

PRESS RELEASE

ESMA consults on transparency rules for package orders under MiFID II

The European Securities and Markets Authority (ESMA) has opened today a public consultation on draft regulatory technical standards (RTS) regarding the treatment of package orders under the amended Markets in Financial Instruments Directive (MiFID II) and Regulation (MiFIR). Overall, MiFID II aims at increasing market integrity, transparency and efficiency.

Package transactions are interlinked financial transactions comprising various instruments which firms execute jointly in order to reduce transaction costs and for risk management purposes. MiFIR's pre-trade transparency regime requires the disclosure of trading interest in all non-equity instruments. However, national competent authorities will be able to waive this requirement if certain conditions are met. Unless there is a liquid market for the package order as a whole, the amended MiFID II also allows to waive the pre-trade transparency obligation.

ESMA's draft RTS establish a methodology for determining those package orders for which there is a liquid market in the European Union as a whole, and which consequently may not be waived from pre-trade transparency requirements. The methodology ESMA is proposing is based on qualitative criteria which allows ESMA to take the characteristics of packages into account which are standardised and frequently traded. Based on this methodology, the following package orders would be considered to have a liquid market as a whole:

- Orders where at least one component is subject to the *trading obligation* (under MiFIR) and where all other components are subject to the *clearing obligation* under the European Market Infrastructure Regulation (EMIR); and
- Orders that meet a set of general criteria (all components are standardised; all derivative components can be cleared) plus a set of asset-class specific criteria.

Asset-class specific criteria have been developed for the following asset classes:

- interest rate derivatives;
- equity derivatives;
- credit derivatives; and
- commodity derivatives.



Packages in asset classes for which no asset-class specific criteria exist are considered not to have a liquid market as a whole.

Next steps

ESMA is seeking stakeholders' input to its draft RTS by 3 January 2017 and will use the feedback received to finalise the standards by February 2017. The MiFID II regime will enter into force on 3 January 2018.

Notes for editors

- [2016/1562 Consultation Paper on Draft RTS on package orders for which there is a liquid market](#)
- [Updated Markets in Financial Instruments Directive \(MiFID II\) and Regulation \(MiFIR\)](#)
- ESMA's mission is to enhance investor protection and promote stable and orderly financial markets.

It achieves these objectives through four activities:

- assessing risks to investors, markets and financial stability;
 - completing a single rulebook for EU financial markets;
 - promoting supervisory convergence; and
 - directly supervising specific financial entities.
- 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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