

## **Chapter 23**

# **Commission Delegated Regulation (EU) 2017/583**

## Article 17 Provisions for the liquidity assessment for bonds and for the determination of the pre-trade size specific to the instrument thresholds based on trade percentiles

(1) For determining the bonds for which there is not a liquid market for the purposes of Article 6 and according to the methodology specified in Article 13(1)(b), the approach for the liquidity criterion "average daily number of trades" shall be taken applying the "average daily number of trades" corresponding to stage S1 (15 daily trades).

(2) Corporate bonds and covered bonds that are admitted to trading or first traded on a trading venue shall be considered to have a liquid market until the application of the results of the first quarterly liquidity determination as set out in Article 13(18) where:

(a) the issuance size exceeds EUR 1000000000 during stages S1 and S2, as determined in accordance with paragraph 6;

(b) the issuance size exceeds EUR 500000000 during stages S3 and S4, as determined in accordance with paragraph 6.

(3) For determining the size specific to the financial instrument for the purposes of Article 5 and according to the methodology specified in Article 13(2)(b), the approach for the trade percentile to be applied shall be used applying the trade percentile corresponding to the stage S1 (30th percentile).

(4) The FCA shall, by 30 July of the year following the date of application of Regulation (EU) No 600/2014 and by 30 July of each year thereafter, submit to the Treasury an assessment of the operation of the thresholds for the liquidity criterion 'average daily number of trades' for bonds as well as the size specific to the financial instruments

(5) The assessment referred to in paragraph 4 shall take into account:

(a) the evolution of trading volumes in non-equity instruments covered by the pre-trade transparency obligations pursuant to Article 8 and 9 of Regulation (EU) No 600/2014;

(b) the impact on liquidity providers of the percentile thresholds used to determine the size specific to the financial instrument; and

(c) any other relevant factors.

(6) The FCA shall, in light of the assessment undertaken in accordance with paragraphs 4 and 5, consider its use of the powers to amend this Regulation at regulation 3 of the Financial Regulators' Powers (Technical Standards etc.) (Amendment etc.) (EU Exit) Regulations 2018 (SI 2018/1115) and section 138P of FSMA.