

MiFID2 and MiFIR – moving to the next level

Seminar

November 2014

C L I F F O R D
C H A N C E

Contents

Agenda	3
Introduction	4
Panel 1: Regulating Markets – the product impact	7
■ Market structure and equities trading	8
■ How transparency will work in fixed income markets	11
■ The new trading and clearing obligations for derivatives	13
■ Commodities markets: regulatory scope and new limits and reporting regime	15
Panel 2: Re-regulating Firms – emerging issues	17
■ Why is transaction reporting more difficult this time?	18
■ The impact of new rules on investment banking and research	20
■ How much re-papering will be needed?	21
■ The spreading extra-territorial impact of the new regime	25
Speaker Biographies	28

Agenda

The focus of MiFID2 and MiFIR is moving to "the direction of travel on the final rules, and to consider the path to implementation" (David Lawton, Director of Markets at the FCA). Whilst the detailed rules are still being debated, there is now a sufficient framework to identify the areas which will be impacted by MiFID2 and MiFIR and to assess the risks of that impact.

With only 26 months remaining for implementation, firms need to prepare themselves for the significant effort which will be required to ensure compliance before this deadline.

To help firms put a framework around steps to implementation, this seminar will take a more granular look at the impact of the proposals and identify and discuss some of the key issues being debated between industry and ESMA for Level 2.

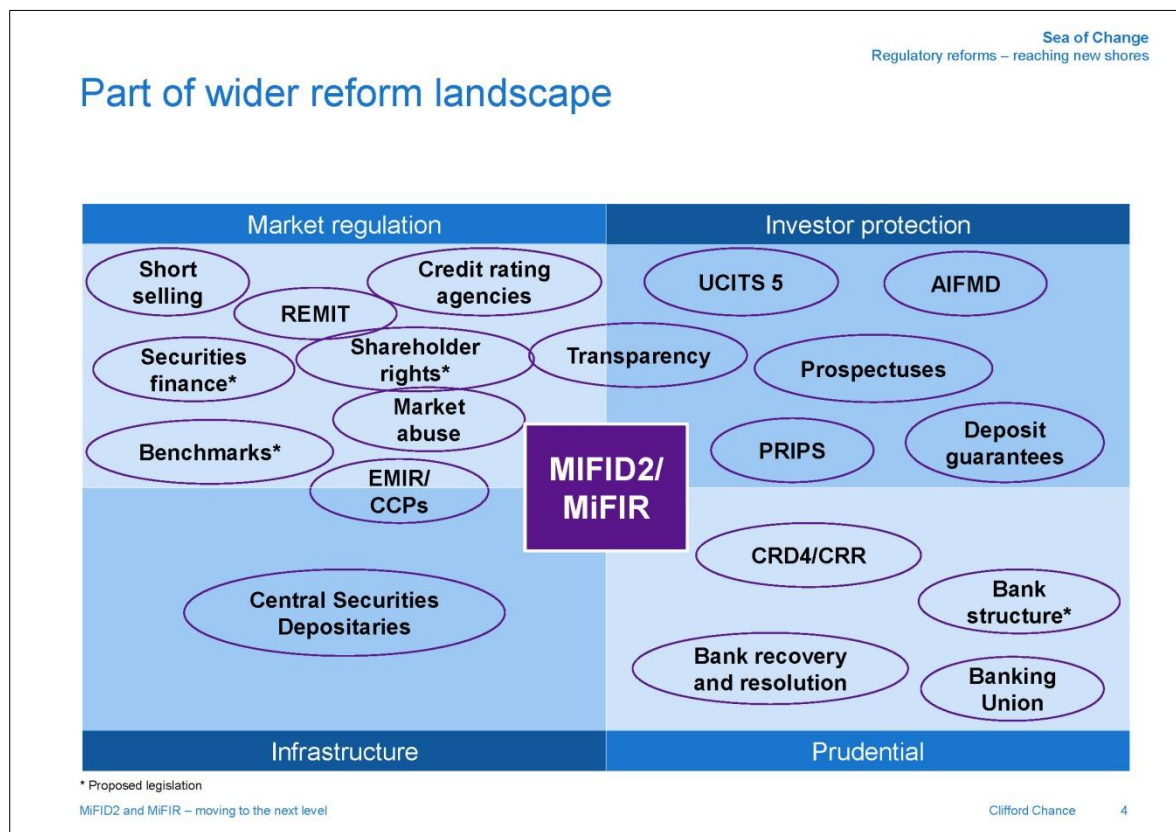
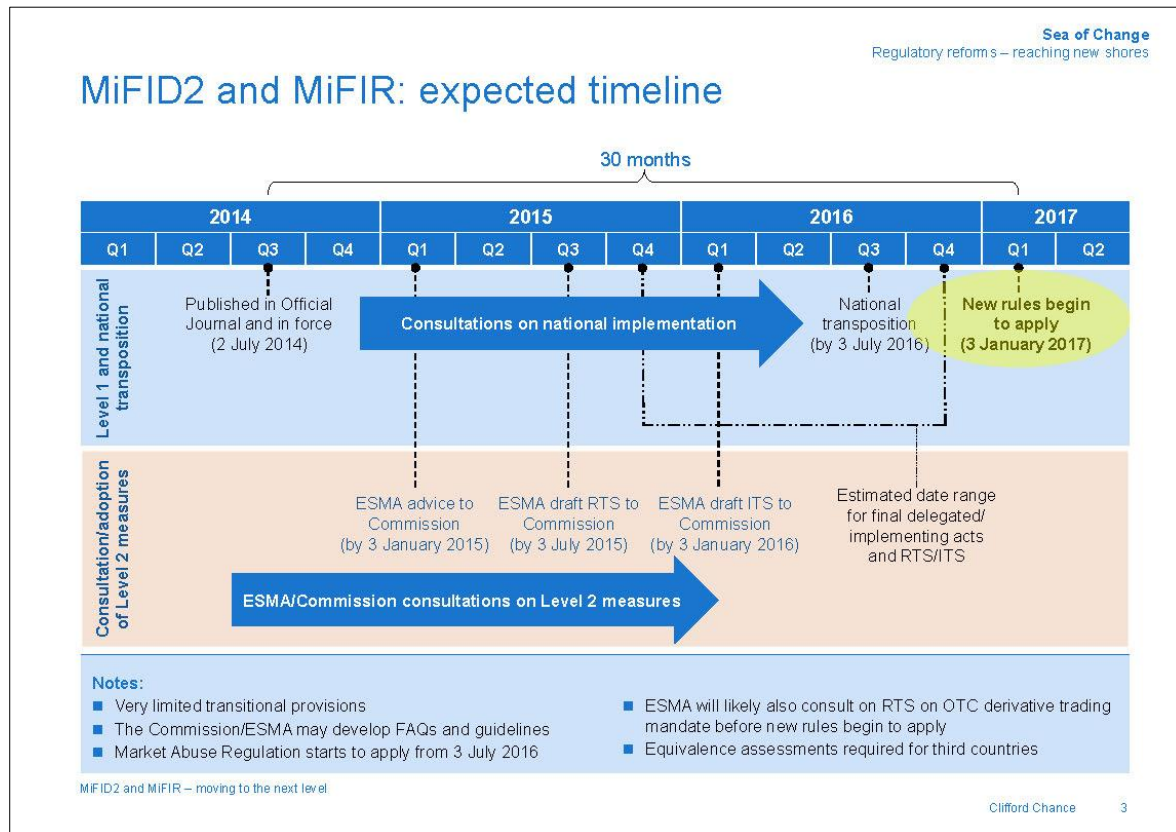
Timings

3:30pm	Registration & afternoon tea
4:00pm	Introduction
4:10pm	Panel 1: Regulating Markets – the product impact <ul style="list-style-type: none"> ■ Market structure and equities trading ■ How transparency will work in fixed income markets ■ The new trading and clearing obligations for derivatives ■ Commodities markets: regulatory scope and new limits and reporting regime
5:00pm	Panel 2: Re-regulating Firms – emerging issues <ul style="list-style-type: none"> ■ Why is transaction reporting more difficult this time? ■ The impact of new rules on investment banking and research ■ How much re-papering will be needed? ■ The spreading extra-territorial impact of the new regime
5:50pm	Closing Remarks
6:00pm	Seminar ends

Introduction

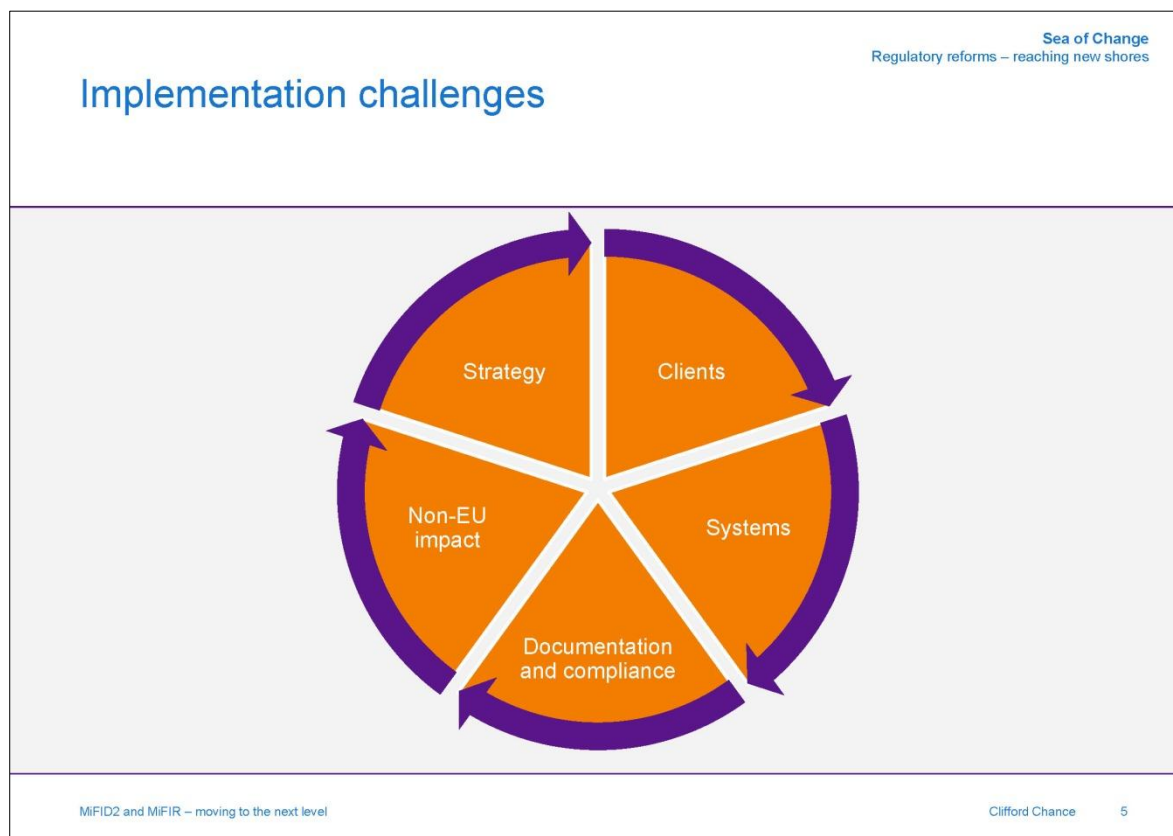
Speakers' Materials

Introduction – Chris Bates



Speakers' Materials

Introduction – Chris Bates



Sea of Change
Regulatory reforms – reaching new shores

Today's panels

Panel 1	Panel 2
Regulating Markets – the product impact <ul style="list-style-type: none">■ Market structure and equities trading■ How transparency will work in fixed income markets■ The new trading and clearing obligations for derivatives■ Commodities markets: regulatory scope and new limits and reporting regime	Re-regulating firms - emerging issues <ul style="list-style-type: none">■ Why is transaction reporting more difficult this time?■ The impact of new rules on investment banking and research■ How much re-papering will be needed?■ The spreading extra-territorial impact of the new regime

MiFID2 and MiFIR – moving to the next level

Clifford Chance 6

Panel 1: Regulating Markets – the product impact

Speakers' Materials

Market structure and equities trading – Simon Gleeson

Sea of Change
Regulatory reforms – reaching new shores

Equity Markets

Pre-Trade Transparency

Pre-trade transparency

Pre-trade transparency requires the publication of "orders" – so what is an "Order"?

Order includes "Actionable Indication of Interest" (A-IOI)

Any communication which is an A-IOI must be made public under the rules relating to pre-trade transparency.

"A message from one member or participant to another within a trading system in relation to available trading interest which contains all the necessary information to agree on a trade" (Art 2(1)(33) MiFIR)

Should only apply to "Binding" expressions

MiFID2 and MiFIR – moving to the next level Clifford Chance 10

Sea of Change
Regulatory reforms – reaching new shores

Equity Markets

Trading Obligation

Trading obligation for shares means that shares *must* be traded on an RM or MTF or with an SI

No investment firm may execute an equity trade unless it is either

- on an RM
- on an MTF
- with an SI

Applies to all shares "admitted to trading on a regulated market or traded on an RM or MTF" unless the trades are

- non-systematic, ad-hoc, irregular and infrequent, or
- carried out between eligible and/or professional counterparties and do not contribute to the price discovery process.

Applies to regulated firms only – non-investment firms are permitted to trade off-market

MiFID2 and MiFIR – moving to the next level Clifford Chance 11

Speakers' Materials

Market structure and equities trading – Simon Gleeson

Sea of Change
Regulatory reforms – reaching new shores

When is an equity trade outside the trading obligation?

ESMA mandate to produce guidance on the MiFIR exemptions is focused on

<p>“Non-addressable liquidity” trades</p>	<ul style="list-style-type: none"> ■ transfers of equities between funds under common management ■ “Give-up” arrangements ■ Collateral management transactions where shares are accepted as collateral ■ Securities financing on shares 	<p>Trades determined by factors other than the current value of the share</p>	<ul style="list-style-type: none"> ■ benchmark trades (such as VWAP trades) ■ portfolio trades (where the portfolio is priced as a whole) ■ delta-neutral equity hedge trades ■ Equity exchange for physical
---	---	---	--

MiFID2 and MiFIR – moving to the next level

Clifford Chance 12

Sea of Change
Regulatory reforms – reaching new shores

Interaction of trading obligation and pre-trade transparency requirement

Non-mandate trades are generally not subject to pre-trade transparency

<p>Thus an SI wanting to enter into an equity securities financing transaction</p>	<ul style="list-style-type: none"> ■ May negotiate the transaction without being subject to a pre-trade price transparency requirement ■ May execute the transaction on- or off- venue. ■ The general exception from mandatory execution for “collateral management transactions” is not replicated in the pre-trade transparency rules. ■ Thus there are some trades which are not subject to mandatory execution, but which will be subject to pre-trade transparency if executed in a trading venue.
--	---

MiFID2 and MiFIR – moving to the next level

Clifford Chance 13

Speakers' Materials

Market structure and equities trading – Simon Gleeson

Sea of Change
Regulatory reforms – reaching new shores

SME Growth Markets (SME-GMs)

SME Growth Markets (SME-GMs)

- Heavily signalled as a component of "Capital Markets Union"
- An MTF where at least 50% of issuers are SMEs
- Possible requirement for market operators to be satisfied as to applicants
 - Appropriateness of management and board
 - Appropriateness of systems and controls within the entity
 - Adequacy of working capital
- No requirement for PD prospectus
 - Possible requirements for market operator to require an admission document based on Annexes XXV to XXVIII of the PD (the proportionate schedules) with some further concessions
- Requirement for annual and half-yearly reports, but not further TD requirements
- MAR will apply to all SME-GMs (except for insiders list requirements)

MiFID2 and MiFIR – moving to the next level

Clifford Chance 14

Speakers' Materials

How transparency will work in fixed income markets – Monica Sah

Sea of Change
Regulatory reforms – reaching new shores

How will transparency work in fixed income markets?

Recap of key elements:

Scope

Waivers/deferrals

SI/OTC

- Pre and post trade transparency regimes
- Who: firms, SIs, OTFs, MTFs, RMs
- What: bonds and structured products, emission allowances, derivatives traded on a trading venue

- Pre-trade waivers:
 - Large in scale
 - Indications of interest in RFQ and voice trading systems above a specific size that would expose liquidity providers to undue risk
 - Derivatives not subject to trading obligation / other instruments without liquid market.
- Post-trade deferrals:
 - Large in scale
 - No liquid market
 - Size of trade would expose liquidity providers to undue risk

- Pre-trade
 - Publish firm quotes and available to other clients and transact with other clients where trade below a specified size
 - Non-discriminatory limits on transactions per quote and client access to quotes
 - No obligation to make public firm quotes if trade above specified size and no liquid market
- Post-trade
 - SIs and investment firms must publish volume and price of trades at time concluded via APA
 - Scope and time limits for deferral same as trading venues

MiFID2 and MiFIR – moving to the next level Clifford Chance 16

Sea of Change
Regulatory reforms – reaching new shores

Definition of a liquid market

Determination of liquid market is key for the application of transparency requirements:

- Trading in liquid instruments subject to real-time transparency vs illiquid instruments eligible for pre-trade transparency/deferred publication post-trade
- ESMA DP proposes threshold scenarios for determining liquidity of a bond but not for derivatives
- ESMA's to publish list of liquid instruments (together with SSTI and LIS thresholds) on website
- NB: Liquidity assessment also key for determining application of trading obligation for cleared derivatives

ESMA liquidity criteria

- Average frequency of transaction
 - Minimum number of transactions in specified period and minimum number of trading days on which at least 1 transaction occurs
- Average size of transaction
 - Total turnover over a period divided by number of trading days
- Data relating to market participants
 - Participant of trading venue involved in at least 1 transaction in a given market
- Average size of spreads
 - End of day relative bid-ask spreads

ESMA methodology for applying criteria:

- Classes of Financial Instrument Approach (COFIA)
 - Assets groups divided into granular classes based on qualitative criteria
 - Liquidity of class based on liquidity of all instruments within class
 - Instrument liquidity based on assessment of its class
 - ESMA favours granular COFIA for derivatives (approx 400 classes for IRS)
- Instrument by Instrument (IBIA) e.g. ISIN level
 - Instrument liquidity based on individual assessment
 - Option for bonds and structured finance products

MiFID2 and MiFIR – moving to the next level Clifford Chance 17

Speakers' Materials

How transparency will work in fixed income markets – Monica Sah

Sea of Change
Regulatory reforms – reaching new shores

ESMA's approach to calibration of fixed income transparency requirements

Pre-trade transparency	Post-trade transparency
<ul style="list-style-type: none"> ■ Calibration at trading systems level: <ul style="list-style-type: none"> – Determines minimum amount of pre-trade information must offer and when transparency can be waived ■ Extend MiFID1 regime for equities to fixed income to include request for quote (RFQ) and voice trading systems <ul style="list-style-type: none"> – Definition of RFQ? ■ Use of electronic means in voice trading systems to comply with requirements ■ Where waiver for actionable IOIs waiver, still make public at least indicative pre-trade bid/offer prices that are close to price of trading interests <ul style="list-style-type: none"> – Composition and calculation based on clear methodology 	<ul style="list-style-type: none"> ■ Details of transactions to make available for each class of instruments: <ul style="list-style-type: none"> – Same as shares plus information on quantity notation ■ SI's identity <ul style="list-style-type: none"> – Disclose for overview of liquidity pools and align with pre-trade regime – Only identify transaction executed via SI and not name SI ■ Identifiers for different types of transactions <ul style="list-style-type: none"> – Aim is to improve efficiency of price formation and support best execution – Use identifiers recommended in CESR Technical Advice, including flags for transactions executed under each pre-trade waiver and deferral, benchmark trade, agency cross trade, give-up/in trade, etc. ■ Securities financing transactions where lending or borrowing liquidity? ■ 'As close to real time' means within 5 minutes <ul style="list-style-type: none"> – Regardless on RFQ, voice or hybrid system

MiFID2 and MiFIR – moving to the next levelClifford Chance 18

Sea of Change
Regulatory reforms – reaching new shores

Application of waivers and deferrals

Real-time transparency of trading in liquid instrument can be waived pre-trade or deferred post trade if individual trade:

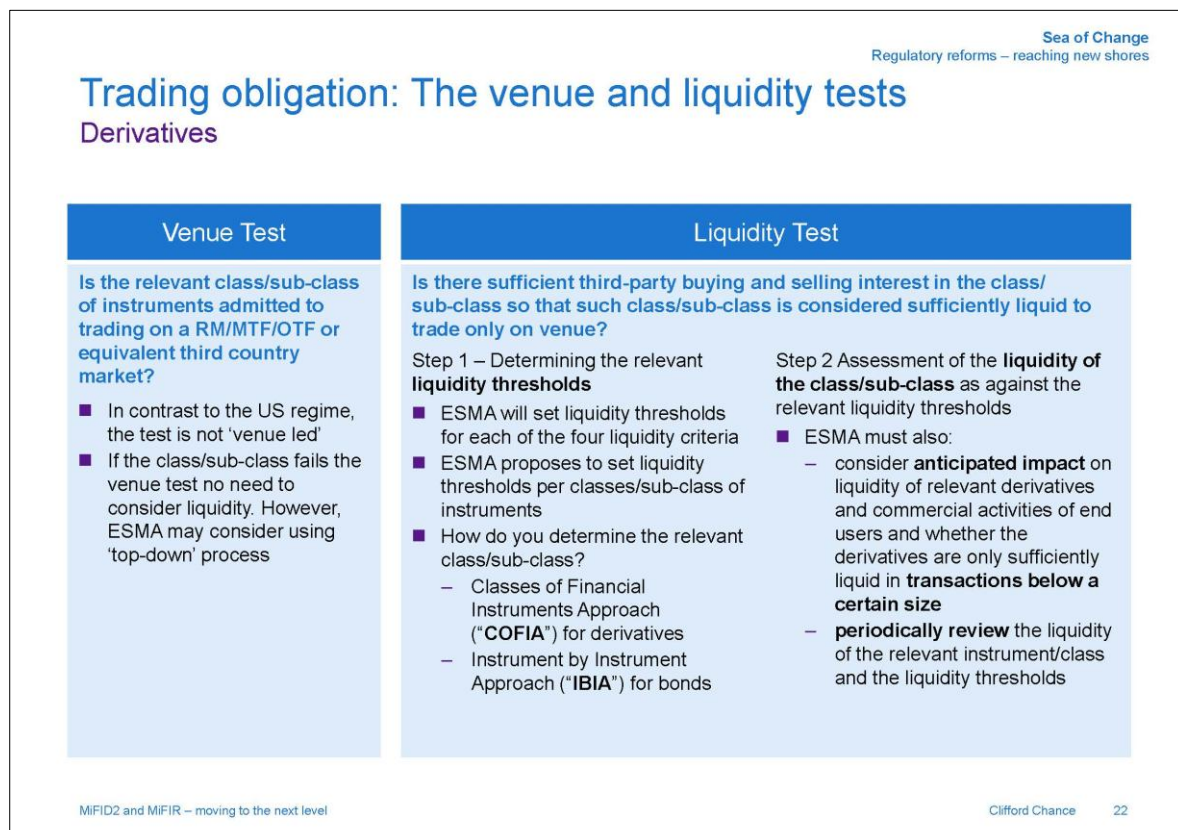
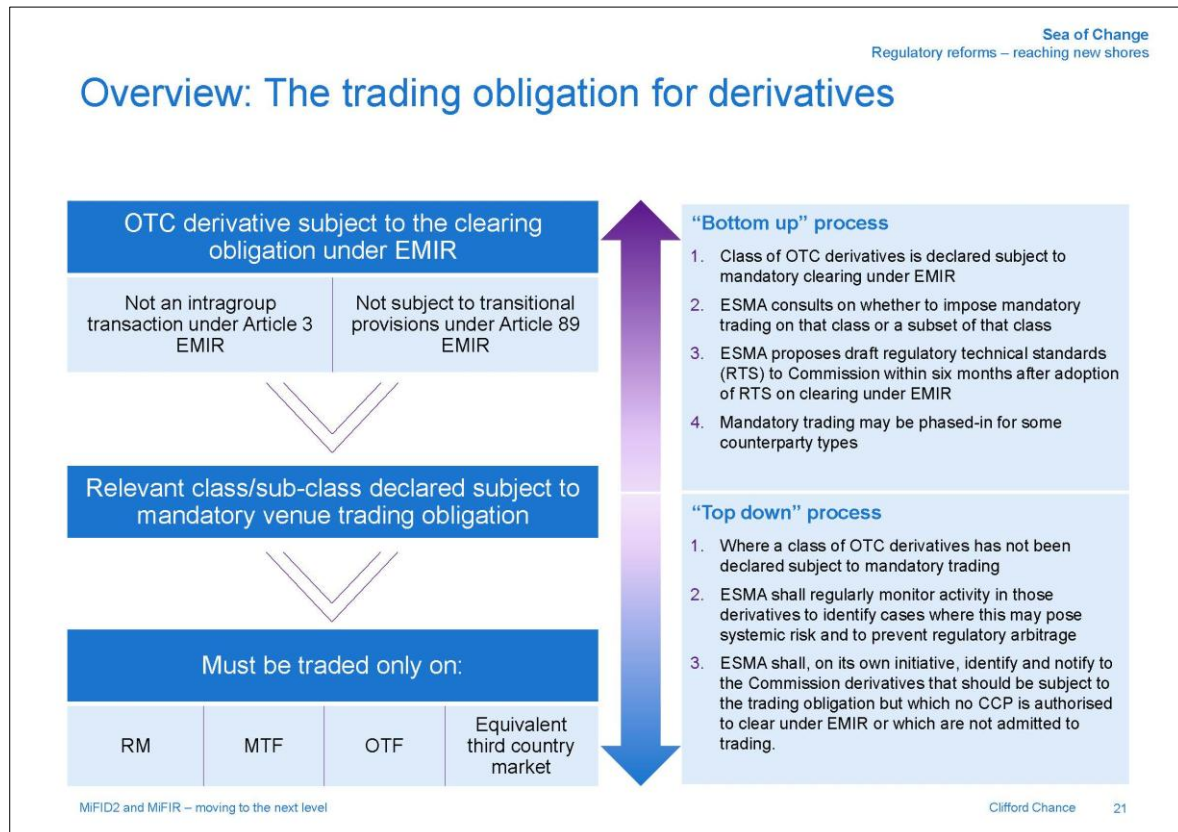
- in excess of 'size specific' to the instrument (SSTI) or
- above a size that is 'large in scale' compared to normal market size (LIS)

Application	Challenges
<ul style="list-style-type: none"> ▶ 'Large in scale' thresholds higher than size specific thresholds: ESMA to set SSTI as percentage of LIS and then adjust per asset class ▶ Pre-trade, 'size specific' applies to trading in request for quote and voice trading systems only vs 'large in scale' applies to trading under all other trading models ▶ Post-trade, no restriction on application of 'size specific' and 'large in scale' deferrals so practically 'size specific' (lower threshold) results in shorter deferral than 'large in scale' 	<ul style="list-style-type: none"> ▶ Time periods for volume omissions too short – volume of transactions in illiquid instruments or above LIS masked for extended time period ▶ Packaged transactions

MiFID2 and MiFIR – moving to the next levelClifford Chance 19

Speakers' Materials

The new trading and clearing obligations for derivatives – Oliver Dearie



Speakers' Materials

The new trading and clearing obligations for derivatives – Oliver Dearie

Sea of Change
Regulatory reforms – reaching new shores

Trading obligation – Liquidity criteria and other key issues

Derivatives

Key Issues

	Liquidity Criteria	ESMA's Proposed Interpretation
"Granular COFIA"	Average frequency of trades	minimum number of transactions AND minimum number of trading days
Liquidity Criteria	Average size of trades	total turnover / number of trading days (AVT method)
Packaged Transactions	Number and type of active market participants	any member or participant of a venue being involved in at least one transaction in a given market
Exclusion of technical and risk reducing trades	Average size of spreads	use publically available end-of-day relative bid-ask spreads
End-user involvement		

MiFID2 and MiFIR – moving to the next level

Clifford Chance 23

Sea of Change
Regulatory reforms – reaching new shores

The new clearing requirements for derivatives

```

graph LR
    A[Extension of clearing obligation to ETD] --> B[CCPs, trading venues and clearing members are required to put in place effective systems, procedures and arrangements to ensure that transactions in cleared derivatives* are accepted for clearing as quickly as technologically practicable using automated systems]
    B --> C[ETD indirect clearing arrangements]
    B --> D[Straight-through processing]
    D --> C
  
```

Extension of clearing obligation to ETD

- Article 29(1) MiFIR extends the clearing obligation to ETD products
- RM must ensure that all transactions that are concluded on it are cleared by a CCP

CCPs, trading venues and clearing members are required to put in place effective systems, procedures and arrangements to ensure that transactions in cleared derivatives* are accepted for clearing **as quickly as technologically practicable using automated systems**

ETD indirect clearing arrangements

- MiFIR requires ESMA to develop an RTS specifying the types of permissible indirect clearing arrangements and to ensure consistency with the requirements established for OTC derivatives
- EMIR indirect clearing requirements are problematic
- Indirect clearing arrangements are an established feature of the ETD market

Straight-through processing

* Cleared derivatives are those derivatives which are

- (i) subject to the EMIR clearing obligation,
- (ii) subject to the MiFIR clearing obligation or
- (iii) which are voluntarily cleared

Reference: MiFIR, Articles 29 and 30

MiFID2 and MiFIR – moving to the next level

Clifford Chance 24

Speakers' Materials

Commodities markets: regulatory scope and new limits and reporting regime – Owen Lysak

Sea of Change
Regulatory reforms – reaching new shores

Commodities markets: Regulatory scope and new limits and reporting regime

Exemptions for Commodities Dealers

"Ancillary activities"

- Limitation on the scope for commodities exemptions
 - Current Article 2(1)(k) deleted ("main activities consist of dealing on own account in commodities")
 - Current Article 2(1)(d) amended to exclude commodity derivatives ("dealing on own account")
 - Article 2(1)(j): retained for "dealing on own account in commodity derivatives" (and investment services in commodity derivatives to customers/suppliers of main business) where this is ancillary to main business
- Concept of "ancillary activity" crucial in the new world
- Article 2(1)(j): dependent on the activity being ancillary to the person's main business, measured on a group basis
- Tension between physical/financial boundary
- Quantitative (setting of numerical thresholds) vs. qualitative criteria

Scope of financial instruments

"Equivalence" to a venue traded contract

- Scope of MiFID financial instruments
- MiFID1 status quo - reasonably safe presumption that physically settled OTC forwards are not MiFID instruments
- Most such contracts omit the "express statement" that they are equivalent to a venue traded contract
- ESMA consultation on meaning of "characteristics of other derivative financial instruments"
- Threatens to switch presumption in the other direction - key criteria becomes simple "equivalence" to a venue traded contract

MiFID2 and MiFIR – moving to the next level
Clifford Chance 26

Sea of Change
Regulatory reforms – reaching new shores

Commodities markets: Regulatory scope and new limits and reporting regime (continued)

Position Limits

"Economically equivalent" OTC contracts

- Position limits to be imposed on:
 - Net position that a person can hold at all times;
 - In commodity derivatives traded on trading venues and economically equivalent OTC contracts;
 - Limits to be set on the basis of all positions held by a person and those held on its behalf at an aggregate group level
- Concept of "economic equivalence" is key to application of position limits
- Tension between physical/financial boundary
- Maximising potential netting benefits (supports wide definition) vs. economically equivalent contracts counting towards the position limit (supports narrow definition)
- ESMA to specify criteria for determining "economic equivalence"
- First approach:
 - same risk profiles
 - equivalent maturities and same deliverables
 - equivalent margining and netting treatment
- Second approach based around market practice of other jurisdictions

MiFID2 and MiFIR – moving to the next level
Clifford Chance 27

Notes

[illegible]

Panel 2: Re-regulating firms – emerging issues

Speakers' Materials

Why is transaction reporting more difficult this time? – Laura Douglas

Sea of Change
Regulatory reforms – reaching new shores

Why is transaction reporting more difficult this time?

Why is it changing?	What is changing?
Purpose of MiFIR transaction reporting <ul style="list-style-type: none"> Market integrity To allow regulators to detect and investigate instances of market abuse 	More instruments/ transactions within scope <ul style="list-style-type: none"> instruments traded on MTFs and OTFs as well as instruments admitted to trading on regulated markets instruments where underlying traded on a trading venue or is an index or basket
To improve quality and consistency of data received <ul style="list-style-type: none"> Technical requirements will be set out in RTS – harmonised across the EU 	More information required on transaction reports <ul style="list-style-type: none"> Currently <30 core fields; ESMA Discussion Paper proposes >90 fields New fields include short sale and pre-trade waiver flags

FCA has indicated that it expects firms to start thinking now about how they can prepare for the changes to the transaction reporting regime

MiFID2 and MiFIR – moving to the next level Clifford Chance 32

Sea of Change
Regulatory reforms – reaching new shores

What the regulators want to know

“Who did what?”

What?	Who?
Wide enough to capture all activity relevant to market integrity <ul style="list-style-type: none"> Definition of “execution” of a “transaction” <ul style="list-style-type: none"> Definitions proposed apply to transaction reporting only Challenges in coming up with unique identifiers for certain types of instruments now in scope <ul style="list-style-type: none"> Transactions on MTFs and OTFs likely to be more bespoke than transactions on regulated markets OTC derivatives/baskets where underlying traded on venue 	Full picture of actors involved in execution of a transaction <ul style="list-style-type: none"> Not just counterparties, but MiFIR also requires transaction reports to include information about <ul style="list-style-type: none"> Decision makers at the executing firm Employees involved in execution itself Algorithms ‘making decisions’ or executing transactions Underlying clients/beneficiaries of the transaction Data protection risk for employees and clients who are individuals <ul style="list-style-type: none"> Creation of a ‘golden source’?

MiFID2 and MiFIR – moving to the next level Clifford Chance 33

Speakers' Materials

Why is transaction reporting more difficult this time? – Laura Douglas

Sea of Change
Regulatory reforms – reaching new shores

Implications for asset managers

Transmission of orders and delegated reporting

<p>Investment firms which transmit orders have the following choice</p>	<p>Option 1</p> <p>Transmit to the executing firm all relevant details for reporting</p> <p>ESMA proposes that specific conditions be met for firms to discharge their duty to transmit all relevant details for reporting:</p> <ul style="list-style-type: none">■ Written agreement in place between the order transmitter and receiver■ Relevant information transmitted as agreed■ Transmitter has adequate systems and controls to ensure the information transmitted is accurate and complete	<p>Option 2</p> <p>Submit own transaction report</p> <p>Alternatively, firms may submit their own transaction report relating to the transmitted order, if executed, stating that the report pertains to a transmitted order</p>
<p>Can reporting be delegated?</p>	<p>Yes, in theory BUT likely to be practical issues</p> <ul style="list-style-type: none">■ Not addressed explicitly in MiFIR (unlike EMIR) but possible in theory■ However, systems build and dynamic data issues likely to cause practical challenges for delegated reporting■ So, will asset managers need to self-report? <p>Note that operators of trading venues will need to report transactions executed through their systems by firms not subject to MiFIR</p>	

MiFID2 and MiFIR – moving to the next level

Clifford Chance 34

Speakers' Materials

The impact of new rules on investment banking and research – Simon Crown

Sea of Change
Regulatory reforms – reaching new shores

Investment banking: Underwriting and placing

Conflicts of interest and provision of information to clients

Key issues

- scope of “underwriting and placing”: primary and secondary markets?
- identification of relationships subject to potential conflicts of interest
- requires organisational arrangements specific to underwriting and placing
- prior to acceptance of a mandate, firm must explain to issuer the details of the targeted investors
- ESMA list of abusive inducements, including “laddering” and “spinning”

```

graph TD
    ESMA((ESMA Technical Advice))
    ESMA --- PIP((pre-issuance process))
    ESMA --- IIG((internal information governance))
    ESMA --- PP((proper pricing))
    ESMA --- AL((allocation))
    ESMA --- RK((record keeping))
    PIP --- IIG
    IIG --- PP
    PP --- AL
    AL --- RK
    RK --- PIP
    
```

MiFID2 and MiFIR – moving to the next level Clifford Chance 36

Sea of Change
Regulatory reforms – reaching new shores

Investment research

MiFID1 rules on investment research*

- how to define ‘investment research’
- distinction between investment research and marketing communications

- personal account trading by financial analysts
- firm and analyst receipt of inducements
- promise of favourable coverage
- issuer review of draft research
- MAD related disclosure of research recommendations

MiFID2: ESMA work

- do current rules on conflicts continue to protect the objectivity and independence of financial analysts?
- ESMA CP Question 56: is the current distinction between investment research and marketing communications ‘sufficient and sufficiently clear’?
- portfolio managers/advisers: investment research as a prohibited inducement or permitted ‘minor non-monetary benefit’?

FCA Handbook (COBS 12)

* (implementing Directive Articles 24 and 25)

MiFID2 and MiFIR – moving to the next level Clifford Chance 37

Speakers' Materials

How much re-papering will be needed? – Peter Chapman

Sea of Change
Regulatory reforms – reaching new shores

Re-papering

Sources of requirement and documents likely to be affected

Sources of requirement	Documents likely to be affected
✓ Expansion of existing scope (e.g. more clients, more services subject to documentation)	✓ Terms of business (client facing)
✓ More detailed specification of information under existing rules (e.g. fair, clear and not misleading)	✓ Policies and procedures (client facing and/or internal)
✓ New information/agreements required (e.g. Investment advice, packaged products, etc)	✓ Reports (client facing)
✓ Different approach to current rules (e.g. Inducements disclosures)	✓ Market arrangements (market facing)
✓ Market developments (e.g. agreements with trading venues re algorithmic trading, new market structures, etc)	✓ Marketing collaterals (client facing)

MiFID2 and MiFIR – moving to the next level Clifford Chance 39

Sea of Change
Regulatory reforms – reaching new shores

Re-papering

Examples of specific areas for re-papering

Client agreements (general)	<ul style="list-style-type: none"> ESMA has proposed following expansion of scope for client agreements: <ul style="list-style-type: none"> Firms providing investment services and safekeeping and administration to new professional clients as part of an ongoing relationship must now enter into a written agreement in paper / other durable medium Firms providing on-going investment advice to retail clients must enter into a written agreement ESMA has also proposed specific content requirements for agreements (including information on types of instruments that may be purchased/sold, prohibited transactions, main features of custody, etc) 	<div>✓</div> <div>✓</div> <div>✓</div> <div>✓</div> <div>✓</div> <div>✓</div>
Fair, clear and not misleading	<ul style="list-style-type: none"> Changes principally to retail documents (but also some limited provisions for professional clients too) which include specific requirements regarding: <ul style="list-style-type: none"> Font size and layout Risk disclosure Consistent use of language throughout T&Cs and all collaterals Firms will need to consider whether existing documents and communication practices will meet MiFID2 standards. 	<div>✓</div> <div>✓</div> <div>✓</div> <div>✓</div> <div>✓</div> <div>✓</div>
Fees and costs	<ul style="list-style-type: none"> There is a significant focus on transparency in MiFID2 and proposals for firms to provide specific and more extensive ex ante and ex post disclosures to clients. New requirement to inform clients (and calculate) about all costs and charges on an aggregate basis in order to allow clients to understand the overall cost as well as the cumulative effect on return of the investment. ESMA also proposes that detailed information on costs and associated charges should be made available to professional clients and eligible counterparties although firms may, by agreement, limit the application of the requirements 	<div>✓</div> <div>✓</div> <div>✓</div> <div>✓</div> <div>✓</div> <div>✓</div>

MiFID2 and MiFIR – moving to the next level Clifford Chance 40

Speakers' Materials

How much re-paperying will be needed? – Peter Chapman

Sea of Change
Regulatory reforms – reaching new shores

Re-paperying

Examples of specific areas for re-paperying (continued)

<div style="background-color: #0070C0; color: white; border-radius: 50%; width: 100px; height: 100px; display: flex; align-items: center; justify-content: center; margin: 0 auto;"> <div style="text-align: center;">Client classification</div> </div>	<div style="font-size: 2em;">»</div>	<ul style="list-style-type: none"> ■ MiFID 'grandfathering' under transitional provisions may not continue to be available so firms may need to go back and categorise ISD-'grandfathered' clients for MiFID2 purposes. ■ Changes to client classification rules for municipalities and local public authorities and option for Member States to adopt criteria for assessment of expertise and knowledge of these counterparties is likely to mean changes to on-boarding procedures. ■ Client classification issues of EMIR will continue for mandatory derivative trading obligation. ■ Client classification (and other) obligations will now apply in respect of structured deposit clients. ■ Operators of commodity derivative and emission allowance trading venues will need to classify participants (including categories such as 'commercial undertaking' and 'operators') 	<div style="display: flex; flex-direction: column; align-items: center;"> <div style="width: 10px; height: 10px; background-color: #FFC000; border-radius: 50%; margin-bottom: 5px;"></div> <div style="width: 10px; height: 10px; background-color: #D3D3D3; border-radius: 50%; margin-bottom: 5px;"></div> <div style="width: 10px; height: 10px; background-color: #D3D3D3; border-radius: 50%; margin-bottom: 5px;"></div> <div style="width: 10px; height: 10px; background-color: #0070C0; border-radius: 50%; margin-bottom: 5px;"></div> <div style="width: 10px; height: 10px; background-color: #0070C0; border-radius: 50%;"></div> </div>
<div style="background-color: #0070C0; color: white; border-radius: 50%; width: 100px; height: 100px; display: flex; align-items: center; justify-content: center; margin: 0 auto;"> <div style="text-align: center;">Best execution</div> </div>	<div style="font-size: 2em;">»</div>	<ul style="list-style-type: none"> ■ New rules will require policies to provide: <ul style="list-style-type: none"> – List of factors used to select entity/venue and relative importance of each – List of venues (including breakdown by financial instrument) and fees corresponding to use of each – Counterparty risk disclosure – Details on third party payments – Additional cost data for retail clients ■ Firms will need to benchmark against the requirements and likely overhaul existing policies 	<div style="display: flex; flex-direction: column; align-items: center;"> <div style="width: 10px; height: 10px; background-color: #D3D3D3; border-radius: 50%; margin-bottom: 5px;"></div> <div style="width: 10px; height: 10px; background-color: #D3D3D3; border-radius: 50%; margin-bottom: 5px;"></div> <div style="width: 10px; height: 10px; background-color: #D3D3D3; border-radius: 50%; margin-bottom: 5px;"></div> <div style="width: 10px; height: 10px; background-color: #D3D3D3; border-radius: 50%; margin-bottom: 5px;"></div> <div style="width: 10px; height: 10px; background-color: #0070C0; border-radius: 50%; margin-bottom: 5px;"></div> <div style="width: 10px; height: 10px; background-color: #D3D3D3; border-radius: 50%;"></div> </div>
<div style="background-color: #0070C0; color: white; border-radius: 50%; width: 100px; height: 100px; display: flex; align-items: center; justify-content: center; margin: 0 auto;"> <div style="text-align: center;">Inducements</div> </div>	<div style="font-size: 2em;">»</div>	<ul style="list-style-type: none"> ■ Tightening of inducements rules will necessitate review of current inducements language in terms of business and disclosure practices. In particular: <ul style="list-style-type: none"> – Ability to make general disclosures on the terms of the fee/commission arrangements with undertaking to provide additional information has not survived into MiFID2; and – There will be a new ex ante obligation to provide information on exact amount of inducement received and an obligation to provide individualised annual report on benefits received. ■ Portfolio managers and independent investment advisors prohibited from accepting fees, commissions or other benefits – existing inducements language likely to need updating to reflect change. 	<div style="display: flex; flex-direction: column; align-items: center;"> <div style="width: 10px; height: 10px; background-color: #D3D3D3; border-radius: 50%; margin-bottom: 5px;"></div> <div style="width: 10px; height: 10px; background-color: #D3D3D3; border-radius: 50%; margin-bottom: 5px;"></div> <div style="width: 10px; height: 10px; background-color: #D3D3D3; border-radius: 50%; margin-bottom: 5px;"></div> <div style="width: 10px; height: 10px; background-color: #D3D3D3; border-radius: 50%; margin-bottom: 5px;"></div> <div style="width: 10px; height: 10px; background-color: #0070C0; border-radius: 50%; margin-bottom: 5px;"></div> <div style="width: 10px; height: 10px; background-color: #D3D3D3; border-radius: 50%;"></div> </div>

MiFID2 and MiFIR – moving to the next level
Clifford Chance 41

Sea of Change
Regulatory reforms – reaching new shores

Re-paperying

Examples of specific areas for re-paperying (continued)

<div style="background-color: #0070C0; color: white; border-radius: 50%; width: 100px; height: 100px; display: flex; align-items: center; justify-content: center; margin: 0 auto;"> <div style="text-align: center;">Investment advice</div> </div>	<div style="font-size: 2em;">»</div>	<ul style="list-style-type: none"> ■ Proposal for new obligations on firms providing investment advice to provide information to clients on: <ul style="list-style-type: none"> – Independence and breadth of advice provided; – Whether the firm will provide periodic assessment of suitability; and – Details on the relevant financial instruments. ■ Firms providing advice to retail clients must also provide a suitability statement specifying the advice given and how that advice meets the preferences, objectives and other characteristics of the client. Consent required to deliver the suitability statement post-trade. ■ Whilst this concept may not be entirely new for the UK market, clearly to the extent the requirements do not match, re-paperying may be necessary 	<div style="display: flex; flex-direction: column; align-items: center;"> <div style="width: 10px; height: 10px; background-color: #D3D3D3; border-radius: 50%; margin-bottom: 5px;"></div> <div style="width: 10px; height: 10px; background-color: #D3D3D3; border-radius: 50%; margin-bottom: 5px;"></div> <div style="width: 10px; height: 10px; background-color: #D3D3D3; border-radius: 50%; margin-bottom: 5px;"></div> <div style="width: 10px; height: 10px; background-color: #D3D3D3; border-radius: 50%; margin-bottom: 5px;"></div> <div style="width: 10px; height: 10px; background-color: #D3D3D3; border-radius: 50%; margin-bottom: 5px;"></div> <div style="width: 10px; height: 10px; background-color: #D3D3D3; border-radius: 50%;"></div> </div>
<div style="background-color: #0070C0; color: white; border-radius: 50%; width: 100px; height: 100px; display: flex; align-items: center; justify-content: center; margin: 0 auto;"> <div style="text-align: center;">Structured deposits</div> </div>	<div style="font-size: 2em;">»</div>	<ul style="list-style-type: none"> ■ MiFID2 provides that various provisions will apply to structured deposits including the following which entail some form of documentary requirement: <ul style="list-style-type: none"> – Art 23 (conflicts of interest) – Art 24 (general principles and information to clients) – Art 25 (assessment of suitability and appropriateness and reporting to clients) – Art 28 (client order handling rules) 	<div style="display: flex; flex-direction: column; align-items: center;"> <div style="width: 10px; height: 10px; background-color: #FFC000; border-radius: 50%; margin-bottom: 5px;"></div> <div style="width: 10px; height: 10px; background-color: #D3D3D3; border-radius: 50%; margin-bottom: 5px;"></div> <div style="width: 10px; height: 10px; background-color: #D3D3D3; border-radius: 50%; margin-bottom: 5px;"></div> <div style="width: 10px; height: 10px; background-color: #D3D3D3; border-radius: 50%; margin-bottom: 5px;"></div> <div style="width: 10px; height: 10px; background-color: #D3D3D3; border-radius: 50%; margin-bottom: 5px;"></div> <div style="width: 10px; height: 10px; background-color: #D3D3D3; border-radius: 50%;"></div> </div>
<div style="background-color: #0070C0; color: white; border-radius: 50%; width: 100px; height: 100px; display: flex; align-items: center; justify-content: center; margin: 0 auto;"> <div style="text-align: center;">Packaged products & cross-selling</div> </div>	<div style="font-size: 2em;">»</div>	<ul style="list-style-type: none"> ■ New requirements on firms offering an investment service together with another service or product as part of a package to: <ul style="list-style-type: none"> – inform clients whether it is possible to buy the different components separately – provide evidence on the costs and charges of each component parts – provide information about the risks involved in those component parts and in the package 	<div style="display: flex; flex-direction: column; align-items: center;"> <div style="width: 10px; height: 10px; background-color: #D3D3D3; border-radius: 50%; margin-bottom: 5px;"></div> <div style="width: 10px; height: 10px; background-color: #D3D3D3; border-radius: 50%; margin-bottom: 5px;"></div> <div style="width: 10px; height: 10px; background-color: #D3D3D3; border-radius: 50%; margin-bottom: 5px;"></div> <div style="width: 10px; height: 10px; background-color: #D3D3D3; border-radius: 50%; margin-bottom: 5px;"></div> <div style="width: 10px; height: 10px; background-color: #D3D3D3; border-radius: 50%; margin-bottom: 5px;"></div> <div style="width: 10px; height: 10px; background-color: #0070C0; border-radius: 50%;"></div> </div>

MiFID2 and MiFIR – moving to the next level
Clifford Chance 42

Speakers' Materials

How much re-papering will be needed? – Peter Chapman

Sea of Change
Regulatory reforms – reaching new shores

Re-papering

Examples of specific areas for re-papering (continued)

Product governance	<ul style="list-style-type: none"> Firms which manufacture and distribute products will need to put in place MiFID2-compliant governance procedures and product manufacturers will also be required to maintain a product approval process. The governance arrangements of firms offering or recommending third party financial instruments must ensure that the distributor understand the features of the products being distributed. Firms which distribute financial instruments issued by third country manufacturers will need to consider extent to which MiFID2-compliant governance procedures will need to be imposed contractually. 	<input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
Reporting	<ul style="list-style-type: none"> Transaction reporting <ul style="list-style-type: none"> Data which is required to be reported will potentially require firms to obtain information from clients (not just in the context of delegated reporting but also when dealing as agent). Delegated reporting agreements will have to deal with significant dynamic data issues in order to be viable. Commodity position limit reporting <ul style="list-style-type: none"> Operators of commodity derivative and emission allowance trading venues must be able to identify clients of participants in order to be able to report to NCAs. Firms will need to put in place terms to comply with obligations to report breakdown of their clients positions and the clients of those clients until the end client is reached. 	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
Algorithmic trading	<ul style="list-style-type: none"> Firms providing direct electronic access must put in place effective systems and controls which ensure that: <ul style="list-style-type: none"> It undertakes a proper assessment and review of the suitability of clients using the service; Clients are prevented from exceeding appropriate pre-set trading and credit thresholds; Clients cannot create risks to the firm, contribute to a disorderly market or behave in a way which constitutes market abuse or is contrary to the trading venue rules. Firms must also ensure that clients comply with the requirements of MiFID2 and the trading venue's rules. Firms providing direct electronic access for clients must have a binding written agreement with the client (presumably covering much of the above in addition to setting out the parties' rights and responsibilities) 	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/>

MiFID2 and MiFIR – moving to the next level

Clifford Chance 43

Sea of Change
Regulatory reforms – reaching new shores

Re-papering

Examples of specific areas for re-papering (continued)

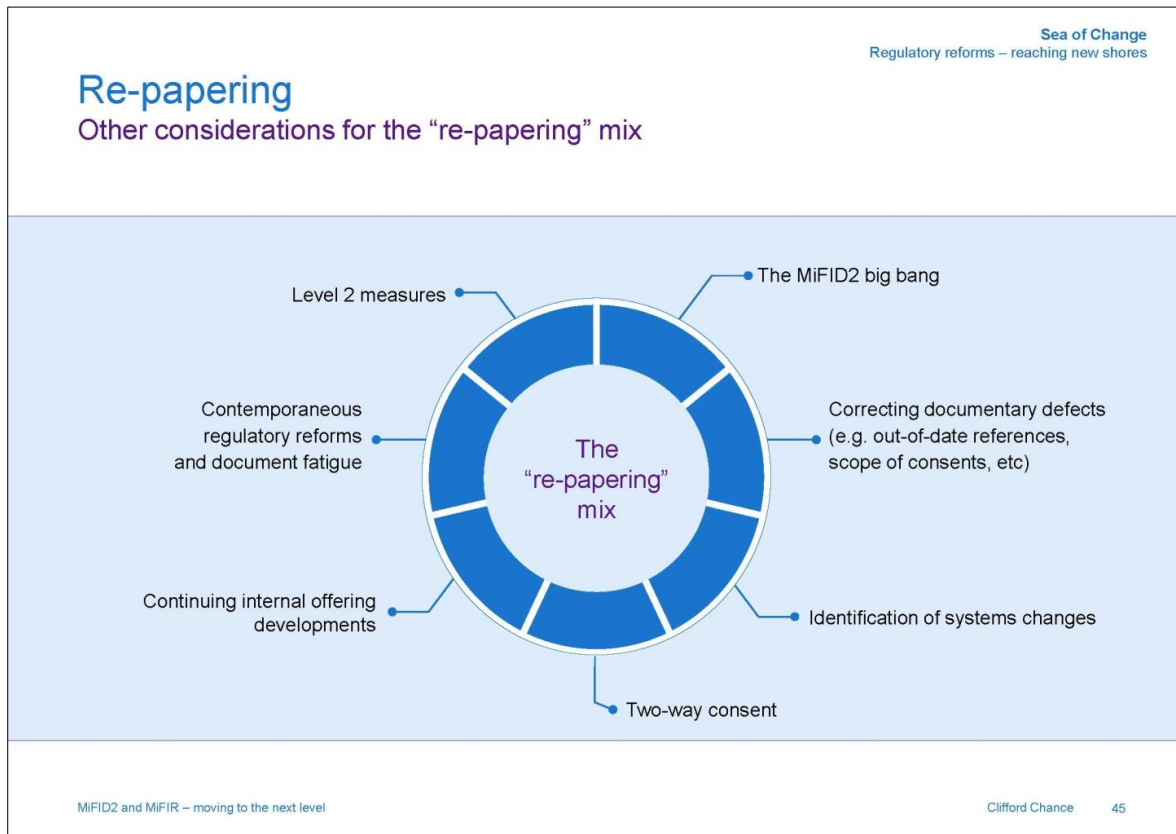
OTFs	<ul style="list-style-type: none"> Matched principal trading is an exception to the prohibition on OTF operators executing client orders against proprietary capital of operator but is only permitted where the investment firm or market operator has specifically obtained consent from the client to do so. Firms operating platforms that become OTFs (or MTFs) will need to think even more broadly about the re-papering exercise. 	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/>
Clearing	<ul style="list-style-type: none"> Express obligation on firms that act as a general clearing member to have a binding written agreement with its client regarding the essential rights and obligations arising from the provision of that service. Increased drive to push derivatives OTC and ETD into clearing will mean more clearing arrangements – ESMA currently consulting on arrangements (including contractual arrangements to ensure information flow and/or margin transfers). Indirect clearing – ESMA currently consulting on arrangements (including contractual arrangements). 	<input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
Product intervention powers	<ul style="list-style-type: none"> Product intervention powers may lead to need for: <ul style="list-style-type: none"> Preparation for exercise of powers; Representations, warranties and undertakings from clients; Selling restriction language; Risk disclosures; Certificates/classification. 	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>

MiFID2 and MiFIR – moving to the next level

Clifford Chance 44

Speakers' Materials

How much re-papering will be needed? – Peter Chapman



Speakers' Materials

The spreading extra-territorial impact of the new regime – Chris Bates

Sea of Change
Regulatory reforms – reaching new shores

Inbound business of non-EU firms

The “patchwork” continues

Cross-border business with per se professionals and eligible counterparties

Can continue on basis of national rules

- Until 3 years after an equivalence decision for the relevant jurisdiction
- Liberal rules in UK, Belgium, Ireland, Lux. can continue
- But restrictive regimes in other Member States also continue to apply

If there is an equivalence decision for a non-EU state:

- Authorised firms from that state will have to register with ESMA
- But will be able to continue to do business subject to limited EU rules (status disclosure, submission to jurisdiction)

Will there be any equivalence decisions (requires equivalence plus reciprocity)?

Cross-border business with retail clients and EU branches of non-EU firms

Member states will have to choose whether to impose a branch requirement

- Many member states already restrict this business

If the UK chose this option, could impact non-EU firms:

- Relying on exemptions to do cross-border retail business (e.g. formerly overseas client exemptions)
- Authorised under FSMA without a branch in UK
- Doing MiFID2 business through an existing UK branch because of new requirements for:
 - Cooperation agreement with home state regulator
 - Qualifying tax information exchange treaty
 - Initial capital in the branch
- But branches could benefit from a “passport” for cross-border wholesale business in the EU if there was ever an equivalence decision on home state

MiFID2 and MiFIR – moving to the next level
Clifford Chance 47

Sea of Change
Regulatory reforms – reaching new shores

Outbound business of EU firms

New issues for EU entities serving non-EU clients

New rules apply to business booked in EU - even if clients are outside EU

New trading and transparency regime will apply to many non-EU instruments

- If those instruments traded on EU venues e.g. Börse Berlin trades 15,000 shares from 82 countries
- Restriction on trading shares outside an EU venue
- SI pre-trade transparency rules – IBIA v COFIA
- Post-trade transparency – competitive disparity
- Trading restriction for liquid cleared OTC derivatives

New conduct of business rules for non-EU clients

Reporting transactions and commodity derivative positions for non-EU clients

Challenges in re-papering non-EU clients

Unclear how new regime will apply to business in non-EU branches

Conflicting Commission statements on application of MiFID1 in non-EU branches

Current UK approach to applying MiFID1 rules in non-EU branches

Conduct rules	No (with exceptions)
Client assets	No
Common platform rules	No (exc. in prudential context)
MTF operation	Yes
Post-trade transparency	No
Transaction reporting	?

New derivatives trading obligation likely to apply to non-EU branches (follow EMIR)

Potential for wider regime shift?

MiFID2 and MiFIR – moving to the next level
Clifford Chance 48

Speakers' Materials

The spreading extra-territorial impact of the new regime – Chris Bates

Sea of Change
Regulatory reforms – reaching new shores

Other extraterritorial impacts of new regime

<p>Indirect clearing rules for non-EU ETDs</p>	<ul style="list-style-type: none"> ■ Indirect clearing esp. important for EU firms' access to non-EU exchanges ■ New rules will apply to ETD traded on trading venues in "equivalent" non-EU states ■ New rules could operate as effective ban on indirect clearing 	<p>Trading mandate for TCE-TCE trades in OTC derivatives</p>	<ul style="list-style-type: none"> ■ Third country entities (TCEs) trading with each other subject to trading mandate for OTC derivatives ■ Similar circumstances (and complexities) as clearing mandate for TCE-TCE trades under EMIR
<p>Worldwide position limit regime</p>	<ul style="list-style-type: none"> ■ Limits apply worldwide to any person trading any contract economically equivalent to a commodity derivative contract traded on an EU venue ■ Identifying relevant EU traded contracts and determining equivalence 	<p>New product intervention powers</p>	<ul style="list-style-type: none"> ■ Unprecedented powers for national regulators (and ESMA) to ban products and practices ■ Likely to affect cross-border activity into the EU ■ With potential spillovers to non-EU activity (c.f. UK ban on marketing CoCos)

MiFID2 and MiFIR – moving to the next level Clifford Chance 49

Sea of Change
Regulatory reforms – reaching new shores

Limited relief through third country equivalence assessments

	Relevance of equivalence assessment	Comment
Equivalent third country regulated markets (securities)	Investment firms may satisfy mandatory trading requirement for shares by execution on these markets (Article 23(1) MiFIR). Appropriateness requirements are waived for execution-only transactions in certain shares and bonds admitted to trading on these markets (Article 25(4)(a)(i) and (ii) MiFID2).	Under Article 25(4)(a) MiFID2, a third country market is considered equivalent to a regulated market for these purposes [†] if it is considered equivalent to a regulated market for the purposes of the rules on offers of securities to employees under Article 4(1) of Prospectus Directive. A competent authority must request an equivalence determination by Commission with respect to the third country (but no determinations have yet been made).
Equivalent third country trading venues (OTC derivatives)*	Counterparties may satisfy mandatory trading requirement for OTC derivatives by execution on venues established in an equivalent third country (Article 28(1)(d) MiFIR).	Commission determines equivalence of third country regime under Article 28(4) MiFIR. [‡]
Equivalent third country regulated markets (ETD)	Rules on indirect clearing under Article 30 MiFIR apply to ETD, which includes derivatives executed on third country venues equivalent to regulated markets.	Article 2(1)(32) MiFIR defines ETD to include derivatives traded on a third country market considered equivalent to a regulated market under Article 28 MiFIR (see above).
Duplicative and conflicting rules (derivatives)	Deemed compliance with rules on execution and clearing of derivatives in Articles 28 and 29 MiFIR where one counterparty is established in an equivalent third country and counterparties comply with rules in that country (Article 33 MiFIR).	Commission determines equivalence of third country regime under Article 33(2) MiFIR. Third country rules must be effectively applied and enforced in an equitable and non-distortive manner. Commission (with ESMA) must monitor third country rules and report annually to European Parliament and the Council.
Access rights for third country CCPs and trading venues*	Third country trading venues and CCPs have rights of access to EU CCPs, trading venues and benchmarks if they are established in equivalent third countries (Article 38 MiFIR).	Commission determines equivalence of third country regime under Article 38(3) MiFIR. Third country trading venues may only request access to CCPs if equivalent under Article 28 MiFIR and third country CCPs may only request access to EU trading venues if recognised under EMIR (Article 38(1) MiFIR).
Cross-border services*	Third country firms from equivalent jurisdictions must register with ESMA to provide cross-border services to eligible counterparties and per se professional clients on the basis of their home state rules (Article 46 MiFIR).	Commission determines equivalence of third country regime under Article 47(1) MiFIR. Firm must be authorised in the third country and additional criteria must also be satisfied under Article 46, including the existence of cooperation arrangements with ESMA.

* A reciprocity requirement applies, i.e. there must be an effective equivalent system for recognising or giving access to EU firms.
[†] When MiFID2 applies, a contract will also not be an OTC derivative contract under Article 2(7) EMIR if it is executed on a regulated market or a third country market considered to be equivalent to a regulated market under Article 25(4)(a) MiFID2 (not Article 28 MiFIR – contrast the definition of ETD in MiFIR).
[‡] The exemption from the mandatory trading requirement for intragroup transactions involving third countries depends on an equivalence assessment under EMIR

MiFID2 and MiFIR – moving to the next level Clifford Chance 50

Notes

[illegible]

Speakers' Biographies



Speakers' Biographies



Chris Bates

Partner

T: +44 20 7006 1041

E: chris.bates
@cliffordchance.com

Chris Bates

Partner, London

Chris is a partner and head of the financial regulation group. Chris advises banks, securities firms and other financial institutions on issues associated with the regulatory response to the financial crisis, the impact of the EU single market programme, financial services regulation and regulatory capital, as well as advising on derivatives transactions and securities offerings and mergers and acquisitions in the financial sector. He is also an active participant in industry committees and working groups on regulatory issues. He is currently a member of the International Regulatory Strategy Group advising the City of London and TheCityUK on regulatory issues.



Peter Chapman

Senior Associate

T: +44 20 7006 1896

E: peter.chapman
@cliffordchance.com

Peter Chapman

Senior Associate, London

Peter is a senior associate in the financial regulation group, specialising in advising financial institutions and market infrastructures on financial market regulation such as EMIR and MiFID2, transactions and payments services legislation as well as post-trade issues. Peter also advises on merger and acquisitions in the financial sector and has a particular interest in advising clients in relation to new product offerings. Over the last few years, he has been seconded to the legal regulatory departments of a number of leading global banks as well as a short secondment to Nasdaq OMX. Peter has also contributed to Simon Gleeson's recently published book the "International Regulation of Banking".



Simon Crown

Partner

T: +44 20 7006 2944

E: simon.crown
@cliffordchance.com

Simon Crown

Partner, London

Simon is a partner in the financial regulation group. Simon's focus is in the areas of M&A involving financial institutions, funds and asset management, prudential regulation (including Basel III), market infrastructure, client money and client assets regulation, financial services outsourcing, payments and transaction services, and European Directives relating to financial services, with a current focus on the Alternative Investment Fund Managers Directive.



Oliver Dearie

Associate

T: +44 20 7006 4320

E: oliver.dearie
@cliffordchance.com

Oliver Dearie

Associate, London

Oliver is an associate in the financial regulation group, specialising in advising financial institutions, trade associations and other market participants on financial market regulation, securities and derivatives transactions, AIFMD and custody, client asset protection and clearing and settlement services. He was seconded to The Bank of New York Mellon from January until June of this year.

Speakers' Biographies (continued)



Laura Douglas

Associate

T: +44 20 7006 3907

E: laura.douglas
@cliffordchance.com

Laura Douglas

Associate, London

Laura is an associate in the financial regulation group, specialising in advising financial institutions and other market participants on matters related to financial market regulation, funds and asset management, transaction and payment services and clearing and settlement services. She also advises financial institutions on netting and financial collateral issues, including issues relating to the enforceability of netting arrangements and set-off.



Simon Gleeson

Partner

T: +44 20 7006 4979

E: simon.gleeson
@cliffordchance.com

Simon Gleeson

Partner, London

Simon is a partner in the financial regulation group, specialising in financial markets law and regulation. He has advised Governments, regulators and public bodies as well as banks, investment firms, fund managers and other financial institutions on a wide range of regulatory issues. He advised the World Economic Forum on their report on their 2009 Report on The New Global Financial Architecture, and has worked with regulators and governments around the world on the establishment of regulatory regimes. He has been a member of the Financial Markets Law Committee, chairs the Institute of International Finance's Committee on Cross-Border Bank Resolution, has written numerous books and articles on financial regulation, and is the author of "International Regulation of Banking", recently published by Oxford University Press. Simon is a visiting professor at the University of Edinburgh.



Owen Lysak

Senior Associate

T: +44 20 7006 2904

E: owen.lysak
@cliffordchance.com

Owen Lysak

Senior Associate, London

Owen is a senior associate in the financial regulation group, specialising in advising financial institutions and other market participants on financial market regulation, mergers and acquisitions in the financial sector, securities and derivatives transactions, AIFMD and custody, clearing and settlement services. He was seconded to the General Counsel's Division of the UK FSA during 2012, working in the deposit-takers' team. He was also had client secondments in the equities team and the global transaction services team at leading global banks.



Monica Sah

Partner

T: +44 20 7006 1103

E: monica.sah
@cliffordchance.com

Monica Sah

Partner, London

Monica is a partner in the financial regulation group, specialising in financial markets law and regulation. Previously, she was a Managing Director at Morgan Stanley and Head of Legal for International Wealth Management. Monica advises financial institutions (sell-side and wealth managers) on a full range of legal and regulatory issues on maintaining a multi product and jurisdictional platform, including cross custody and client money issues, product development, platform expansions, enforcement of collateral arrangements and client assets segregation issues. She also advises on FIG M&A transactions. Recently she has been advising the FOA and other trade associations on the EU Regulation Implementation Handbook and a number of custodian banks and the Association of Global Custodians on the implementation of the Alternative Investment Fund Managers Directive (AIFMD).

Worldwide contact information

36* offices in 26 countries

Abu Dhabi

Clifford Chance
9th Floor
Al Sila Tower
Sowwah Square
PO Box 26492
Abu Dhabi
United Arab Emirates
Tel +971 (0)2 613 2300
Fax +971 (0)2 613 2400

Bucharest

Clifford Chance Badea
Excelsior Center
28-30 Academiei Street
12th Floor, Sector 1
Bucharest, 010016
Romania
Tel +40 21 66 66 100
Fax +40 21 66 66 111

Hong Kong

Clifford Chance
28th Floor
Jardine House
One Connaught Place
Hong Kong
Tel +852 2825 8888
Fax +852 2825 8800

Milan

Clifford Chance
Piazzetta M.Bossi, 3
20121 Milan
Italy
Tel +39 02 806 341
Fax +39 02 806 34200

Prague

Clifford Chance
Jungmannova Plaza
Jungmannova 24
110 00 Prague 1
Czech Republic
Tel +420 222 555 222
Fax +420 222 555 000

Singapore

Clifford Chance
12 Marina Boulevard
25th Floor Tower 3
Marina Bay Financial
Centre
Singapore 018982
Tel +65 6410 2200
Fax +65 6410 2288

Amsterdam

Clifford Chance
Droogbak 1A
1013 GE Amsterdam
PO Box 251
1000 AG Amsterdam
The Netherlands
Tel +31 20 7119 000
Fax +31 20 7119 999

Casablanca

Clifford Chance
169, boulevard Hassan
1er
Casablanca 20000
Morocco
Tel +212 520 132 080
Fax +212 520 132 079

Istanbul

Clifford Chance
Kanyon Ofis Binasi Kat
10
Büyükdere Cad. No. 185
34394 Levent
Istanbul
Turkey
Tel +90 212 339 0001
Fax +90 212 339 0098

Moscow

Clifford Chance
Ul. Gasheka 6
125047 Moscow
Russian Federation
Tel +7 495 258 5050
Fax +7 495 258 5051

Riyadh

Clifford Chance
Building 15, The
Business Gate
King Khaled
International Airport
Road
Cordoba District, Riyadh
P.O. Box: 90239, Riyadh
11613,
Kingdom of Saudi Arabia
Tel +966 11 481 9700
Fax +966 11 481 9701

Sydney

Clifford Chance
Level 16
No. 1 O'Connell Street
Sydney NSW 2000
Australia
Tel +612 8922 8000
Fax +612 8922 8088

Bangkok

Clifford Chance
Sindhorn Building Tower
3
21st Floor
130-132 Wireless Road
Pathumwan
Bangkok 10330
Thailand
Tel +66 2 401 8800
Fax +66 2 401 8801

Doha

Clifford Chance
QFC Branch
Suite B, 30th floor
Tornado Tower
Al Funduq Street
West Bay PO Box 32110
Doha
State of Qatar
Tel +974 4491 7040
Fax +974 4491 7050

Kyiv

Clifford Chance
75 Zhylyanska Street
01032 Kyiv
Ukraine
Tel +380 44 390 5885
Fax +380 44 390 5886

Munich

Clifford Chance
Theresienstraße 4-6
80333 Munich
Germany
Tel +49 89 216 32-0
Fax +49 89 216 32-8600

Rome

Clifford Chance
Via Di Villa Sacchetti, 11
00197 Rome
Italy
Tel +39 06 422 911
Fax +39 06 422 91200

Tokyo

Clifford Chance
Akasaka Tameike
Tower, 7th Floor
17-7 Akasaka 2-Chome
Minato-ku, Tokyo 107-
0052
Japan
Tel +81 3 5561 6600
Fax +81 3 5561 6699

Barcelona

Clifford Chance
Av. Diagonal 682
08034 Barcelona
Spain
Tel +34 93 344 22 00
Fax +34 93 344 22 22

Dubai

Clifford Chance
Building 6, Level 2
The Gate Precinct
Dubai International
Financial Centre
PO Box 9380
Dubai
United Arab Emirates
Tel +971 4 362 0444
Fax +971 4 362 0445

London

Clifford Chance
10 Upper Bank Street
London, E14 5JJ
United Kingdom
Tel +44 20 7006 1000
Fax +44 20 7006 5555

New York

Clifford Chance
31 West 52nd Street
New York, NY 10019-
6131
USA
Tel +1 212 878 8000
Fax +1 212 878 8375

São Paulo

Clifford Chance
Rua Funchal 418 15th
Floor
04551-060 São Paulo
SP
Brazil
Tel +55 11 3019 6000
Fax +55 11 3019 6001

Warsaw

Clifford Chance
Norway House
ul. Lwowska 19
00-660 Warszawa
Poland
Tel +48 22 627 11 77
Fax +48 22 627 14 66

Beijing

Clifford Chance
33/F, China World Office
1
No. 1 Jianguomenwai
Dajie
Chaoyang District
Beijing 100004
China
Tel +86 10 6535 2288
Fax +86 10 6505 9028

Düsseldorf

Clifford Chance
Königsallee 59
40215 Düsseldorf
Germany
Tel +49 211 43 55-0
Fax +49 211 43 55-5600

Luxembourg

Clifford Chance
10 boulevard G.D.
Charlotte
B.P. 1147
L-1011 Luxembourg
Grand-Duché de
Luxembourg
Tel +352 48 50 50 1
Fax +352 48 13 85

Paris

Clifford Chance
9 Place Vendôme
CS 50018
75038 Paris Cedex 01
France
Tel +33 1 44 05 52 52
Fax +33 1 44 05 52 00

Seoul

Clifford Chance
21st Floor, Ferrum
Tower
19, Eulji-ro 5-gil
Jung-gu, Seoul 100-210
Korea
Tel +82 2 6353 8100
Fax +82 2 6353 8101

Washington, D.C.

Clifford Chance
2001 K Street NW
Washington, DC 20006 -
1001
USA
Tel +1 202 912 5000
Fax +1 202 912 6000

Brussels

Clifford Chance
Avenue Louise 65 Box 2
1050 Brussels
Belgium
Tel +32 2 533 5911
Fax +32 2 533 5959

Frankfurt

Clifford Chance
Mainzer Landstraße 46
60325 Frankfurt am
Main
Germany
Tel +49 69 71 99-01
Fax +49 69 71 99-4000

Madrid

Clifford Chance
Paseo de la Castellana
110
28046 Madrid
Spain
Tel +34 91 590 75 00
Fax +34 91 590 75 75

Perth

Clifford Chance
Level 7, 190 St Georges
Terrace
Perth, WA 6000
Australia
Tel +618 9262 5555
Fax +618 9262 5522

Shanghai

Clifford Chance
40th Floor
Bund Centre
222 Yan An East Road
Shanghai 200002
China
Tel +86 21 2320 7288
Fax +86 21 2320 7256

* Clifford Chance's offices include a second office in London at 4 Coleman Street, London EC2R 5JJ.

Clifford Chance, 10 Upper Bank Street, London, E14 5JJ

© Clifford Chance 2014

Clifford Chance LLP is a limited liability partnership registered in England and Wales under number OC323571

Registered office: 10 Upper Bank Street, London, E14 5JJ

We use the word 'partner' to refer to a member of Clifford Chance LLP, or an employee or consultant with equivalent standing and qualifications

81068-5-980