

MiFID II Wholesale Firms Conference

19 October 2015, ExCeL

Follow us on Twitter
[@TheFCA](#) [#fcamifid](#)

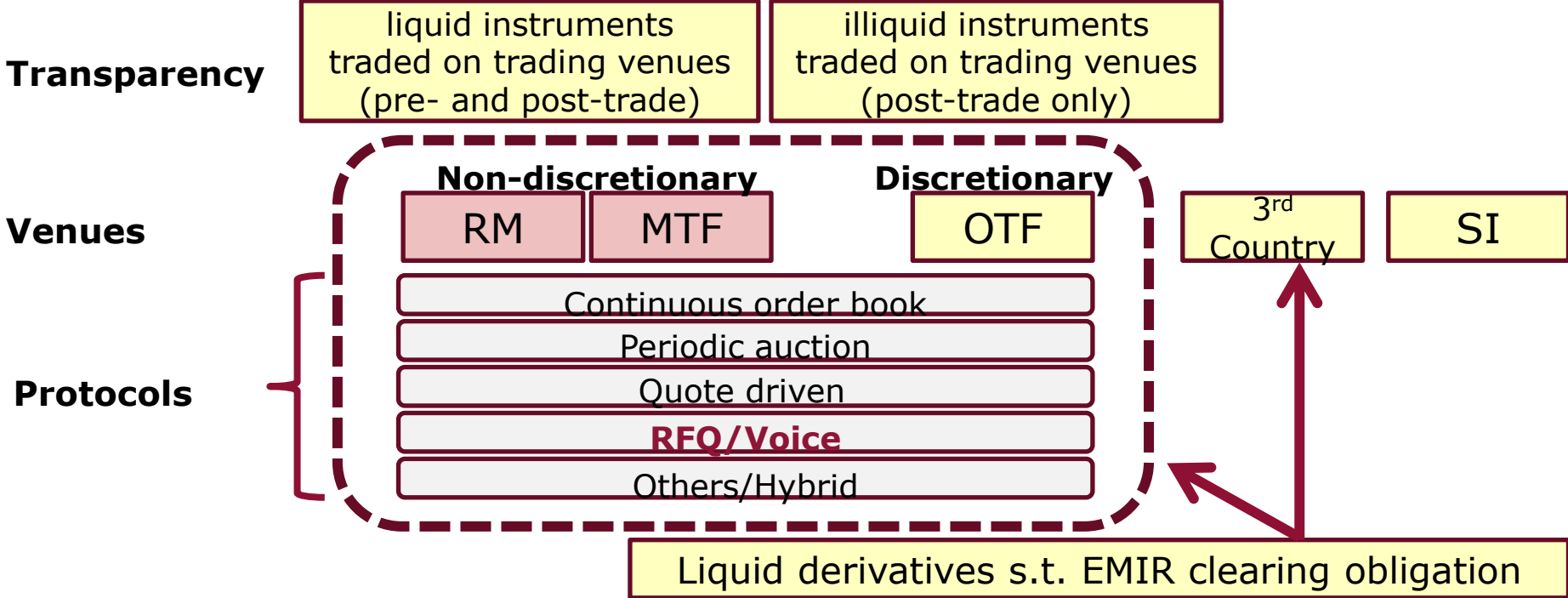
Breakout session: Non-equity transparency

Fabio Braga, Technical Specialist, Markets Policy, FCA

Agenda

- Transparency and market structure
- Waivers and deferrals
- RFQ and voice systems
- The determination of liquid market
- Size specific to the instrument and LiS
- Post-trade transparency and deferrals
- Transition towards MiFID II: data

Transparency and market structure



Waivers and deferrals

For liquid(*) instruments **pre-trade** transparency applies unless:

- the order is above LiS
- the order is executed on an RFQ/voice system and is above a specific size
- the order is held on an order management facility pending disclosure

For liquid instruments **post-trade** transparency applies unless:

- a) the trade is above LiS
- b) the trade is above SSTI and the investment firm deals on own account other than on a matched principal basis

(*) Derivatives which are not subject to the trading obligation benefit from the same waivers/deferrals available to illiquid instruments

Focus on RFQ and voice systems

- RFQ and voice systems must publish indicative bid and offer prices
 - By appropriately combining actionable indications of interest of a certain size; and
 - Through electronic means
- RFQs are required to disclose indications of interest when they become actionable

The determination of liquid market

- Calibrated by asset class
- Generally dynamic with annual recalculation
- Based on trading patterns and asset class-specific characteristics
- To apply instrument-by-instrument for bonds
- Temporary suspension of pre- and post-trade transparency

Size specific to the instrument and LiS

- Calibration of the SSTI and LiS by asset class
- Dynamic approach to recalculations
- Floors
- Exclusion of transactions below €100k for bonds

Post-trade transparency and deferrals

- Real-time publication of transactions
- Deferrals and options available to Competent Authorities
- Exemptions for certain types of transactions

Transition towards MiFID II: data

- Competent Authorities will collect data in advance of 2017
- ESMA will be the central hub for the calculation and publication of all transparency calculations
- The calculations will apply until the first half of 2018 when new calculations will be performed on the basis of data collected once MiFIR applies.

Summary and closing remarks

- Transparency will extend to almost all non-equity instruments available for trading on a trading venue
- Exemptions from pre- and post-trade transparency will depend on quantitative thresholds and trading patterns
- Dynamic approach to transparency, pre- and post-trade
- Data collection and calculations crucial for implementing MiFIR

Questions?

MiFID II Wholesale Firms Conference

19 October 2015, ExCeL

Follow us on Twitter
[@TheFCA](#) [#fcamifid](#)