**Practical Guide to the European Regulation (EU) No 596/2014 on Market Abuse - MAR**

Cyprus Securities and Exchange Commission (CySEC) would like to inform all interested parties of the publication of Regulation (EU) No 596/2014 on market abuse (market abuse regulation)[[1]](#footnote-1)[1] (hereinafter: **MAR**) which is related to Directive 2014/57/EU on criminal sanctions for market abuse (market abuse directive)[[2]](#footnote-2)[2] (hereinafter: **MAD**). MAD complements MAR by requiring all Member States to provide for harmonised criminal offences of insider dealing and market manipulation, punishable with effective sanctions everywhere in Europe.

The legislative package MAR/MAD will enter into force on July 3rd 2016. Cyprus needs to amend/repeal its national laws, regulations and statutory provisions to make sure the MAR is ready to enter into force and amend/enhance its national criminal Law regime for the transposition of MAD.

CySEC will undertake all necessary work and drafting for the transposition of MAR.

**Actions to be taken:**

1. Implement maximum harmonization provisions set out in the MAR.
2. Exercise options / discretions explicitly foreseen in the Regulation.
3. Implement upcoming binding technical standards and implementing acts of the European Commission.
4. Amend / Repeal all national laws that cover matters now falling under MAR/MAD

**CHANGES with MAR**

1. **Scope**

* The scope is expanded to financial instruments admitted to trading or traded in Multilateral Trading Facilities (MTF), or for which a request for admission to trading has been made, financial instruments traded on Organised Trading Facilities (OTF), emission allowances and auction products that are not financial instruments, spot commodity contracts, under conditions, and behaviours in relation to benchmarks.
* Additional financial instruments are brought into the scope following MiFID II.

1. **Inside information, insider dealing, Unlawful Disclosure, Market Soundings and Market Manipulation.**

* Inside information, insider dealing and market manipulation have been redefined and unlawful disclosure is now codified.
* Market soundings, legitimate behaviours and accepted market practices are now codified to draw the lines of where certain acts do not constitute violations.
* Legitimate behaviour is codified for instances of insider dealing and unlawful disclosure.

1. **Disclosure requirements**

* The disclosure requirements are being expanded.
* Insiders list are redefined.
* Exceptions are granted to SME.
* Manager’s transactions are published under a new regime (max. T+3) when reaching the new thresholds of article 19.
* New provisions on the delay of publication of inside information.

1. **Powers of Competent Authorities**

* Cooperation between Member States, third countries and ESMA is enhanced.
* Competent authority’s increased supervisory powers.
* Revised administrative sanctions and other administrative measures.
* New provisions on reporting of infringements.
* New provisions on the publication of decisions.

1. **Criminal Offences**

* Irrespective of administrative sanctions the existence of criminal sanctions is mandatory under MAD which complements MAR.

For your ease of reference we sum up the anticipated Technical Standards, Delegated Acts, Implementing Measure, and Guidelines - level II measures – to be issued by ESMA and the European Commission on the following articles of MAR to further codify/clarify their application:

1. Article 4(4) – Regulatory Technical Standard (RTS) for the content of the notification and the lists.
2. Article 4(5) – Implementing Technical Standard (ITS) for the timing/formatting/ submission of the notification.
3. Article 5(6) – RTS for buy back conditions.
4. Article 6(5) and (6) – Delegated Acts to extend exemptions.
5. Article 7(5) – ESMA Guidelines for indicative list of information expected to be disclosed.
6. Article 11(9) – RTS for market soundings requirements.
7. Article 11(10) – ITS for market soundings.
8. Article 11(11) – ESMA Guidelines for persons receiving market soundings.
9. Article 12(5) – Delegated Act for specifying the indicators of Annex I.
10. Article 13(7) and (11) – RTS for criteria/procedure/requirements for establishing accepted market practices.
11. Article 16(5) – RTS for prevention and detection of market abuse.
12. Article 17(2), 3rd subparagraph – Delegated Act for thresholds regarding emission allowances.
13. Article 17(3) – Delegated Act to identify which is the competent authority.
14. Article 17(10) – ITS for technical issues arising in disclosure and delay.
15. Article 17(11) – ESMA Guidelines for indicative list of legitimate interests of issuers.
16. Article 18(9) – ITS for the format and updating of insider list.
17. Article 19(13) – Delegated Act to specify when trading is allowed in a closed period.
18. Article 19(14) – Delegated Act for type of transactions that need to be notified by managers.
19. Article 19(15) – ITS on format and template of notifications.
20. Article 20(3) – RTS for persons who produce/disseminate recommendations/statistics.
21. Article 24(3) – ITS procedures and forms for exchange of information with ESMA.
22. Article 25(9) – ITS procedures and forms to cooperate with Member States.
23. Article 26(2) – ITS procedures and forms to cooperate with third countries.
24. Article 32(5) – Implementing Act for reporting of infringements
25. Article 33(5) – ITS for the exchange of information with ESMA on sanctions imposed.

**CySEC advises all parties involved to consult carefully the said Regulation so as to be aware of the upcoming changes and to plan ahead.**

Nicosia, September 9, 2014

1. [1]               OJ L 173, 12.6.2014, p. 1. [↑](#footnote-ref-1)
2. [2]               OJ L 173, 12.6.2014, p. 179. [↑](#footnote-ref-2)