

PRESS RELEASE

MiFID II: ESMA publishes double volume cap data

The European Securities and Markets Authority (ESMA) has published today [trading volumes and calculations](#) regarding the double volume cap (DVC) under the Markets in Financial Instruments Directive (MiFID II) and Regulation (MiFIR).

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:

1. 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
2. 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.

Background on the DVC

Trading venues listing an equity or equity-like instrument are required to provide data on their trading activity on a rolling 12-month look-back period. Therefore, the publication related to January 2018 includes trading data from January to December 2017 and the publication for February 2018 includes trading data from February 2017 to January 2018.

Despite substantial progress made since January through the combined efforts of trading venues, NCAs and ESMA, the data received for many instruments is still not 100% complete. In that context it should be mentioned that ESMA needs to rely on data submissions of more than 150 reporting entities for some 26,000 instruments.

However, ESMA considers it of the utmost importance that the DVC mechanism now takes effect, as foreseen in MiFIR, and so has taken a modified approach to publication.

For illiquid shares and equity-like instruments, ESMA only publishes DVC information if the data is 100% complete.

Liquid shares

For liquid shares, ESMA took into consideration the specific importance of the DVC mechanism for this group of instruments and bearing in mind that without an adequate coverage for liquid shares any DVC publication would be of limited relevance. ESMA has applied a number of conditions to assess liquid share data as sufficiently complete, which are explained in detail in the accompanying [publication](#). When passing these conditions, ESMA considers that the data is sufficiently complete to be published and that suspensions are only triggered if there is an actual breach of one of the caps. On this basis, the DVC results published today achieve a coverage of liquid shares of 85% for January 2018 and of 83% for February 2018 respectively.

The DVC regime applies on a per ISIN basis, which means that the use of the waivers will be suspended for the affected ISINs only, and trading venues can continue trading under the waivers for other instruments.

Notes for editors

1. [The Double Volume Cap Mechanism](#)
1. [MiFID II Regulatory Technical Standard No 3](#) on the volume cap mechanism and the provision of information for the purposes of transparency and other calculations
2. ESMA's mission is to enhance investor protection and promote stable and orderly financial markets.

It achieves these objectives through four activities:

- i. assessing risks to investors, markets and financial stability;
 - ii. completing a single rulebook for EU financial markets;
 - iii. promoting supervisory convergence; and
 - iv. directly supervising specific financial entities.
3. ESMA achieves its mission within the European System of Financial Supervision (ESFS) through active cooperation with the European Banking Authority (EBA), the European Insurance and Occupational Pensions Authority (EIOPA), the European Systemic Risk Board, and with national authorities with competencies in securities markets (NCAs).

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