIC\ M\ and\ ISIN\ 2}{Num\ of\ missing\ records\ on\ ISIN\ 2} + \cdots}{Tot\ num\ of\ incomplete\ ISINs\ across\ MICs}$$

3. Double Volume Cap (DVC) - MiFID II introduced the DVC to limit the amount of dark trading in equities allowed under the reference price waiver and the negotiated transaction waiver. The DVC is calculated per instrument (ISIN) based on the rolling average of trading in that instrument over the last 12 months.

4. Bond liquidity - MiFID II became applicable on 3 January 2018 introducing, amongst others, pre-trade and post-trade transparency requirements for equity and non-equity instruments, including bonds. No pre-trade transparency requirements are required if the bond does not have a liquid market whenever such waiver is granted. On the other hand, MiFID II requires real-time publication of post-trade information. It is possible to defer the publication of post-trade reports if the instrument does not have a liquid market.

5. ESMA's mission is to enhance investor protection and promote stable and orderly financial markets.

It achieves these objectives through four activities:

   a. assessing risks to investors, markets and financial stability;

   b. completing a single rulebook for EU financial markets;

   c. promoting supervisory convergence; and

   d. directly supervising specific financial entities.

Further information:

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