

Briefing note

ESMA statement on the use of UK data in ESMA databases and performance of MiFID II calculations in case of a no-deal Brexit

February 6 2019

On February 5th, The European Securities and Markets Authority (ESMA) [published a statement](#) on the use of UK data in ESMA databases and the performance of MiFID II calculations under a no-deal Brexit.

ESMA's statement aims to inform stakeholders on the approach it will take on all ESMA IT applications and databases. It sets out details on the following calculations under a no-deal Brexit:

- Reference data;
- Relevant Competent Authority (RCA);
- Annual transparency calculations for equity instruments;
- Transparency calculations for non-equity instruments (Quarterly liquidity determination for bonds & Annual transparency calculations for bonds (LIS, SSTI) and for all non-equity instruments **other than bonds** (liquidity status, LIS, SSTI));
- Calculations for systematic internalisers (SI) determination;
- Double Volume Cap; and
- Ancillary Activity calculations.

Summary of key points with respect to bond markets

In relation to the impact on ESMA's databases, the following apply in the event of a no-deal Brexit with the United Kingdom (UK) leaving the European Union (EU) on 29 March 2019 at 0000 CET/2300 GMT without a withdrawal agreement.

- The UK Financial Conduct Authority (FCA) will stop sending data to ESMA and will no longer have access to ESMA's IT applications and databases. Starting from 30 March 2019 no new UK-related data will be received and processed by ESMA nor published on the ESMA website.

- As a general approach, reference data submitted by UK trading venues and systematic internalisers (SIs) to FIRDS will be terminated taking effect on 30 March 2019. Also with effect from 30 March 2019 the FCA will cease to be the relevant competent authority (RCA) for any EU-traded instruments. To accommodate this change, ESMA will re-determine the RCA for all financial instruments that remain available for trading in the EU ('non-terminated financial instruments') for which the FCA is currently the RCA to ensure that the RCA is within the EU.
- ESMA will freeze the quarterly calculations for the SI determination for equity instruments and bonds [and] the quarterly determination of the liquidity status of bonds...for a period of two months after Brexit due to concerns about the temporary disruption of the ESMA IT applications and databases. This implies that ESMA will not perform the calculations for the quarterly SI-determination for equity instruments and bonds and for the quarterly liquidity determination for bonds scheduled for 1 May 2019. The calculation and publication of the quarterly bond liquidity and SI determination for equity instruments and bonds will be resumed for the next regular publication date on 1 August 2019.
- ESMA will move forward the publication of the annual calculations for bonds (LIS and SSTI-thresholds) from 30 April 2019 to 1 March 2019. The results of those calculations will be applied, as planned, from 1 June 2019.
- UK-related data received until 29 March 2019 in all other ESMA IT systems and registers will, depending on the systems and registers in question be either removed or will remain in ESMA systems and be flagged as 'inactive'/'no longer valid' with a termination date on 29 March 2019.
- With effect from 30 March 2019, trading venues and SIs established in the UK will therefore no longer be subject to the obligation to submit reference data. Moreover, in consequence of Brexit all instrument records reported by UK trading venues and SIs until 29 March 2019 will be terminated with effect of 30 March 2019 to reflect the new scope of instruments subject to the MiFIR transaction reporting and the transparency regime and traded on SIs in the EU after Brexit. Those records will remain in the database and publications will show a validity end date set to 29 March 2019.

Ends