



## Consultation paper on improving the functioning of the MiFID database

### Consultation paper

December 2007

1. Under the MiFID Directive CESR is responsible for publishing lists for shares admitted to trading on a regulated market, systematic internalisers, multilateral trading facilities, regulated markets and central counterparties.
2. CESR has so far published a database of shares admitted to trading on regulated markets on 3 July 2007 (for further information please see the press release Ref. CESR/07-450) together with CESR's guidebook to Market Transparency calculations Ref. CESR/07-322), and databases covering the other four lists on 1 November 2007 (see press release Ref. CESR/07-748).
3. Following the first three months of functioning of the database of shares admitted to trading on regulated market, it is clear that modifications are needed in order to improve usability of the database. In order to allow for a maximum number of market participants to provide their input, and in order to ensure that the new version of the database meets the needs of regulators and market participants alike, CESR has decided to consult market participants in order to get their input regarding functions which should be added to the database. All five databases are built on the same platform, so CESR will attempt to harmonise the presentation of the databases as far as possible.
4. Based on the responses to this consultation, CESR will eventually undertake an update of the databases, and publish new versions in March 2008.
5. The goal of these modifications is to allow for the smooth running of the database, facilitate updates, and ensure a clear presentation of the data for market participants.
6. The following pages set out in further details the current functioning of the database of shares admitted to trading on a regulated market. Responses should be posted on CESR's website, in the section Consultations, by **21 January 2008**.

#### **Shares admitted to trading on a regulated market**

7. The MiFID implementing Regulation (No 1287/2006, of 10 August 2006) requires the relevant competent authorities to calculate and publish a set of information regarding all shares which are admitted to trading on a regulated market, in order to allow market participants to recognise liquid shares (which trigger the obligations for systematic internalisers according to Article 27) and to determine the block sizes for waivers from pre-trade transparency requirements and delayed post-trade publication.
8. CESR published a first version of this database on 3 July 2007. The information contained in the database underwent a general update on 19 October 2007 (for further information please see the press release Ref. CESR/07-718 and the updated Developers' Guide Ref. CESR/07-370b). Following entry in force of MiFID on 1<sup>st</sup> November 2007, the database is now updated on a continuous basis.
9. The database contains the following data fields:
  - A. ISIN – The unique code for each share
  - B. Name – The name of the share
  - C. ADT – Average Daily Turnover. This is the yearly turnover, divided by the number of trading days, excluding negotiated trades. The figure is expressed in euros.
  - D. Daily Transactions – This is an average, found by dividing the number of annual trades by the number of trading days, excluding negotiated trades.
  - E. Free Float – This is calculated by multiplying the number of shares by the price of the share and expressed in euros. However, when calculating the free float all holdings exceeding 5 % of total voting rights shall be excluded unless they are held by a collective investment scheme or a pension fund.
  - F. AVT - Average Value of Orders Executed is the arithmetic average value of transactions, excluding those that are large in scale compared to normal market size and is expressed in euros
  - G. SMS – Standard Market Size. This is determined from a predefined table in the MiFID Implementing Regulation on the basis of the AVT, and is expressed in euros.

- H. Authority for Liquid Share – the regulation allows Member States to designate a maximum of up to five shares as liquid. This column identifies these designated shares.
- I. Authority – Relevant competent authority
- J. Country Code – Country of the relevant competent authority

In addition, the database contains three symbols: "new!" indicates that a share has been added within the last 6 weeks, "yellow star" indicates an update of the information about a share within the last 6 weeks, and "red bullet" indicates a liquid share.

#### **Amendment 1:**

CESR proposes to add the following new data fields to the database:

- i. Exchange rate for non-Euro countries, which would indicate the rate which was used for calculating the respective information.
- ii. Date of update, which would indicate when the information regarding a given share was last updated
- iii. Information indicating the date when the information becomes applicable. This is to facilitate the presentation of two sets of information as necessary in relation to annual updates and new admissions. The new data field would indicate future information which will be come applicable at certain point of time.<sup>1</sup>

#### **10. Existing search functions**

- A. Search by complete and partial ISIN and share names;
- B. Display by country – this returns only the shares listed for a specific country
- C. Display by competent authority – this returns only the shares listed for a specific competent authority
- D. Display by date – this allows the user to see what the database looked like on a specific date
- E. Sort by column – the data can be sorted by column by clicking on the title. One click will give the list in ascending order, two clicks will give the list in descending order.

11. Determining a liquid share. In order to determine whether a share is liquid, the user can refer to the red bullet which is posted next to the ISIN of liquid shares. In addition, it is possible to sort the table in order to view all the liquid shares together, by using the SMS field. If this field is filled in, the share is liquid.

#### **Amendment 2:**

CESR proposes to add the following function to the database:

- possibility to extract only liquid shares from the database.

#### **Systematic internalisers**

12. The database lists the investment firms which are systematic internalisers. While no changes to the database itself are planned, CESR intends to change the way systematic internalisers are presented in the database. CESR intends to identify in the database the investment firm acting as systematic internaliser and, depending on the business model of the firm, its

<sup>1</sup> CESR would like to note that the use of this function is not intended to change the time when the respective information is required to be published. According the MIFID information on annual revisions will be published by 1 March. Concerning new admission the calculations based on the first four week's trading will be published as soon as practicable.



branches in other Member States where the firm has its own internalisation activity. The entities are identified by their name and BIC-code. CESR notes that it is possible that one entity has several BIC-codes.

13. In addition to the questions posed in this paper, CESR would welcome comments and suggestions on all aspects of the database. CESR will strive to accommodate requests made at this point, and points out that requests and/or comments which are made after the consultation period will be difficult to take into account (in the short/medium term).

**Questions:**

- 1. Do you agree with the proposed amendments?*
- 2. Is it necessary to add other information or other search functions? If so, please explain what you would like to add and the reasons for your proposal?*
- 3. Do you agree with the proposal to identify investment firm acting as systematic internaliser?*