

Chapter 27

Commission Delegated Regulation (EU) 2017/587

Article 11 Standard market size (Article
14(2) and (4) of Regulation (EU) No
600/2014)

(1) The standard market size for shares, depositary receipts, ETFs, certificates and other similar financial instruments for which there is a liquid market shall be determined on the basis of the average value of transactions for each financial instrument calculated in accordance with paragraphs 2 and 3 and in accordance with Table 3 of Annex II.

(2) For the purpose of determining the standard market size which is applicable to a specific financial instrument as set out in paragraph 1, the FCA shall calculate the average value of transactions in respect of all the shares, depositary receipts, ETFs, certificates and other similar financial instruments traded on a trading venue for which there is a liquid market.

(3) The calculation referred to in paragraph 2 shall have the following characteristics:

(a) it shall take into account the transactions executed in the relevant area in respect of the financial instrument concerned whether executed on or outside a trading venue;

(b) it shall cover either the preceding calendar year or, where applicable, the period of the preceding calendar year during which the financial instrument was admitted to trading or traded on a trading venue and was not suspended from trading;

(c) it shall exclude post-trade large-in-scale transactions as set out in Table 4 of Annex I and any transactions benefitting from any similar relief under a third country regime in the form of a transparency waiver or otherwise.

Paragraphs 2 and 3 shall not apply to shares, depositary receipts, ETFs, certificates and other similar financial instruments first admitted to trading or first traded on a trading venue four weeks or less before the end of the preceding calendar year.

(4) Before a share, depositary receipt, ETF, certificate or other similar financial instrument is traded for the first time on a trading venue the FCA shall estimate the average daily turnover for that financial instrument taking into account any previous trading history of that financial instrument and of other financial instruments that are considered to have similar characteristics, and ensure publication of that estimate.

(5) The estimated average value of transactions laid down in paragraph 4 shall be used as the standard market size for a share, depositary receipt, ETF, certificate or other similar financial instrument during a six-week period following the date that the share, depositary receipt, ETF, certificate or other similar financial instrument was first admitted to trading or first traded on a trading venue.

(6) The FCA shall calculate and ensure publication of the average value of transactions based on the first four weeks of trading before the end of the six-week period referred to in paragraph 5.

(7) The average value of transactions in paragraph 6 shall apply immediately after its publication and until a new average value of transactions calculated in accordance with paragraphs 2 and 3 applies.

(8) For the purposes of this Article, the average value of transactions shall be calculated by dividing the total turnover for a particular financial instrument as set out in Article 17(4) by the total number of transactions executed for that financial instrument in the period considered.