

## Markets in financial instruments; market abuse; securities settlement in the EU and central securities depositories: certain dates

2016/0034(COD) - 07/06/2016 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 504 votes to 157, with 9 abstentions, a legislative resolution on the proposal for a regulation of the European Parliament and of the Council amending Regulation (EU) No 600/2014 on markets in financial instruments, Regulation (EU) No 596/2014 on market abuse and Regulation (EU) No 909/2014 on improving securities settlement in the European Union and on central securities depositories as regards certain dates.

Parliament's position, adopted at first reading following the ordinary legislative procedure, amended the Commission proposal as follows:

Securities-financing operations: it is considered that securities financing transactions, as defined in [Regulation \(EU\) 2015/2365](#) of the European Parliament and of the Council, do not contribute to the price discovery process and that it would be appropriate that Title II (Transparency for trading venues) and Title III (Transparency for systematic internalisers and investment firms trading over-the-counter) of [Regulation \(EU\) No 600/2014](#) not apply to those transactions.

Pre-trade transparency requirements for trading venues: Parliament introduced a new amendment stipulating that market operators and investment firms operating a trading venue shall make public current bid and offer prices and the depth of trading interests at those prices which are advertised through their systems for bonds, and structured finance products, emission allowances, derivatives traded on a trading venue and package orders.

Package transactions: with the amendments, Members stipulated that it is therefore appropriate to specify for the purpose of Regulation (EU) No 600/2014 the specific circumstances in which pre-trade transparency requirements should not apply to orders relating to such package transactions, nor to any individual component of such orders.

In order to support these amendments, it is proposed to include a new recital stating that investment firms often execute, on their own account or on behalf of clients, transactions in derivatives and other financial instruments or assets that comprise a number of interlinked, contingent trades.

The text stated that such package transactions enable investment firms and their clients to better manage their risks, with the price of each component of the package transaction reflecting the overall risk profile of the package rather than the prevailing market price of each component. Package transactions can take various forms, such as exchange for physicals, trading strategies executed on trading venues, or bespoke package transactions, and it is important to take those specificities into account when calibrating the applicable transparency regime.

Role of the European Securities and Markets Authority: ESMA shall develop draft regulatory technical standards to establish a methodology for determining those package orders for which there is a liquid market. ESMA shall submit those draft regulatory technical standards to the Commission by 28 February 2017. Power is delegated to the Commission to adopt the regulatory technical standards.