

## Regulatory News Alert

### MiFID II in Luxembourg: The law has been voted on

18 May 2018

On **15 May 2018**, The Chambre des Députés voted on the **law transposing MIFID II** (the EU Markets in Financial Instruments) into the Luxembourg legal framework.

MIFID II is the de facto rules applicable to and applied by all financial institutions concerned since 3 January 2018. This vote finalizes the legal basis in Luxembourg, since the CSSF issued anticipated calls to apply MIFID II as well as circulars and a regularly updated FAQ.

With very few surprises, the MiFID II law reflects, the requirements the MiFID II Directive (Directive 2014/65/EU) and, where required, the MIFIR Regulation (Regulation (EU) 2014/600) including their accompanying level 2 MiFID II Directive (Directive (EU) 2017/593), through amendments of the 1993 Law on the Financial Sector.

#### MiFID II regime key changes

The law that introduces MIFID II creates the new MIFID II **OTF (Organised Trading Facilities/platforms)** in the Luxembourg landscape, as well as tighter transparency rules applicable to all trading venues and products. Although institutions were already using it, the new transactions reporting is now confirmed.

Key for Luxembourg institutions is the new **investor protection regime with its ban on inducements for DPM**, new product governance rules, and cost disclosure obligations.

In light of future discussions, MIFID II in Luxembourg introduces a **new access regime for third country firms**. Luxembourg has also introduced the **much enhanced sanctions** and fines regime.

In other areas, the MIFID II law creates **three new PSF for communication of data**: the approved publication arrangement, the consolidated tape provider and the approved reporting mechanism. The MIFID II law should ease the access to capital market by SMEs, promote innovation, and limit speculation on commodities.

The MiFID II law will be published in the *Mémorial* and applicable on the fourth day of its publication.

## **MIFID II impact on investment funds and their management companies/AIFMs**

Although MIFID II does not directly apply to the IM industry, ManCos, or AIFMs, there are nevertheless important indirect consequences stemming from transparency, costs and charges regimes, and the new inducements rules. There might be additional changes in the areas of distribution, portfolio management, and brokerage, to name just a few in the interactions that ManCos or AIFMs might have with their counterparts.

UCITS management companies and AIFMs will be directly under the MIFID II scope if they have an extended license for the provision of certain MiFID I services.

### **How Deloitte can help**

Deloitte can help you to stay ahead of regulatory trends with its Kaleidoscope Regulatory Watch service.

We can also help you assess your [compliance to MIFID II with our D.Ready program](#), and can help you implement the appropriate strategic or regulatory changes to develop your activity in the new MIFID II environment.

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