



THE  
EUROPEAN  
ASSOCIATION  
OF  
CORPORATE  
TREASURERS



# **EACT Webinar:**

## **MiFID 2 impact on non-financial corporates**

**1 December 2017**



THE  
EUROPEAN  
ASSOCIATION  
OF  
CORPORATE  
TREASURERS

**Speakers:**

**Anni Mykkänen** - Policy Advisor, **EACT**

**Chris Bates** - Partner, **Clifford Chance**

**Caroline Dawson** - Senior Associate, **Clifford Chance**

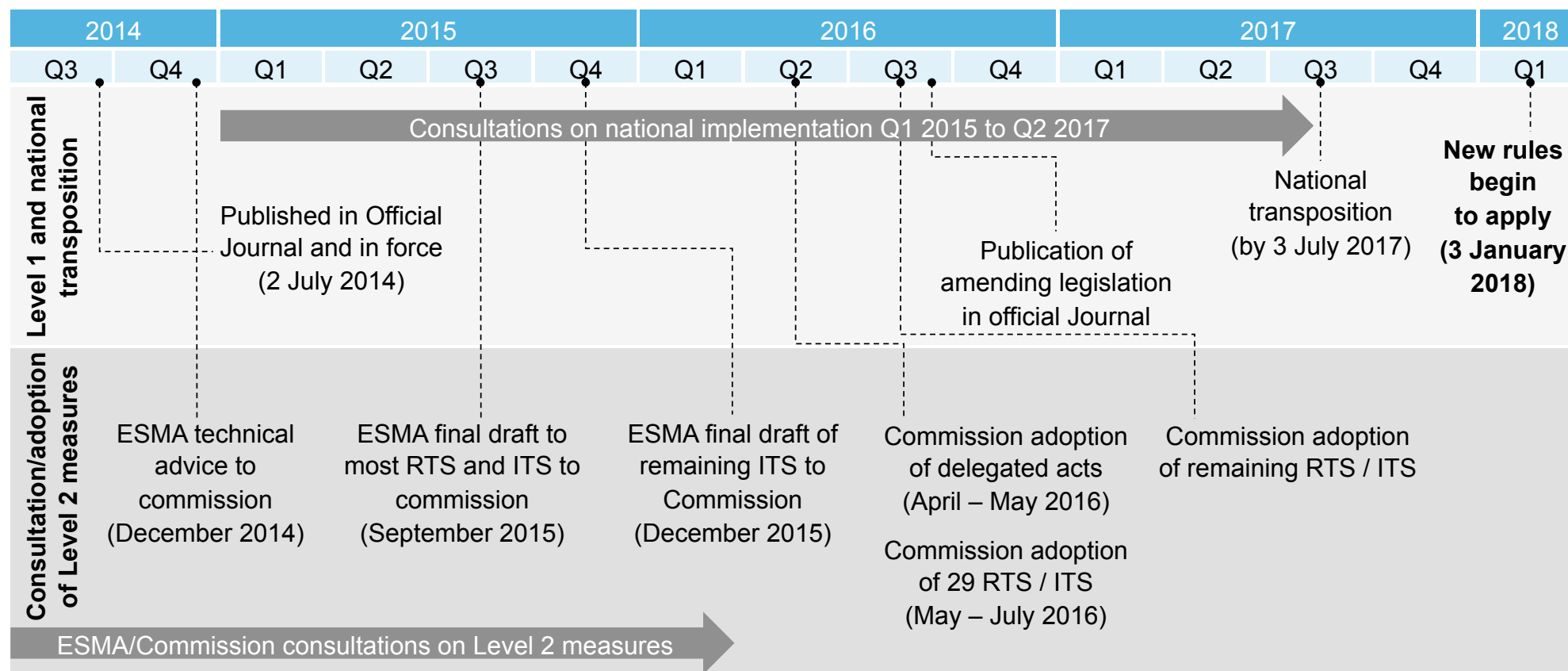
**C L I F F O R D**  
**C H A N C E**



**EACT - MIFID II FOR CORPORATES**

NOVEMBER 2017

# MIFID II AND MIFIR - TIMING



- Market Abuse Regulation starts to apply from 2 July 2016
- Mandatory trading obligation RTS start to apply from 3 Jan 2018
- Equivalence assessments required for third countries
- The Commission/ESMA are also developing FAQs and guidelines

# DIRECT IMPACTS OF MIFID2

## ▪ Authorisation requirement?

### ▪ Reduced exemptions:

- Art 2(1)(d): Dealing on own account in financial instruments other than commodity derivatives or emission allowances;
- Art 2(1)(j): Dealing on own account in commodity derivatives or emission allowances.

### ▪ Expanded scope:

- FX transactions: spot and means of payment exception
- Commodity derivatives: changes to definition, emission allowances, inflation swaps

## ▪ Consequential impact for EMIR compliance

## ▪ Impact on trading activity:

### ▪ Commodity derivative position limits and position reporting

- Group aggregation
- treatment of inflation swaps

### ▪ Mandatory trading obligation for OTC derivatives?

- Relevant to NFC+s

# INDIRECT IMPACTS OF MIFID2 (1)

## ▪ New documentation from brokers

### ▪ Revised terms of business:

- Client money and assets (including use of title transfer collateral);
- Disclosures on costs and charges;
- Inducements and conflicts of interest;
- Changes to deal with revised reporting obligations;
- Updated wording to deal with the changes to data protection regulation

### ▪ New express consents:

- Provision of information via a website;
- Execution of orders outside of an EU trading venue;
- Securities financing transactions;
- Publication of client limit orders

## ▪ Information requests

### ▪ Broker requests for information

- Legal Entity Identifier;
- Whether or not the client is a MiFID2 investment firm;
- Consent to order execution policy;
- Other information the broker will need to make transaction reports (e.g., short sale flag, information on external decision maker identity)

### ▪ Trading venue requests for information

- Legal Entity Identifier;
- Other information the trading venue will need to make transaction reports (e.g., information on decision maker identity)

## INDIRECT IMPACTS OF MIFID2 (2)

- **New transparency requirements**
  - **Dealing with an EU investment firm**
    - Pre- and post-trade transparency for all trades in financial instruments (subject to waivers / deferrals; exemption for repo);
    - EU trading venues also have similar obligations;
    - Transaction reporting obligation – EU investment firms to report all trades in financial instruments traded on a trading venue to their competent authority (not public);
    - Obligation to publish information on execution quality
  - **New published information**
    - Ability to make use of new published data (pre- and post-trade transparency information, RTS 27/28 data, position reports)
- **Indirect impacts on trading activity**
  - **New trading venues**
  - **Mandatory trading obligation for shares**
- **Indirect impacts on issuers**
  - **Impact of new transparency regime on market for corporates' own shares and debt**
  - **Mandatory trading obligation for shares**
  - **Impact on research and corporate access**
  - **Impact on interactions with lead managers**

# CONTEXT

## Other current developments

- Benchmarks Regulation
- Money Markets Funds
- SFTR reporting
- EMIR refit and 2.0
- IFRS 9
- UK ring fencing
- Capital Markets Union (bond market proposals)
- Brexit



# Q&A

# CONTACTS



**CHRISTOPHER BATES**  
Partner

**T** +44 20 7006 1041  
**M** +44 7785 700236  
**E** chris.bates  
@cliffordchance.com



**CAROLINE DAWSON**  
Senior Associate

**T** +44 20 7006 4355  
**M** +44 7949 443527  
**E** caroline.dawson  
@cliffordchance.com

**C L I F F O R D**  
**C H A N C E**

Clifford Chance, 10 Upper Bank Street, London, E14 5JJ

© Clifford Chance 2017

Clifford Chance LLP is a limited liability partnership registered in England and Wales under number OC323571

Registered office: 10 Upper Bank Street, London, E14 5JJ

We use the word 'partner' to refer to a member of Clifford Chance LLP, or an employee or consultant with equivalent standing and qualifications

**[WWW.CLIFFORDCHANCE.COM](http://WWW.CLIFFORDCHANCE.COM)**



THE  
EUROPEAN  
ASSOCIATION  
OF  
CORPORATE  
TREASURERS

**Thank you for listening**

**[www.eact.eu](http://www.eact.eu)**