Changes to legislation: *There are outstanding changes not yet made to Commission Delegated Regulation (EU) 2017/570. Any changes that have already been made to the legislation appear in the content and are referenced with annotations. (See end of Document for details)EUR 2017 No. 570 may be subject to amendment by EU Exit Instruments made by the Financial Conduct Authority under powers set out in The Financial Regulators' Powers (Technical Standards etc.) (Amendment etc.) (EU Exit) Regulations 2018 (S.I. 2018/1115), regs. 2, 3, Sch. Pt. 1. These amendments are not currently available on legislation.gov.uk. Details of relevant amending instruments can be found on their website/s. (See end of Document for details) View outstanding changes*

Commission Delegated Regulation (EU) 2017/570 of 26 May 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments with regard to regulatory technical standards for the determination of a material market in terms of liquidity in relation to notifications of a temporary halt in trading (Text with EEA relevance)

COMMISSION DELEGATED REGULATION (EU) 2017/570

of 26 May 2016

supplementing Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments with regard to regulatory technical standards for the determination of a material market in terms of liquidity in relation to notifications of a temporary halt in trading

(Text with EEA relevance)

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU[(1)], and in particular Article 48(12)(e) thereof,

Whereas:

(1) It is necessary to clarify which regulated markets should be considered material in terms of liquidity for each type of financial instrument so that those markets have in place appropriate systems and procedures for notifying competent authorities of temporary halts in trading.

(2) Directive 2014/65/EU extends the requirements relating to trading halts to multilateral trading facilities and organised trading facilities and it is therefore important to ensure that financial instruments traded on those venues are also within the scope of these regulatory technical standards.

(3) It is important to ensure a proportionate application of the notification requirement. After being notified of a temporary halt in trading, the competent authority is obliged to assess whether that notification is to be disseminated to the rest of the market and to coordinate, where necessary, a market-wide response. In order to limit the administrative burden for trading venues, only the trading venues with the greatest potential for market wide impact when trading is halted should be subject to the notification obligation.

(4) For equity and equity-like financial instruments, the material market in terms of liquidity should be the trading venue that has the highest turnover in the financial instrument concerned within the Union, since that trading venue has the greatest potential for having a market wide impact when trading is halted.

Changes to legislation: *There are outstanding changes not yet made to Commission Delegated Regulation (EU) 2017/570. Any changes that have already been made to the legislation appear in the content and are referenced with annotations. (See end of Document for details)EUR 2017 No. 570 may be subject to amendment by EU Exit Instruments made by the Financial Conduct Authority under powers set out in The Financial Regulators' Powers (Technical Standards etc.) (Amendment etc.) (EU Exit) Regulations 2018 (S.I. 2018/1115), regs. 2, 3, Sch. Pt. 1. These amendments are not currently available on legislation.gov.uk. Details of relevant amending instruments can be found on their website/s. (See end of Document for details) View outstanding changes*

(5) For non-equity financial instruments, the material market in terms of liquidity should be the regulated market where the financial instrument concerned was first admitted to trading. If the non-equity financial instrument is not admitted to trading on a regulated market, the material market in terms of liquidity should be the trading venue where it was first traded. This should ensure certainty for a range of complex financial instruments by establishing a simple reference point to the trading venue on which events have important liquidity impacts on other markets trading the same financial instrument, typically due to the significant share in terms of the volumes executed in that instrument on that trading venue.

(6) For reasons of consistency and in order to ensure the smooth functioning of the financial markets, it is necessary that the provisions laid down in this Regulation and the related national provisions transposing Directive 2014/65/EU apply from the same date. This Regulation is based on the draft regulatory technical standards submitted by the European Securities and Markets Authority to the Commission.

(7) The European Securities and Markets Authority has conducted open public consultations on the draft regulatory technical standards on which this Regulation is based, analysed the potential related costs and benefits and requested the opinion of the Securities and Markets Stakeholder Group established by Article 37 of Regulation (EU) No 1095/2010 of the European Parliament and of the Council[(2)],

HAS ADOPTED THIS REGULATION:

Article 1

Material market in terms of liquidity

For the purposes of the second subparagraph of Article 48(5) of Directive 2014/65/EU, the material market in terms of liquidity shall be considered to be:

(a) in respect of shares, depositary receipts, exchange-traded funds, certificates and other similar financial instruments, the trading venue which is the most relevant market in terms of liquidity for the instrument as set out in Article 4 of Commission Delegated Regulation (EU) 2017/587[(3)],

(b) in respect of financial instruments other than those set out in point (a) which are admitted to trading on a regulated market, the regulated market where the financial instrument was first admitted to trading;

(c) in respect of financial instruments other than those set out in point (a) which are not admitted to trading on a regulated market, the trading venue where the financial instrument was first traded.

Article 2

Entry into force and application

This Regulation shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*.