

## European Commission Adopts MiFID II Delegated Regulations

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On May 24, the European Commission (EC) adopted two delegated acts to supplement the amended and restated Markets in Financial Instruments Directive (MiFID II). The delegated acts both take the form of a regulation (together, Delegated Regulations) and cover: (1) the admission of financial instruments to trading on regulated markets (Admission Delegated Regulation), and (2) the suspension and removal of financial instruments from trading on regulated markets (Suspension Delegated Regulation).

Under MiFID II, regulated markets are required to have clear and transparent admission rules, to ensure instruments are traded in a “fair, orderly and efficient manner.” MiFID II further requires that those rules also ensure transferable securities are freely negotiable. The recently adopted Admission Delegated Regulation sets out specific criteria to determine if transferable securities are freely negotiable and also, criteria to assess whether transferable securities, units and shares in collective investment undertakings, and derivatives, are being traded in a fair, orderly and efficient manner. For example, in relation to derivatives, fair, orderly and efficient criteria include that the terms of the contract establishing the financial instrument are “clear and unambiguous” and “sufficient information of a kind needed to value the derivative is publically available,” among others.

MiFID II also contains requirements for operators of regulated markets to suspend or remove financial instruments, and any related or referenced derivatives, that no longer comply with the rules of the regulated market. The Suspension Delegated Regulation supplements this requirement, and further specifies that only derivatives that relate or reference to one financial instrument shall be caught. The Suspension Delegated Regulation does not apply to derivatives which have multiple price inputs, such as indexes or baskets of financial instruments.

As mentioned in previous updates, the European Council and European Parliament will consider the Delegated Regulations, and once formally approved, the Delegated Regulations will go into effect 20 days following its publication in the *Official Journal of the European Union*.

For more information, see [European Commission Adopts MiFIR Delegated Act](#), [European Commission Adopts Second MiFID II Delegated Act](#) and [European Commission Adopts Delegated Act in Relation to MiFID II](#)

The Admission Delegated Regulation is available [here](#) and the Suspension Delegated Regulation, [here](#).

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