

PRESS RELEASE

ESMA sets out final position on Share Trading Obligation

The European Securities and Markets Authority (ESMA), the EU's securities markets regulator, has released a [public statement](#) that clarifies the application of the European Union's (EU) trading obligation for shares (STO) following the end of the UK's transition from the EU on 31 December 2020.

The statement outlines that the trading of shares with a European Economic Area (EEA) ISIN on a UK trading venue in UK pound sterling (GBP) by EU investment firms will not be subject to the EU STO. This currency approach supplements the EEA-ISIN approach outlined in a previous [ESMA statement of May 2019](#).

This revised guidance aims at addressing the specific situation of the small number of EU issuers whose shares are mainly traded on UK trading venues in GBP. ESMA, based on EU-wide data, regards that such trading by EU investment firms occurs on a non-systematic, ad-hoc, irregular and infrequent basis. Therefore, those trades will not be subject to the EU STO, under Article 23 of MiFIR.

ESMA has done the maximum possible in close cooperation with the European Commission to minimise disruption and to avoid overlapping STO obligations and their potentially adverse effects for market participants. The approach put forward by ESMA will effectively avoid such overlaps if the UK adopts an approach that does not include EEA ISINs under the UK STO. ESMA however notes that the scope of the UK STO after the end of the transition period remains unclear at this stage.

In the absence of an equivalence decision in respect of the UK, the potential adverse effects of the application of the STO after the end of the transition period are expected to be the same as in the no-deal Brexit scenario considered in the previous [ESMA statement](#).

The application of the STO to shares with a different ISIN should continue to be determined taking into account the previous [ESMA guidance](#) published on 13 November 2017.



Notes for editors

1. [ESMA 70-155-7782 Public Statement - Brexit: Impact of the end of the transition period on 31 December 2020 on the trading obligation for shares \(Article 23 of MiFIR\)](#)
2. [ESMA70-154-1204 Public Statement - Impact of Brexit on the trading obligation for shares \(Article 23 of MiFIR\)](#)
3. ESMA is the European Union's securities markets regulator. Its 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.
4. 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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