

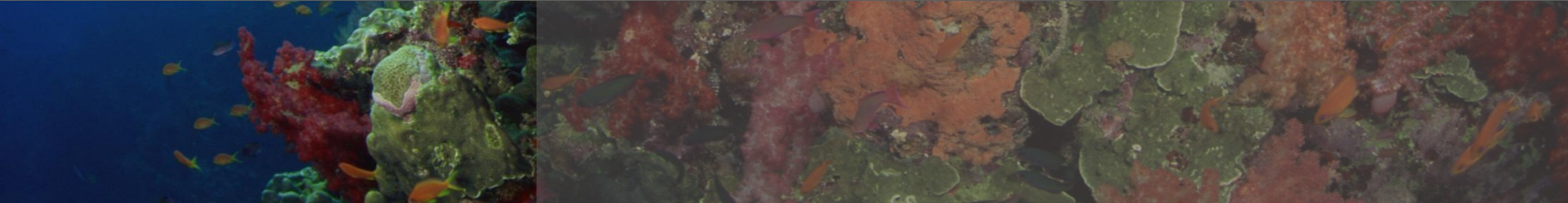


# MiFID2/MiFIR

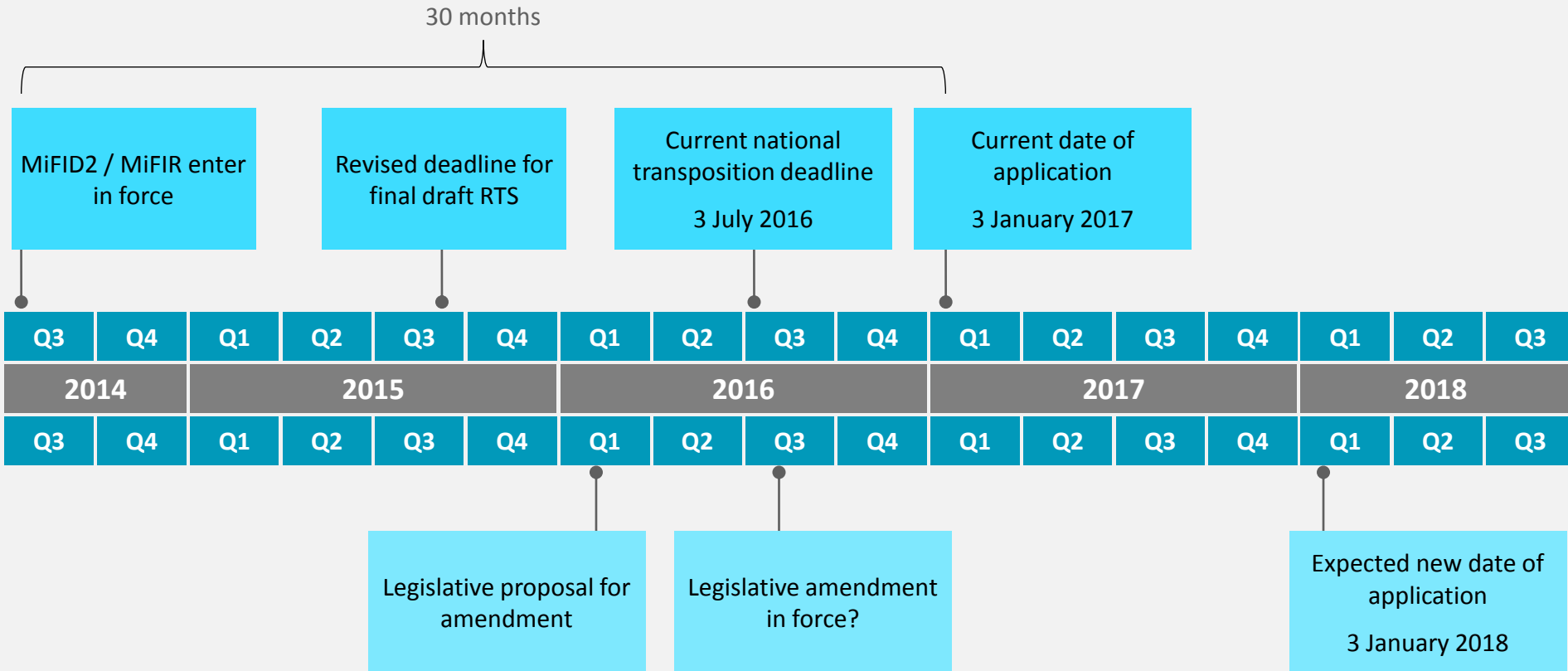
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Regulatory Update March 2016



# MiFID2/MiFIR - Timing



# Legislative amendments

- Commission proposal does not:
  - Address issues of phase-in and data dependencies
  - Change date for implementation of Market Abuse Regulation
  - Address timing issues for Benchmarks Regulation
- Proposed European Parliament amendments (ECON)
  - Move Member State transposition deadline to 3 July 2017
  - Exemption from transparency, reporting for SFTs
  - Exemptions for non-equities “package transactions”:
    - Pre-trade (on venue): if one component illiquid, above LIS or above SSTI (if executed on voice or RFQ system)
    - Pre-trade (SIs): package treated as illiquid if one component is illiquid; obligation to quote is only for the package as a whole
  - Removing barrier to corporates being participants or having direct electronic access to venues:
    - Only lose exemption if engage in high frequency algorithmic trading

# “Traded on a trading venue”

- Affects application to OTC transactions of:
  - Pre- and post-trade transparency, transaction reporting
  - Mandatory trading of equities on venue
  - Market abuse regime and Benchmarks Regulation
- Issues for equities, bonds
  - Is admission to trading sufficient?
  - Treatment of MTFs and OTFs
  - Does trading have to be contemporaneous, frequent?
  - Reference data: Article 4 MAR and Article 27 MiFIR
- Additional issues for OTC derivatives
  - When is OTC instrument the same as a venue-traded instrument?
  - Identical attributes but different coupon, date, parties?
  - Core attributes and additional attributes
  - Identifying OTC derivatives – use of ISINs

# Other current topics include

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- Calibration of liquidity and SSTI thresholds
- Recognition of SEFs for trading mandate for OTC derivatives
- Commodities
  - Ancillary activities test
  - Position reporting – client confidentiality
  - Number of different position limit regimes
- RTS 28: reporting by “execution venues”
  - Scope and volume of data required
- Definition of ‘multilateral systems’
- Application to cross-border transactions

# MiFID2/MiFIR

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