

**Submission Date**

15/11/2017

## **ESMA\_QA\_1566**

Status: Answer Published

### **Additional Information**

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#### **Level 1 Regulation**

Markets in Financial Instruments Regulation (MiFIR) Regulation (EU) No 600/2014-  
Secondary Markets

#### **Topic**

Pre-trade transparency waivers

### **Subject Matter**

Maximum authorised deviation around the reference price for negotiated transactions in illiquid equity instruments

### **Question**

What is the maximum authorised deviation around the reference price to be used for negotiated transactions in illiquid instruments?

## ESMA Answer

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15-11-2017

Original language

[ESMA 70-872942901-35 MiFIR transparency Q&A, Q&A 5.5]

Article 4(1)(b)(ii) of MiFIR allows NCAs to grant pre-trade transparency waivers to trading venues for negotiated transactions in illiquid instruments where those negotiated transactions are dealt within a percentage of a suitable reference price.

ESMA is of the view that the parameters to be set by trading venues in accordance with Article 48(5) of MiFID II for halting trading can also be used as maximum limits for the purposes of Article 4(1)(b)(ii) of MiFIR. The parameters to be established for trading halts should be calibrated by taking into consideration the liquidity of financial instruments, the related market model and the type of users trading those instruments. A price movement beyond these limits would be considered significant enough to halt trading, therefore, ESMA considers these same parameters should be used as a proxy to assess the suitability of the reference price and the percentage deviation from it that can be used for negotiated transactions under Article 4(1)(b)(ii) of MiFIR. NCAs should not authorise trading venues to report negotiated transactions in illiquid financial instruments executed outside those limits.