



## A. Background

- **Legal framework.** Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 along with Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments (jointly MiFID II/MiFIR), entering into force on January 2018, represent a considerable new regulatory framework, impacting LuxSE and its current R&R.
- **Amendments needed.** LuxSE ran a dedicated full review exercise of its R&R, which have been amended to conform to MiFID II/MiFIR, as well as to all relevant Level 2 and 3 implementing regulations and guidelines. LuxSE Trading Manual (TM) was updated accordingly.

**Amendments released.** LuxSE is pleased to announce the availability of the amendments to its R&R, along with the TM, which are now available on our website [here](#).

- **MiFID II/MiFIR related amendments vis-à-vis other amendments.** Amendments relate mostly and more importantly to MiFID II/MiFIR and relevant Level 2 and 3 implementing regime. You will find, however, non-specific MiFID II/MiFIR related amendments in this new version of the R&R. LuxSE takes this opportunity to introduce minor adjustments to better align and frame the R&R to its current practice, markets' needs and expectations.

## B. Q&A Overview

This Q&A spans into 4 main sections, as follows:

- I. Effective implementation date
- II. MiFID II/MiFIR related amendments
- III. Non - MiFID II/MiFIR related amendments
- IV. Main changes on structure

Below, please find relevant Q&A in what regards each of the aforementioned section.

## I. Effective implementation date

Q1 3 January 2018?

For operational purposes, R&R/TM will be implemented on 2 January 2018. MiFID II/MiFIR will officially enter into effect on 3rd January 2018. However, 3rd January 2018 is a Wednesday; not the first trading day of the New Year but the second (midweek). To avoid switching operational systems overnight midweek, LuxSE will go live on 2nd January 2018.

## II. What are MiFID II/MiFIR related main amendments?

Q2 Do I need a LEI?

**Yes.**

Due to MiFID II/MiFIR and also Market Abuse Regulation, LuxSE is obliged to collect an LEI code from any issuer operating on its regulated market (Bourse de Luxembourg) and on its Multilateral Trading Facility (Euro MTF) and communicate it to the relevant supervisory authorities. Issuers/ Members shall take all necessary measures to ensure their LEI is valid and updated and shall transmit it to the LuxSE as long as their financial instruments are admitted to trading on any Securities Markets of the LuxSE.

– See Rules 402, 910, 2401.

Detailed information on LEI and how LuxSE can help you to obtain it [here](#).

Q3 Is there any particular limit for securitised commodity derivatives?

**Yes.**

In line with ESMA Q&A on commodity derivatives available here, for securitised derivatives products indexed to (i) a commodity underlying, (ii) a commodity index underlying, or (iii) any underlying with a commodity component, LuxSE will limit the admission to listing and/or trading (and subsequent potential increase) to a maximum total quantity of 2.5 million securities per ISIN code.

– See new Rule 310.

Q4 Is the marketing of UCIs a precondition for the admission to trading on the Euro MTF?

**No.**

In line with MiFID II/MiFIR and in particular [RTS 17](#) Article 4, the previous Rules 504 and 505 were removed from the R&R under the Regulated Market regime. However, under MTF, a provision was included clarifying that the marketing of UCIs is not a precondition for the admission to trading on the Euro MTF.

– See new Rule 602A.

Q5 Is there any change on the suspension, withdrawal and delisting regime?

**The regime was amended mainly in line with [RTS 18](#) (suspension and removal of financial instruments from trading).**

R&R were amended in line with the Commission Delegated Regulation (EU) 2017/569 of 24 May 2016 supplementing MiFID II with regards to regulatory technical standards for the suspension and removal of financial instruments from trading ([RTS 18](#)).

– see Rules 805 and 806.1.

An additional amendment was introduced to clarify that as technical suspensions due to pending delistings are mainly due to prevent settlement issues and do not pose any risk or disorder to the market, they will not fall under the reporting obligations set forth in [RTS 18](#). They will however be subject to a specific reporting procedure with the National Competent Authority.

– See new Rule 806.2.

Q6 Is there any change on Members continuing obligations?

**The regime is amended mainly in line with MiFID II/MiFIR new obligations, including data reporting under [RTS 24](#) (maintain data relating to orders).**

Besides their current continuing obligations and in line with the upcoming regime, Members will be requested, on a continuous basis, to:

- (i) Provide the LuxSE with all data required pursuant to the applicable National Regulations and the European Union Law, including, without limitation, requirements imposed by the Commission Delegated Regulation (EU) 2017/580 of 24 June 2016 supplementing MiFIR with regard to regulatory technical standards for the maintenance of relevant data relating to orders in financial instruments ([RTS 24](#)) and comply with all associated technical requirements, such as data and technical requirements being specified by Notice;
- (ii) Certify that the algorithms deployed and used as Algorithmic Trading on Luxembourg Trading Platform have been tested to avoid contributing to or creating disorderly market conditions.

– See full obligations under Rule 2401.

Q7 Is there any update on clearing arrangements?

**R&R are being amended mainly in line with new MiFID II/MiFIR and current practice.**

The updated version includes amendments to reflect MiFID II/MiFIR, as well as our current practice with Euronext/LCH clearing arrangements. The amendments however do not subject you to any new obligations; they were just included for the sake of clarity and certainty.

– See Rule 2.4A.

Q8 Is there any change to electronic access facilities for clients?

**Amendments to the R&R reflect MiFID II/MiFIR and relevant RTS.**

Any access granted by a Member to his Clients by way of an Automated Order Routing System or via Direct Electronic Access (including Sponsored Access) must be adequately communicated to the LuxSE and properly controlled (in accordance with the provisions of Rule 5106). In respect of access to the Securities Market of the LuxSE, the Member must have in place effective systems and controls which ensure – among others – that:

- (i) Its Clients cannot exceed pre-set trading and credit thresholds set by the Sponsoring Member;
- (ii) Trading by those Clients is properly monitored.

– See full regime under Rule 3201/1.

Q9 Is there any change to sponsored access regime?

**Amendments to the R&R reflect MiFID II/MiFIR and relevant RTS.**

Prior to providing Sponsored Access to a Client, the Member shall carry out due diligence on such Client pursuant to the requirements of Article 22 of the Commission Delegated Regulation (EU) 2017/589 of 19 July 2016 supplementing MiFID with regard to regulatory technical standards specifying the organisational requirements of investment firms engaged in algorithmic trading in order to ascertain that such Client possesses, among other requirements:

- (i) Appropriate resources in terms of systems and controls;
- (ii) Sufficient knowledge of the R&R and trading system.

– See full regime under Rule 3.3.

Q10 Is there any change to Market Making rules?

**Yes. Amendments to the R&R reflect MiFID II/MiFIR and relevant RTS, as well as best practice on market liquidity providers.**

R&R were updated to reflect upcoming mandatory regime on Market Makers, in particular in line with the Commission Delegated Regulation (EU) 2017/578 of 13 June 2016 supplementing MiFID II with regard to regulatory technical standards specifying the requirements on market making agreements and schemes ([RTS 8](#)). Along with this regime, a Liquidity Providers regime has been implemented. Purpose: increase liquidity and provide flexibility. The regime is also in line with Euronext amendments, preventing any unintended fragmentation approach to cross members.

– See Rule 4107.

Q11 Is there any change on identification of orders/order parameters?

**Yes. Amendments to the R&R reflect MiFID II/MiFIR and relevant RTS.**

General terms and conditions for the identification of orders were updated to reflect upcoming mandatory regime, including on the general and minimum requirements to identify orders.

– See Rule 4202.

Along with these changes, R&R were also updated to reflect upcoming mandatory regime on order parameters, including ‘transparency parameters’.

– See Rule 4204.

Q12 Is there any change to the uncrossing/auction regime, as well as in regards to threshold/collar?

**No material changes.**

No material changes were incorporated; the changes proposed are terminology-based only and mainly to operationally align with Euronext proposed amendments (i.e. ‘uncrossing’/‘collar’ Euronext terminology under its Trading Manual). On uncrossing/auction regime, however, to avoid any potential misunderstanding, our R&R explicitly clarify that ‘auction’ means ‘uncrossing’ for the purpose of our R&R and Trading Manual.

– See Rule 4301.

Q13 Is there any change to transactions cancellations?

**Yes. Amendments to the R&R reflect MiFID II/MiFIR and relevant RTS.**

As a rule, LuxSE does not cancel transactions, except in exceptional circumstances, as described below. LuxSE may cancel transactions on its own authority if they have been made:

- (i) In violation of the R&R, particularly those rules relating to the principles of fair, orderly and efficient market operation;
- (ii) Under improper trading conditions; or
- (iii) Further to a manifest material error.

The power to cancel transactions on LuxSE’s authority shall encompass order-book transactions. In addition, and upon request of one of the counterparts, LuxSE may cancel transactions, on a case-by-case basis, bearing in mind the explanation provided by the Member concerned. Requests for transaction cancellation have to be filled in within 15 minutes from the transaction. LuxSE shall inform the market as promptly as possible.

– See Rule 4403/3.

### III. What are non-MiFID II/MiFIR related main amendments?

Q14 Is there any significant change to the admission process?

**No. However, you will find a clarification on the decision period by LuxSE.**

An amendment is being incorporated aiming to clarify that the decision on the application for admission will take place as promptly as possible, within a maximum period of 10 business days on condition that the LuxSE has received all the documents and information that the applicant has to provide.

– See Rule 301.

However, as explained at our [FAQ related to the Euro MTF](#), a first set of comments on a complete draft prospectus will be provided within a maximum period of 3 business days after the date of receipt of the duly filed application. Additional comments following submission of an updated draft prospectus will be provided within maximum 2 business days after submission. Generally, LuxSE is able to revert in less than 24 hours after updated draft prospectus submission.

Q15 Is there any change on the official list chapter?

**Yes.**

An application for admission to the official list without an application for admission to trading on one of the Securities Markets of the LuxSE is now possible subject to the conditions set out in the LuxSE Securities Official List Rulebook, which will be available in due course.

– See Rule 701.2.

Further but not material changes were also included to align our R&R with the amended Grand-Ducal Regulation on the official list.

– See Chapter 7.

Q16 Is there any change to the previous 'admission without the consent of the issuer' regime?

**Yes. You will find an amendment to this regime.**

As set forth under our R&R, the LuxSE may decide to admit securities to trading from an issuer without its consent on condition that the securities have already been admitted to trading on another EU regulated market not operated by the LuxSE and meet the relevant conditions stated by the law relating to prospectuses for transferable securities. We take this opportunity to clarify that, in this latter case (i.e. admission without the consent of the issuer), the issuer has no obligation to provide the LuxSE with any documentation or information. However, the person who has sought the admission to trading of securities of an issuer without its consent, may, instead of the issuer, provide the LuxSE any documentation or information in order to facilitate the fair, orderly and efficient functioning of the market.

– See Rule 503 (which was renumbered; previous Rule 506).

Q17 Is there any change to the disclosure of early redemption or repayment of listed securities?

**Yes. You will find an amendment to this regime.**

The LuxSE wishes to specify in which case the disclosure of redemption or repayment is required. Under the envisioned amendment, this publication is not mandatory under the Euro MTF. It is for the issuer to decide the publication of this information based, for instance and mainly, on 'price sensitive' criteria under the Market Abuse Regulation (MAR), where issuers are strongly encouraged to disclose the relevant redemption or repayment information.

Q18 Is there any new supranational entity for the purpose of the exemption from the obligation to publish a prospectus for the admission to trading on a market regulated by the LuxSE?

**Yes. A new supranational entity was included.**

Under the Luxembourgish Prospectus Law, an exemption from the obligation to publish a prospectus is granted – among other circumstances – where the transferable securities for which admission to trading is applied for debt securities issued by the supranational institutions and organisations specified on the list set out in Appendix VII. The Asian Infrastructure Investment Bank (AIIB) is the new entity on the list.

Q19 Is there any material change under this revision due to Market Abuse Regulation (MAR)?

**No.**

LuxSE took the opportunity to align its R&R to the terminology used under MAR; no material changes however were included.

– See updated definitions under Part 0 and Rule 5104.

Q20 Is there any change on the definitions sections?

**Yes.**

LuxSE took the opportunity to update and amend, where relevant, the definitions sections to align with the upcoming MiFID II/MiFIR regime, as well as the rest of the R&R. A new and common section on definitions has been inserted.

– See new Part 0 and Q&A below on the main changes to the structure of the R&R.

#### IV. Main changes on structure

Q21 Are there any main changes to the structure?

**No. There is no new structure. However, you will find some amendments.**

No detrimental changes to the structure of the R&R were inserted, except for:

1. **New Part 0** (Common Definitions), which is dedicated to 'Definitions' aiming to provide upfront an overview of main defined terms used and avoid any potential repetition or inconsistency.
2. **Part 3** (Market Rules), which will not be segregated, as it was in the past. The decision allows a full picture of all rules applicable. Definitions currently under Part 3 were not deleted; you will find them under new Part 0 (Common Definitions).
3. **Extracts** from current legislation were avoided, where possible. Only the references to legal texts (and in some cases to the relevant articles) were maintained. This applies in particular to EU Directives/Regulations and relevant implementing acts, which are widely known and easily accessible.

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Should you have any question or need any additional information, please do not hesitate to contact us at [mifid@bourse.lu](mailto:mifid@bourse.lu) or your usual contact.