MiFID II: ESMA makes new bond liquidity data available

ESMA has started, since July 30, to make available the second quarterly liquidity assessment for bonds. However, this assessment, which is dependent on the data submitted to ESMA, experienced data quality issues. ESMA will proceed to update the publication in the following days ahead of the day of application of the liquidity classification on August 16.

This issue is also affecting the Systematic Internalisers regime publication for non-equity, published on 1 August. The content of the non-equity file has now been updated, by removing the affected instruments.

ESMA's liquidity assessment for bonds is based on a quarterly assessment of quantitative liquidity criteria, which include the daily average trading activity (trades and notional amount) and percentage of days traded per quarter. ESMA will update its bond market liquidity assessments quarterly. However, additional data and corrections submitted to ESMA may result in further updates within each quarter, published in FITRS.

The list of assessed bonds is available through ESMA's Financial Instruments Transparency System (FITRS) in the XML files with publication date from 30 July 2018. The information will also be available through the Register system in due course.

Background

MiFID II became applicable on 3 January 2018 introducing, amongst others, pre- and post-trade transparency requirements for equity and non-equity instruments, including for bonds. Post-trade, MiFID II requires real-time publication of the price and quantity of trades in liquid bonds. It is possible to defer the publication of post-trade reports if the instrument does not have a liquid market, or if the transaction size is above large-in-scale thresholds (LIS), or above a size specific to the instrument (SSTI).

MiFID II: ESMA makes new bond liquidity data available

ESMA has started, since July 30, to make available the second quarterly liquidity assessment for bonds. However, this assessment, which is dependent on the data submitted to ESMA, experienced data quality issues. ESMA will proceed to update the publication in the following days ahead of the day of application of the liquidity classification on August 16.

This issue is also affecting the Systematic Internalisers regime publication for non-equity, published on 1 August. The content of the non-equity file has now been updated, by removing the affected instruments.

ESMA's liquidity assessment for bonds is based on a quarterly assessment of quantitative liquidity criteria, which include the daily average trading activity (trades and notional amount) and percentage of days traded per quarter. ESMA will update its bond market liquidity assessments quarterly. However, additional data and corrections submitted to ESMA may result in further updates within each quarter, published in FITRS.

The list of assessed bonds is available through ESMA's Financial Instruments Transparency System (FITRS) in the XML files with publication date from 30 July 2018. The information will also be available through the Register system in due course.

Background

MiFID II became applicable on 3 January 2018 introducing, amongst others, pre- and post-trade transparency requirements for equity and non-equity instruments, including for bonds. Post-trade, MiFID II requires real-time publication of the price and quantity of trades in liquid bonds. It is possible to defer the publication of post-trade reports if the instrument does not have a liquid market, or if the transaction size is above large-in-scale thresholds (LIS), or above a size specific to the instrument (SSTI).

MiFID II: ESMA makes new bond liquidity data available

ESMA has started, since July 30, to make available the second quarterly liquidity assessment for bonds. However, this assessment, which is dependent on the data submitted to ESMA, experienced data quality issues. ESMA will proceed to update the publication in the following days ahead of the day of application of the liquidity classification on August 16.

This issue is also affecting the Systematic Internalisers regime publication for non-equity, published on 1 August. The content of the non-equity file has now been updated, by removing the affected instruments.

ESMA's liquidity assessment for bonds is based on a quarterly assessment of quantitative liquidity criteria, which include the daily average trading activity (trades and notional amount) and percentage of days traded per quarter. ESMA will update its bond market liquidity assessments quarterly. However, additional data and corrections submitted to ESMA may result in further updates within each quarter, published in FITRS.

The list of assessed bonds is available through ESMA's Financial Instruments Transparency System (FITRS) in the XML files with publication date from 30 July 2018. The information will also be available through the Register system in due course.

Background

MiFID II became applicable on 3 January 2018 introducing, amongst others, pre- and post-trade transparency requirements for equity and non-equity instruments, including for bonds. Post-trade, MiFID II requires real-time publication of the price and quantity of trades in liquid bonds. It is possible to defer the publication of post-trade reports if the instrument does not have a liquid market, or if the transaction size is above large-in-scale thresholds (LIS), or above a size specific to the instrument (SSTI).

Deeper understanding of cyber risk needed – A core challenge for the European Insurance Industry

Today, the European Insurance and Occupational Pensions Authority (EIOPA) published its report "Understanding Cyber Insurance – A Structured Dialogue with Insurance Companies" (EIOPA Understanding cyber insurance).

Cyber risk is a growing concern for institutions, individuals, and financial markets. In less than five years, it has surged to the top positions in the list of global risks for business. The increasing number of cyber incidents, the continued digital transformation and new regulatory initiatives in the European Union are expected to raise awareness and to boost the demand for cyber insurance.

With the stand-alone cyber insurance market located predominately in the United States and only a fraction of the total market in Europe, available reports and surveys focus on the global or the US insurance market. So far, very little attention has been paid to the European market. One of the key findings of the report confirms this fact, namely the need for a deeper understanding of cyber risk, which is a core challenge for the European insurance industry. This challenge generates or fosters other challenges, such as improper treatment of non-affirmative risks and difficulties to quantify risks, among others.

The outcome of this structured dialogue with the industry provides useful insights on the functioning, growth potential, challenges and risks of cyber insurance in Europe in the context of the expected growing importance of cyber insurance in the portfolios of (re)insurers. Although based on a limited sample, the report addresses important key findings, such as the clear need for improved understanding of cyber risk. This report is the first attempt by EIOPA to enhance the level of understanding of cyber risk underwriting with a focus on the European insurance market. Further work in this field is necessary. Therefore, EIOPA included a combination of qualitative and quantitative questions on cyber risk in its 2018 Insurance Stress Test.

Background

This report is based on a survey with responses to a set of 14 qualitative questions answered by 13 (re)insurance groups located in Switzerland, France, Italy, Germany and the United Kingdom. The sample of eight insurers and five reinsurers was selected according to the expertise and current exposures in cyber insurance. The survey was conducted through three-party telephone interviews (EIOPA, national supervisory authorities and participating (re) insurance group).

Water for Gaza: EU switches on the biggest solar energy field in the Gaza strip to fuel projects providing drinking water to people in dire needs

The EU-funded Southern Gaza Desalination Plant currently provides drinking water to 75,000 inhabitants in the Khan Younis and Rafah governorates. With the new energy field and new investments foreseen it will eventually reach 250,000 people in Southern Gaza by 2020.

Johannes **Hahn**, EU Commissioner for European Neighbourhood Policy and Enlargement Negotiations, commented: *"Limited energy supplies in Gaza are one of the main challenges when improving access to safe and drinkable water to the local population. The photovoltaic solar field is essential to respond to the urgent water needs in Gaza and create dignified living conditions for its people, thus mitigating tensions in a highly conflict sensitive area."*

Tackling water insecurity

The EU is investing in long-term water infrastructure across Palestine with an emphasis on the Gaza Strip. In Gaza 97% of the water is unfit for human consumption. The very high population density in Gaza is putting huge strain on the ailing infrastructure, which is crumbling as a result of repeated conflicts, over ten years of Israeli closure, and the intra-Palestinian split. This infrastructure strain has led to critical water insecurity in the

Strip.

The EU budget mobilised between 2006 and 2017 alone was €128 million. €21 million has been allocated in 2018. The goal is to secure self-sufficient, equitable, affordable and sustainable access to energy, safe drinking water and sanitation services for all.

In the coming months, more EU-funded projects in this area will be kicked-off. In particular the EU will be:

- Supporting Oxfam in its efforts to complete the **rehabilitation of brackish desalination plants** (approximately 16 public and 30 private), which will serve 58,000 people living in Gaza. Activities to increase public hygiene awareness and the establishment of comprehensive Water Safety plans will be part of the project. The EU contribution will be of € 1.5 million.
- Improving the **efficiency of the water sector**. The EU has allocated €8.5 million to decrease water network losses in Gaza from 40% to 20%. By improving the networks and implementing widespread leak detection campaigns, revenue collection is expected to increase from 38% to 80%.
- Supporting the Palestinian Water Authority (PWA) in **reforming the Palestinian water sector**. To this end, the EU is assisting the PWA to operationalise the New Water Law and to create a Palestinian National Water Company.

Gaza Central Desalination Plant – providing drinking water to 2 million people in Gaza

On 20 March 2018, the EU held a pledging conference in Brussels on the Gaza Central Desalination Plant & Associated Works Project. The conference, co-chaired by the EU and the Palestinian Authority, mobilised financial support of €456 million to this biggest ever infrastructure project in the Gaza strip, which will provide a minimum of 55 million m3 of safe and clean drinking water per year. The EU pledged €70 million for the desalination plant plus €7.1 million for management costs.

For More Information

The Office of the European Union Representative (West Bank and Gaza Strip, UNRWA)

EU cooperation with Palestine