

## ARTICLE

CONTENT	SUBTITLE	TITLE
<p>&lt;ol class="crrNumList"&gt; &lt;li&gt;This Regulation lays down the detailed rules for the implementation of Articles 4(1)(2), 4(1)(7), 13(6), 25, 27, 28, 29, 30, 40, 44, 45, 56 and 58 of Directive 2004/39/EC.&lt;/li&gt; &lt;li&gt;Articles 7 and 8 shall apply to management companies in accordance with Article 5(4) of Directive 85/611/EEC.&lt;/li&gt; &lt;/ol&gt;</p>	Subject-matter and scope	Article 1
<p>&lt;div class="crrArticle"&gt; &lt;p&gt;For the purposes of this Regulation, the following definitions shall apply:&lt;/p&gt; &lt;ol class="crrNumList"&gt; &lt;li&gt;commodity means any goods of a fungible nature that are capable of being delivered, including metals and their ores and alloys, agricultural products, and energy such as electricity;&lt;/li&gt; &lt;li&gt;issuer means an entity which issues transferable securities and, where appropriate, other financial instruments;&lt;/li&gt; &lt;li&gt;Community issuer means an issuer which has its registered office in the Community;&lt;/li&gt; &lt;li&gt;third country issuer means an issuer which is not a Community issuer;&lt;/li&gt; &lt;li&gt;normal trading hours for a trading venue or an investment firm means those hours which the trading venue or investment firm establishes in advance and makes public as its trading hours;&lt;/li&gt; &lt;li&gt;portfolio trade means a transaction in more than one security where those securities are grouped and traded as a single lot against a specific reference price;&lt;/li&gt; &lt;li&gt;relevant competent authority for a financial instrument means the competent authority of the most relevant market in terms of liquidity for that financial instrument;&lt;/li&gt; &lt;li&gt;trading venue means a regulated market, MTF or systematic internaliser acting in its capacity as such, and, where appropriate, a system outside the Community with similar functions to a regulated market or MTF;&lt;/li&gt; &lt;li&gt;turnover, in relation to a financial instrument, means the sum of the results of multiplying the number of units of that instrument exchanged between buyers and sellers in a defined period of time, pursuant to transactions taking place on a trading venue or otherwise, by the unit price applicable to each such transaction;&lt;/li&gt; &lt;li&gt;securities financing transaction means an instance of stock lending or stock borrowing or the lending or borrowing of other financial instruments, a repurchase or reverse repurchase transaction, or a buy-sell back or sell-buy back transaction.&lt;/li&gt; &lt;/ol&gt; &lt;/div&gt;</p>	Definitions	Article 2
<p>&lt;ol class="crrNumList"&gt; &lt;li&gt;A transaction related to an individual share in a portfolio trade shall be considered, for the purposes of Article 18(1)(b)(ii), as a transaction subject to conditions other than the current market price.It shall also be considered, for the purposes of Article 27(1)(b), as a transaction where the exchange of shares is determined by factors other than the current market valuation of the share.&lt;/li&gt; &lt;li&gt;A volume weighted average price transaction shall be considered, for the purposes of Article 18(1)(b)(ii), as a transaction subject to conditions other than the current market price and, for the purposes of Article 25, as an order subject to conditions other than the current market price.It shall also be considered, for the purposes of Article 27(1)(b), as a transaction where the exchange of shares is determined by factors other than the current market valuation of the share.&lt;/li&gt; &lt;/ol&gt;</p>	Transactions related to an individual share in a portfolio trade and volume weighted average price transactions	Article 3
<p>&lt;ol class="crrNumList"&gt; &lt;li&gt;A reference to a trading day in relation to a trading venue, or in relation to post-trade information to be made public under Article 30 or 45 of Directive 2004/39/EC in relation to a share, shall be a reference to any day during which the trading venue concerned is open for trading.A reference to the opening of the trading day shall be a reference to the commencement of the normal trading hours of the trading venue.A reference to noon on the trading day shall be a reference to noon in the time zone where the trading venue is established.A reference to the end of the trading day shall be a reference to the end of its normal trading hours.&lt;/li&gt; &lt;li&gt;A reference to a trading day in relation to the most relevant market in terms of liquidity for a share, or in relation to post-trade information to be made public under Article 28 of Directive 2004/39/EC in relation to a share, shall be a reference to any day of normal trading on trading venues in that market.A reference to the opening of the trading day shall be a reference to the earliest commencement of normal trading in that share on trading venues in that market.A reference to</p>	References to trading day	Article 4

	noon on the trading day shall be a reference to noon in the time zone of that market.A reference to the end of the trading day shall be a reference to the latest cessation of normal trading in that share on trading venues in that market.		
	<div class="crrArticle"> <p>For the purposes of this Regulation, a reference to a transaction is a reference only to the purchase and sale of a financial instrument. For the purposes of this Regulation, other than Chapter II, the purchase and sale of a financial instrument does not include any of the following:</p> <ol class="crrCharList" style="list-style-type: none"> <li>securities financing transactions;</li> <li>the exercise of options or of covered warrants;</li> <li>primary market transactions (such as issuance, allotment or subscription) in financial instruments falling within Article 4(1)(18)(a) and (b) of Directive 2004/39/EC.</li> </ol> </div>	References to transaction	Article 5
	<div class="crrArticle"> <p>For the purposes of this Regulation, the first admission to trading of a share on a regulated market referred to in Article 40 of Directive 2004/39/EC shall be considered to take place at a time when one of the following conditions applies:</p> <ol class="crrCharList" style="list-style-type: none"> <li>the share has not previously been admitted to trading on a regulated market;</li> <li>the share has previously been admitted to trading on a regulated market but the share is removed from trading on every regulated market which has so admitted it.</li> </ol> </div>	First admission to trading of a share on a regulated market	Article 6
<b>SUBTITLE</b>	GENERAL		
<b>TITLE</b>	CHAPTER I		

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	CONTENT	SUBTITLE	TITLE
ARTICLE	<div class="crrArticle"> <p>An investment firm shall, in relation to every order received from a client, and in relation to every decision to deal taken in providing the service of portfolio management, immediately make a record of the following details, to the extent they are applicable to the order or decision to deal in question:</p> <ol class="crrCharList" style="list-style-type: none"> <li>the name or other designation of the client;</li> <li>the name or other designation of any relevant person acting on behalf of the client;</li> <li>the details specified in points 4, 6 and 16 to 19, of Table 1 of Annex I;</li> <li>the nature of the order if other than buy or sell;</li> <li>the type of the order;</li> <li>any other details, conditions and particular instructions from the client that specify how the order must be carried out;</li> <li>the date and exact time of the receipt of the order, or of the decision to deal, by the investment firm.</li> </ol> </div>	(Article 13(6) of Directive 2004/39/EC)Record-keeping of client orders and decisions to deal	Article 7
	<ol class="crrNumList" style="list-style-type: none"> <li> <p>Immediately after executing a client order, or, in the case of investment firms that transmit orders to another person for execution, immediately after receiving confirmation that an order has been executed, investment firms shall record the following details of the transaction in question:</p> <ol class="crrCharList" style="list-style-type: none"> <li>the name or other designation of the client;</li> <li>the details specified in points 2, 3, 4, 6 and 16 to 21, of Table 1 of Annex I;</li> <li>the total price, being the product of the unit price and the quantity;</li> <li>the nature of the transaction if other than buy or sell;</li> <li>the natural person who executed the transaction or who is responsible for the execution.</li> </ol> </li> <li> <p>If an investment firm transmits an order to another person for execution, the investment firm shall immediately record the following details after making the transmission:</p> <ol class="crrCharList" style="list-style-type: none"> <li>the name or other designation of the client whose order has been transmitted;</li> <li>the name or other designation of the person to whom the order was transmitted;</li> <li>the terms of the order transmitted;</li> <li>the date and exact time of transmission.</li> </ol> </li> </ol>	(Article 13(6) of Directive 2004/39/EC)Record-keeping of transactions	Article 8
<b>SUBTITLE</b>	RECORD-KEEPING OF CLIENT ORDERS AND TRANSACTIONS		

<b>SUBTITLE</b>	RECORD-KEEPING: CLIENT ORDERS AND TRANSACTIONS
<b>TITLE</b>	CHAPTER II

CONTENT	SUBTITLE	TITLE
<p> &lt;ol class="crrNumList"&gt; &lt;li&gt;The most relevant market in terms of liquidity for a financial instrument which is admitted to trading on a regulated market, hereinafter the most relevant market, shall be determined in accordance with paragraphs 2 to 8.&lt;/li&gt; &lt;li&gt;In the case of a share or other transferable security covered by Article 4(1)(18)(a) of Directive 2004/39/EC or of a unit in a collective investment undertaking, the most relevant market shall be the Member State where the share or the unit was first admitted to trading on a regulated market.&lt;/li&gt; &lt;li&gt;In the case of a bond or other transferable security covered by Article 4(1)(18)(b) of Directive 2004/39/EC or of a money market instrument which, in either case, is issued by a subsidiary, within the meaning of Seventh Council Directive 83/349/EEC of 13 June 1983 on consolidated accountsOJ L 193, 18. 7.1983, p. 1., of an entity which has its registered office in a Member State, the most relevant market shall be the Member State where the registered office of the parent entity is situated.&lt;/li&gt; &lt;li&gt;In the case of a bond or other transferable security covered by Article 4(1)(18)(b) of Directive 2004/39/EC or of a money market instrument which, in either case, is issued by a Community issuer and which is not covered by paragraph 3 of this Article, the most relevant market shall be the Member State where the registered office of the issuer is situated.&lt;/li&gt; &lt;li&gt;In the case of a bond or other transferable security covered by Article 4(1)(18)(b) of Directive 2004/39/EC or a money market instrument which, in either case, is issued by a third country issuer and which is not covered by paragraph 3 of this Article, the most relevant market shall be the Member State where that security was first admitted to trading on a regulated market.&lt;/li&gt; &lt;li&gt; &lt;p&gt;In the case of a derivative contract or a financial contract for differences or a transferable security covered by Article 4(1)(18)(c) of Directive 2004/39/EC, the most relevant market shall be:&lt;/p&gt; &lt;ol class="crrCharList"&gt; &lt;li&gt;where the underlying security is a share or other transferable security covered by Article 4(1)(18)(a) of Directive 2004/39/EC which is admitted to trading on a regulated market, the Member State deemed to be the most relevant market in terms of liquidity for the underlying security, in accordance with paragraph 2;&lt;/li&gt; &lt;li&gt;where the underlying security is a bond or other transferable security covered by Article 4(1)(18)(b) of Directive 2004/39/EC or a money market instrument which is admitted to trading on a regulated market, the Member State deemed to be the most relevant market in terms of liquidity for that underlying security, in accordance with paragraphs 3, 4 or 5;&lt;/li&gt; &lt;li&gt;where the underlying is an index composed of shares all of which are traded on a particular regulated market, the Member State where that regulated market is situated.&lt;/li&gt; &lt;/ol&gt; &lt;/li&gt; &lt;li&gt;In any case not covered by paragraphs 2 to 6, the most relevant market shall be the Member State where the regulated market that first admitted the transferable security or derivative contract or financial contract for differences to trading is located.&lt;/li&gt; &lt;li&gt; &lt;p&gt;Where a financial instrument covered by paragraphs 2, 5 or 7, or the underlying financial instrument of a financial instrument covered by paragraph 6 to which one of paragraphs 2, 5 or 7 is relevant, was first admitted to trading on more than one regulated market</p>	<p> (Second subparagraph of Article 25(3) of Directive 2004/39/EC)Determination of the most relevant market in terms of liquidity </p>	<p> Article 9 </p>

<p>simultaneously, and all those regulated markets share the same home Member State, that Member State shall be the most relevant market.</p> <p>Where the regulated markets concerned do not share the same home Member State, the most relevant market in terms of liquidity for that instrument shall be the market where the turnover of that instrument is highest.</p> <p>For the purposes of determining the most relevant market where the turnover of the instrument is highest, each competent authority that has authorised one of the regulated markets concerned shall calculate the turnover for that instrument in its respective market for the previous calendar year, provided that the instrument was admitted to trading at the beginning of that year.</p> <p>Where the turnover for the relevant financial instrument cannot be calculated by reason of insufficient or non-existent data and the issuer has its registered office in a Member State, the most relevant market shall be the market of the Member State where the registered office of the issuer is situated.</p> <p>However, where issuer does not have its registered office in a Member State, the most relevant market for that instrument shall be the market where the turnover of the relevant instrument class is the highest. For the purposes of determining that market, each competent authority that has authorised one of the regulated markets concerned shall calculate the turnover for the instruments of the same class in its respective market for the preceding calendar year.</p> <p>The relevant classes of financial instrument are the following:</p> <ul style="list-style-type: none"> <li>shares;</li> <li>bonds or other forms of securitised debt;</li> <li>any other financial instruments.</li> </ul>		
<ul style="list-style-type: none"> <li>A competent authority may, in January every year, notify the relevant competent authority for a particular financial instrument that it intends to contest the determination, made in accordance with Article 9, of the most relevant market for that instrument.</li> <li>Within four weeks of the sending of the notification, both authorities shall calculate the turnover for that financial instrument in their respective markets over the period of the previous calendar year. If the results of that calculation indicate that the turnover is higher in the market of the contesting competent authority, that market shall be the most relevant market for that financial instrument. Where that financial instrument is of a type specified in Article 9(6) (a) or (b), that market shall also be the most relevant market for any derivative contract or financial contract for differences or transferable security which is covered by Article 4(1)(18)(c) of Directive 2004/39/EC and in respect of which that financial instrument is the underlying.</li> </ul>	<p>(Second subparagraph of Article 25(3) of Directive 2004/39/EC) Alternative determination of most relevant market in terms of liquidity</p>	<p>Article 10</p>
<p>The relevant competent authority for one or more financial instruments shall ensure that there is established and maintained an updated list of those financial instruments. That list shall be made available to the single competent authority designated as a contact point by each Member State in accordance with Article 56 of Directive 2004/39/EC. That list shall be made available for the first time on the first trading day in June 2007. In order to assist competent authorities to comply with the first subparagraph, each regulated market shall submit identifying reference data on each financial instrument admitted to trading in an electronic and standardised format to its home competent authority. This information shall be submitted</p>	<p>(Article 25(3) of Directive 2004/39/EC) List of financial instruments</p>	<p>Article 11</p>

**ARTICLE**

for each financial instrument before trading commences in that particular instrument. The home competent authority shall ensure the data is transmitted to the relevant competent authority for the financial instrument concerned. The reference data shall be updated whenever there are changes to the data with respect to an instrument. The requirements in this subparagraph may be waived if the relevant competent authority for that financial instrument obtains the relevant reference data by other means.

The reports of transactions in financial instruments shall be made in an electronic form except under exceptional circumstances, when they may be made in a medium which allows for the storing of the information in a way accessible for future reference by the competent authorities other than an electronic form, and the methods by which those reports are made shall satisfy the following conditions:

- they ensure the security and confidentiality of the data reported;
- they incorporate mechanisms for identifying and correcting errors in a transaction report;
- they incorporate mechanisms for authenticating the source of the transaction report;
- they include appropriate precautionary measures to enable the timely resumption of reporting in the case of system failure;
- they are capable of reporting the information required under Article 13 in the format required by the competent authority and in accordance with this paragraph, within the time limits set out in Article 25(3) of Directive 2004/39/EC.

A trade-matching or reporting system shall be approved by the competent authority for the purposes of Article 25(5) of Directive 2004/39/EC if the arrangements for reporting transactions established by that system comply with paragraph 1 of this Article and are subject to monitoring by a competent authority in respect of their continuing compliance.

(Article 25(5) of Directive 2004/39/EC)Reporting channels

Article 12

The reports of transactions referred to in Article 25(3) and (5) of Directive 2004/39/EC shall contain the information specified in Table 1 of Annex I to this Regulation which is relevant to the type of financial instrument in question and which the competent authority declares is not already in its possession or is not available to it by other means.

For the purposes of the identification of a counterparty to the transaction which is a regulated market, an MTF or other central counterparty, as specified in Table 1 of Annex I, each competent authority shall make publicly available a list of identification codes of the regulated markets and MTFs for which, in each case, it is the competent authority of the home Member State, and of any entities which act as central counterparties for such regulated markets and MTFs.

Member States may require reports made in accordance with Article 25(3) and (5) of Directive 2004/39/EC to contain information related to the transactions in question which is additional to that specified in Table 1 of Annex I where that information is necessary to enable the competent authority to monitor the activities of investment firms to ensure that they act honestly, fairly and professionally and in a manner that promotes the integrity of the market, and provided that one of the following criteria is met:

- the financial instrument which is the subject of the report

(Article 25(3) and (5) of Directive 2004/39/EC)Content of the transaction report

Article 13

<p>has characteristics which are specific to an instrument of that kind and which are not covered by the information items specified in that table;</p> <p>trading methods which are specific to the trading venue where the transaction took place involve features which are not covered by the information items specified in that table.</p> <p>Member States may also require a report of a transaction made in accordance with Article 25(3) and (5) of Directive 2004/39/EC to identify the clients on whose behalf the investment firm has executed that transaction.</p>		
<p>The competent authorities shall establish arrangements designed to ensure that the information received in accordance with Article 25(3) and (5) of Directive 2004/39/EC is made available to the following:</p> <ul style="list-style-type: none"> <li>the relevant competent authority for the financial instrument in question;</li> <li>in the case of branches, the competent authority that has authorised the investment firm providing the information, without prejudice to its right not to receive this information in accordance with Article 25(6) of Directive 2004/39/EC;</li> <li>any other competent authority that requests the information for the proper discharge of its supervisory duties under Article 25(1) of Directive 2004/39/EC.</li> </ul> <p>The information to be made available in accordance with paragraph 1 shall contain the information items described in Tables 1 and 2 of Annex I.</p> <p>The information referred to in paragraph 1 shall be made available as soon as possible. With effect from 1 November 2008 that information shall be made available no later than the close of the next working day of the competent authority that received the information or the request following the day on which the competent authority has received the information or the request.</p> <p>The competent authorities shall coordinate the following:</p> <ul style="list-style-type: none"> <li>the design and establishment of arrangements for the exchange of transaction information between the competent authorities as required by Directive 2004/39/EC and this Regulation;</li> <li>any future upgrading of the arrangements.</li> </ul> <p>Before 1 February 2007, the competent authorities shall report to the Commission, which shall inform the European Securities Committee, on the design of the arrangements to be established in accordance with paragraph 1. They shall also report to the Commission, which shall inform the European Securities Committee, whenever significant changes to those arrangements are proposed.</p>	<p>(Article 25(3) and (5) of Directive 2004/39/EC) Exchange of information on transactions</p>	<p>Article 14</p>
<p>Where a competent authority wishes another competent authority to supply or exchange information in accordance with Article 58(1) of Directive 2004/39/EC, it shall submit a written request to that competent authority containing sufficient detail to enable it to provide the information requested. However, in a case of urgency, the request may be transmitted orally provided that it is confirmed in writing. The competent authority which receives a request shall acknowledge receipt as soon as practicable.</p> <p>Where the information requested under paragraph 1 is internally available to the competent authority that receives the request, that authority shall transmit the requested information without delay to the competent authority which made the request. However, if the competent authority that receives the request does not possess or control the information requested, it shall immediately take</p>	<p>(Article 58(1) of Directive 2004/39/EC) Request for cooperation and exchange of information</p>	<p>Article 15</p>

	<p>the necessary steps to obtain that information and to comply fully with the request. That competent authority shall also inform the competent authority that made the request of the reasons for not sending immediately the information requested.</p>		
	<div class="crrArticle"><p>The operations of a regulated market in a host Member State shall be considered to be of substantial importance for the functioning of the securities markets and the protection of investors in that host State where one of the following criteria is met:</p><ol class="crrCharList" style="list-style-type: none"><li>the host Member State has formerly been the home Member State of the regulated market in question;</li><li>the regulated market in question has acquired through merger, takeover, or any other form of transfer the business of a regulated market which had its registered office or head office in the host Member State.</li></ol></div>	(Article 56(2) of Directive 2004/39/EC)Determination of the substantial importance of a regulated market's operations in a host Member State	Article 16
<b>SUBTITLE</b>	TRANSACTION REPORTING		
<b>TITLE</b>	CHAPTER III		

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	ARTICLE			SUBTITLE	TITLE
	CONTENT	SUBTITLE	TITLE		
	<ol class="crrNumList" style="list-style-type: none"><li>An investment firm or market operator operating an MTF or a regulated market shall, in respect of each share admitted to trading on a regulated market that is traded within a system operated by it and specified in Table 1 of Annex II, make public the information set out in paragraphs 2 to 6.</li><li>Where one of the entities referred to in paragraph 1 operates a continuous auction order book trading system, it shall, for each share as specified in paragraph 1, make public continuously throughout its normal trading hours the aggregate number of orders and of the shares those orders represent at each price level, for the five best bid and offer price levels.</li><li>Where one of the entities referred to in paragraph 1 operates a quote-driven trading system, it shall, for each share as specified in paragraph 1, make public continuously throughout its normal trading hours the best bid and offer by price of each market maker in that share, together with the volumes attaching to those prices. The quotes made public shall be those that represent binding commitments to buy and sell the shares and which indicate the price and volume of shares in which the registered market</li></ol>				

		<p>makers are prepared to buy or sell. In exceptional market conditions, however, indicative or one-way prices may be allowed for a limited time.</p> <p>Where one of the entities referred to in paragraph 1 operates a periodic auction trading system, it shall, for each share specified in paragraph 1, make public continuously throughout its normal trading hours the price that would best satisfy the system's trading algorithm and the volume that would potentially be executable at that price by participants in that system.</p> <p>Where one of the entities referred to in paragraph 1 operates a trading system which is not wholly covered by paragraph 2 or 3 or 4, either because it is a hybrid system falling under more than one of those paragraphs or because the price determination process is of a different nature, it shall maintain a standard of pre-trade transparency that ensures that adequate information is made public as to the price level of orders or quotes for each share specified in paragraph 1, as well as the level of trading interest in that share. In particular, the five best bid and offer price levels and/or two-way quotes of each market maker in that share shall be made public, if the characteristics of the price discovery mechanism permit it.</p> <p>A summary of the information to be made public in accordance with paragraphs 2 to 5 is specified in Table 1 of Annex II.</p>	(Articles 29 and 44 of Directive 2004/39/EC) Pre-trade transparency obligations	Article 17	
		<p>Waivers in accordance with Article 29(2) and 44(2) of Directive 2004/39/EC may be granted by the competent authorities for systems operated by an MTF or a regulated market, if those systems satisfy one of the following criteria:</p> <p>they must be based on a trading methodology by which the price is determined in accordance with a reference price generated by another system, where that</p>			<p>Pre-trade transparency for regulated markets and MTFs</p> <p>SECTION 1</p>



<p>system, where that reference price is widely published and is regarded generally by market participants as a reliable reference price;</p> <ul style="list-style-type: none"> <li>they formalise negotiated transactions, each of which meets one of the following criteria: <ul style="list-style-type: none"> <li>it is made at or within the current volume weighted spread reflected on the order book or the quotes of the market makers of the regulated market or MTF operating that system or, where the share is not traded continuously, within a percentage of a suitable reference price, being a percentage and a reference price set in advance by the system operator;</li> <li>it is subject to conditions other than the current market price of the share.</li> </ul> </li> </ul> <p>For the purposes of point (b), the other conditions specified in the rules of the regulated market or MTF for a transaction of this kind must also have been fulfilled.</p> <p>In the case of systems having functionality other than as described in points (a) or (b), the waiver shall not apply to that other functionality.</p> <ul style="list-style-type: none"> <li>Waivers in accordance with Articles 29(2) and 44(2) of Directive 2004/39/EC based on the type of orders may be granted only in relation to orders held in an order management facility maintained by the regulated market or the MTF pending their being disclosed to the market.</li> </ul>	<p>(Articles 29(2) and 44(2) of Directive 2004/39/EC)Waivers based on market model and type of order or transaction</p>	<p>Article 18</p>
<div class="crrArticle"> <p>For the purpose of Article 18(1)(b) a negotiated transaction shall mean a transaction involving members or participants of a regulated market or an MTF which is negotiated privately but executed within the regulated market or MTF and where that member or participant in doing so undertakes one of the following tasks:</p> <ul style="list-style-type: none"> <li>dealing on own account with another member or participant who acts for the account of a client;</li> </ul> </div>	<p>(Articles 29(2) and 44(2) of Directive 2004/39/EC)References to negotiated transaction</p>	<p>Article 19</p>



clients on a regular or continuous basis.

An investment firm shall cease to be a systematic internaliser in one or more shares if it ceases to carry on the activity specified in paragraph 1 in respect of those shares, provided that it has announced in advance that it intends to cease that activity using the same publication channels for that announcement as it uses to publish its quotes or, where that is not possible, using a channel which is equally accessible to its clients and other market participants.

The activity of dealing on own account by executing client orders shall not be treated as performed on an organised, frequent and systematic basis where the following conditions apply:

- the activity is performed on an ad hoc and irregular bilateral basis with wholesale counterparties as part of business relationships which are themselves characterised by dealings above standard market size;
- the transactions are carried out outside the systems habitually used by the firm concerned for any business that it carries out in the capacity of a systematic internaliser.

Each competent authority shall ensure the maintenance and publication of a list of all systematic internalisers, in respect of shares admitted to trading on a regulated market, which it has authorised as investment firms. It shall ensure that the list is current by reviewing it at least annually. The list shall be made available to the Committee of European Securities Regulators. It shall be considered as published when it is published by the

(Article 4(1)(7) of Directive 2004/39/EC) Criteria for determining whether an investment firm is a systematic internaliser

Article 21

		<p>published by the Committee of European Securities Regulators in accordance with Article 34(5).&lt;/li&gt;&lt;/ol&gt;</p>	
		<p>&lt;ol class="crrNumList"&gt;&lt;li&gt;&lt;p&gt;A share admitted to trading on a regulated market shall be considered to have a liquid market if the share is traded daily, with a free float not less than EUR 500 million, and one of the following conditions is satisfied:&lt;/p&gt;&lt;ol class="crrCharList"&gt;&lt;li&gt;the average daily number of transactions in the share is not less than 500;&lt;/li&gt;&lt;li&gt;the average daily turnover for the share is not less than EUR 2 million.&lt;/li&gt;&lt;/ol&gt;&lt;p&gt;However, a Member State may, in respect of shares for which it is the most relevant market, specify by notice that both of those conditions are to apply. That notice shall be made public.&lt;/p&gt;&lt;/li&gt;&lt;li&gt;A Member State may specify the minimum number of liquid shares for that Member State. The minimum number shall be no greater than five. The specification shall be made public.&lt;/li&gt;&lt;li&gt;Where, pursuant to paragraph 1, a Member State would be the most relevant market for fewer liquid shares than the minimum number specified in accordance with paragraph 2, the competent authority for that Member State may designate one or more additional liquid shares, provided that the total number of shares which are considered in consequence to be liquid shares for which that Member State is the most relevant market does not exceed the minimum number specified by that Member State.The competent authority shall designate the additional liquid shares successively in decreasing order of average daily turnover from among the shares</p>	<p>(Article 27 of Directive 2004/39/EC)Determination of liquid shares</p>
			<p>Article 22</p>

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accordance with Table 3 in Annex II. </div>		
<div class="crrArticle"><p>A systematic internaliser shall, for each liquid share for which it is a systematic internaliser, maintain the following:</p> <ol class="crrCharList"><li>a quote or quotes which are close in price to comparable quotes for the same share in other trading venues;</li> <li>a record of its quoted prices, which it shall retain for a period of 12 months or such longer period as it considers appropriate.</li> </ol> <p>The obligation laid down in point (b) is without prejudice to the obligation of the investment firm under Article 25(2) of Directive 2004/39/EC to keep at the disposal of the competent authority for at least five years the relevant data relating to all transactions it has carried out.</p></div>	(Article 27(1) of Directive 2004/39/EC)Quotes reflecting prevailing market conditions	Article 24
<ol class="crrNumList"><li>For the purposes of the fifth subparagraph of Article 27(3) of Directive 2004/39/EC, execution in several securities shall be regarded as part of one transaction if that one transaction is a portfolio trade that involves 10 or more securities.For the same purposes, an order subject to conditions other than the current market price means any order which is neither an order for the execution of a transaction in shares at the prevailing market price, nor a limit order.</li> <li>For the purposes of Article 27(6) of Directive 2004/39/EC, the number or volume of orders shall be regarded as considerably exceeding the norm if a systematic internaliser cannot execute those orders without exposing itself to undue risk.In order to identify the number and volume of orders	(Fifth subparagraph of Article 27(3) and Article 27(6) of Directive	Article

that it can execute without exposing itself to undue risk, a systematic internaliser shall maintain and implement as part of its risk management policy under Article 7 of Commission Directive 2006/73/ECSee page 26 of this Official Journal. a non-discriminatory policy which takes into account the volume of the transactions, the capital that the firm has available to cover the risk for that type of trade, and the prevailing conditions in the market in which the firm is operating.	27(6) of Directive 2004/39/EC)Execution of orders by systematic internalisers	Article 25
<div class="crrArticle"> For the purposes of the fourth subparagraph of Article 27(3) of Directive 2004/39/EC, an order shall be regarded as being of a size bigger than the size customarily undertaken by a retail investor if it exceeds EUR 7500. </div>	(Fourth subparagraph Article 27(3) of Directive 2004/39/EC)Retail size	Article 26

CONTENT	SUBTITLE	TITLE
<div> <div>Investment firms, regulated markets, and investment firms and market operators operating an MTF shall, with regard to transactions in respect of shares admitted to trading on regulated markets concluded by them or, in the case of regulated markets or MTFs, within their systems, make public the following details:</div> <div> <div>the details specified in points 2, 3, 6, 16, 17, 18, and 21 of Table 1 in Annex I;</div> <div>an indication that the exchange of shares is determined by factors other than the current market valuation of the share.</div> </div> </div>		

**SECTION**

where applicable;

an indication that the trade was a negotiated trade, where applicable;

any amendments to previously disclosed information, where applicable.

Those details shall be made public either by reference to each transaction or in a form aggregating the volume and price of all transactions in the same share taking place at the same price at the same time.

By way of exception, a systematic internaliser shall be entitled to use the acronym SI instead of the venue identification referred to in paragraph 1(a) in respect of a transaction in a share that is executed in its capacity as a systematic internaliser in respect of that share. The systematic internaliser may exercise that right only as long as it makes available to the public aggregate quarterly data as to the transactions executed in its capacity as a systematic internaliser in respect of that share relating to the most recent calendar quarter, or part of a calendar quarter, during which the firm acted as a systematic internaliser in respect of that share. That data shall be made available no later than one month after the end of each calendar quarter. It may also exercise that right during the period between the date specified in Article 41(2), or the date on which the firm commences to be a systematic internaliser in relation to a share, whichever is the later, and the date that aggregate quarterly data in relation to a share is first due to be published.

The aggregated quarterly data referred to in the second subparagraph of paragraph 2 shall contain the following information for the share in respect of each trading day of the calendar quarter concerned:

- the highest price;
- the lowest price;
- the average price;
- the total number of shares traded;
- the total number of transactions;
- such other information as the systematic internaliser decides to make available.

Where the transaction is executed outside the rules of a regulated market

(Articles 28, 30 and 45 of Directive 2004/39/EC) Post-trade transparency obligation

Article 27

Post-trade transparency for regulated markets, MTFs and investment firms

**SECTION**  
3



or an MTF, one of the following investment firms shall, by agreement between the parties, arrange to make the information public:

- the investment firm that sells the share concerned;
- the investment firm that acts on behalf of or arranges the transaction for the seller;
- the investment firm that acts on behalf of or arranges the transaction for the buyer;
- the investment firm that buys the share concerned.

In the absence of such an agreement, the information shall be made public by the investment firm determined by proceeding sequentially from point (a) to point (d) until the first point that applies to the case in question.

The parties shall take all reasonable steps to ensure that the transaction is made public as a single transaction. For those purposes two matching trades entered at the same time and price with a single party interposed shall be considered to be a single transaction.

The deferred publication of information in respect of transactions may be authorised, for a period no longer than the period specified in Table 4 in Annex II for the class of share and transaction concerned, provided that the following criteria are satisfied:

- the transaction is between an investment firm dealing on own account and a client of that firm;
- the size of the transaction is equal to or exceeds the relevant minimum qualifying size, as specified in Table 4 in Annex II.

In order to determine the relevant minimum qualifying size for the purposes of point (b), all shares admitted to trading on a regulated market shall be classified in accordance with their average daily turnover to be calculated in accordance with Article 33.

(Articles 28, 30 and 45 of Directive 2004/39/EC)Deferred publication of large transactions

Article 28

CONTENT	SUBTITLE	TITLE
<ol style="list-style-type: none"><li>A regulated market, MTF or systematic internaliser shall be considered to</li></ol>		

shall be considered to publish pre-trade information on a continuous basis during normal trading hours if that information is published as soon as it becomes available during the normal trading hours of the regulated market, MTF or systematic internaliser concerned, and remains available until it is updated.

- Pre-trade information, and post-trade information relating to transactions taking place on trading venues and within normal trading hours, shall be made available as close to real time as possible. Post-trade information relating to such transactions shall be made available in any case within three minutes of the relevant transaction.
- Information relating to a portfolio trade shall be made available with respect to each constituent transaction as close to real time as possible, having regard to the need to allocate prices to particular shares. Each constituent transaction shall be assessed separately for the purposes of determining whether deferred publication in respect of that transaction is available under Article 28.
- Post-trade information relating to transactions taking place on a trading venue but outside its normal trading hours shall be made public before the opening of the next trading day of the trading venue on which the transaction took place.

For transactions that take place outside a trading venue, post-trade information shall be made public:

- if the transaction takes place during a trading day of the most relevant market for the share concerned, or during the investment firm's normal trading hours, as close to real time as possible. Post-trade

(Articles 27(3), 28(1), 29(1), 44(1) and 45(1) of Directive 2004/39/EC) Publication and availability of pre- and post-trade transparency data

Article 29

information relating to such transactions shall be made available in any case within three minutes of the relevant transaction;		
<div> <p>in a case not covered by point (a), immediately upon the commencement of the investment firm's normal trading hours or at the latest before the opening of the next trading day in the most relevant market for that share.</p> </div>		
<div> <p>For the purposes of Articles 27, 28, 29, 30, 44 and 45 of Directive 2004/39/EC and of this Regulation, pre- and post-trade information shall be considered to be made public or available to the public if it is made available generally through one of the following to investors located in the Community:</p> <ul style="list-style-type: none"> <li>the facilities of a regulated market or an MTF;</li> <li>the facilities of a third party;</li> <li>proprietary arrangements.</li> </ul> </div>	(Articles 27, 28, 29, 30, 44 and 45 of Directive 2004/39/EC)Public availability of pre- and post-trade information	Article 30
<div> <p>An investment firm shall be considered to disclose client limit orders that are not immediately executable if it transmits the order to a regulated market or MTF that operates an order book trading system, or ensures that the order is made public and can be easily executed as soon as market conditions allow.</p> </div>	(Article 22(2) of Directive 2004/39/EC)Disclosure of client limit orders	Article 31
<div> <p>Any arrangement to make information public, adopted for the purposes of Articles 30 and 31, shall satisfy the following conditions:</p> <ul style="list-style-type: none"> <li>it must include all reasonable steps necessary to ensure that the information to be published is reliable, monitored continuously for errors, and corrected</li> </ul> </div>	(Article 22(2), 27, 28, 29, 30, 44 and 45 of Directive 2004/39/EC)Arrangements for making information public	Article 32

		<p>as soon as errors are detected;</p> <ul style="list-style-type: none"> <li>it must facilitate the consolidation of the data with similar data from other sources;</li> <li>it must make the information available to the public on a non-discriminatory commercial basis at a reasonable cost.</li> </ul>	public	
		<ol style="list-style-type: none"> <li> <p>In respect of each share that is admitted to trading on a regulated market, the relevant competent authority for that share shall ensure that the following calculations are made in respect of that share promptly after the end of each calendar year:</p> <ul style="list-style-type: none"> <li>the average daily turnover;</li> <li>the average daily number of transactions;</li> <li>for those shares which satisfy the conditions laid down in Article 22(1)(a) or (b) (as applicable), the free float as at 31 December;</li> <li>if the share is a liquid share, the average value of the orders executed.</li> </ul> <p>This paragraph and paragraph 2 shall not apply to a share which is first admitted to trading on a regulated market four weeks or less before the end of the calendar year.</p> <li>The calculation of the average daily turnover, average value of the orders executed and average daily number of transactions shall take into account all the orders executed in the Community in respect of the share in question between 1 January and 31 December of the preceding year, or, where applicable, that part of the year during which the share was admitted to trading on a regulated market and was not suspended from trading on a regulated market. In the calculations of the average daily turnover, average value of the</li> </li> </ol>		

orders executed and average daily number of transactions of a share, non-trading days in the Member State of the relevant competent authority for that share shall be excluded.

Before the first admission of a share to trading on a regulated market, the relevant competent authority for that share shall ensure that estimates are provided, in respect of that share, of the average daily turnover, the market capitalisation as it will stand at the start of the first day of trading and, where the estimate of the market capitalisation is EUR 500 million or more:

- the average daily number of transactions and, for those shares which satisfy the conditions laid down in Article 22(1)(a) or (b) (as applicable), the free float;
- in the case of a share that is estimated to be a liquid share, the average value of the orders executed.

The estimates shall relate to the six-week period following admission to trading, or the end of that period, as applicable, and shall take account of any previous trading history of the share, as well as that of shares that are considered to have similar characteristics.

After the first admission of a share to trading on a regulated market, the relevant competent authority for that share shall ensure that, in respect of that share, the figures referred to in points (a) to (d) of paragraph 1 are calculated, using data relating to the first four weeks<sup>™</sup> trading, as if a reference in point (c) of paragraph 1 to 31 December were a reference to the end of the first four weeks<sup>™</sup> trading, as soon as practicable after those data are available, and in any case before the end of the six-week

(Articles 27, 28, 29, 30, 44 and 45 of Directive 2004/39/EC) Calculations and estimates for shares admitted to trading on a regulated market

Article 33

Provisions common to pre- and post-trade transparency

SECTION 4

period referred to in Article 22(5).</li><li>During the course of a calendar year, the relevant competent authorities shall ensure the review and where necessary the recalculation of the average daily turnover, average value of the orders executed, average daily number of transactions executed and the free float whenever there is a change in relation to the share or the issuer which significantly affects the previous calculations on an ongoing basis.</li><li>The calculations referred to in paragraphs 1 to 5 which are to be published on or before the first trading day in March 2009 shall be made on the basis of the data relating to the regulated market or markets of the Member State which is the most relevant market in terms of liquidity for the share in question. For those purposes, negotiated transactions within the meaning of Article 19 shall be excluded from the calculations.</li></ol>

<ol class="crrNumList"><li><p>On the first trading day of March of each year, each competent authority shall, in relation to each share for which it is the relevant competent authority that was admitted to trading on a regulated market at the end of the preceding calendar year, ensure the publication of the following information:</p><ol class="crrCharList"><li>the average daily turnover and average daily number of transactions, as calculated in accordance with Article 33(1) and (2);</li><li>the free float and average value of the orders executed, where calculated in accordance with Article 33(1) and (2).</li></ol><p>This paragraph shall not apply to shares to which the second subparagraph of

Article 33(1) applies.

The results of the estimates and calculations required under Article 33(3), (4) or (5) shall be published as soon as practicable after the calculation or estimate is completed.

The information referred to in paragraphs 1 or 2 shall be considered as published when it is published by the Committee of European Securities Regulators in accordance with paragraph 5.

For the purposes of this Regulation, the following shall apply:

- the classification based on the publication referred to in paragraph 1 shall apply for the 12-month period starting on 1 April following publication and ending on the following 31 March;
- the classification based on the estimates provided for in Article 33(3) shall apply from the relevant first admission to trading until the end of the six-week period referred to in Article 22(5);
- the classification based on the calculations specified in Article 33(4) shall apply from the end of the six-week period referred to in Article 22(5), until:

- where the end of that six-week period falls between 15 January and 31 March (both inclusive) in a given year, 31 March of the following year;
- otherwise, the following 31 March after the end of that period.

However, the classification based on the recalculations specified in Article 33(5) shall apply from the date of publication and, unless further recalculated under Article 33(5), until the following 31 March.

The Committee of European Securities Regulators shall, on the basis of data

(Articles 27, 28, 29, 30, 44 and 45 of Directive 2004/39/EC) Publication and effect of results of required calculations and estimates

Article 34

	supplied to it by or on behalf of competent authorities, publish on its website consolidated and regularly updated lists of:			
	<div><div><div><div></div></div><div><div></div></div></div><div><div><div>every systematic internaliser in respect of a share admitted to trading on a regulated market;</div><div>every share admitted to trading on a regulated market, specifying:</div></div><div><div><div>the average daily turnover, average daily number of transactions and, for those shares which satisfy the conditions laid down in Article 22(1)(a) or (b) (as applicable), the free float;</div><div>in the case of a liquid share, the average value of the orders executed and the standard market size for that share;</div><div>in the case of a liquid share which has been designated as an additional liquid share in accordance with Article 22(3), the name of the competent authority that so designated it; and</div><div>the relevant competent authority.</div></div></div><div><div>Each competent authority shall ensure the first publication of the details referred to in points (a) and (b) of paragraph 1 on the first trading day in July 2007, based on the reference period 1 April 2006 to 31 March 2007. By way of derogation from paragraph 4, the classification based on that publication shall apply for the five-month period starting on 1 November 2007 and ending on 31 March 2008.</div></div></div></div>			

<b>SUBTITLE</b>	MARKET TRANSPARENCY
<b>TITLE</b>	CHAPTER IV

	<table><tr><th>CONTENT</th><th>SUBTITLE</th><th>TITLE</th></tr><tr><td><div><div><div><ol class="crrNumList" style="list-style-type: none"><li>Transferable securities shall be considered freely negotiable for the purposes of Article 40(1) of Directive 2004/39/EC if they can be traded between the parties to a transaction, and subsequently transferred without restriction, and if all securities within the same class as the security in question are fungible.</li><li>Transferable securities which are subject to a restriction on</li></ol></div></div></div></td><td></td><td></td></tr></table>	CONTENT	SUBTITLE	TITLE	<div><div><div><ol class="crrNumList" style="list-style-type: none"><li>Transferable securities shall be considered freely negotiable for the purposes of Article 40(1) of Directive 2004/39/EC if they can be traded between the parties to a transaction, and subsequently transferred without restriction, and if all securities within the same class as the security in question are fungible.</li><li>Transferable securities which are subject to a restriction on</li></ol></div></div></div>		
CONTENT	SUBTITLE	TITLE					
<div><div><div><ol class="crrNumList" style="list-style-type: none"><li>Transferable securities shall be considered freely negotiable for the purposes of Article 40(1) of Directive 2004/39/EC if they can be traded between the parties to a transaction, and subsequently transferred without restriction, and if all securities within the same class as the security in question are fungible.</li><li>Transferable securities which are subject to a restriction on</li></ol></div></div></div>							



		<p>transfer shall not be considered as freely negotiable unless that restriction is not likely to disturb the market.</p> <p>Transferable securities that are not fully paid may be considered as freely negotiable if arrangements have been made to ensure that the negotiability of such securities is not restricted and that adequate information concerning the fact that the securities are not fully paid, and the implications of that fact for shareholders, is publicly available.</p> <p>When exercising its discretion whether to admit a share to trading, a regulated market shall, in assessing whether the share is capable of being traded in a fair, orderly and efficient manner, take into account the following:</p> <ol style="list-style-type: none"> <li>the distribution of those shares to the public;</li> <li>such historical financial information, information about the issuer, and information providing a business overview as is required to be prepared under Directive 2003/71/EC, or is or will be otherwise publicly available.</li> <li>A transferable security that is officially listed in accordance with Directive 2001/34/EC of the European Parliament and of the Council OJ L 184, 6.7.2001, p. 1. Directive as last amended by Directive 2005/1/EC., and the listing of which is not suspended, shall be deemed to be freely negotiable and capable of being traded in a fair, orderly and efficient manner.</li> <li>For the purposes of Article 40(1) of Directive 2004/39/EC, when assessing whether a transferable security referred to in Article 4(1)(18)(c) of that Directive is capable of being traded in a fair, orderly and efficient manner, the regulated market shall take into account, depending on the nature of the security being admitted, whether the following criteria are satisfied: <ol style="list-style-type: none"> <li>the terms of the security are clear and unambiguous and allow for a correlation between the price of the security and the price or other value measure of the underlying;</li> <li>the price or other value measure of the underlying is reliable and publicly available;</li> <li>there is sufficient information publicly available of a kind needed to value the security;</li> <li>the arrangements for determining the settlement price of the security ensure that this price properly reflects the price or other value measure of the underlying;</li> <li>where the settlement of the security requires or provides for the possibility of the delivery of an underlying security or asset rather than cash settlement, there are adequate settlement and delivery procedures for that underlying as well as adequate arrangements to obtain relevant information about that underlying.</li> </ol> </li> </ol>	(Article 40(1) of Directive 2004/39/EC) Transferable securities	Article 35
	<p><b>ARTICLE</b></p>	<p>A regulated market shall, when admitting to trading units in a collective investment undertaking, whether or not that undertaking is constituted in accordance with Directive 85/611/EEC, satisfy itself that the collective investment undertaking complies or has complied with the registration, notification or other procedures which are a necessary precondition for the marketing of the collective investment undertaking in the jurisdiction of the regulated market.</p> <p>Without prejudice to Directive 85/611/EEC or any other Community legislation or national law relating to collective investment undertakings, Member States may provide that compliance with the requirements referred to in paragraph 1 is not a necessary precondition for the admission of units in a collective investment undertaking to trading on a regulated market.</p> <p>When assessing whether units in an open-ended collective investment undertaking are capable of being traded in a fair, orderly and</p>		

	<p>efficient manner in accordance with Article 40(1) of Directive 2004/39/EC, the regulated market shall take the following aspects into account:</p> <ul style="list-style-type: none"> <li>the distribution of those units to the public;</li> <li>whether there are appropriate market-making arrangements, or whether the management company of the scheme provides appropriate alternative arrangements for investors to redeem the units;</li> <li>whether the value of the units is made sufficiently transparent to investors by means of the periodic publication of the net asset value.</li> </ul> <p>When assessing whether units in a closed-end collective investment undertaking are capable of being traded in a fair, orderly and efficient manner in accordance with Article 40(1) of Directive 2004/39/EC, the regulated market shall take the following aspects into account:</p> <ul style="list-style-type: none"> <li>the distribution of those units to the public;</li> <li>whether the value of the units is made sufficiently transparent to investors, either by publication of information on the fund's investment strategy or by the periodic publication of net asset value.</li> </ul>	(Article 40(1) of Directive 2004/39/EC)Units in collective investment undertakings	Article 36
	<ul style="list-style-type: none"> <li>When admitting to trading a financial instrument of a kind listed in points of Sections C(4) to (10) of Annex I to Directive 2004/39/EC, regulated markets shall verify that the following conditions are satisfied:</li> <li>the terms of the contract establishing the financial instrument must be clear and unambiguous, and enable a correlation between the price of the financial instrument and the price or other value measure of the underlying;</li> <li>the price or other value measure of the underlying must be reliable and publicly available;</li> <li>sufficient information of a kind needed to value the derivative must be publicly available;</li> <li>the arrangements for determining the settlement price of the contract must be such that the price properly reflects the price or other value measure of the underlying;</li> <li>where the settlement of the derivative requires or provides for the possibility of the delivery of an underlying security or asset rather than cash settlement, there must be adequate arrangements to enable market participants to obtain relevant information about that underlying as well as adequate settlement and delivery procedures for the underlying.</li> </ul> <ul style="list-style-type: none"> <li>Where the financial instruments concerned are of a kind listed in Sections C (5), (6), (7) or (10) of Annex I to Directive 2004/39/EC, point (b) of paragraph 1 shall not apply if the following conditions are satisfied:</li> <li>the contract establishing that instrument must be likely to provide a means of disclosing to the market, or enabling the market to assess, the price or other value measure of the underlying, where the price or value measure is not otherwise publicly available;</li> <li>the regulated market must ensure that appropriate supervisory arrangements are in place to monitor trading and settlement in such financial instruments;</li> <li>the regulated market must ensure that settlement and delivery, whether physical delivery or by cash settlement, can be effected in accordance with the contract terms and conditions of those financial instruments.</li> </ul>	(Article 40(1) and (2) of Directive 2004/39/EC)Derivatives	Article 37
<b>SUBTITLE</b>	ADMISSION OF FINANCIAL INSTRUMENTS TO TRADING		
<b>TITLE</b>	CHAPTER V		
	<b>CONTENT</b>	<b>SUBTITLE</b>	<b>TITLE</b>

**ARTICLE**

- For the purposes of Section C(7) of Annex I to Directive 2004/39/EC, a contract which is not a spot contract within the meaning of paragraph 2 of this Article and which is not covered by paragraph 4 shall be considered as having the characteristics of other derivative financial instruments and not being for commercial purposes if it satisfies the following conditions:

  - it meets one of the following sets of criteria:
  - it is traded on a third country trading facility that performs a similar function to a regulated market or an MTF;
    - it is expressly stated to be traded on, or is subject to the rules of, a regulated market, an MTF or such a third country trading facility;
    - it is expressly stated to be equivalent to a contract traded on a regulated market, MTF or such a third country trading facility;
  - it is cleared by a clearing house or other entity carrying out the same functions as a central counterparty, or there are arrangements for the payment or provision of margin in relation to the contract;
  - it is standardised so

that, in particular, the price, the lot, the delivery date or other terms are determined principally by reference to regularly published prices, standard lots or standard delivery dates.

- A spot contract for the purposes of paragraph 1 means a contract for the sale of a commodity, asset or right, under the terms of which delivery is scheduled to be made within the longer of the following periods:

  - two trading days;
  - the period generally accepted in the market for that commodity, asset or right as the standard delivery period.
- However, a contract is not a spot contract if, irrespective of its explicit terms, there is an understanding between the parties to the contract that delivery of the underlying is to be postponed and not to be performed within the period mentioned in the first subparagraph.
- For the purposes of Section C(10) of Annex I to Directive 2004/39/EC, a derivative contract relating to an underlying referred to in that Section or in Article 39 shall be considered to have the characteristics of other derivative financial instruments if one of the following conditions is satisfied:

  - that contract is settled in cash or may be settled in cash at the option of one or more of the parties, otherwise than by reason of a default or other termination event;
  - that contract is traded on a regulated market or an MTF;
  - the conditions laid down in paragraph 1 are satisfied in relation to that contract.
- A contract shall be considered to be for commercial purposes for the purposes of Section C(7) of Annex I to Directive 2004/39/EC, and as not having the characteristics of other derivative financial instruments for the purposes of Sections C(7) and (10) of that Annex, if it is entered into with or by an operator or administrator of an energy transmission grid, energy balancing mechanism or pipeline network, and it is necessary to keep in balance the supplies and uses of energy at a given time.

In addition to derivative contracts of a kind referred to in Section C(10) of Annex I to Directive 2004/39/EC, a derivative contract relating to any of the following shall fall within that Section if it meets the criteria set out in that Section and in Article 38(3):



(Article 4(1)(2) of Directive 2004/39/EC) Characteristics of other derivative financial instruments

Article 38

	<div> <div> <div>class="crrCharList"&gt; <div> <li>telecommunications bandwidth;</li> <li>commodity storage capacity;</li> <li>transmission or transportation capacity relating to commodities, whether cable, pipeline or other means;</li> <li>an allowance, credit, permit, right or similar asset which is directly linked to the supply, distribution or consumption of energy derived from renewable resources;</li> <li>a geological, environmental or other physical variable;</li> <li>any other asset or right of a fungible nature, other than a right to receive a service, that is capable of being transferred;</li> <li>an index or measure related to the price or value of, or volume of transactions in any asset, right, service or obligation.</li> </div> </div> </div> </div>	(Article 4(1)(2) of Directive 2004/39/EC)Derivatives within Section C(10) of Annex I to Directive 2004/39/EC	Article 39
<b>SUBTITLE</b>	DERIVATIVE FINANCIAL INSTRUMENTS		
<b>TITLE</b>	CHAPTER VI		

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	CONTENT	SUBTITLE	TITLE
ARTICLE	<p><ol class="crrNumList" style="list-style-type: none"><li>At least once every two years, and after consulting the Committee of European Securities Regulators, the Commission shall re-examine the definition of transaction for the purposes of this Regulation, the Tables included in Annex II, as well as the criteria for determination of liquid shares contained in Article 22.</li><li>The Commission shall, after consulting the Committee of European Securities Regulators, re-examine the provisions of Articles 38 and 39 relating to criteria for determining which instruments are to be treated as having the characteristics of other derivative financial instruments, or as being for commercial purposes, or which fall within Section C(10) of Annex I to Directive 2004/39/EC if the other criteria set out in that Section are satisfied in relation to them. The Commission shall report to the European Parliament and to the Council at the same time that it makes its reports under Article 65(3)(a) and (d) of Directive 2004/39/EC.</li><li>The Commission shall, no later than two years after the date of application of this Regulation, after consulting the Committee of European Securities Regulators, re-examine Table 4 of Annex II and report on the results of this re-examination to the European Parliament and the Council.</li></ol></p>	Re-examinations	Article 40
	<p><div class="crrArticle">This Regulation shall enter into force on the 20th day following its publication in the Official Journal of the European Union. This Regulation shall apply from 1 November 2007, except Article 11 and Article 34(5) and (6), which shall apply from 1 June 2007.</div></p>	Entry into force	Article 41
SUBTITLE	FINAL PROVISIONS		
TITLE	CHAPTER VII		