



New Market Abuse Regulation

On 3 July 2016, the new Market Abuse rules, including Regulation 596/2014 on market abuse (“MAR”) and Directive 2014/57/EU on criminal sanctions for market abuse, entered into force. MAR is a regulation and is, as such, directly applicable in every EU Member State.













This new set of rules is repealing Directive 2003/6/EC with respect to the Market Abuse related obligations when issuing securities on European Regulated Market which had been translated in Luxembourg by the law of 9 May 2006.

I. General Questions and Answers

1. How do the new set of rules impact Issuers of securities listed on LuxSE markets?

Market Abuse rules have been in force since 2006 for Issuers of securities listed on "Bourse de Luxembourg" Regulated Market. With MAR, the rules are extended to Issuers of securities listed on the Euro MTF.

Overall, there are three primary obligations for Issuers of securities listed on LuxSE markets:

	Law dated 9 May 2006 (Law) and LuxSE Rules and Regulation (LuxSE R&R)		MAR (Reg) as from 3 July 2016	
	Regulated Market	Euro MTF	Regulated Market	Euro MTF
Disclosure of inside information	 Law Art 14	 LuxSE R&R Art 1001 & 1004	 Reg Art 17	 Reg Art 17
Insider list	 Law Art 16		 Reg Art 18	 Reg Art 18
Managers' transactions	 Law Art 17		 Reg Art 19	 Reg Art 19

2. What are the specific impacts of MAR for Issuers of securities listed on the Euro MTF?

There is no impact on Issuers of securities listed on the Euro MTF, as long as they also have securities listed on the "Bourse de Luxembourg" Regulated Market.

In general, LuxSE believes MAR requirements to be more directed toward equity instruments, which are more actively traded and expects, therefore, only minor impacts on Issuers of debt securities listed only on the Euro MTF.

II. Requirements to Disclose Inside Information

1. What are the requirements for Issuers listing on LuxSE markets with respect to ad hoc disclosure?

Under MAR, Issuers of listed securities on LuxSE markets have, inter alia, an obligation to ensure the disclosure of inside information.

In the event that disclosure of inside information could have a negative impact on the Issuer and could 'prejudice the legitimate interests of the Issuer', it is permitted under conditions to delay the public disclosure (1). Such a delay is subject to a written notification to the national regulator (CSSF).

2. How should inside information be 'publicly disclosed'?

Inside information shall be made public in a manner which enables fast access and complete, correct, timely assessment of the information by the public and, where applicable, in the officially appointed mechanism (OAM) (2).

In addition, the information must be made available on the Issuer's website for a period of 5 years (2). For Issuers listing on "Bourse de Luxembourg" Regulated Market, LuxSE provides the storage of this data through its OAM service and can assist with its FNS services for dissemination.

For Issuers listing on the Euro MTF, LuxSE FNS services may also be used.

3. Specific impacts and recommendations for Issuers with securities listed on the Euro MTF

a) Prior to the introduction of MAR, listing requirements for the Euro MTF already included rules for Issuers to disclose inside information as soon as it became available (previous Articles 1001 and 1004 of LuxSE Rules & Regulations). These rules have now been removed from Euro MTF listing requirements, as this is now a legal obligation imposed by MAR. There is therefore no real impact for Issuers listing on the Euro MTF regarding disclosure of inside information as they have always been required to do so.

b) LuxSE recommends that inside information be publicly disseminated in the context of good corporate governance practices.

(1) MAR §49 p.10 and MAR Article 17 (4)

(2) MAR Article 17 (1)

III. Maintenance and Disclosure of Insider List

1. What are the obligations for Issuers listing on LuxSE markets with respect to Insider lists?

In the same way that it is required for securities listed on “Bourse de Luxembourg” Regulated Market, Issuers listing securities on the Euro MTF must now provide, upon request of the CSSF, a current list of all persons who have access to inside information (Insider Lists⁽³⁾). The original list, and any subsequent updates, must be retained by the Issuer for at least 5 years⁽⁴⁾.

When such list is requested, the Issuer must ensure it is up to date and must use the template and communication protocols required by CSSF, as described on their website (<http://www.cssf.lu/en/supervision/securities-markets/market-abuse/insider-lists/>).

2. Specific impacts and recommendations for Issuers with securities listed on the Euro MTF

a) For Issuers listing on the Euro MTF, but also on “Bourse de Luxembourg” Regulated Market, LuxSE believes there is no impact. It is indeed expected that the insider list shall be the same whatever market is elected by the Issuer for listing its financial instruments.

b) This requirement is more relevant to equity instruments, which are more actively traded and thus, requests for insider lists related to debt securities listed on the Euro MTF are unlikely to be numerous.

c) Finally, LuxSE estimates that the financial impact is limited to the cost of administering the Insider list.

⁽³⁾ MAR Article 18 (1)

⁽⁴⁾ MAR Article 18 (5)

IV. Reporting and public disclosure of managers' transactions

1. What is the obligation related to 'managers transactions' about for Issuers listing on LuxSE markets?

Issuers listing securities on "Bourse de Luxembourg" Regulated Market and Euro MTF must now ensure that persons discharging managerial responsibilities (PDMR) and persons closely associated with them notify the Issuer and the national regulator (CSSF) of every transaction executed on their own account relating to the Issuer's financial instruments. The Issuer must then publicly disclose these transactions (5).

Notification to CSSF is to be made using the template and communication protocols required as described on their website (<http://www.cssf.lu/en/supervision/securities-markets/market-abuse/forms/>)

2. When and how must the managers' transactions be publicly disclosed?

Managers' transactions must be publicly disclosed no later than 3 business days (6) after the transaction execution.

Issuers shall use a reliable media to disseminate managers' transactions to the public and, where applicable, shall use the officially appointed mechanism (OAM) (7).

For Issuers listing on "Bourse de Luxembourg" Regulated Market, LuxSE provides the storage of this data through its OAM service and can assist with its FNS services for dissemination.

For Issuers listing on the Euro MTF, LuxSE FNS services may also be used.

3. Specific impacts and recommendations for Issuers with securities listed on the EuroMTF

a) LuxSE expects that the requirement to disclose managers' transactions will only have a very small impact on Issuers with debt securities listed on the Euro MTF. Managers tend to hold equity rather than bonds issued by their employer. In the event that managers do hold bonds from their own company, they tend to hold them until maturity. In our experience, PDMR bond transactions are extremely rare.

b) LuxSE estimates that the financial impact is limited to the cost of administering the list of PDMR and persons closely associated with them and informing in writing their PDMR of their obligations under MAR with respect to transactions on the Issuer's financial instruments if and when existing.

Above information will be updated on a regular basis

Link to CSSF communication on MAR: (http://www.cssf.lu/fileadmin/files/Publications/Communiqués/Communiqués_2016/PR1631_market_abuse_010716.pdf)

CSSF forms and templates: (<http://www.cssf.lu/supervision/securities-markets/market-abuse/forms>)

(5) MAR Article 19

(6) MAR Article 19 (3) §1

(7) MAR Art 19 (3) §2

V. Contacts

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