

ARTICLE		
CONTENT	SUBTITLE	TITLE
<div class="crrArticle"> <p>For the purposes of this Regulation, the following definitions shall apply:</p> <ol class="crrCharList" style="list-style-type: none"> <li>suspicious transaction and order report (STOR) means the report on suspicious orders and transactions, including any cancellation or modification thereof, that could constitute insider dealing, market manipulation or attempted insider dealing or market manipulation to be made pursuant to Article 16(1) and (2) of Regulation (EU) No 596/2014.</li> <li>electronic means are means of electronic equipment for the processing (including digital compression), storage and transmission of data, employing wires, radio, optical technologies, or any other electromagnetic means;</li> <li>group means a group as defined in Article 2(11) of Directive 2013/34/EU of the European Parliament and of the Council Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, amending Directive 2006/43/EC of the European Parliament and of the Council and repealing Council Directives 78/660/EEC and 83/349/EEC (OJ L 182, 29.6.2013, p. 19).</li> <li>order means each and every order, including each and every quote, irrespective of whether its purpose is initial submission, modification, update or cancellation of an order and irrespective of its type.</li> </ol> </div>	Definitions	Article 1
<ol class="crrNumList" style="list-style-type: none"> <li> <p>Persons professionally arranging or executing transactions shall establish and maintain arrangements, systems and procedures that ensure:</p> <ol class="crrCharList" style="list-style-type: none"> <li>effective and ongoing monitoring, for the purposes of detecting and identifying orders and transactions that could constitute insider dealing, market manipulation or attempted insider dealing or market manipulation, of all orders received and transmitted and all transactions executed;</li> <li>the transmission of STORs to competent authorities in accordance with the requirements set out in this Regulation and using the template set out in the Annex.</li> </ol> </li> <li> <p>The obligations referred to in paragraph 1 shall apply to orders and transactions relating to any financial instrument and shall apply irrespective of:</p> <ol class="crrCharList" style="list-style-type: none"> <li>the capacity in which the order is placed or the transaction is executed;</li> <li>the types of clients concerned;</li> <li>whether the orders were placed or transactions executed on or outside a trading venue.</li> </ol> </li> <li> <p>Market operators and investment firms operating a trading venue shall establish and maintain arrangements, systems and procedures that ensure:</p> <ol class="crrCharList" style="list-style-type: none"> <li>effective and ongoing monitoring, for the purposes of preventing, detecting and identifying insider dealing, market manipulation and attempted insider dealing and market manipulation, of all orders received and all transactions executed;</li> <li>the transmission of STORs to competent authorities in accordance with the requirements set out in this Regulation and using the template set out in the Annex.</li> </ol> </li> <li> <p>The obligations referred to in paragraph 3 shall apply to orders and transactions relating to any financial instrument and shall apply irrespective of:</p> <ol class="crrCharList" style="list-style-type: none"> <li>the capacity in which the order is placed or the transaction is executed;</li> <li>the types of clients concerned.</li> </ol> </li> <li> <p>Persons professionally arranging or executing transactions, market operators and investment firms operating a trading venue shall ensure that the arrangements, systems and procedures referred to in paragraphs 1 and 3:</p> <ol class="crrCharList" style="list-style-type: none"> <li>are</li> </ol> </li> </ol>	General requirements	Article 2

appropriate and proportionate in relation to the scale, size and nature of their business activity;

- are regularly assessed, at least through an annually conducted audit and internal review, and updated when necessary;
- are clearly documented in writing, including any changes or updates to them, for the purposes of complying with this Regulation, and that the documented information is maintained for a period of five years.

The persons referred to in the first subparagraph shall, upon request, provide the competent authority with the information referred to in point (b) and (c) of that subparagraph.

The arrangements, systems and procedures referred to in Article 2(1) and (3) shall:

- allow for the analysis, individually and comparatively, of each and every transaction executed and order placed, modified, cancelled or rejected in the systems of the trading venue and, in the case of persons professionally arranging or executing transactions, also outside a trading venue;
- produce alerts indicating activities requiring further analysis for the purposes of detecting potential insider dealing or market manipulation or attempted insider dealing or market manipulation;
- cover the full range of trading activities undertaken by the persons concerned.

Persons professionally executing or arranging transactions and market operators and investment firms operating trading venues shall, upon request, provide the competent authority with the information to demonstrate the appropriateness and proportionality of their systems in relation to the scale, size and nature of their business activity, including the information on the level of automation put in place in such systems.

Market operators and investment firms operating trading venues shall, to a degree which is appropriate and proportionate in relation to the scale, size and nature of their business activity, employ software systems and have in place procedures which assist the prevention and detection of insider dealing, market manipulation or attempted insider dealing or market manipulation.

The systems and procedures referred to in the first subparagraph shall include software capable of deferred automated reading, replaying and analysis of order book data, and such software shall have sufficient capacity to operate in an algorithmic trading environment.

Persons professionally arranging or executing transactions and market operators and investment firms operating a trading venue shall put in place and maintain arrangements and procedures that ensure an appropriate level of human analysis in the monitoring, detection and identification of transactions and orders that could constitute insider dealing, market manipulation or attempted insider dealing or market manipulation.

Market operators and investment firms operating a trading venue shall put in place and maintain arrangements and procedures that ensure an appropriate level of human analysis also in the prevention of insider dealing, market manipulation or attempted insider dealing or market manipulation.

A person professionally arranging or executing transactions shall have the right, by a written agreement, to delegate to a legal person forming part of the same group the performance of the functions of monitoring, detection and identification of orders and transactions that could constitute insider dealing, market manipulation or attempted insider dealing or market manipulation. The person delegating those functions shall remain fully responsible for discharging all of its obligations under this Regulation and Article 16 of Regulation (EU) No 596/2014 and shall ensure the arrangement is clearly documented and the tasks and responsibilities are assigned and agreed, including the duration of the delegation.

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Prevention,  
monitoring  
and  
detection

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**DOCUMENT SECTION**

person professionally arranging or executing transactions may, by written agreement, delegate the performance of data analysis, including order and transaction data, and the generation of alerts necessary for such person to conduct monitoring, detection and identification of orders and transactions that could constitute insider dealing, market manipulation or attempted insider dealing or market manipulation to a third party (provider). The person delegating those functions shall remain fully responsible for discharging all of its obligations under this Regulation and Article 16 of Regulation (EU) No 596/2014 and shall comply at all times with the following conditions:

- it shall retain the expertise and resources necessary for evaluating the quality of the services provided and the organisational adequacy of the providers, for supervising the delegated services and for the management of the risks associated with the delegation of those functions on an ongoing basis;
- it shall have direct access to all the relevant information regarding the data analysis and the generation of alerts.

The written agreement shall contain the description of the rights and obligations of the person delegating the functions referred to in the first subparagraph and those of the provider. It shall also set out the grounds that allow the person delegating the functions to terminate such agreement.

As part of the arrangements and procedures referred to in Article 2(1) and (3), persons professionally arranging or executing transactions and market operators and investment firms operating a trading venue shall maintain for a period of five years the information documenting the analysis carried out with regard to orders and transactions that could constitute insider dealing, market manipulation or attempted insider dealing or market manipulation which have been examined and the reasons for submitting or not submitting a STOR. That information shall be provided to the competent authority upon request.

The persons referred to in the first subparagraph shall ensure that the arrangements and procedures referred to in Article 2(1) and (3) guarantee and maintain the confidentiality of the information referred to in the first subparagraph.

- Persons professionally arranging or executing transactions and market operators and investment firms operating a trading venue shall organise and provide effective and comprehensive training to the staff involved in the monitoring, detection and identification of orders and transactions that could constitute insider dealing, market manipulation or attempted insider dealing or market manipulation, including the staff involved in the processing of orders and transactions. Such training shall take place on a regular basis and shall be appropriate and proportionate in relation to the scale, size and nature of the business.
- Market operators and investment firms operating a trading venue shall in addition provide the training referred to in paragraph 1 to staff involved in the prevention of insider dealing, market manipulation or attempted insider dealing or market manipulation.

Training

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- Persons professionally arranging or executing transactions and market operators and investment firms operating a trading venue shall establish and maintain effective arrangements, systems and procedures that enable them to assess, for the purpose of submitting a STOR, whether an order or transaction could constitute insider dealing, market manipulation or attempted insider dealing or market manipulation. Those arrangements, systems and procedures shall take due account of the elements constituting the actual or attempted insider dealing or market manipulation under Articles 8 and 12 of Regulation (EU) No 596/2014 and of the non-exhaustive indicators of market manipulation referred

<p>to in Annex I to that Regulation, as further specified in the Commission Delegated Regulation (EU) 2016/522 of 17 December 2015 supplementing Regulation (EU) No 596/2014 of the European Parliament and of the Council as regards an exemption for certain third countries public bodies and central banks, the indicators of market manipulation, the disclosure thresholds, the competent authority for notifications of delays, the permission for trading during closed periods and types of notifiable managers' transactions (OJ L 88, 5.4.2016, p. 1).</p> <p>All persons referred to in paragraph 1 and involved in the processing of the same order or transaction shall be responsible for assessing whether to submit a STOR.</p> <p>Persons referred to in paragraph 1 shall ensure that information submitted as part of a STOR is based on facts and analysis, taking into account all information available to them.</p> <p>Persons referred to in paragraph 1 shall have in place procedures to ensure that the person in respect of which the STOR was submitted and anyone who is not required to know about the submission of a STOR by virtue of their function or position within the reporting person, is not informed of the fact that a STOR has been or will or is intended to be submitted to the competent authority.</p> <p>The persons referred to in paragraph 1 shall complete the STOR without informing the person in respect of which the STOR was submitted, or anyone who is not required to know, that a STOR will be submitted, including through requests of information relating to the person in respect of which the STOR was submitted in order to complete certain fields.</p>	Reporting obligations	Article 5
<p>Persons professionally arranging or executing transactions and market operators and investment firms operating a trading venue shall ensure that they have in place effective arrangements, systems and procedures for the submission of a STOR without delay, in accordance with Article 16(1) and (2) of Regulation (EU) No 596/2014, once reasonable suspicion of actual or attempted insider dealing or market manipulation is formed.</p> <p>The arrangements, systems and procedures referred to in paragraph 1 shall entail the possibility to report STORs in relation to transactions and orders which occurred in the past, where suspicion has arisen in the light of subsequent events or information.</p> <p>In such cases, the person professionally arranging or executing transactions and the market operator and investment firm operating a trading venue shall explain in the STOR to the competent authority the delay between the suspected breach and the submission of the STOR according to the specific circumstances of the case.</p> <p>Persons professionally arranging or executing transactions and market operators and investment firms operating a trading venue shall submit to the competent authority any relevant additional information which they become aware of after the STOR has been originally submitted, and shall provide any information or document requested by the competent authority.</p>	Timing of STORs	Article 6
<p>Persons professionally arranging or executing transactions and market operators and investment firms operating a trading venue shall submit a STOR using the template set out in the Annex.</p> <p>The persons referred to in paragraph 1 submitting the STOR shall complete the information fields relevant to the reported orders or transactions in a clear and accurate manner. The STOR shall contain at the least the following information:</p> <p>identification of the person submitting the STOR and, in the case of persons professionally arranging or executing transactions, also the capacity in which the person submitting the STOR operates, in particular when dealing on own account or executing orders on behalf of third</p>		

<p>parties;</p> <ul style="list-style-type: none"> <li>description of the order or transaction, including:</li> <li>the type of order and the type of trading, in particular block trades, and where the activity occurred;</li> <li>price and volume;</li> <li>reasons for which the order or transaction is suspected to constitute insider dealing, market manipulation or an attempted insider dealing or market manipulation;</li> <li>means of identifying any person involved in the order or transaction that could constitute insider dealing, market manipulation or attempted insider dealing or market manipulation, including the person who placed or executed the order and the person on whose behalf the order has been placed or executed;</li> <li>any other information and supporting documents which may be deemed relevant for the competent authority for the purposes of detecting, investigating and enforcing insider dealing, market manipulation and attempted insider dealing and market manipulation.</li> </ul>	Content of STORs	Article 7
<ul style="list-style-type: none"> <li>Persons professionally arranging or executing transactions and market operators and investment firms operating a trading venue shall submit a STOR, including any supporting documents or attachments, to the competent authority referred to in Article 16(1) and (3) of Regulation (EU) No 596/2014 using the electronic means specified by that competent authority.</li> <li>Competent authorities shall publish on their website the electronic means referred to in paragraph 1. Those electronic means shall ensure that completeness, integrity and confidentiality of the information are maintained during the transmission.</li> </ul>	Means of transmission	Article 8
<div>This Regulation shall enter into force on the day following that of its publication in the Official Journal of the European Union. It shall apply from 3 July 2016.</div>	Entry into force	Article 9