

Deloitte regulatory news alert

MiFID II

27 June 2016

Making sense of the Level II Process...and beyond

On June 17th, the Council of the EU adopted the text that delays the implementation of MiFID II/MiFIR by one year to 3 January 2018. The Parliament had already adopted the text on 7 June. The final step for the text is to be published in the Official Journal (OJ) which we expect to take place in late June, ahead of the transposition deadline of 3 July 2016.

The European Commission has recently published 3 Delegated Acts

- On 7 April 2016, a Delegated Directive covering inducements, product governance, safeguarding of client financial instruments and funds
- On 25 April 2016, a first Delegated Regulation covering organizational requirements, operating conditions for investment firms, and key definitions
- On 19 May 2016, the second and final Delegated Regulation with regard to definitions, transparency, portfolio compression and supervisory measures on product intervention and positions

If no objection is raised by the Parliament or the Council over a period of 3 months, these Delegated Acts will be finalized and published in the OJ in July to August 2016.

In parallel, the Commission has started adopting a series of Regulatory Technical Standards (RTS)...

- In June & September 2015, ESMA sent to the Commission its draft final RTS
- In the course of 2016, the Commission asked ESMA to redraft three RTS (on ancillary services, position limits to commodity derivative, and transparency requirements) and to amend the draft RTS on transaction reporting (RTS 22)
- From May to June 2016, the Commission has adopted several "uncontested" RTS (excluding those redrafted by ESMA). These include trading obligation for clearable derivatives (RTS 4), ratio of unexecuted orders to transactions (RTS 9), requirements to ensure fair and non-discriminatory co-location services and fee structures (RTS 10), admission of financial instruments to trading on regulated markets (RTS 17)



- The adoption of the remaining RTS, expected by July 2016, will focus on Transparency requirements (RTS 1 & 2), Position limits to commodity derivative (RTS 21), Criteria on ancillary services (RTS 20) and Transaction reporting (RTS 22)

..and Implementing Technical Standards (ITS)

- In December 2015, Esma published draft final ITS
- On 25 May 2016, the Commission adopted the ITS 19 on the functioning of multilateral trading facilities and organised trading facilities
- The 3 remaining ITS are expected to be adopted in June-July 2016

How can Deloitte help?

Deloitte monitors actively MiFID II developments and subsequent publications on an ongoing basis. We carefully analyze all relevant published documents in order to identify any changes and to provide the most updated view to our clients.

We offer to organize an informal workshop in your offices, to answer your questions and discuss latest regulatory updates as well as potential operational impacts and remediation scenarios.

Please do not hesitate to contact us, as we would be more than happy to meet you for a general awareness session or a workshop.

Your contacts

Martin Flaunet

Partner | Banking Leader

Tel: +352 45145 2334

mflaunet@deloitte.lu

Johnny Yip

Partner | Investment Management Leader

Tel: +352 45145 2489

jyiplanyan@deloitte.lu

Thierry Flamand

Partner | Insurance Leader

Tel: +352 45145 4920

tflamand@deloitte.lu

Simon Ramos

Partner | Regulatory Strategy Leader

Tel: +352 45145 2702

siramos@deloitte.lu

Sergio Venti

Director | MiFID 2 Task Force Leader

Tel: +352 45145 2626

sventi@deloitte.lu

Deloitte Luxembourg

560, rue de Neudorf

L-2220 Luxembourg

Tel: +352 451 451

Fax: +352 451 452 401

www.deloitte.lu

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