

Law of 30 May 2018 on markets in financial instruments and:

- 1. transposing Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU;**
- 2. transposing Article 6 of Commission Delegated Directive (EU) 2017/593 of 7 April 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council with regard to safeguarding of financial instruments and funds belonging to clients, product governance obligations and the rules applicable to the provision or reception of fees, commissions or any monetary or non-monetary benefits;**
- 3. implementing Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012;**
- 4. amending:**
 - a) the Law of 5 April 1993 on the financial sector, as amended;**
 - b) the Law of 23 December 1998 establishing a financial sector supervisory commission (“Commission de surveillance du secteur financier”), as amended;**
 - c) the Law of 5 August 2005 on financial collateral arrangements, as amended;**
 - d) the Law of 7 December 2015 on the insurance sector, as amended; and**
 - e) the Law of 15 March 2016 on OTC derivatives, central counterparties and trade repositories and amending different laws relating to financial services; and**
- 5. repealing the Law of 13 July 2007 on markets in financial instruments, as amended, except for Article 37 thereof**

(Mém. A 2018, No 446)

as amended by:

- the Law of 25 March 2020 establishing a central electronic data retrieval system related to payment accounts and bank accounts identified by IBAN and safe-deposit boxes held by credit institutions in Luxembourg and amending:
 - 1° the Law of 12 November 2004 on the fight against money laundering and terrorist financing, as amended;
 - 2° the Law of 5 July 2016 reorganising the State Intelligence Service, as amended;
 - 3° the Law of 30 May 2018 on markets in financial instruments;
 - 4° the Law of 13 January 2019 establishing a Register of beneficial owners; for the purpose of transposing:
 - 1° points (19) and (29) of Article 1 of Directive (EU) 2018/843 of the European Parliament and of the Council of 30 May 2018 amending Directive (EU) 2015/849 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing and amending Directives 2009/138/EC and 2013/36/EU;
 - 2° point 28(d) of Article 1 of Directive (EU) 2019/878 of the European Parliament and of the Council of 20 May 2019 amending Directive 2013/36/EU as regards exempted entities, financial holding companies, mixed financial holding companies, remuneration, supervisory measures and powers and capital conservation measures;
 - 3° point (5) of Article 64 of Directive (EU) 2019/2034 of the European Parliament and of the Council of 27 November 2019 on the prudential supervision of investment firms and amending Directives 2002/87/EC, 2009/65/EC, 2011/61/EU, 2013/36/EU, 2014/59/EU and 2014/65/EU.

(Mém. A 2020, n° 193)

TITLE I. - Markets in financial instruments

Chapter I - Definitions

Article 1. Definitions

For the purposes of this Law, the following definitions shall apply:

- (1) "direct electronic access" shall mean an arrangement where a member or participant or client of a trading venue permits a person to use its trading code so the person can electronically transmit orders relating to a financial instrument directly to the trading venue and arrangements which involve the use by a person of the infrastructure of the member or participant or client, or any connecting system provided by the member or participant or client, to transmit the orders (direct market access) and arrangements where such an infrastructure is not used by a person (sponsored access);
- (2) "competent authority" shall mean the Luxembourg or foreign administrative authority entrusted with the public duties of supervising markets in financial instruments. In Luxembourg, the Commission de Surveillance du Secteur Financier, hereinafter referred to as the "CSSF", is the competent authority;
- (3) "certificates" shall mean certificates as defined in point (27) of Article 2(1) of Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012, hereinafter referred to as "Regulation (EU) No 600/2014";
- (4) "depository receipts" shall mean those securities which are negotiable on the capital market and which represent ownership of the securities of a non-domiciled issuer while being able to be admitted to trading on a regulated market and traded independently of the securities of the non-domiciled issuer;
- (5) "client" shall mean any natural or legal person to whom a credit institution or an investment firm provides investment or ancillary services referred to in Section C of Annexe II to the Law of 5 April 1993 on the financial sector, as amended;
- (6) "retail client" shall mean a client other than a professional client;
- (7) "professional client" shall mean a client who possesses the experience, knowledge and expertise to make its own investment decisions and properly assess the risks that it incurs. In order to be considered a professional client, the client shall meet the criteria laid down in Annexe III to the Law of 5 April 1993 on the financial sector, as amended;
- (8) "C6 energy derivative contracts" shall mean options, futures, swaps, and any other derivative contracts mentioned in letter (f) of point (26) relating to coal or oil that are traded on an OTF and must be physically settled;
- (9) "commodity derivatives" shall mean commodity derivatives as defined in point (30) of Article 2(1) of Regulation (EU) No 600/2014;
- (10) "central counterparty" (CCP) shall mean a CCP as defined in point (1) of Article 2 of Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories, hereinafter referred to as "Regulation (EU) No 648/2012";
- (11) "structured deposit" shall mean a deposit as defined in point (3) of Article 2(1) of Directive 2014/49/EU of the European Parliament and of the Council of 16 April 2014 on deposit guarantee schemes, which is fully repayable at maturity on terms under which interest or a premium will be paid or is at risk, according to a formula involving factors such as:
 - (a) an index or combination of indices, excluding variable rate deposits whose return is directly linked to an interest rate benchmark;
 - (b) a financial instrument or combination of financial instruments;
 - (c) a commodity or combination of commodities or other physical or non-physical non-fungible assets; or
 - (d) a foreign exchange rate or combination of foreign exchange rates;

- (12) "sovereign debt" shall mean a debt instrument issued by a sovereign issuer;
- (13) "senior management" shall mean natural persons who exercise executive functions within a credit institution, an investment firm or a market operator and who are responsible, and accountable to the management body, for the day-to-day management of the entity, including for the implementation of the policies concerning the distribution of services and products to clients by the firm and its personnel;
- (14) "sovereign issuer" shall mean, for the purposes of point (12), any of the following that issues debt instruments:
- (a) the European Union;
 - (b) a Member State, including a government department, an agency, or a special purpose vehicle of the Member State;
 - (c) in the case of a federal Member State, a member of the federation;
 - (d) a special purpose vehicle for several Member States;
 - (e) an international financial institution established by two or more Member States which has the purpose of mobilising funding and provide financial assistance to the benefit of its members that are experiencing or threatened by severe financing problems; or
 - (f) the European Investment Bank;
- (15) "third-country firm" shall mean a firm that would be a credit institution providing investment services or performing investment activities or an investment firm if its head office or registered office were located within the European Union;
- (16) "investment firm" shall mean any person as defined in point (1) of Article 4(1) of Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU, hereinafter referred to as "Directive 2014/65/EU". In Luxembourg, the persons referred to in Part I, Chapter 2, Section 2, Subsection 1 of the Law of 5 April 1993 on the financial sector, as amended, i.e. the persons whose regular occupation or business is the provision of one or more investment services to third parties or the performance of one or more investment activities on a professional basis are investment firms;
- (17) "credit institution" shall mean a credit institution as defined in point (12) of Article 1 of the Law of 5 April 1993 on the financial sector, as amended;
- (18) "Member State" shall mean a Member State of the European Union. The States that are contracting parties to the European Economic Area Agreement other than the Member States of the European Union, within the limits set forth by this agreement and related acts are considered as equivalent to Member States of the European Union;
- (19) "host Member State" shall mean the Member State, other than the home Member State, in which a credit institution or an investment firm has a branch or provides services or exercises activities laid down in Annexes I and II to the Law of 5 April 1993 on the financial sector, as amended, or the Member State in which a regulated market implements appropriate arrangements so as to facilitate access to trading on its system by remote members or participants from that same Member State;
- (20) "home Member State" shall mean the Member State in which a credit institution or an investment firm is authorised or the Member State in which the regulated market has its registered office or, if under its national law it has no registered office, the Member State in which its head office is situated;
- (21) "ETF" or "exchange-traded fund" shall mean a fund of which at least one unit or share class is traded throughout the day on at least one trading venue and with at least one market maker which takes action to ensure that the price of its units or shares on the trading venue does not vary significantly from its net asset value and, where applicable, from its indicative net asset value;
- (22) "execution of orders on behalf of clients" shall mean acting to conclude agreements to buy or sell one or more financial instruments on behalf of clients and includes the conclusion of agreements

to sell financial instruments issued by an investment firm or a credit institution at the moment of their issuance;

- (23) "group" shall mean a group as defined in point (11) of Article 2 of 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, hereinafter referred to as "Directive 2013/34/EU";
- (24) "agricultural commodity derivatives" shall mean derivative contracts relating to products listed in Article 1 of, and Annex I, Parts I to XX and XXIV/1, to Regulation (EU) No 1308/2013 of the European Parliament and of the Council of 17 December 2013 establishing a common organisation of the markets in agricultural products and repealing Council Regulations (EEC) No 922/72, (EEC) No 234/79, (EC) No 1037/2001 and (EC) No 1234/2007, hereinafter referred to as "Regulation (EU) No 1308/2013";
- (25) "money-market instruments" shall mean those classes of instruments which are normally dealt in on the money market, such as treasury bills, certificates of deposit and commercial papers and excluding instruments of payment;
- (26) "financial instruments" shall mean:
 - (a) transferable securities;
 - (b) money-market instruments;
 - (c) units in collective investment undertakings;
 - (d) options, futures, swaps, forward rate agreements and any other derivative contracts relating to securities, currencies, interest rates or yields, emission allowances or other derivatives instruments, financial indices or financial measures which may be settled physically or in cash;
 - (e) options, futures, swaps, forwards and any other derivative contracts relating to commodities that must be settled in cash or may be settled in cash at the option of one of the parties other than by reason of default or other termination event;
 - (f) options, futures, swaps, and any other derivative contracts relating to commodities that can be physically settled provided that they are traded on a regulated market, an MTF, or an OTF, except for wholesale energy products traded on an OTF that must be physically settled;
 - (g) options, futures, swaps, forwards and any other derivative contracts relating to commodities, that can be physically settled, not mentioned in letter (f) and not being for commercial purposes, which have the characteristics of other derivative financial instruments;
 - (h) derivative instruments for the transfer of credit risk;
 - (i) financial contracts for differences;
 - (j) options, futures, swaps, forward rate agreements and any other derivative contracts relating to climatic variables, freight rates or inflation rates or other official economic statistics that must be settled in cash or may be settled in cash at the option of one of the parties other than by reason of default or other termination event, as well as any other derivative contracts relating to assets, rights, obligations, indices and measures not otherwise mentioned in this point (26), which have the characteristics of other derivative financial instruments, having regard to whether, inter alia, they are traded on a regulated market, OTF, or an MTF;
 - (k) emission allowances consisting of any units recognised for compliance with the requirements of Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003 establishing a scheme for greenhouse gas emission allowance trading within the Community and amending Council Directive 96/61/EC, hereinafter referred to as "Directive 2003/87/EC";
- (27) "systematic internaliser" shall mean a credit institution or an investment firm which, on an organised, frequent, systematic and substantial basis, deals on own account when executing

client orders outside a regulated market, an MTF or an OTF without operating a multilateral system. The frequent and systematic basis shall be measured by the number of OTC trades in the financial instrument carried out by the credit institution or investment firm on own account when executing client orders. The substantial basis shall be measured either by the size of the OTC trading carried out by the credit institution or investment firm in relation to the total trading of the credit institution or investment firm in a specific financial instrument or by the size of the OTC trading carried out by the credit institution or investment firm in relation to the total trading in the European Union in a specific financial instrument. The definition of a systematic internaliser shall apply only where the pre-set limits for a frequent and systematic basis and for a substantial basis are both crossed or where a credit institution or investment firm chooses to opt-in under the systematic internaliser regime;

- (28) “close links” shall mean close links as defined in point (21) of Article 1 of the Law of 5 April 1993 on the financial sector, as amended;
- (29) “SME growth market” shall mean an MTF that is registered as an SME growth market in accordance with Article 33 of Directive 2014/65/EU. In Luxembourg, they are MTFs registered as SME growth market in accordance with Article 29;
- (30) “liquid market” shall mean a market for a financial instrument or a class of financial instruments, where there are ready and willing buyers and sellers on a continuous basis, assessed in accordance with the following criteria, taking into consideration the specific market structures of the particular financial instrument or of the particular class of financial instruments:
 - (a) the average frequency and size of transactions over a range of market conditions, having regard to the nature and life cycle of products within the class of financial instruments;
 - (b) the number and type of market participants, including the ratio of market participants to traded instruments in a particular product;
 - (c) the average size of spreads, where available;
- (31) “regulated market” shall mean a multilateral system operated and/or managed by a market operator, which brings together or facilitates the bringing together of multiple third-party buying and selling interests in financial instruments – in the system and in accordance with its non-discretionary rules – in a way that results in a contract, in respect of the financial instruments admitted to trading under its rules or systems, and which is authorised and functions regularly and in accordance with the provisions of Title III of Directive 2014/65/EU. In Luxembourg, these systems are included on the official list of regulated markets maintained by the CSSF in accordance with Article 19. In the other Member States, these systems are included on a list drawn up by the European Commission pursuant to Article 56 of Directive 2014/65/EU. In third countries, these systems are authorised or supervised by a public authority and function regularly in accordance with provisions that are equivalent to those of Chapter II;
- (32) “MTF” or “multilateral trading facility” shall mean a multilateral system, operated by a credit institution, an investment firm or a market operator, which brings together multiple third-party buying and selling interests in financial instruments – in the system and in accordance with non-discretionary rules – in a way that results in a contract in accordance with the provisions of Title II of Directive 2014/65/EU. In Luxembourg, these systems are included on the official list of MTFs maintained by the CSSF pursuant to Article 31. In third countries, these systems function regularly in accordance with provisions that are equivalent to those of Chapter III;
- (33) “matched principal trading” shall mean a transaction where the facilitator interposes itself between the buyer and the seller to the transaction in such a way that it is never exposed to market risk throughout the execution of the transaction, with both sides executed simultaneously, and where the transaction is concluded at a price where the facilitator makes no profit or loss, other than a previously disclosed commission, fee or charge for the transaction;
- (34) “dealing on own account” shall mean trading against proprietary capital resulting in the conclusion of transactions in one or more financial instruments;
- (35) “management body” shall mean the administrative, managerial and supervisory body or bodies;
- (36) “market operator” shall mean a person or persons who manages or operates the business of a regulated market and may be the regulated market itself;

- (37) "limit order" shall mean an order to buy or sell a financial instrument at its specified price limit or better and for a specified size;
- (38) "OTF" or "organised trading facility" shall mean a multilateral system which is not a regulated market or an MTF and in which multiple third-party buying and selling interests in bonds, structured finance products, emission allowances or derivatives are able to interact in the system in a way that results in a contract in accordance with Title II of Directive 2014/65/EU. In Luxembourg, these systems are on the official list of OTFs maintained by the CSSF pursuant to Article 41. In third countries, these systems function regularly in accordance with provisions that are equivalent to those of Chapter IV;
- (39) "qualifying holding" shall mean qualifying holding as defined in point (25) of Article 1 of the Law of 5 April 1993 on the financial sector, as amended;
- (40) "third country" shall mean a State other than a Member State;
- (41) "person" shall mean a natural or legal person;
- (42) "small and medium-sized enterprises" or "SMEs" shall mean companies that had an average market capitalisation of less than EUR 200,000,000 on the basis of end-year quotes for the previous three calendar years;
- (43) "trading venue" shall mean a regulated market, an MTF or an OTF;
- (44) "data reporting services provider" shall mean a data reporting services provider as defined in point (26b-1) of Article 1 of the Law of 5 April 1993 on the financial sector, as amended;
- (45) "derivatives" shall mean derivatives as defined in point (29) of Article 2(1) of Regulation (EU) No 600/2014;
- (46) "wholesale energy product" shall mean wholesale energy products as defined in point (4) of Article 2 of Regulation (EU) No 1227/2011 of the European Parliament and of the Council of 25 October 2011 on wholesale energy market integrity and transparency, hereinafter referred to as "Regulation (EU) No 1227/2011";
- (47) "structured finance products" shall mean structured finance products as defined in point (28) of Article 2(1) of Regulation (EU) No 600/2014;
- (48) "ancillary service" shall mean any of the services listed in Annexe II, Section C to the Law of 5 April 1993 on the financial sector, as amended;
- (49) "investment service" or "investment activity" shall mean any of the services and activities referred to in Section A of Annexe II to the Law of 5 April 1993 on the financial sector, as amended, relating to any of the financial instruments listed in Section B of Annexe II to that law;
- (50) "branch" shall mean a place of business which is part of a credit institution or investment firm, which has no legal personality and which provides investment services or activities and which may also provide ancillary services referred to in Annexe II, Section C to the Law of 5 April 1993 on the financial sector, as amended, for which the credit institution or investment firm has been authorised. All the places of business set up in the same Member State by a credit institution or investment firm with headquarters in another Member State shall be regarded as a single branch;
- (51) "multilateral system" shall mean any system or facility in which multiple third-party buying and selling trading interests in financial instruments are able to interact in the system;
- (52) "high-frequency algorithmic trading technique" shall mean an algorithmic trading technique characterised by:
- (a) infrastructure intended to minimise network and other types of latencies, including at least one of the following facilities for algorithmic order entry: co-location, proximity hosting or high-speed direct electronic access;
 - (b) system-determination of order initiation, generation, routing or execution without human intervention for individual trades or orders; and
 - (c) high message intraday rates which constitute orders, quotes or cancellations;

- (53) “market maker” shall mean a person who holds himself out on the financial markets on a continuous basis as being willing to deal on own account by buying and selling financial instruments against that person’s proprietary capital at prices defined by that person;
- (54) “algorithmic trading” shall mean trading in financial instruments where a computer algorithm automatically determines individual parameters of orders such as whether to initiate the order, the timing, price or quantity of the order or how to manage the order after its submission, with limited or no human intervention. It does not include any system that is only used for the purpose of routing orders to one or more trading venues or for the processing of orders involving no determination of any trading parameters or for the confirmation of orders or the post-trade processing of executed transactions;
- (55) “transferable securities” shall mean those classes of securities which are negotiable on the capital market, with the exception of instruments of payment, such as:
- (a) shares in companies and other securities equivalent to shares in companies, partnerships or other entities, and depositary receipts in respect of shares;
 - (b) bonds or other forms of securitised debt, including depositary receipts in respect of such securities;
 - (c) any other securities giving the right to acquire or sell any such transferable securities or giving rise to a cash settlement determined by reference to transferable securities, currencies, interest rates or yields, commodities or other indices or measures.

Chapter II - Regulated markets

Article 2. Authorisation and applicable law

1. The establishment of a regulated market in Luxembourg shall be subject to a written authorisation of the Minister responsible for the CSSF.
2. Authorisation as regulated market shall be granted upon written request by the market operator and upon scrutiny by the CSSF of the conditions required under this chapter.
The authorisation shall be granted only if the market operator and the systems of the regulated market comply with the requirements as laid down in this chapter.
3. The authorisation shall be granted for an unlimited period of time.
4. The operator of a regulated market shall ensure that the regulated market complies with the requirements as laid down in this chapter. The market operator shall be entitled to exercise the rights that this chapter confers on the regulated market it manages. Where a regulated market is a legal person which is distinct from its market operator, the market operator is responsible for complying with all the obligations imposed on the market operator under this chapter.
5. The market operator shall provide in its authorisation request all information, including a programme of operations setting out, inter alia, the types of activities envisaged, the operating rules and the organisational structure, necessary to enable the CSSF to satisfy itself that the regulated market has established all the necessary arrangements to meet its obligations under this chapter.
6. The authorisation is subject to the condition that the regulated market has its registered office or, where appropriate, its head office in Luxembourg.
7. The market operator shall perform tasks relating to the organisation and operation of the regulated market under the supervision of the CSSF.
The market operator shall notify the CSSF in advance of any changes to the operating rules of the regulated market. Within three months of receiving the information referred to in the first sentence, the CSSF may oppose the change where there are objective and demonstrable grounds for believing that the proposed change would pose a threat to the orderly functioning of the market.
8. The CSSF shall monitor that the regulated markets comply with the provisions of this chapter and that they continue to comply with the conditions for initial authorisation.

9. Authorisation shall be conditional on the market operator having its annual accounts audited by one or more *réviseurs d'entreprises agréés* (approved statutory auditors) who can prove that they possess adequate professional experience. Those *réviseurs d'entreprises agréés* (approved statutory auditors) shall be appointed by the body responsible for the administration of the market operator.

Any change with respect to the *réviseurs d'entreprises agréés* (approved statutory auditors) shall be authorised by the CSSF in advance. To this effect, the CSSF may request all such information as may be necessary to assess the professional experience of the persons concerned.

The institution of the *commissaires aux comptes* (supervisory auditors) provided for in the Law of 10 August 1915 on commercial companies, as amended, shall not apply to market operators.

10. The decision regarding an application for authorisation shall be duly substantiated and notified to the market operator within six months of receiving the application or, if the application is incomplete, within six months of receiving the information required for the decision. A decision shall, in any case, be taken within 12 months of receiving the application, otherwise the absence of a decision implies a refusal.
11. Without prejudice to the provisions of the Law of 23 December 2016 on market abuse and Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC, hereinafter referred to as "Regulation (EU) No 596/2014", the public law governing the trading conducted under the systems of the regulated market authorised in Luxembourg shall be Luxembourg law.

Article 3. Withdrawal of authorisation

The authorisation may be withdrawn:

- (1) where the regulated market does not make use of the authorisation within 12 months of receiving the authorisation, expressly renounces the authorisation or has not operated for the preceding six months;
- (2) where the conditions under which authorisation was granted are no longer met;
- (3) where the authorisation has been obtained by making false statements or by any other irregular means;
- (4) where the regulated market has seriously and systematically infringed the provisions adopted pursuant to this Law or to Regulation (EU) No 600/2014;

The European Securities and Markets Authority, hereinafter referred to as "ESMA", shall be notified of any withdrawal of authorisation.

Article 4. Requirements for the management of the regulated market

1. The authorisation as regulated market shall be conditional on the communication to the CSSF by the market operator of the identity of the members of its management body and of any information necessary to assess whether the market operator complies with paragraphs 2 to 6.
2. The authorisation shall be conditional on these persons being at all times of sufficiently good repute, possessing sufficient knowledge, skills and experience to perform their duties and on the overall composition of the management body reflecting an adequately broad range of experience. Such good repute shall be assessed on the basis of criminal records and of any evidence that may demonstrate that the persons concerned have a good reputation and offer every guarantee of irreproachable conduct. Experience shall be assessed in the light of the fact that they previously carried out similar activities at a high level of responsibility and autonomy.
3. Members of the management body shall fulfil the following requirements:
 - (1) all members of the management body shall commit sufficient time to perform their functions in the market operator. The number of directorships a member of the

management body can hold, in any legal entity, at the same time shall take into account individual circumstances and the nature, scale and complexity of the market operator's activities.

Unless representing the State, members of the management body of market operators that are significant in terms of their size, internal organisation and the nature, the scope and the complexity of their activities shall not at the same time hold positions exceeding more than one of the following combinations:

- (a) one executive directorship with two non-executive directorships;
- (b) four non-executive directorships.

Executive or non-executive directorships held within the same group or undertakings where the market operator owns a qualifying holding shall be considered to be one single directorship.

The CSSF may authorise members of the management body to hold one additional non-executive directorship. The CSSF shall regularly inform ESMA of such authorisations.

Directorships in organisations which do not pursue predominantly commercial objectives shall be exempt from the limitation on the number of directorships a member of a management body can hold;

- (2) the management body shall possess adequate collective knowledge, skills and experience to be able to understand the market operator's activities, including the main risks;
 - (3) each member of the management body shall act with honesty, integrity and independence of mind to effectively assess and challenge the decisions of the senior management where necessary and to effectively oversee and monitor decision-making.
4. Market operators shall devote adequate human and financial resources to the induction and training of members of the management body.
5. Market operators which are significant in terms of their size, internal organisation and the nature, scope and complexity of their activities shall establish a nomination committee composed of members of the management body who do not perform any executive function in the market operator concerned.

The nomination committee shall carry out the following:

- (1) identify and recommend, for the approval of the management body or for approval of the general meeting, candidates to fill management body vacancies. In doing so, the nomination committee shall evaluate the balance of knowledge, skills, diversity and experience of the management body. Further, the committee shall prepare a description of the roles and capabilities for a particular appointment, and assess the time commitment expected. Furthermore, the nomination committee shall decide on a target for the representation of the underrepresented gender in the management body and prepare a policy on how to increase the number of the underrepresented gender in the management body in order to meet that target;
- (2) periodically, and at least annually, assess the structure, size, composition and performance of the management body, and make recommendations to the management body with regard to any changes;
- (3) periodically, and at least annually, assess the knowledge, skills and experience of individual members of the management body and of the management body collectively, and report to the management body accordingly;
- (4) periodically review the policy of the management body for selection and appointment of senior management and make recommendations to the management body.

In performing its duties, the nomination committee shall, to the extent possible and on an ongoing basis, take account of the need to ensure that the management body's decision-making is not dominated by any one individual or small group of individuals in a manner that is detrimental to the interests of the market operator as a whole.

In performing its duties, the nomination committee shall be able to use any forms of resources it deems appropriate, including external advice.

6. Market operators and their respective nomination committees shall engage a broad set of qualities and competences when recruiting members to the management body and for that purpose put in place a policy promoting diversity on the management body.

7. The management body of a market operator shall define and oversee the implementation of the governance arrangements that ensure effective and prudent management of the organisation, including the segregation of duties in the organisation and the prevention of conflicts of interest, and in a manner that promotes the integrity of the market.

The management body shall monitor and periodically assess the effectiveness of the market operator's governance arrangements and take appropriate steps to address any deficiencies.

Members of the management body shall have adequate access to information and documents which are needed to oversee and monitor management decision-making.

8. The authorisation shall be refused if the conditions under which it was granted are not met and, in particular, if it has not been proven that the members of the management body of the market operator are of sufficiently good repute, possess sufficient knowledge, skills and experience and commit sufficient time to perform their functions, or if there are objective and demonstrable grounds for believing that the management body of the market operator may pose a threat to its effective, sound and prudent management and to the adequate consideration of the integrity of the market.

9. The market operator shall inform the CSSF in advance of any change in the persons referred to in paragraph 1, including in the composition of the management body. The CSSF may request all such information as may be necessary regarding the persons who may be required to fulfil the legal requirements with respect to good repute, knowledge, skills and experience.

Within six weeks of receiving the information referred to in the first subparagraph, the CSSF may refuse to approve the proposed change where there are objective and demonstrable grounds for believing that this change would pose a serious threat to the sound and prudent management and operation of the regulated market.

10. Where the persons required to effectively direct the business and ensure the operation of the regulated market already effectively direct the business and ensure the operation of another regulated market authorised in a Member State, they are deemed to comply with the requirements of paragraph 2.

Article 5. Requirements relating to persons exercising significant influence over the management of the regulated market

1. The authorisation as regulated market shall be conditional on the communication to the CSSF by the market operator of information regarding its ownership and, where appropriate, regarding the ownership of the regulated market, and in particular, the identity and scale of interests of any parties in a position to exercise significant influence over the management of the regulated market.

The suitability of the persons who are in a position to exercise, directly or indirectly, significant influence over the management of the regulated market shall satisfy the CSSF, as it needs to ensure a sound and prudent management of the regulated market.

2. The market operator shall inform the CSSF in advance of any transfer of ownership which gives rise to a change in the identity of the persons exercising significant influence over the management of the regulated market.

The CSSF may request all information necessary to assess the suitability of the persons concerned.

The CSSF shall have a maximum period of two months from receiving the information referred to in the first and second subparagraphs, to refuse to approve the proposed change where there are objective and demonstrable grounds for believing that this change would pose a serious threat to the sound and prudent management of the regulated market.

3. Where a transfer of ownership giving rise to a change in the identity of the persons exercising significant influence over the management of the regulated market takes place despite the CSSF's opposition, the latter may suspend the exercise of the corresponding voting rights or request the annulment of the votes cast.
4. The market operator shall make public the information referred to in the first subparagraph of paragraph 1 and in the first subparagraph of paragraph 2.

Article 6. Organisational requirements

1. With respect to organisational requirements, regulated markets shall:
 - (1) implement arrangements to identify and manage the potential adverse consequences for the operation of the regulated market or for its members or participants, of any conflict of interest between the interest of the regulated market, its owners or its market operator and the sound functioning of the regulated market, and in particular where such conflicts of interest might prove prejudicial to the accomplishment of any functions delegated to the regulated market by the CSSF;
 - (2) be adequately equipped to manage the risks to which it is exposed, to implement appropriate arrangements and systems to identify all significant risks to its operation, and to put in place effective measures to mitigate those risks;
 - (3) implement arrangements for the sound management of the technical operations of the system, including the establishment of effective contingency arrangements to cope with risks of systems disruptions;
 - (4) have transparent and non-discretionary rules and procedures that provide for fair and orderly trading and establish objective criteria for the efficient execution of orders;
 - (5) have effective arrangements to facilitate the efficient and timely finalisation of the transactions executed under its systems;
 - (6) have available, at the time of authorisation and on an ongoing basis, sufficient financial resources to facilitate its orderly functioning, having regard to the nature and extent of the transactions concluded on the market and the range and degree of the risks to which it is exposed.
2. Market operators shall not execute client orders against proprietary capital, or engage in matched principal trading on any of the regulated markets they operate.

Article 7. Systems resilience, circuit breakers and electronic trading

1. Regulated markets shall have in place effective systems, procedures and arrangements to ensure its trading systems are resilient, have sufficient capacity to deal with peak order and message volumes, are able to ensure orderly trading under conditions of severe market stress, are fully tested to ensure such conditions are met and are subject to effective business continuity arrangements to ensure continuity of their services if there is any failure of its trading systems.
2. Regulated markets shall have in place:
 - (1) written agreements with all investment firms or credit institutions pursuing a market making strategy on the regulated market;
 - (2) schemes to ensure that a sufficient number of investment firms or credit institutions participate in such agreements which require them to post firm quotes at competitive prices with the result of providing liquidity to the market on a regular and predictable basis, where such a requirement is appropriate to the nature and scale of the trading on that regulated market.
3. The written agreements referred to in paragraph 2 shall at least specify:
 - (1) the obligations of the investment firm or credit institution in relation to the provision of liquidity and, where applicable, any other obligation arising from participation in the scheme referred to in point (2) of paragraph 2;
 - (2) any incentives in terms of rebates or otherwise offered by the regulated market to an investment firm or a credit institution so as to provide liquidity to the market on a regular

and predictable basis and, where applicable, any other rights accruing to the investment firm or credit institution as a result of participation in the scheme referred to in point (2) of paragraph 2.

The regulated market shall monitor and enforce compliance by investment firms or credit institutions with the requirements of such binding written agreements. The regulated market shall inform the CSSF about the content of the binding written agreement and shall, upon request, provide all further information to the CSSF necessary to enable the CSSF to satisfy itself of compliance by the regulated market with this paragraph.

4. Regulated markets shall have in place effective systems, procedures and arrangements to reject orders that exceed pre-determined volume and price thresholds or are clearly erroneous.
5. Regulated markets shall be able to temporarily halt or constrain trading if there is a significant price movement in a financial instrument on that market or a related market during a short period and, in exceptional cases, be able to cancel, vary or correct any transaction. Regulated markets shall ensure that the parameters for halting trading are appropriately calibrated in a way which takes into account the liquidity of different asset classes and sub-classes, the nature of the market model and types of users and are sufficient to avoid significant disruptions to the orderliness of trading.

Regulated markets shall report the parameters for halting trading and any material changes to those parameters to the CSSF in a consistent and comparable manner. The CSSF shall report these parameters to ESMA.

Where a regulated market which is material in terms of liquidity in that financial instrument halts trading, it shall have the necessary systems and procedures in place to ensure that it will notify the competent authorities concerned. The CSSF shall coordinate, where appropriate, a market-wide response, in consultation with the other competent authorities concerned, and determine whether it is appropriate to halt trading on other venues on which the financial instrument is traded until trading resumes on the original market.

6. Regulated markets shall have in place effective systems, procedures and arrangements and require members or participants to carry out appropriate testing of algorithms and provide environments to facilitate such testing, to ensure that algorithmic trading systems cannot create or contribute to disorderly trading conditions on the market and to manage any disorderly trading conditions which do arise from such algorithmic trading systems, including systems to limit the ratio of unexecuted orders to transactions that may be entered into the system by a member or participant, to be able to slow down the flow of orders if there is a risk of its system capacity being reached and to limit and enforce the minimum tick size that may be executed on the market.
7. Regulated markets that permit direct electronic access shall have in place effective systems procedures and arrangements to ensure that members or participants are only permitted to provide such services if they are investment firms authorised under Directive 2014/65/EU or credit institutions authorised under Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC, hereinafter referred to as "Directive 2013/36/EU", that appropriate criteria are set and applied regarding the suitability of persons to whom such access may be provided and that the member or participant retains responsibility for orders and trades executed using that service in relation to the requirements of Directive 2014/65/EU.

Moreover, regulated markets shall set appropriate standards regarding risk controls and thresholds on trading through such access and be able to distinguish and if necessary to stop orders or trading by a person using direct electronic access separately from other orders or trading by the member or participant.

Regulated markets shall have arrangements in place to suspend or terminate the provision of direct electronic access by a member or participant to a client in the case of non-compliance with the first and second subparagraphs.

8. Regulated markets shall ensure that their rules on co-location services are transparent, fair and non-discriminatory.
9. Regulated markets shall ensure that their fee structures including execution fees, ancillary fees and any rebates are transparent, fair and non-discriminatory and that they do not create incentives to place, modify or cancel orders or to execute transactions in a way which contributes to disorderly trading conditions or market abuse. In particular, regulated markets shall impose market making obligations in individual shares or a suitable basket of shares in exchange for any rebates that are granted.

Regulated markets may adjust their fees for cancelled orders according to the length of time for which the order was maintained and calibrate the fees to each financial instrument to which they apply.

In order to reflect the additional burden on system capacity, regulated markets may impose a higher fee on members or participants which place an order that is subsequently cancelled, which place a high ratio of cancelled orders to executed orders or which operate a high-frequency algorithmic trading technique.
10. Regulated markets shall be able to identify, by means of flagging from members or participants, orders generated by algorithmic trading, the different algorithms used for the creation of orders and the relevant persons initiating those orders. That information shall be available to the CSSF upon request.

Article 8. Tick sizes

1. Regulated markets shall adopt tick size regimes in shares, depositary receipts, ETFs, certificates and other similar financial instruments and in any other financial instrument referred to in Commission Delegated Regulation (EU) 2017/588 of 14 July 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council with regard to regulatory technical standards on the tick size regime for shares, depositary receipts and exchange-traded funds. "The application of tick sizes shall not prevent regulated markets from matching large scale orders at mid-point within the current bid and offer prices."¹
2. The tick size regimes referred to in paragraph 1 shall:
 - (1) be calibrated to reflect the liquidity profile of the financial instrument in different markets and the average bid-ask spread, taking into account the desirability of enabling reasonably stable prices without unduly constraining further narrowing of spreads;
 - (2) adapt the tick size for each financial instrument appropriately.

Article 9. Reporting of infringements

1. Market operators shall have in place appropriate procedures for their employees to report internally, through a specific, independent and autonomous channel, potential or actual infringements of this Law, of Regulation (EU) No 600/2014 or of their implementing measures.
2. The procedures referred to in paragraph 1 shall include at least:
 - (1) appropriate protection for employees who report infringements committed within the market operator at least against retaliation, discrimination or other types of unfair treatment;
 - (2) protection of personal data concerning both the person who reports the infringements and the natural person who is allegedly responsible for an infringement, in accordance with the Law of 2 August 2002 on the protection of individuals with regard to the processing of personal data, as amended; and
 - (3) clear rules that guarantee confidentiality in all cases in relation to the person who reports the infringements referred to in paragraph 1 committed within the market operator concerned, unless disclosure is required by or pursuant to a law.

¹ Law of 20 March 2020

Article 10. Access to information

1. Upon request by the CSSF, regulated markets shall make available to the CSSF data relating to the order book or give the CSSF access to the order book so that it is able to monitor trading.
2. The CSSF may request that market operators provide it with an electronic access to relevant information on transactions in financial instruments admitted to trading on these regulated markets or with this information at recurring intervals in formats specified by the CSSF.

Article 11. Synchronisation of business clocks

Regulated markets, as well as their members or participants, shall synchronise the business clocks they use to record the date and time of any reportable event.

Article 12. Admission of financial instruments to trading

1. Regulated markets shall have clear and transparent rules regarding the admission of financial instruments to trading.

Those rules shall ensure that any financial instruments admitted to trading on the regulated market are capable of being traded in a fair, orderly and efficient manner and, in the case of transferable securities, are freely negotiable.

2. In the case of derivatives, the rules referred to in paragraph 1 shall ensure in particular that the design of the contract in respect of such instruments allows for its orderly pricing as well as for the existence of effective settlement conditions.
3. In addition to the obligations set out in paragraphs 1 and 2, regulated markets shall establish and maintain effective arrangements to verify that issuers of transferable securities admitted to trading on the regulated market comply with their obligations under the European Union law in respect of initial, ongoing or ad hoc disclosure obligations.

Regulated markets shall have established arrangements which facilitate their members or participants in obtaining access to information which has been made public under the European Union law.

4. Regulated markets shall have established the necessary arrangements to review regularly the compliance with the admission requirements of the financial instruments which they admit to trading.
5. A transferable security that has been admitted to trading on a regulated market authorised in another Member State can subsequently be admitted to trading on a regulated market authorised in Luxembourg, even without the consent of the issuer, without prejudice to the Law of 10 July 2005 on prospectuses for securities, as amended. The issuer shall be informed by the operator of the regulated market authorised in Luxembourg of the fact that its securities are traded on that regulated market. The issuer shall not be subject to any obligation to provide the information required under paragraph 3 directly to the regulated market authorised in Luxembourg where the latter admitted securities to trading without the issuer's consent.

Article 13. Suspension and removal of financial instruments from trading on a regulated market

1. Without prejudice to the right of the CSSF under Article 45 to demand suspension or removal of a financial instrument from trading, a market operator may suspend or remove from trading a financial instrument which no longer complies with the rules of the regulated market unless such suspension or removal would be likely to cause significant damage to the investors' interests or to significantly jeopardise the orderly functioning of the market.
2. Market operators that suspend or remove from trading a financial instrument shall also suspend or remove the derivatives as referred to in letters (d) to (j) of point (26) of Article 1 that relate or are referenced to that financial instrument where necessary to support the objectives of the suspension or removal of the underlying financial instrument. The market operator shall make public its decision on the suspension or removal of the financial instrument and of any derivative that relates or is referenced to that financial instrument and communicate the relevant decisions to the CSSF.

In that case, the CSSF shall require that regulated markets, MTFs, OTFs and systematic internalisers, which fall under its jurisdiction and trade the same financial instrument or

derivatives as referred to in letters (d) to (j) of point (26) of Article 1 that relate or are referenced to that financial instrument, also suspend or remove that financial instrument or derivatives from trading, where the suspension or removal is due to suspected market abuse, a take-over bid or the non-disclosure of inside information about the issuer or financial instrument infringing Articles 7 and 17 of Regulation (EU) No 596/2014 except where such suspension or removal could cause significant damage to the investors' interests or the orderly functioning of the market.

The CSSF shall immediately make public and communicate to ESMA and the competent authorities of the other Member States such a decision.

3. Where the CSSF is notified by the competent authority of another Member State of its decision to suspend or remove a financial instrument from trading on one or several regulated markets authorised in that Member State and to also suspend or remove from trading the derivatives as referred to in points (4) to (10) of Section C of Annex I to Directive 2014/65/EU that relate or are referenced to that financial instrument, the CSSF shall require that regulated markets, MTFs, OTFs and systematic internalisers which fall under its jurisdiction and trade the same financial instrument or derivatives, also suspend or remove that financial instrument or derivatives from trading, where the suspension or removal is due to suspected market abuse, a take-over bid or the non-disclosure of inside information about the issuer or financial instrument infringing Articles 7 and 17 of Regulation (EU) No 596/2014 except where such suspension or removal could cause significant damage to the investors' interests or the orderly functioning of the market.

The CSSF shall communicate its subsequent decision to ESMA and other competent authorities. If it decides not to suspend or remove from trading the financial instrument or derivatives as referred to in letters (d) to (j) of point (26) of Article 1 that relate or are referenced to that financial instrument, it shall explain its decision.

4. Paragraphs 2 and 3 shall also apply when the suspension from trading of a financial instrument or derivatives as referred to in letters (d) to (j) of point (26) of Article 1 that relate or are referenced to that financial instrument is lifted.

The notification procedure referred to in paragraphs 2 and 3 shall also apply in the case where the decision to suspend or remove from trading a financial instrument or derivatives as referred to in letters (d) to (j) of point (26) of Article 1 that relate or are referenced to that financial instrument is taken by the CSSF pursuant to points (13) and (14) of Article 45(2).

Article 14. Access to regulated markets authorised in Luxembourg

1. Regulated markets shall establish, implement and maintain transparent and non-discriminatory rules, based on objective criteria, governing access by participants to or membership of the regulated markets.
2. The rules referred to in paragraph 1 shall specify the obligations for the members or participants arising from:
 - (1) the constitution and administration of the regulated market concerned;
 - (2) rules relating to transactions on the regulated market;
 - (3) professional standards imposed on the staff of the credit institutions or investment firms that are operating on the regulated market concerned;
 - (4) the conditions imposed on members or participants other than credit institutions and investment firms pursuant to paragraph 3; and
 - (5) the rules and procedures for the clearing and settlement of transactions concluded on the regulated market concerned.
3. Regulated markets may admit as members or participants credit institutions and investment firms authorised in a Member State, and other persons who:
 - (1) are of sufficient good repute;
 - (2) have a sufficient level of trading ability, competence and experience;
 - (3) have, where applicable, adequate organisational arrangements; and

- (4) have sufficient resources for the role they are to perform, taking into account the different financial arrangements that the regulated market may have established in order to guarantee the adequate settlement of transactions.
4. Articles 37-3, 37-5 and 37-6 of the Law of 5 April 1993 on the financial sector, as amended, shall not apply to transactions concluded on a regulated market between members or participants of the regulated market.
- However, the members or participants of the regulated market shall apply the obligations provided for in Articles 37-3, 37-5 and 37-6 of the Law of 5 April 1993 on the financial sector, as amended, with respect to their clients when they, acting on behalf of their clients, execute the orders of their clients on a regulated market.
5. The rules on access by participants to, membership of or participation in the regulated markets shall allow for the direct or remote participation of credit institutions and investment firms authorised in a Member State.
- Credit institutions and investment firms authorised in another Member State which are authorised to execute client orders or to deal on own account may become members of or have access to regulated markets authorised in Luxembourg by means of any of the following arrangements:
- (1) directly, by setting up branches in Luxembourg;
 - (2) remotely, by becoming remote members of or having remote access to the regulated market without having an institution in Luxembourg, where the trading procedures and systems of the regulated market in question do not require a physical presence for conclusion of transactions on the market.
6. Where the regulated markets authorised in Luxembourg intend to provide in other Member States appropriate arrangements facilitating membership of or access to and trading on their systems by remote members or participants from these Member States, they shall communicate to the CSSF the name of these Member States. The CSSF shall communicate that information to the competent authorities of the Member States in which the regulated market authorised in Luxembourg intends to provide such arrangements within one month.
- The CSSF shall communicate to the competent authority of the Member State in which the regulated market provides such arrangements, on the request of the competent authority and without undue delay, the identity of the remote members or participants of that regulated market established in that Member State.
7. The market operator shall inform the CSSF every time the regulated market admits a new participant or member. In addition, it shall communicate to the CSSF twice a year the list of the members and participants of the regulated market.

Article 15. Remote access to regulated markets

The regulated markets authorised in another Member State may provide in Luxembourg appropriate arrangements facilitating membership of or access to and trading on their systems by remote members and participants from Luxembourg.

The CSSF may request the competent authority of the home Member State of the regulated market to communicate to it the identity of the members or participants of the regulated market established in Luxembourg.

Article 16. Monitoring of compliance with the rules of the regulated market and with other legal obligations

1. Regulated markets shall establish and maintain effective arrangements and procedures including the necessary resources for the regular monitoring of the compliance by their members or participants with their rules. Regulated markets shall monitor orders sent including cancellations and the transactions undertaken by their members or participants under their systems in order to identify infringements of their rules, disorderly trading conditions or conduct that may indicate behaviour that is prohibited under Regulation (EU) No 596/2014 or system disruptions in relation to a financial instrument.

2. The market operator shall immediately inform the CSSF of significant infringements of the rules of the regulated market, of disorderly trading conditions, of conduct that may indicate behaviour that is prohibited under Regulation (EU) No 596/2014 and of system disruptions in relation to a financial instrument.

The CSSF shall communicate the information referred to in the first subparagraph to the competent authorities of the other Member States and to ESMA.

In relation to conduct that may indicate behaviour that is prohibited under Regulation (EU) No 596/2014, the CSSF must be convinced that such behaviour is being or has been carried out before it notifies the competent authorities of the other Member States and ESMA.

3. Market operators shall supply the information referred to in paragraph 2 without undue delay to the CSSF and provide full assistance to the latter in investigating and prosecuting market abuse occurring on or through the systems of the regulated market.

Article 17. Provisions regarding CCPs, clearing houses and settlement systems and right to designate a settlement system

1. Without prejudice to Titles III, IV or V of Regulation (EU) No 648/2012, regulated markets may enter into appropriate arrangements with a settlement system, clearing house or CCP, whether they are established in Luxembourg or in another Member State with a view to providing for the settlement or clearing of some or all trades concluded by their members or participants under their systems.
2. Without prejudice to Titles III, IV or V of Regulation (EU) No 648/2012, the CSSF may not oppose to regulated markets the use of settlement systems, clearing houses or CCPs in another Member State except where necessary in order to maintain the orderly functioning of the regulated market by taking into account the conditions for settlement systems established in paragraph 3.

In order to avoid undue duplication of controls, the CSSF shall take into account the oversight and supervision of the clearing and settlement systems already exercised by the national central banks in charge of overseeing clearing and settlement systems or by other supervisory authorities with competence in relation to such systems.

3. Regulated markets shall offer their members or participants the right to designate the system for the settlement of transactions in financial instruments concluded on that regulated market, subject to the following conditions:
 - (1) such links and arrangements between the designated settlement system and any other system or facility as are necessary to ensure the efficient and economic settlement of the transaction in question;
 - (2) agreement by the CSSF that technical conditions for settlement of transactions concluded on the regulated market through a settlement system other than that designated by the regulated market are such as to allow the smooth and orderly functioning of financial markets.

The assessment of the CSSF shall be without prejudice to the competencies of the national central banks in charge of overseeing clearing and settlement systems or the competencies of other supervisory authorities with competence in relation to such systems. The CSSF shall take into account the oversight and supervision already exercised by those institutions in order to avoid undue duplication of control.

Article 18. Regulated markets submitting transaction reports

A regulated market submitting transaction reports on behalf of a credit institution or investment firm pursuant to Article 26(7) of Regulation (EU) No 600/2014 shall have sound security mechanisms in place designed to guarantee the security and authentication of the means of transfer of information, to minimise the risk of data corruption and unauthorised access and to prevent information leakage maintaining the confidentiality of the data at all times. The regulated market shall maintain adequate resources and have back-up facilities in place in order to offer and maintain its services at all times.

Article 19. Official list of regulated markets

1. The CSSF shall keep the official list of regulated markets authorised in Luxembourg. It shall forward that list to the competent authorities of the other Member States and ESMA. A similar communication shall be effected in respect of each change to that list. The official list shall be published on the CSSF's website and updated with each change.
2. No person, except for those registered on the official list referred to in paragraph 1, may use a title or name purporting to indicate that they are authorised as regulated market.

Chapter III - MTFs

Article 20. Operation of an MTF in Luxembourg

1. The operation of an MTF in Luxembourg shall be reserved to:
 - (1) credit institutions incorporated under Luxembourg law;
 - (2) investment firms referred to in Article 24-9 of the Law of 5 April 1993 on the financial sector, as amended;
 - (3) Luxembourg branches of credit institutions and investment firms authorised in another Member State, provided that the operation of an MTF is covered by their authorisation;
 - (4) Luxembourg branches of credit institutions governed by the law of a third country;
 - (5) Luxembourg branches of investment firms governed by the law of a third country, provided that the operation of an MTF is covered by the authorisation referred to in Article 32-1 of the Law of 5 April 1993 on the financial sector, as amended;
 - (6) operators of a regulated market authorised in Luxembourg;
 - (7) operators of a regulated market authorised in another Member State;
 - (8) operators of a regulated market authorised or supervised in a third country.
2. Without prejudice to the Law of 5 April 1993 on the financial sector, as amended, the operation of an MTF in Luxembourg by the persons referred to in points (1) and (4) of paragraph 1 is conditional on the CSSF previously ensuring that they comply with the provisions of Articles 22 and 23.

The persons referred to in points (1) and (4) of paragraph 1 that wish to operate an MTF in Luxembourg shall inform the CSSF accordingly in advance. They shall provide all information to the CSSF, including a programme of operations setting out, inter alia, the types of activities envisaged, the operating rules and the organisational structure, necessary to assess compliance with Articles 22 and 23. The persons referred to may begin the operation of the MTF as soon as they have been informed by the CSSF in writing of the latter's non-objection thereto.
3. Paragraph 2 shall also apply to persons referred to in point (6) of paragraph 1 that are authorised as PFS in Luxembourg.
4. Where the persons referred to in point (6) of paragraph 1 that are not authorised as PFS in Luxembourg also wish to operate an MTF in Luxembourg, they shall:
 - (1) comply with the provisions of Article 2(4), (6), (7) and (9) and Articles 22 and 23 of this Law and the provisions of Articles 18, 19 and 37-1 of the Law of 5 April 1993 on the financial sector, as amended;
 - (2) have available appropriate financial resources to ensure the orderly functioning of the MTF, having regard to the nature and extent of the transactions concluded and the range and degree of the risks to which the MTF is exposed; and
 - (3) contribute to an investor compensation scheme referred to in Article 2(1) of Directive 97/9/EC of the European Parliament and of the Council of 3 March 1997 on investor-compensation schemes, hereinafter referred to as "Directive 97/9/EC".

The persons referred to in the first subparagraph that wish to operate an MTF in Luxembourg shall inform the CSSF accordingly in advance and communicate to the CSSF all information, including a programme of operations setting out, inter alia, the types of business envisaged,

the operating rules and the organisational structure, necessary to assess compliance with the provisions of the first subparagraph. The CSSF shall ensure that the requirements of the first subparagraph are fulfilled. The market operator may begin the operation of the MTF as soon as it has been informed by the CSSF in writing of the latter's non-objection thereto.

5. Where the persons referred to in point (7) of paragraph 1 wish to operate an MTF in Luxembourg, they shall:
 - (1) comply with the provisions of Article 2(4), (6), the first subparagraph of Article 2(7), Article 2(9) and Articles 22 and 23 of this Law and the provisions of Articles 18, 19 and 37-1 of the Law of 5 April 1993 on the financial sector, as amended;
 - (2) have available appropriate financial resources to ensure the orderly functioning of the MTF, having regard to the nature and extent of the transactions concluded on the MTF and the range and degree of the risks to which the MTF is exposed; and
 - (3) contribute to an investor compensation scheme referred to in Article 2(1) of Directive 97/9/EC.

Where the persons required to effectively direct the activities and operation of the MTF effectively direct the activities and operation of a regulated market authorised in a Member State, these persons shall be deemed to have met the obligations relating to appropriate good repute, knowledge, skills and experience.

The persons referred to in the first subparagraph that wish to operate an MTF in Luxembourg shall inform the CSSF accordingly in advance and communicate to the CSSF all information, including a programme of operations setting out, inter alia, the types of business envisaged, the operating rules and the organisational structure, necessary to assess compliance with the provisions of the first subparagraph. The CSSF shall ensure that the requirements of the first subparagraph are fulfilled. The market operator may begin the operation of the MTF as soon as it has been informed by the CSSF in writing of the latter's non-objection thereto.

6. The persons referred to in point (8) of paragraph 1 that wish to operate an MTF in Luxembourg shall be subject to the same authorisation rules as an investment firm incorporated under Luxembourg law referred to in Article 24-9 of the Law of 5 April 1993 on the financial sector, as amended.
7. The persons referred to in points (1), (2), (4), (5), (6) and (8) of paragraph 1 shall inform the CSSF in advance of any significant changes to the rules and procedures they are required to establish pursuant to Articles 22 and 23. The CSSF may oppose these changes where there are objective and demonstrable grounds for believing that the contemplated changes may pose a threat to the orderly functioning of the MTF.

The persons referred to in point (7) of paragraph 1 shall inform the CSSF in advance of any changes in the persons referred to in Articles 18 and 19 of the Law of 5 April 1993 on the financial sector, as amended, as well as of any significant changes to the arrangements, rules and procedures, systems and mechanisms they are required to implement pursuant to Articles 22 and 23 of this Law and Article 37-1 of the Law of 5 April 1993 on the financial sector, as amended. The CSSF may oppose these changes where there are objective and demonstrable grounds for believing that the contemplated changes may pose a threat to the orderly functioning of the MTF.

Article 21. Remote access to MTFs

1. Credit institutions, investment firms and market operators operating an MTF in another Member State may provide in Luxembourg appropriate arrangements facilitating membership of or access to and trading on their systems by remote members, participants and users from Luxembourg.

The CSSF may request the competent authority of the Member State in which the MTF is operated to communicate to it the identity of the remote members or participants of the MTF established in Luxembourg.

2. Where credit institutions, investment firms and market operators operating an MTF in Luxembourg intend to provide in other Member States appropriate arrangements facilitating membership of or access to and trading on their systems by remote members, participants

and users from these Member States, they shall communicate to the CSSF the name of these Member States. The CSSF shall communicate that information to the competent authorities of these Member States within one month.

The CSSF shall communicate to the competent authority of the Member State in which credit institutions, investment firms and market operators operating an MTF in Luxembourg provide such arrangements, on the request of the competent authority and without undue delay, the identity of the remote members or participants of that MTF established in that Member State.

Article 22. Trading process and finalisation of transactions in an MTF

1. Credit institutions, investment firms and market operators operating an MTF in Luxembourg shall establish transparent rules and procedures for fair and orderly trading and establish objective criteria for the efficient execution of orders. They shall have arrangements for the sound management of the technical operations of the facility, including the establishment of effective contingency arrangements to cope with risks of systems disruption. They shall establish and implement non-discretionary rules for the execution of orders in the system.
2. Credit institutions, investment firms and market operators operating an MTF in Luxembourg shall establish transparent rules regarding the criteria for determining the financial instruments that can be traded under their systems.

Credit institutions, investment firms and market operators operating an MTF in Luxembourg shall, where applicable, provide, or be satisfied that there is access to, sufficient publicly available information to enable its users to form an investment judgement, taking into account both the nature of the users and the types of instruments traded.
3. Credit institutions, investment firms and market operators operating an MTF in Luxembourg shall establish, publish, maintain and implement transparent and non-discriminatory rules, based on objective criteria, governing access to their facilities. These rules shall meet the conditions laid down in Article 14(3).
4. Credit institutions, investment firms and market operators operating an MTF in Luxembourg shall have arrangements to identify clearly and manage the potential adverse consequences for the operation of the MTF, or for the members or participants and users, of any conflict of interest between the interest of the MTF, its owners or the credit institution, investment firm or market operator operating the MTF and the orderly functioning of the MTF.
5. Credit institutions, investment firms and market operators operating an MTF in Luxembourg shall comply with Articles 7 and 8 and have in place all the necessary effective systems, procedures and arrangements to do so.
6. Credit institutions, investment firms and market operators operating an MTF in Luxembourg shall clearly inform its members or participants of their respective responsibilities for the settlement of the transactions executed in that MTF. They shall put in place the necessary arrangements to facilitate the efficient settlement of the transactions concluded under the systems of that MTF.
7. MTFs shall have at least three materially active members, participants or users, each having the opportunity to interact with all the others in respect to price formation.
8. Where a transferable security that has been admitted to trading on a regulated market is also traded on an MTF without the consent of the issuer, the issuer shall not be subject to any obligation relating to initial, ongoing or ad hoc financial disclosure with regard to that MTF.
9. Credit institutions, investment firms and market operators operating an MTF in Luxembourg shall comply immediately with any instruction from the CSSF to suspend or remove a financial instrument from trading.
10. Credit institutions, investment firms and market operators operating an MTF in Luxembourg shall provide the CSSF with a detailed description of the functioning of the MTF, including any link to or participation by a regulated market, an MTF, an OTF or a systematic internaliser owned by the same credit institution, investment firm or market operator, and a list of their members or participants. The CSSF shall make that information available to ESMA upon request.

Article 23. Specific requirements for MTFs

1. In addition to the requirements laid down in Article 22 of this Law and Article 37-1 of the Law of 5 April 1993 on the financial sector, as amended, credit institutions, investment firms and market operators operating an MTF in Luxembourg shall have arrangements:
 - (1) to be adequately equipped to manage the risks to which they are exposed, to implement appropriate arrangements and systems to identify all significant risks to their operation, and to put in place effective measures to mitigate those risks;
 - (2) to have effective arrangements to facilitate the efficient and timely finalisation of the transactions executed under their systems; and
 - (3) to have available, at the time of authorisation and on an ongoing basis, sufficient financial resources to facilitate their orderly functioning, having regard to the nature and extent of the transactions concluded on the market and the range and degree of the risks to which they are exposed.

2. Articles 37-3, 37-5, except for paragraph 1b, and 37-6 of the Law of 5 April 1993 on the financial sector, as amended, are not applicable to the transactions concluded under the rules governing an MTF between its members or participants or between the MTF and its members or participants in relation to the use of the MTF.

However, the members of or participants in the MTF shall comply with the obligations provided for in Articles 37-3, 37-5 and 37-6 of the Law of 5 April 1993 on the financial sector, as amended, with respect to their clients when, acting on behalf of their clients, they execute their orders through the systems of an MTF.

3. Credit institutions, investment firms and market operators operating an MTF in Luxembourg are not allowed to execute client orders against proprietary capital, or to engage in matched principal trading.

Article 24. Access to information

1. Upon request by the CSSF, credit institutions, investment firms and market operators operating an MTF in Luxembourg shall make available to the CSSF data relating to the order book or give the CSSF access to the order book so that it is able to monitor trading.
2. The CSSF may request that credit institutions, investment firms and market operators operating an MTF in Luxembourg provide an electronic access to relevant information on transactions in financial instruments admitted to trading on this MTF or provide this information at recurring intervals in formats specified by the CSSF.

Article 25. Synchronisation of business clocks

MTFs operated in Luxembourg, as well as their members or participants, shall synchronise the business clocks they use to record the date and time of any reportable event.

Article 26. Monitoring of compliance with the rules of MTFs and with other legal obligations

1. Credit institutions, investment firms and market operators operating an MTF in Luxembourg shall establish and maintain effective arrangements and procedures, relevant to the MTF, for the regular monitoring of the compliance with the rules of this MTF by its members or participants. They shall monitor the orders sent, including cancellations, and the transactions concluded by the members or participants of this MTF under its systems, in order to identify infringements of the rules of the MTF, disorderly trading conditions, conduct that may indicate behaviour that is prohibited under Regulation (EU) No 596/2014 or system disruptions in relation to a financial instrument.

They shall deploy the resources necessary to ensure that the monitoring referred to in the first subparagraph is effective.

2. Credit institutions, investment firms and market operators operating an MTF in Luxembourg shall immediately inform the CSSF of all significant infringements of the rules of the MTF, of disorderly trading conditions, of conduct that may indicate behaviour that is prohibited under Regulation (EU) No 596/2014 and of system disruptions in relation to a financial instrument.

The CSSF shall communicate the information referred to in the first subparagraph to the competent authorities of the other Member States and to ESMA.

In relation to conduct that may indicate behaviour that is prohibited under Regulation (EU) No 596/2014, the CSSF must be convinced that such behaviour is being or has been carried out before it notifies the competent authorities of the other Member States and ESMA.

3. Credit institutions, investment firms and market operators operating an MTF in Luxembourg shall supply the information referred to in paragraph 2 without undue delay to the CSSF and provide full assistance to the latter in investigating and prosecuting market abuse occurring on or through the systems of the MTF.

Article 27. Suspension and removal of financial instruments from trading on an MTF

1. Without prejudice to the right of the CSSF under Article 45 to demand suspension or removal of a financial instrument from trading, a credit institution, an investment firm or a market operator operating an MTF in Luxembourg may suspend or remove from trading a financial instrument which no longer complies with the rules of the MTF unless such suspension or removal would be likely to cause significant damage to the investors' interests or to pose a significant threat to the orderly functioning of the market.

2. Credit institutions, investment firms and market operators operating an MTF in Luxembourg that suspend or remove from trading a financial instrument shall also suspend or remove the derivatives as referred to in letters (d) to (j) of point (26) of Article 1 that relate or are referenced to that financial instrument where necessary to support the objectives of the suspension or removal of the underlying financial instrument. They shall make public their decision on the suspension or removal of the financial instrument and of any derivative that relates or is referenced to that financial instrument and communicate the relevant decisions to the CSSF.

In that case, the CSSF shall require that regulated markets, other MTFs, OTFs and systematic internalisers, which fall under its jurisdiction and trade the same financial instrument or derivatives as referred to in letters (d) to (j) of point (26) of Article 1 that relate or are referenced to that financial instrument, also suspend or remove that financial instrument or derivatives from trading, where the suspension or removal is due to suspected market abuse, a take-over bid or the non-disclosure of inside information about the issuer or financial instrument infringing Articles 7 and 17 of Regulation (EU) No 596/2014 except where such suspension or removal could cause significant damage to the investors' interests or the orderly functioning of the market.

The CSSF shall immediately make public and communicate to ESMA and the competent authorities of the other Member States such a decision.

3. Where the CSSF is notified by the competent authority of another Member State of its decision to suspend or remove a financial instrument from trading on one or several MTFs authorised in that Member State and to also suspend or remove from trading the derivatives referred to in points (4) to (10) of Section C of Annex I to Directive 2014/65/EU that relate or are referenced to that financial instrument, the CSSF shall require that regulated markets, MTFs, OTFs and systematic internalisers which fall under its jurisdiction and trade the same financial instrument or derivatives, also suspend or remove that financial instrument or derivatives from trading, where the suspension or removal is due to suspected market abuse, a take-over bid or the non-disclosure of inside information about the issuer or financial instrument infringing Articles 7 and 17 of Regulation (EU) No 596/2014 except where such suspension or removal could cause significant damage to the investors' interests or the orderly functioning of the market.

The CSSF shall communicate its subsequent decision to ESMA and other competent authorities. If it decides not to suspend or remove from trading the financial instrument or derivatives as referred to in letters (d) to (j) of point (26) of Article 1 that relate or are referenced to that financial instrument, it shall explain its decision.

4. Paragraphs 2 and 3 shall also apply when the suspension from trading of a financial instrument or derivatives as referred to in letters (d) to (j) of point (26) of Article 1 that relate or are referenced to that financial instrument is lifted.

The notification procedure referred to in paragraphs 2 and 3 shall also apply in the case where the decision to suspend or remove from trading a financial instrument or derivatives as referred to in letters (d) to (j) of point (26) of Article 1 that relate or are referenced to that financial instrument is taken by the CSSF pursuant to points (13) and (14) of Article 45(2).

Article 28. Provisions regarding CCPs, clearing houses and settlement systems

1. Credit institutions, investment firms and market operators operating an MTF in Luxembourg may enter into appropriate arrangements with a settlement system, clearing house or CCP, whether they are established in Luxembourg or in another Member State with a view to providing for the settlement or clearing of some or all trades concluded by their members or participants under the systems of the MTF.
2. The CSSF may not prohibit credit institutions, investment firms and market operators operating an MTF in Luxembourg from using a settlement system, a clearing house or a CCP in another Member State except where necessary in order to maintain the orderly functioning of that MTF, taking into account the conditions for the use of settlement systems established in Article 17(3).

In order to avoid undue duplication of controls, the CSSF shall take into account the oversight and supervision of the clearing and settlement systems already exercised by the central banks in charge of overseeing clearing and settlement systems or by other supervisory authorities with competence in relation to such systems.

Article 29. SME growth markets

1. Credit institutions, investment firms and market operators operating an MTF in Luxembourg wishing to register their MTF as an SME growth market may apply to the CSSF and communicate to the latter all information necessary to assess compliance with the requirements laid down in paragraph 2.

The registration by the CSSF of the MTF as an SME growth market shall be conditional on the CSSF previously ensuring that the requirements laid down in paragraph 2 are fulfilled.

The registration as SME growth market shall be valid when the credit institution, investment firm or market operator operating the MTF has been informed by the CSSF in writing that the latter does not oppose the registration and when the MTF has been registered as SME growth market.

2. The MTFs referred to in paragraph 1 shall be subject to effective rules, systems and procedures which ensure that the following is complied with:
 - (1) at least 50 percent of the issuers whose financial instruments are admitted to trading on the MTF are SMEs at the time when the MTF is registered as an SME growth market and in any calendar year thereafter;
 - (2) appropriate criteria are set for initial and ongoing admission to trading of financial instruments of issuers on the market;
 - (3) on initial admission to trading of financial instruments on the market there is sufficient information published to enable investors to make an informed judgement about whether or not to invest in the relevant financial instruments, in the form of either an appropriate admission document or a prospectus if the requirements laid down in Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading and amending Directive 2001/34/EC are applicable in respect of a public offer being made in conjunction with the initial admission to trading of the financial instrument on the MTF;
 - (4) there is appropriate ongoing periodic financial reporting by or on behalf of an issuer on the market, for example audited annual reports;
 - (5) issuers on the market as defined in point (21) of Article 3(1) of Regulation (EU) No 596/2014, persons discharging managerial responsibilities as defined in point (25) of Article 3(1) of that regulation and persons closely associated with them as defined in point (26) of Article 3(1) of that regulation comply with relevant requirements applicable to them under that regulation;

- (6) regulatory information concerning the issuers on the market is stored and disseminated to the public; and
 - (7) there are effective systems and controls aiming to prevent and detect market abuse on that market as required under Regulation (EU) No 596/2014.
3. The requirements in paragraph 2 are without prejudice to compliance by the credit institution, investment firm or market operator operating the MTF in Luxembourg with other obligations under this Law relevant to the operation of MTFs. They also do not prevent the credit institution, investment firm or market operator operating the MTF in Luxembourg from imposing additional requirements to those specified in paragraph 2.
4. The CSSF may deregister an MTF as an SME growth market in any of the following cases:
 - (1) the credit institution, investment firm or market operator operating the market in Luxembourg applies for its deregistration;
 - (2) the requirements in paragraph 2 are no longer complied with in relation to the MTF; or
 - (3) the registration has been obtained by making false statements or by any other irregular means.
5. When the CSSF registers or deregisters an MTF as an SME growth market, it shall as soon as possible notify ESMA of that registration or deregistration.
6. Where a financial instrument of an issuer is admitted to trading on an SME growth market, the financial instrument may also be traded on another SME growth market only where the issuer has been informed and has not objected. In such a case, the issuer shall not be subject to any obligation relating to corporate governance or initial, ongoing or ad hoc disclosure with regard to the latter SME growth market.

Article 30. MTFs submitting transaction reports

An MTF submitting transaction reports on behalf of a credit institution or investment firm pursuant to Article 26(7) of Regulation (EU) No 600/2014 shall have sound security mechanisms in place designed to guarantee the security and authentication of the means of transfer of information, to minimise the risk of data corruption and unauthorised access and to prevent information leakage maintaining the confidentiality of the data at all times. The MTF shall maintain adequate resources and have back-up facilities in place in order to offer and maintain its services at all times.

Article 31. Official list of MTFs

The CSSF shall keep the official list of MTFs operated in Luxembourg. It shall communicate this list to ESMA. A similar communication shall be effected in respect of each change to that list. The official list shall be published on the CSSF's website and updated with each change.

Chapter IV - OTFs

Article 32. Operation of an OTF in Luxembourg

1. The operation of an OTF in Luxembourg shall be reserved to:
 - (1) credit institutions incorporated under Luxembourg law;
 - (2) investment firms referred to in Article 24-10 of the Law of 5 April 1993 on the financial sector, as amended;
 - (3) Luxembourg branches of credit institutions and investment firms authorised in another Member State, provided that the operation of an OTF is covered by their authorisation;
 - (4) Luxembourg branches of credit institutions governed by the law of a third country;
 - (5) Luxembourg branches of investment firms governed by the law of a third country, provided that the operation of an OTF is covered by the authorisation referred to in Article 32-1 of the Law of 5 April 1993 on the financial sector, as amended;
 - (6) operators of a regulated market authorised in Luxembourg;
 - (7) operators of a regulated market authorised in another Member State;
 - (8) operators of a regulated market authorised or supervised in a third country.

2. Without prejudice to the Law of 5 April 1993 on the financial sector, as amended, the operation of an OTF in Luxembourg by the persons referred to in points (1) and (4) of paragraph 1 is conditional on the CSSF previously ensuring that they fully comply with the provisions of Articles 34 and 35.

The persons referred to in points (1) and (4) of paragraph 1 that wish to operate an OTF in Luxembourg shall inform the CSSF accordingly in advance. They shall provide all information to the CSSF, including a programme of operations setting out, inter alia, the types of activities envisaged, the operating rules and the organisational structure, necessary to assess compliance with Articles 34 and 35. The persons referred to may begin the operation of the OTF as soon as they have been informed by the CSSF in writing of the latter's non-objection thereto.

3. Paragraph 2 shall also apply to persons referred to in point (6) of paragraph 1 that are authorised as PFS in Luxembourg.

4. Where the persons referred to in point (6) of paragraph 1 that are not authorised as PFS in Luxembourg also wish to operate an OTF in Luxembourg, they shall:

- (1) comply with the provisions of Article 2(4), (6), (7) and (9) and Articles 34 and 35 of this Law and the provisions of Articles 18, 19 and 37-1 of the Law of 5 April 1993 on the financial sector, as amended;
- (2) have available appropriate financial resources to ensure the orderly functioning of the OTF, having regard to the nature and extent of the transactions concluded on the OTF and the range and degree of the risks to which the OTF is exposed; and
- (3) contribute to an investor compensation scheme referred to in Article 2(1) of Directive 97/9/EC.

The persons referred to in the first subparagraph that wish to operate an OTF in Luxembourg shall inform the CSSF accordingly in advance and communicate to the CSSF all information, including a programme of operations setting out, inter alia, the types of activities envisaged, the operating rules and the organisational structure, necessary to assess compliance with the provisions of the first subparagraph. The CSSF shall ensure that the requirements of the first subparagraph are fulfilled. The market operator may begin the operation of the OTF as soon as it has been informed by the CSSF in writing of the latter's non-objection thereto.

5. Where the persons referred to in point (7) of paragraph 1 wish to operate an OTF in Luxembourg, they shall:

- (1) comply with the provisions of Article 2(4), (6), the first subparagraph of Article 2(7), Article 2(9) and Articles 34 and 35 of this Law and the provisions of Articles 18, 19 and 37-1 of the Law of 5 April 1993 on the financial sector, as amended;
- (2) have available appropriate financial resources to ensure the orderly functioning of the OTF, having regard to the nature and extent of the transactions concluded on the OTF and the range and degree of the risks to which the OTF is exposed; and
- (3) contribute to an investor compensation scheme referred to in Article 2(1) of Directive 97/9/EC.

Where the persons required to effectively direct the activities and operation of the OTF effectively direct the business and the operation of a regulated market authorised in a Member State, these persons shall be deemed to have met the obligations relating to appropriate good repute, knowledge, skills and experience.

The persons referred to in the first subparagraph that wish to operate an OTF in Luxembourg shall inform the CSSF accordingly in advance and communicate to the CSSF all information, including a programme of operations setting out, inter alia, the types of business envisaged, the operating rules and the organisational structure, necessary to assess compliance with the provisions of the first subparagraph. The CSSF shall ensure that the requirements of the first subparagraph are fulfilled. The market operator may begin the operation of the OTF as soon as it has been informed by the CSSF in writing of the latter's non-objection thereto.

6. The persons referred to in point (8) of paragraph 1 that wish to operate an OTF in Luxembourg shall be subject to the same authorisation rules as an investment firm incorporated under

Luxembourg law referred to in Article 24-10 of the Law of 5 April 1993 on the financial sector, as amended.

7. The persons referred to in points (1), (2), (4), (5), (6) and (8) of paragraph 1 shall inform the CSSF in advance of any significant changes to the rules and procedures they are required to establish pursuant to Articles 34 and 35. The CSSF may oppose these changes where there are objective and demonstrable grounds for believing that the contemplated changes may pose a threat to the orderly functioning of the OTF.

The persons referred to in point (7) of paragraph 1 shall inform the CSSF in advance of any changes in the persons referred to in Articles 18 and 19 of the Law of 5 April 1993 on the financial sector, as amended, as well as of any significant changes to the arrangements, rules and procedures, systems and mechanisms they are required to implement pursuant to Articles 34 and 35 of this Law and Article 37-1 of the Law of 5 April 1993 on the financial sector, as amended. The CSSF may oppose these changes where there are objective and demonstrable grounds for believing that the contemplated changes may pose a threat to the orderly functioning of the OTF.

Article 33. Remote access to OTFs

1. Credit institutions, investment firms and market operators operating an OTF in another Member State may provide in Luxembourg appropriate arrangements facilitating membership of or access to and trading on their systems by remote members, participants and users from Luxembourg.
2. Where credit institutions, investment firms and market operators operating an OTF in Luxembourg intend to provide in other Member States appropriate arrangements facilitating membership of or access to and trading on their systems by remote members, participants or users from these Member States, they shall communicate to the CSSF the name of these Member States. The CSSF shall communicate that information to the competent authorities of these Member States within one month.

Article 34. Trading process and finalisation of transactions in an OTF

1. Credit institutions, investment firms and market operators operating an OTF in Luxembourg shall establish transparent rules and procedures for fair and orderly trading and establish objective criteria for the efficient execution of orders. They shall have arrangements for the sound management of the technical operations of the facility, including the establishment of effective contingency arrangements to cope with risks of systems disruption.
2. Credit institutions, investment firms and market operators operating an OTF in Luxembourg shall establish transparent rules regarding the criteria for determining the financial instruments that can be traded under their systems.

Credit institutions, investment firms and market operators operating an OTF in Luxembourg shall, where applicable, provide, or be satisfied that there is access to, sufficient publicly available information to enable its users to form an investment judgement, taking into account both the nature of the users and the types of instruments traded.

3. Credit institutions, investment firms and market operators operating an OTF in Luxembourg shall establish, publish, maintain and implement transparent and non-discriminatory rules, based on objective criteria, governing access to their facilities.
4. Credit institutions, investment firms and market operators operating an OTF in Luxembourg shall have arrangements to identify clearly and manage the potential adverse consequences for the operation of the OTF, or for the members or participants and users, of any conflict of interest between the interest of the OTF, its owners or the credit institution, investment firm or market operator operating the OTF and the orderly functioning of the OTF.
5. Credit institutions, investment firms and market operators operating an OTF in Luxembourg shall comply with Articles 7 and 8 and have in place all the necessary effective systems, procedures and arrangements to do so.
6. Credit institutions, investment firms and market operators operating an OTF in Luxembourg shall clearly inform its members or participants of their respective responsibilities for the settlement of the transactions executed in that OTF. They shall implement the necessary

arrangements to facilitate the efficient settlement of the transactions concluded under the systems of that OTF.

7. OTFs shall have at least three materially active members, participants or users, each having the opportunity to interact with all the others in respect to price formation.
8. Where a transferable security that has been admitted to trading on a regulated market is also traded on an OTF without the consent of the issuer, the issuer shall not be subject to any obligation relating to initial, ongoing or ad hoc financial disclosure with regard to that OTF.
9. Credit institutions, investment firms and market operators operating an OTF in Luxembourg shall comply immediately with any instruction from the CSSF to suspend or remove a financial instrument from trading.
10. Credit institutions, investment firms and market operators operating an OTF in Luxembourg shall provide the CSSF with a detailed description of the functioning of the OTF, including, without prejudice to Article 35(1), (4) and (5), any links to or participation by a regulated market, an MTF, an OTF or a systematic internaliser owned by the same credit institution, investment firm or market operator, and a list of their members, participants and users. The CSSF shall make that information available to ESMA upon request.

Article 35. Specific requirements for OTFs

1. Credit institutions, investment firms and market operators operating an OTF in Luxembourg shall establish arrangements preventing the execution of client orders in an OTF against the proprietary capital of the credit institution, investment firm or market operator operating the OTF or of any entity that is part of the same group or legal person as the credit institution, investment firm or market operator.

2. Credit institutions, investment firms and market operators operating an OTF in Luxembourg may engage in matched principal trading in bonds, structured finance products, emission allowances or certain derivatives only where the client has consented to the process.

Credit institutions, investment firms and market operators operating an OTF in Luxembourg may not use matched principal trading to execute client orders in an OTF in derivatives pertaining to a class of derivatives that has been declared subject to the clearing obligation in accordance with Article 5 of Regulation (EU) No 648/2012.

A credit institution, investment firm or market operator operating an OTF in Luxembourg shall establish arrangements ensuring compliance with the definition of matched principal trading in point (33) of Article 1.

3. Credit institutions, investment firms and market operators operating an OTF in Luxembourg may engage in dealing on own account other than matched principal trading only with regard to sovereign debt instruments for which there is not a liquid market.

4. The operation of an OTF and of a systematic internaliser may not take place within the same legal entity. An OTF shall not connect with a systematic internaliser in a way which enables orders in an OTF and orders or quotes in a systematic internaliser to interact. An OTF shall not connect with another OTF in a way which enables orders in different OTFs to interact.

5. Credit institutions, investment firms and market operators operating an OTF in Luxembourg may engage another credit institution or another investment firm to carry out market making on that OTF on an independent basis.

For the purposes of this article, a credit institution or an investment firm shall not be deemed to be carrying out market making on an OTF on an independent basis if it has close links with the credit institution, investment firm or market operator operating the OTF.

6. The execution of orders on an OTF shall be carried out on a discretionary basis.

A credit institution, investment firm or market operator operating an OTF shall exercise discretion only in either or both of the following circumstances:

- (1) when deciding to place or retract an order on the OTF it operates;
- (2) when deciding not to match a specific client order with other orders available in the systems at a given time, provided it is in compliance with specific instructions received

from a client and with its obligations in accordance with Article 37-5 of the Law of 5 April 1993 on the financial sector, as amended.

For the system that crosses client orders, the credit institution, investment firm or market operator operating the OTF in Luxembourg may decide if, when and to what extent it wants to match two or more orders within the system. In accordance with paragraphs 1, 2, 4 and 5 and without prejudice to paragraph 3, with regard to a system that arranges transactions in non-equities, the credit institution, investment firm or market operator operating the OTF may facilitate negotiation between clients so as to bring together two or more potentially compatible trading interest in a transaction.

That obligation shall be without prejudice to Articles 34 and 36(1) of this Law and Article 37-5 of the Law of 5 April 1993 on the financial sector, as amended.

7. The CSSF may require, either when a credit institution, investment firm or market operator requests to be authorised for the operation of an OTF in Luxembourg or on ad-hoc basis, a detailed explanation why the system does not correspond to and cannot operate as a regulated market, MTF, or systematic internaliser, a detailed description as to how discretion will be exercised, in particular when an order to the OTF may be retracted and when and how two or more client orders will be matched within the OTF.

In addition, the credit institution, investment firm or market operator of an OTF in Luxembourg shall provide the CSSF with information explaining its use of matched principal trading. The CSSF shall monitor a credit institution's, investment firm's or market operator's engagement in matched principal trading to ensure that it continues to fall within the definition of such trading and that its engagement in matched principal trading does not give rise to conflicts of interest between the credit institution, investment firm or market operator and its clients.

8. Articles 37-3, 37-5 and 37-6 of the Law of 5 April 1993 on the financial sector, as amended, shall be applicable to the transactions concluded on an OTF.

Article 36. Access to information

1. Upon request by the CSSF, credit institutions, investment firms and market operators operating an OTF shall make available to the CSSF data relating to the order book or give the CSSF access to the order book so that it is able to monitor trading.
2. The CSSF may request that credit institutions, investment firms and market operators operating an OTF in Luxembourg provide an electronic access to relevant information on transactions in financial instruments admitted to trading on this OTF or provide this information at recurring intervals in formats specified by the CSSF.

Article 37. Monitoring of compliance with the rules of OTFs and with other legal obligations

1. Credit institutions, investment firms and market operators operating an OTF in Luxembourg shall establish and maintain effective arrangements and procedures, relevant to the OTF, for the regular monitoring of the compliance with the rules of this OTF by its members, participants or users. They shall monitor the orders sent, including cancellations and the transactions concluded by the members, participants or users of this OTF under its systems, in order to identify infringements of the rules of the OTF, disorderly trading conditions, conduct that may indicate behaviour that is prohibited under Regulation (EU) No 596/2014 or system disruptions in relation to a financial instrument.

They shall deploy the resources necessary to ensure that the monitoring referred to in the first subparagraph is effective.

2. Credit institutions, investment firms and market operators operating an OTF in Luxembourg shall immediately inform the CSSF of significant infringements of the rules of the OTF, of disorderly trading conditions, of conduct that may indicate behaviour that is prohibited under Regulation (EU) No 596/2014 and of system disruptions in relation to a financial instrument.

The CSSF shall communicate the information referred to in the first subparagraph to the competent authorities of the other Member States and to ESMA.

In relation to conduct that may indicate behaviour that is prohibited under Regulation (EU) No 596/2014, the CSSF must be convinced that such behaviour is being or has been carried out before it notifies the competent authorities of the other Member States and ESMA.

3. Credit institutions, investment firms and market operators operating an OTF in Luxembourg shall supply the information referred to in paragraph 2 without undue delay to the CSSF and provide full assistance to the latter in investigating and prosecuting market abuse occurring on or through the systems of the OTF.

Article 38. Synchronisation of business clocks

OTFs operated in Luxembourg, as well as their members or participants, shall synchronise the business clocks they use to record the date and time of any reportable event.

Article 39. Suspension and removal of financial instruments from trading on an OTF

1. Without prejudice to the right of the CSSF under Article 45 to demand suspension or removal of a financial instrument from trading, a credit institution, an investment firm or a market operator operating an OTF in Luxembourg may suspend or remove from trading a financial instrument which no longer complies with the rules of the OTF unless such suspension or removal would be likely to cause significant damage to the investors' interests or to pose a significant threat to the orderly functioning of the market.

2. Credit institutions, investment firms and market operators operating an OTF in Luxembourg that suspend or remove from trading a financial instrument shall also suspend or remove the derivatives as referred to in letters (d) to (j) of point (26) of Article 1 that relate or are referenced to that financial instrument where necessary to support the objectives of the suspension or removal of the underlying financial instrument. They shall make public their decision on the suspension or removal of the financial instrument and of any derivative that relates or is referenced to that financial instrument and communicate the relevant decisions to the CSSF.

In that case, the CSSF shall require that regulated markets, MTFs, other OTFs and systematic internalisers, which fall under its jurisdiction and trade the same financial instrument or derivatives as referred to in letters (d) to (j) of point (26) of Article 1 that relate or are referenced to that financial instrument, also suspend or remove that financial instrument or derivatives from trading, where the suspension or removal is due to suspected market abuse, a take-over bid or the non-disclosure of inside information about the issuer or financial instrument infringing Articles 7 and 17 of Regulation (EU) No 596/2014 except where such suspension or removal could cause significant damage to the investors' interests or the orderly functioning of the market.

The CSSF shall immediately make public and communicate to ESMA and the competent authorities of the other Member States such a decision.

3. Where the CSSF is notified by the competent authority of another Member State of its decision to suspend or remove a financial instrument from trading on one or several OTFs authorised in that Member State and to also suspend or remove from trading the derivatives referred to in points (4) to (10) of Section C of Annex I to Directive 2014/65/EU that relate or are referenced to that financial instrument, the CSSF shall require that regulated markets, MTFs, OTFs and systematic internalisers which fall under its jurisdiction and trade the same financial instrument or derivatives, also suspend or remove that financial instrument or derivatives from trading, where the suspension or removal is due to suspected market abuse, a take-over bid or the non-disclosure of inside information about the issuer or financial instrument infringing Articles 7 and 17 of Regulation (EU) No 596/2014 except where such suspension or removal could cause significant damage to the investors' interests or the orderly functioning of the market.

The CSSF shall communicate its subsequent decision to ESMA and other competent authorities. If it decides not to suspend or remove from trading the financial instrument or derivatives as referred to in letters (d) to (j) of point (26) of Article 1 that relate or are referenced to that financial instrument, it shall explain its decision.

4. Paragraphs 2 and 3 shall also apply when the suspension from trading of a financial instrument or derivatives as referred to in letters (d) to (j) of point (26) of Article 1 that relate or are referenced to that financial instrument is lifted.

The notification procedure referred to in paragraphs 2 and 3 shall also apply in the case where the decision to suspend or remove from trading a financial instrument or derivatives as

referred to in letters (d) to (j) of point (26) of Article 1 that relate or are referenced to that financial instrument is taken by the CSSF pursuant to points (13) and (14) of Article 45(2).

Article 40. OTFs submitting transaction reports

An OTF submitting transaction reports on behalf of a credit institution or investment firm pursuant to Article 26(7) of Regulation (EU) No 600/2014 shall have sound security mechanisms in place designed to guarantee the security and authentication of the means of transfer of information, to minimise the risk of data corruption and unauthorised access and to prevent information leakage maintaining the confidentiality of the data at all times. The OTF shall maintain adequate resources and have back-up facilities in place in order to offer and maintain its services at all times.

Article 41. Official list of OTFs

The CSSF shall keep the official list of OTFs operated in Luxembourg. It shall communicate this list to ESMA. A similar communication shall be effected in respect of each change to that list. The official list shall be published on the CSSF's website and updated with each change.

Chapter V - Systematic internalisers

Article 42. Obligation of notification for systematic internalisers

Credit institutions and investment firms incorporated under Luxembourg law, as well as Luxembourg branches of credit institutions and investment firms incorporated under foreign law, that meet the definition of systematic internaliser, shall notify the CSSF in accordance with the second subparagraph of Article 15(1) and with Article 18(4) of Regulation (EU) No 600/2014. The CSSF shall transmit such notification to ESMA.

Chapter VI - Obligation of professional secrecy

Article 43. Obligation of professional secrecy

1. Regulated markets as well as members of the management body, *dirigeants* (managers), employees and other persons at their service shall keep secret the information entrusted to them in the context of their business activity or mandate. Disclosure of such information shall be punishable by the penalties laid down in Article 458 of the Penal Code.

The first subparagraph shall also apply to regulated markets when they are subject to reorganisation, recovery, controlled management, arrangement, liquidation or bankruptcy proceedings and to all the persons who are appointed, employed or mandated to exercise any function in the framework of such proceedings as well as to persons at their service.

2. There is no obligation to maintain secrecy where disclosure of information is authorised or required by or pursuant to a legal provision, even where the provision predates this Law.
3. The obligation to secrecy shall not cover the persons established in Luxembourg who are subject to the prudential supervision of the CSSF, of the European Central Bank or the Commissariat aux assurances and who are subject to secrecy which is criminally sanctioned insofar as the communication of information to these persons is carried out through a service contract.

In cases not falling under the first subparagraph, the obligation to secrecy shall not apply to the entities which are in charge of the outsourced service provision nor to the employees and other persons at these entities' service, provided that the persons who have access to the information referred to in paragraph 1 are subject by law to a professional secrecy obligation or are bound by a confidentiality agreement.

4. The obligation of secrecy referred to in paragraph 1 as well as the obligation of secrecy for market operators and credit institutions and investment firms operating an MTF or an OTF in Luxembourg shall not apply to national, European and foreign authorities responsible for the supervision of markets in financial instruments, provided that they act in the context of their legal competence for the purpose of such supervision and provided that the information communicated is covered by the professional secrecy of the supervisory authority receiving this information.

The obligation of secrecy for remote members or participants of a regulated market, MTF or OTF authorised in a Member State shall not cover to national, European and foreign

authorities responsible for the supervision of markets in financial instruments, provided that they act in the context of their legal competence for the purpose of such supervision and provided that the information communicated is covered by the professional secrecy of the supervisory authority receiving this information.

5. The obligation of secrecy shall not cover the shareholders, members or owners whose suitability is a condition for the authorisation of the regulated market concerned, insofar as the information communicated to these persons is necessary for the sound and prudent management of the regulated market.
6. The obligation to maintain secrecy shall not exist between the regulated market and its market operator, provided that the latter is different from the regulated market itself.
7. Subject to the rules applicable in penal matters, once any information referred to in paragraph 1 has been disclosed, it may not be used for purposes other than those for which its disclosure is permitted by law.
8. No person bound by the professional secrecy referred to in paragraph 1 who lawfully discloses any information covered by that obligation shall, by reason of that disclosure alone, incur any criminal responsibility or civil liability.
9. The violation of the obligation of professional secrecy remains punishable even when the function, mandate, employment or exercise of the profession ended.
10. This article shall be without prejudice to the Law of 2 August 2002 on the protection of individuals with regard to the processing of personal data, as amended.

Chapter VII - Competent authorities

Article 44. Competent authority in Luxembourg

1. In Luxembourg, the CSSF shall be the competent authority responsible for the supervision of markets in financial instruments and their operators, and shall ensure the application of this Law, of Regulation (EU) No 600/2014 and of their implementing measures, without prejudice to the competence of the Minister responsible for the CSSF.
2. The CSSF shall be responsible for the cooperation and exchange of information with other competent authorities within the limits, under the conditions and according to the terms laid down in this Law and in Regulation (EU) No 600/2014.

It shall constitute the Luxembourg contact point within the meaning of Directive 2014/65/EU and of Regulation (EU) No 600/2014. It shall inform the competent authorities of other Member States designated in accordance with the fifth subparagraph of Article 79(1) of Directive 2014/65/EU, that it is designated to receive requests for exchange of information and cooperation pursuant to Article 51(1).

3. The CSSF shall closely cooperate with the Commissariat aux assurances whenever necessary in order to carry out their respective supervisory duties, for the purposes of this Law and of Regulation (EU) No 600/2014, by making use of its powers set out in this Law.

The CSSF shall render assistance to the Commissariat aux assurances, in particular by exchanging all information which is essential or relevant to the performance of their respective supervisory duties, for the purposes of this Law and of Regulation (EU) No 600/2014, and where applicable within the scope of supervisory activities.

Article 45. Powers of the CSSF

1. For the purposes of applying this Law and Regulation (EU) No 600/2014, the CSSF shall be given all supervisory and investigatory powers which are necessary to exercise its functions, including powers to impose remedies.
2. The powers of the CSSF shall include the right to:
 - (1) have access to any document or data in any form which the CSSF considers could be relevant for the performance of its supervisory duties, and to receive or take a copy of it;
 - (2) demand or require the provision of information from any person and, where necessary, to summon and question any such person in order to obtain information;

- (3) carry out on-site inspections or investigations with respect to persons subject to its prudential supervision, to regulated markets, to MTFs and to OTFs;
 - (4) require the communication of existing recordings of telephone conversations or electronic communications or other data traffic records held by an investment firm, a credit institution, or any other entity regulated by this Law or by Regulation (EU) No 600/2014;
 - (5) request the freezing or sequestration of assets with the President of the *Tribunal d'arrondissement de et à Luxembourg* (Luxembourg District Court), deciding upon request;
 - (6) impose temporary prohibition of professional activity with respect to persons subject to its prudential supervision, to regulated markets, as well as to members of their management body and to their employees;
 - (7) require the *réviseurs d'entreprises agréés* (approved statutory auditors) of credit institutions, investment firms, market operators and regulated markets to provide information;
 - (8) refer information to the State Prosecutor for criminal prosecution;
 - (9) require *réviseurs d'entreprises agréés* (approved statutory auditors) or experts to carry out on-site inspections or investigations of persons subject to the prudential supervision of the CSSF, regulated markets, MTFs and OTFs. These inspections and investigations are carried out at the expense of the person concerned.
 - (10) request or require the provision of information including all relevant documentation from any person regarding the size and purpose of a position or exposure entered into via a commodity derivative, and regarding any assets or liabilities in the underlying market;
 - (11) require the cessation of any practice or conduct that the CSSF considers to be contrary to this Law, to Regulation (EU) No 600/2014 or to their implementing measures, and the implementation of measures to prevent repetition of that practice or conduct;
 - (12) adopt any measure necessary to ensure that all the persons to whom this Law or Regulation (EU) No 600/2014 applies, continue to comply with the legal requirements under this Law and under Regulation (EU) No 600/2014;
 - (13) require the suspension of a financial instrument from trading on a trading venue or from the official listing;
 - (14) require the removal of a financial instrument from trading on a trading venue or from the official listing;
 - (15) require the persons referred to in Article 56 to take steps to reduce the size of the position or exposure they hold;
 - (16) limit the ability of any person from entering into a commodity derivative, including by introducing limits on the size of a position any person can hold at all times in accordance with Article 57;
 - (17) issue public notices;
 - (18) suspend the marketing or sale of financial instruments or structured deposits where the conditions of Articles 40, 41 or 42 of Regulation (EU) No 600/2014 are met;
 - (19) require the removal of a natural person from the management board of a credit institution or investment firm operating an MTF or an OTF or of a market operator;
 - (20) require, subject to judicial authorisation provided for in paragraph 3, data traffic records held by providers of electronic communication services and public communication networks operators, where there is a reasonable suspicion of an infringement and where such records may be useful to ascertaining the truth in the context of an investigation with respect to infringements of this Law or of Regulation (EU) No 600/2014 as referred to in Article 47(1), (2) or (3).
3. The CSSF shall exercise the powers laid down in point (20) of paragraph 2 only after prior authorisation by order of the *juge d'instruction* (investigating judge) of the *Tribunal*

d'arrondissement de et à Luxembourg (Luxembourg District Court). The order shall be given upon reasoned request by the CSSF. The *juge d'instruction directeur* (chief investigating judge), or, should he not be available, the magistrate replacing him, shall appoint, for each request by the CSSF, the judge who shall be in charge.

The *juge d'instruction* (investigating judge) shall verify that the reasoned request submitted by the CSSF is justified and proportionate to the aim pursued. The request shall include all elements of information that justify the requested authorisation.

The order referred to in the first subparagraph may be subject to the same remedies as the ones regarding orders of the *juge d'instruction* (investigating judge). The remedies shall not be suspensive.

Article 46. Reporting of infringements

The CSSF shall establish effective and reliable mechanisms to enable reporting to the CSSF of potential or actual infringements of this Law, of Regulation (EU) No 600/2014 or of their implementing measures.

The mechanisms referred to in the first subparagraph shall include at least:

- (1) specific procedures for the receipt of reports on potential or actual infringements and their follow-up, including the establishment of secure communication channels for such reports;
- (2) appropriate protection for employees of financial institutions who report infringements committed within the financial institution at least against retaliation, discrimination or other types of unfair treatment;
- (3) protection of personal data concerning both the person who reports the infringements and the natural person who is allegedly responsible for an infringement, in accordance with the Law of 2 August 2002 on the protection of individuals with regard to the processing of personal data, as amended; and
- (4) clear rules that ensure that confidentiality is guaranteed in all cases in relation to the person who reports the infringements committed within the financial institution, unless disclosure is required by Luxembourg law in the context of further investigations or subsequent judicial proceedings.

Article 47. Administrative sanctions

1. The CSSF may impose sanctions and administrative measures referred to in paragraph 6 for infringements of the following provisions of this Law:
 - (1) Article 2(4), (5), (6), the first subparagraph of Article 2(7), the first sentence of the second subparagraph of Article 2(7), the first subparagraph of Article 2(9) and the first sentence of the second subparagraph of Article 2(9);
 - (2) points (2), (3) and (4) of the first subparagraph of Article 3;
 - (3) Article 4(1) to (7) and (9);
 - (4) Article 5(1), (2) and (4);
 - (5) Article 6;
 - (6) Article 7;
 - (7) Article 8;
 - (8) Article 9;
 - (9) Article 10;
 - (10) Article 11;
 - (11) Article 12;
 - (12) Article 13;
 - (13) Article 14(1) to (3), the second subparagraph of Article 14(4), Article 14(5), the first sentence of the first subparagraph of Article 14(6), Article 14(7);
 - (14) Article 16(1), the first subparagraph of Article 16(2), Article 16(3);
 - (15) the first subparagraph of Article 17(3);

- (16) Article 18;
- (17) Article 20(2) to (7);
- (18) the first subparagraph of Article 21(2);
- (19) Article 22;
- (20) Article 23;
- (21) Article 24;
- (22) Article 25;
- (23) Article 26(1), the first subparagraph of Article 26(2), Article 26(3);
- (24) Article 27;
- (25) Article 29(1) to (3) and (6);
- (26) Article 30;
- (27) Article 32(2) to (7);
- (28) Article 33(2);
- (29) Article 34;
- (30) Article 35;
- (31) Article 36;
- (32) Article 37(1), the first subparagraph of Article 37(2), Article 37(3);
- (33) Article 38;
- (34) Article 39;
- (35) Article 40;
- (36) Article 42;
- (37) Article 57(1), (2), (3), (6), the first subparagraph of Article 57(8), Article 58;
- (38) Article 60;
- (39) Article 61;
- (40) Article 62;

2. The CSSF may impose sanctions and administrative measures referred to in paragraph 6 for infringements of the following provisions of Regulation (EU) No 600/2014:

- (1) Article 3(1) and (3);
- (2) the first subparagraph of Article 4(3);
- (3) Article 6;
- (4) the first sentence of the third subparagraph of Article 7(1);
- (5) Article 8(1), (3) and (4);
- (6) Article 10;
- (7) the first sentence of the third subparagraph of Article 11(1), the third subparagraph of Article 11(3);
- (8) Article 12(1);
- (9) Article 13(1);
- (10) Article 14(1), the first sentence of Article 14(2), the second, third and fourth sentences of Article 14(3);

- (11) the first subparagraph of Article 15(1), the first sentence of the second subparagraph of Article 15(1), the third subparagraph of Article 15(1), Article 15(2), the second sentence of Article 15(4);
 - (12) the second sentence of Article 17(1);
 - (13) Article 18(1) and (2), the first sentence of Article 18(4), the first sentence of Article 18(5), the first subparagraph of Article 18(6), Article 18(8) and (9);
 - (14) Article 20(1), the first sentence of Article 20(2);
 - (15) Article 21(1) to (3);
 - (16) Article 22(2);
 - (17) Article 23(1) and (2);
 - (18) Article 25(1) and (2);
 - (19) the first subparagraph of Article 26(1), Article 26(2) to (5), the first subparagraph of Article 26(6), the first to the fifth and the eighth subparagraphs of Article 26(7);
 - (20) Article 27(1);
 - (21) Article 28(1), the first subparagraph of Article 28(2);
 - (22) Article 29(1) and (2);
 - (23) Article 30(1);
 - (24) Article 31(2) and (3);
 - (25) Article 35(1) to (3);
 - (26) Article 36(1) to (3);
 - (27) Article 37(1) and (3);
 - (28) Articles 40, 41 and 42.
3. The CSSF may impose sanctions and administrative measures referred to in paragraph 6 where a regulated market is operated without the authorisation required in accordance with the provisions of Article 2.
 4. The CSSF may impose sanctions and administrative measures referred to in paragraph 6 on those who hinder the performance of its supervisory and investigatory powers, do not act on its orders issued under Article 45, have knowingly provided it with inaccurate or incomplete information following its requests under Article 45, or do not comply with its requirements under Article 45.
 5. The CSSF may apply its powers to impose sanctions referred to in this article for the infringements of position limits set in accordance with Article 57 to:
 - (1) positions held by persons referred to in Article 56 which exceed the limits on commodity derivative contracts the CSSF has set in relation to contracts on trading venues situated or operating in Luxembourg or economically equivalent OTC contracts;
 - (2) positions held by persons referred to in Article 56 which exceed the limits on commodity derivative contracts set by competent authorities in other Member States.
 6. In the case of infringements referred to in paragraphs 1 to 5, the CSSF may impose the following sanctions and administrative measures on the persons under its supervision, on the members of their management body and on any other person responsible for an infringement:
 - (1) a public statement, which indicates the natural or legal person and the nature of the infringement in accordance with Article 49;
 - (2) an order requiring the natural or legal person to cease the conduct and to desist from a repetition of that conduct;
 - (3) in the case of a regulated market, launch a procedure for the withdrawal or suspension of its authorisation in accordance with Article 3;

- (4) a temporary or, for repeated serious infringements, a permanent ban against one or several members of the management body of the market operator, regulated market, credit institution, investment firm or any other natural person, who is held responsible, to exercise management functions in market operators, regulated markets, credit institutions or investment firms;
- (5) the suspension or exclusion of a credit institution or investment firm from being member, participant or user of a trading venue;
- (6) in the case of a legal person, maximum administrative fines of EUR 5,000,000, or of up to 10% of the total annual turnover of the legal person according to the last available accounts approved by the management body. Where the legal person is a parent undertaking or a subsidiary of the parent undertaking which has to prepare consolidated financial accounts in accordance with Directive 2013/34/EU, the relevant total annual turnover shall be the total annual turnover or the corresponding type of income in accordance with the relevant accounting legislative acts according to the last available consolidated accounts approved by the management body of the ultimate parent undertaking;
- (7) in the case of a natural person, maximum administrative fines of EUR 5,000,000;
- (8) maximum administrative fines of twice the amount of the benefit derived from the infringement where that benefit can be determined, even if that exceeds the maximum amounts in points (6) and (7).

Article 48. Exercise of powers to impose sanctions or administrative measures

The CSSF, when determining the type and level of an administrative sanction or measure imposed under Article 47, shall take into account all relevant circumstances, including, where appropriate:

- (1) the gravity and duration of the infringement;
- (2) the degree of responsibility of the natural or legal person responsible for the infringement;
- (3) the financial situation of the responsible natural or legal person, as indicated in particular by the total turnover of the responsible legal person or the annual income and net assets of the responsible natural person;
- (4) the importance of profits gained or losses avoided by the responsible natural or legal person, insofar as they can be determined;
- (5) the losses for third parties caused by the infringement, insofar as they can be determined;
- (6) the level of cooperation of the responsible natural or legal person with the CSSF, without prejudice to the need to ensure disgorgement of profits gained or losses avoided by that person;
- (7) previous infringements by the responsible natural or legal person;
- (8) measures taken by the person responsible for the infringement to prevent its repetition.

Article 49. Publication of decisions

1. The CSSF shall publish all decisions imposing a sanction or administrative measure in relation to an infringement of this Law or of Regulation (EU) No 600/2014 on its website without undue delay after the person on whom the sanction was imposed has been informed of that decision. The publication shall include at least information on the type and nature of the infringement and the identity of the persons responsible. That obligation does not apply to decisions imposing measures that are of an investigatory nature.

However, where the publication of the identity of the legal persons or of the personal data of the natural persons is considered by the CSSF to be disproportionate following a case-by-case assessment conducted on the proportionality of the publication of such data, or where publication jeopardises the stability of financial markets or an on-going investigation, the CSSF shall:

- (1) defer the publication of the decision to impose the sanction or measure until the moment where the reasons for non-publication cease to exist;

- (2) publish the decision to impose the sanction or measure on an anonymous basis, if such anonymous publication ensures an effective protection of the personal data concerned;
- (3) not publish the decision to impose a sanction or measure at all in the event that the options set out in points (1) and (2) are considered to be insufficient to ensure:
 - (a) that the stability of financial markets would not be put in jeopardy; or
 - (b) the proportionality of the publication of such decision with regard to measures which are deemed to be of a minor nature.

In the case of a decision to publish a sanction or measure on an anonymous basis, the publication of the relevant data may be postponed for a reasonable period of time if it is envisaged that within that period the reasons for anonymous publication shall cease to exist.

Where the CSSF has disclosed an administrative measure or sanction to the public, it shall, at the same time, inform ESMA accordingly.

2. Where the decision to impose a sanction or measure is subject to remedy, the CSSF shall also publish, immediately, on its website such information and any subsequent information on the outcome of such remedy. Moreover, any decision annulling a previous decision to impose a sanction or a measure shall also be published.
3. The CSSF shall keep any publication in accordance with this article on its website for a period of five years. Personal data contained in the publication concerned shall only be kept on the CSSF's website for a maximum period of twelve months.

The CSSF shall inform ESMA of all administrative sanctions imposed but not published in accordance with point (3) of paragraph 1 including any remedy in relation thereto and the outcome thereof.

4. The CSSF shall provide ESMA annually with aggregated information regarding all sanctions and measures imposed in accordance with paragraphs 1 and 2. That obligation does not apply to measures of an investigatory nature.

Article 50. Professional secrecy of the CSSF

1. All persons who work or have worked for the CSSF, as well as *réviseurs d'entreprises agréés* (approved statutory auditors) or experts instructed by the CSSF, are bound by the obligation of professional secrecy referred to in Article 16 of the Law of 23 December 1998 establishing a financial sector supervisory commission ("Commission de surveillance du secteur financier"), as amended. This secrecy implies that they may not divulge any confidential information they received in a professional context, except in summary or aggregate form such that a person operating a trading venue, a regulated market, an MTF, an OTF or any other person or any other system cannot be identified, without prejudice to requirements of national criminal or taxation law or the other provisions of this Law or of Regulation (EU) No 600/2014.
2. Where a person operating a trading venue authorised in Luxembourg or the regulated market itself is undergoing a reorganisation measure or liquidation procedure, the CSSF, as well as the *réviseurs d'entreprises agréés* (approved statutory auditors) or experts instructed by the CSSF, may divulge confidential information which does not concern third parties in civil or commercial proceedings if necessary for carrying out those proceedings.
3. Without prejudice to requirements of national criminal or taxation law, the CSSF may use confidential information received pursuant to this Law or to Regulation (EU) No 600/2014 only for the exercise of its functions within the scope of this Law or of Regulation (EU) No 600/2014, or in the context of administrative or judicial proceedings specifically relating to the exercise of those functions.

However, the CSSF may use the information received for other purposes where the competent authority, other authority, body or person having communicated the information to the CSSF consents thereto.

4. Any confidential information received, exchanged or transmitted by the CSSF pursuant to this Law or to Regulation (EU) No 600/2014 shall be subject to the conditions of professional secrecy laid down in this article.

Nevertheless, this article shall not prevent the CSSF from exchanging confidential information with other competent authorities or from transmitting confidential information in accordance with this Law or with Regulation (EU) No 600/2014 and with other legal provisions governing the professional secrecy of the CSSF.

Without prejudice to the provisions of Articles 52(3) and 53(4), the CSSF may divulge information received from a competent authority, other authority, body or person, only with the consent of the competent authority, other authority, body or the person having communicated the information to the CSSF.

Article 51. Cooperation of the CSSF with the competent authorities of other Member States and ESMA

1. The CSSF shall cooperate with the competent authorities of other Member States where necessary for the purposes of carrying out their duties of supervising markets in financial instruments and for the purposes of applying this Law and Regulation (EU) No 600/2014, making use of its powers set out in this Law and in Regulation (EU) No 600/2014.

The CSSF shall notably render assistance to competent authorities of other Member States by cooperating in any investigation or supervisory activities pursuant to paragraphs 7 and 9 and by exchanging information pursuant to Article 52. It shall take the necessary administrative and organisational measures to facilitate the assistance provided for in this paragraph.

The CSSF may also cooperate with competent authorities of other Member States with respect to facilitating the recovery of fines. The expenses for this recovery other than the expenses for the functioning of the CSSF shall be borne by the requesting authority.

2. When, taking into account the situation of the securities markets in Luxembourg, the operations of a trading venue authorised in another Member State which has established arrangements in Luxembourg necessary to facilitate access to and trading on this trading venue by remote Luxembourg members and participants are of substantial importance for the functioning of the securities markets in Luxembourg and the protection of Luxembourg investors, the CSSF shall take appropriate measures in order to establish proportionate cooperation arrangements with the competent authority of the Member State that authorised this trading venue.
3. When the operations of a trading venue authorised in Luxembourg which has established in another Member State arrangements necessary to facilitate access to and trading on the Luxembourg trading venue by remote members and participants from that Member State are, taking into account the situation of the securities markets in that Member State, of substantial importance for the functioning of the securities markets and the protection of the investors in that Member State, the CSSF shall take appropriate measures in order to establish proportionate cooperation arrangements with the competent authority of the Member State concerned.
4. The CSSF may cooperate with the competent authorities of other Member States, at their request, even where the conduct under investigation does not constitute an infringement of any regulation in force in Luxembourg.
5. Where the CSSF has good reasons to suspect that acts, which if carried out in Luxembourg would be contrary to the provisions of this Law or of Regulation (EU) No 600/2014, are being or have been carried out in another Member State by entities not subject to its supervision, it shall notify the competent authority concerned and ESMA in as specific a manner as possible.
Where the CSSF receives comparable information from the authority of another Member State, it shall take appropriate action. The CSSF shall inform the notifying competent authority and ESMA of the outcome of the action and, to the extent possible, of significant interim developments.
6. Without prejudice to paragraphs 1 and 5, the CSSF shall notify ESMA and the competent authorities of other Member States of the details of:

- (1) any requests to reduce the size of a position or exposure pursuant to point (15) of Article 45(2);

- (2) any limits on the ability of persons to enter into a commodity derivative imposed pursuant to point (16) of Article 45(2).

The notification shall include, where relevant, the details of the request or the demand pursuant to point (10) of Article 45(2) including the identity of the person or persons to whom it was addressed and the reasons therefor, as well as the scope of the limits introduced pursuant to point (16) of Article 45(2) including the person concerned, the applicable financial instruments, any limits on the size of positions the person can hold at all times, any exemptions thereto granted in accordance with Article 57, and the reasons therefor.

The notifications shall be made not less than 24 hours before the actions or measures are intended to take effect. In exceptional circumstances, the CSSF may make the notification less than 24 hours before the measure is intended to take effect where it is not possible to give 24 hours' notice.

When the CSSF receives comparable notification from the competent authority of another Member State, it may take measures in accordance with point (15) or (16) of Article 45(2) where it is satisfied that the measure is necessary to achieve the objective of the other competent authority. The CSSF shall also give notice in accordance with this paragraph where it proposes to take measures.

When an action under point (1) or (2) of the first subparagraph relates to wholesale energy products, the CSSF shall also notify the Institut Luxembourgeois de Régulation and the Agency for the Cooperation of Energy Regulators (ACER) established under Regulation (EC) No 713/2009 of the European Parliament and of the Council of 13 July 2009 establishing an Agency for the Cooperation of Energy Regulators.

7. The CSSF may request the cooperation of the competent authority of another Member State in a supervisory activity or for an on-site inspection or in an investigation.

The CSSF may refer to ESMA situations where a request relating to a supervisory activity, on-site inspection or investigation as provided for in the first subparagraph has been rejected or has not been acted on within a reasonable time.

Where the CSSF receives a request from the competent authority of another Member State with respect to an on-site inspection or an investigation, the CSSF shall, within the framework of its powers, carry out the on-site inspection or investigation itself, have a *réviseur d'entreprises agréé* (approved statutory auditor) or an expert carry out the on-site inspection or investigation, or allow the requesting authority to carry it out itself, subject to the provisions of paragraph 8.

8. The CSSF may refuse to act on a request for cooperation in carrying out an investigation, on-site inspection or supervisory activity where:
 - (1) judicial proceedings have already been initiated in respect of the same actions and the same persons before the Luxembourg courts; or
 - (2) final judgement has already been delivered in respect of the same persons and the same actions in Luxembourg.

In the case of such a refusal, the CSSF shall notify the requesting competent authority and ESMA accordingly, providing as detailed information as possible.

9. The CSSF may address directly credit institutions and investment firms established in another Member State that are remote members or participants of a regulated market authorised in Luxembourg. Where the CSSF makes use of this option, it shall inform the competent authority of the Member State in which the remote members or participants of the regulated market authorised in Luxembourg are established and, in the case of branches, also the competent authority of the home Member State.

Where credit institutions or investment firms established in Luxembourg are remote members or participants of a regulated market authorised in another Member State, the competent authority of the Member State may, for the purposes of an on-site inspection or an investigation as referred to in Article 80 of Directive 2014/65/EU, address them directly, provided that it informs the CSSF accordingly in advance.

10. In relation to emission allowances, the CSSF shall cooperate with public bodies competent for the oversight of spot and auction markets and competent authorities, registry administrators and other public bodies charged with the supervision of compliance under Directive 2003/87/EC in order to ensure that they can acquire a consolidated overview of emission allowances markets.
11. In relation to agricultural commodity derivatives, the CSSF shall inform public bodies competent for the oversight, administration and regulation of physical agricultural markets in accordance with Regulation (EU) No 1308/2013 and shall cooperate with such public bodies.
12. The CSSF shall cooperate with ESMA for the purposes of this Law, in accordance with Regulation (EU) No 1095/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Securities and Markets Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/77/EC, hereinafter referred to as "Regulation (EU) No 1095/2010".

Article 52. Exchange of information between the CSSF and the competent authorities of other Member States

1. Without prejudice to the provisions of Article 44 of the Law of 5 April 1993 on the financial sector, as amended, and Article 50 of this Law, the CSSF shall immediately exchange with the competent authorities of other Member States the information that is necessary for the purposes of carrying out their duties of supervising markets in financial instruments arising from Directive 2014/65/EU and from Regulation (EU) No 600/2014.

Communication of information by the CSSF authorised under this paragraph is subject to the following conditions:

- (1) the information communicated shall be necessary for the purposes of carrying out the duties of the receiving competent authority;
- (2) the information communicated shall be subject to professional secrecy of the receiving competent authority; and
- (3) the competent authority receiving information from the CSSF may use it only for the purposes for which it was supplied to it and shall be able to ensure that it will not be used for any other purpose.

Where the CSSF communicates information to competent authorities of other Member States pursuant to this Law or to Regulation (EU) No 600/2014, it may indicate at the time of communication that such information must not be disclosed without its express agreement, in which case such information may be exchanged solely for the purposes for which the CSSF gave its agreement.

2. The CSSF may request the competent authority of another Member State to provide it with the information necessary for the purposes of carrying out their duties of supervising markets in financial instruments under this Law and under Regulation (EU) No 600/2014.

The CSSF may refer to ESMA situations where a request for exchange of information as referred to in the first subparagraph has been rejected or has not been acted on within a reasonable time.

3. Without prejudice to the provisions of Article 44 of the Law of 5 April 1993 on the financial sector, as amended, and Article 50 of this Law, the CSSF may transmit the information it received under paragraph 2 and Articles 53 and 55 to competent authorities of other Member States designated in accordance with Article 67(1) of Directive 2014/65/EU. The transmission by the CSSF of information it received from competent authorities of other Member States shall be subject to the express agreement of the competent authorities concerned and be limited to the purposes for which those authorities gave their agreement, except in duly justified circumstances. In this last case, the CSSF shall immediately inform the competent authority that communicated the transmitted information.
4. The CSSF may use the confidential information received under paragraph 2 and Articles 53 and 55 only in the course of their duties, in particular:
 - (1) to monitor the proper functioning of trading venues;

- (2) to impose sanctions;
 - (3) in case of administrative actions against a decision by the CSSF;
 - (4) in case of legal proceedings brought against decisions by the CSSF.
5. This article and Articles 50 and 53 shall not prevent the CSSF from transmitting to ESMA, the Systemic Risk Committee, the European Systemic Risk Board, as well as to the Banque centrale du Luxembourg, central banks of other Member States, the European System of Central Banks and the European Central Bank in their capacity as monetary authorities and, where appropriate, to other public authorities responsible for overseeing payment and settlement systems in the Member States, confidential information intended for the performance of their duties.
6. The CSSF may refuse to act on a request for information where:
- (1) judicial proceedings have already been initiated in respect of the same actions and against the same persons before the Luxembourg courts, or
 - (2) final judgement has already been delivered in respect of the same persons and the same actions in Luxembourg.

In the case of such a refusal, the CSSF shall notify the requesting competent authority and ESMA accordingly, providing as detailed information as possible.

Article 53. Cooperation and exchange of information with third-country supervisory authorities

1. The CSSF may cooperate with third-country supervisory authorities where necessary for the purposes of carrying out their duties of supervising markets in financial instruments and for the purposes of applying this Law and Regulation (EU) No 600/2014 within the limits laid down in that regulation and this Law and by making use of its powers set out in the law.

The CSSF may lend assistance to third-country supervisory authorities, in particular by cooperating in any investigation or supervisory activities pursuant to paragraph 2 and by exchanging information pursuant to paragraph 3.

2. The CSSF may request that a third-country supervisory authority carry out an investigation or on-site inspection on the territory of this supervisory authority. It may further request to be allowed to participate directly, through its agents, in the investigation or on-site inspection.

Where the CSSF receives a request from a third-country supervisory authority with respect to an investigation or an on-site inspection, the CSSF may, within the framework of its powers, carry out the on-site inspection or investigation itself, have a *réviseur d'entreprises agréé* (approved statutory auditor) or an expert carry out the on-site inspection or investigation, subject to the provisions of the third subparagraph. Upon request, it may allow, certain agents of the requesting authority to accompany it during the investigation or on-site inspection. Nevertheless, the investigation or on-site inspection shall be fully subject to the control of the CSSF. If the CSSF is not able to act on such requests, it shall inform the requesting supervisory authority accordingly.

The CSSF may refuse to act on a request for an investigation or on-site inspection by a third-country supervisory authority or may not authorise to be accompanied by agents of the requesting supervisory authority where:

- (1) judicial proceedings have already been initiated in Luxembourg in respect of the same actions and against the same persons before the Luxembourg courts;
- (2) final judgement has already been delivered in respect of the same persons and the same actions in Luxembourg;
- (3) the requesting authority does not grant the CSSF the same right;
- (4) the professional secrecy of the requesting authority does not provide guarantees of professional secrecy which are at least equivalent to the professional secrecy which the CSSF is subject to; or
- (5) such an investigation or on-site inspection might adversely affect the sovereignty, security or public policy of the State of Luxembourg.

3. Without prejudice to the provisions of Article 44 of the Law of 5 April 1993 on the financial sector, as amended, and Article 50 of this Law, the CSSF may transmit the required information to third-country supervisory authorities for the purposes referred to in paragraph 1. Upon receiving a request for information, the CSSF shall, where appropriate, take necessary measures in order to obtain the requested information. If the CSSF is not able to provide the requested information, it shall inform the requesting supervisory authority accordingly.

The transmission of information by the CSSF to a third-country supervisory authority pursuant to this paragraph is subject to the following conditions:

- (1) the information communicated shall be necessary for the purposes of carrying out the duties of the receiving supervisory authority;
- (2) the information communicated shall be subject to professional secrecy of the receiving supervisory authority. That authority's professional secrecy shall provide guarantees of professional secrecy which are at least equivalent to the professional secrecy which the CSSF is subject to; and
- (3) the supervisory authority receiving information from the CSSF may use it only for the purposes for which it was supplied to it and shall be able to ensure that it will not be used for any other purpose.

Moreover, the CSSF may refuse to act on a request for information by a third-country supervisory authority where:

- (1) judicial proceedings have already been initiated in respect of the same actions and against the same persons before the Luxembourg courts;
- (2) final judgement has already been delivered in respect of the same persons and the same actions in Luxembourg;
- (3) that authority does not grant the CSSF the same right to information;
- (4) communication of the relevant information might adversely affect the sovereignty, security or public policy of the State of Luxembourg; or
- (5) the conditions of the second subparagraph are not met.

4. Without prejudice to the obligations to which it is subject in judicial proceedings under criminal law, the CSSF may use the information received pursuant to this article only for the exercise of its functions as defined by this Law and by Regulation (EU) No 600/2014 and in the context of administrative or judicial proceedings specifically related to the exercise of those functions. However, where the third-country supervisory authority transmitting the information consents thereto, the CSSF may use the information received for other purposes or forward it to a competent authority of a Member State or to a third-country supervisory authority.

5. Where the CSSF has good reasons to suspect that acts, which if carried out in Luxembourg would be contrary to the provisions of this Law or of Regulation (EU) No 600/2014, are being or have been carried out in a third country by entities not subject to supervision, it may notify the third-country supervisory authority concerned.

Where the CSSF receives comparable information from a third-country supervisory authority, it shall take appropriate measures. It may inform the notifying supervisory authority of the outcome of those measures and, so far as possible, of significant interim developments.

6. The CSSF may conclude cooperation agreements providing for the exchange of information with third-country authorities or bodies only if the cooperation agreement lays down that the information exchange shall be at least subject to conditions and arrangements referred to in the second and third subparagraphs of paragraph 3 and if the information exchange is intended for the performance of the tasks of these authorities or bodies.

Transfer of personal data to a third country shall be in accordance with the Law of 2 August 2002 on the protection of persons with regard to the processing of personal data, as amended.

Article 54. Precautionary measures available to the CSSF as host Member State

1. Where the CSSF has clear and demonstrable grounds for believing that a regulated market authorised in another Member State, which established in Luxembourg arrangements necessary to facilitate access to and trading on this market by remote members and participants from Luxembourg, infringes the obligations arising from this Law, the CSSF shall refer those findings to the competent authority of the home Member State of this regulated market.

If, despite the measures taken by the competent authority of the home Member State of the regulated market or because such measures prove inadequate, the regulated market persists in acting in a manner that is clearly prejudicial to the orderly functioning of markets or the interests of Luxembourg investors, the CSSF, after informing the competent authority of the home Member State of the regulated market, shall take all the appropriate measures needed in order to protect the orderly functioning of the markets or investors. This shall include the possibility of preventing the said regulated market from making its arrangements available to remote members or participants from Luxembourg. The CSSF shall inform the European Commission and ESMA of such measures without undue delay.

In addition, the CSSF may refer the matter to ESMA, which may act in accordance with the powers conferred on it under Article 19 of Regulation (EU) No 1095/2010.

2. Where the CSSF has clear and demonstrable grounds for believing that a credit institution, an investment firm or a market operator authorised in another Member State to operate an MTF or OTF, which established in Luxembourg arrangements necessary to facilitate access to and trading on their systems by remote members and participants from Luxembourg, infringes the obligations arising from this Law, the CSSF shall refer those findings to the competent authority of the Member State in which this credit institution, investment firm or market operator is authorised to operate an MTF or OTF.

If, despite the measures taken by the competent authority of the Member State in which the credit institution, investment firm or market operator is authorised to operate an MTF or OTF or because such measures prove inadequate, the credit institution, investment firm or market operator persists in acting in a manner that is clearly prejudicial to the orderly functioning of markets or the interests of Luxembourg investors, the CSSF, after informing the competent authority of the Member State in which the credit institution, investment firm or market operator is authorised to operate an MTF or OTF, shall take all the appropriate measures needed in order to protect the orderly functioning of the markets or investors. This shall include the possibility of preventing the said credit institution, investment firm or market operator from making its arrangements available to remote members or participants from Luxembourg. The CSSF shall inform the European Commission and ESMA of such measures without undue delay.

In addition, the CSSF may refer the matter to ESMA, which may act in accordance with the powers conferred on it under Article 19 of Regulation (EU) No 1095/2010.

3. Where a credit institution or an investment firm authorised in another Member State to operate an MTF or OTF operates an MTF or OTF in Luxembourg through a branch and where the CSSF has clear and demonstrable grounds for believing that the former infringes the obligations arising from this Law, the CSSF may take the precautionary measures in accordance with the third and fourth subparagraphs of Article 46(1) and with Article 46(2) of the Law of 5 April 1993 on the financial sector, as amended.
4. The CSSF shall properly justify and communicate to the credit institution, investment firm, market operator or regulated market any measure adopted pursuant to paragraphs 1 to 3 involving sanctions or restrictions on their activities.

Article 55. Relations between the CSSF and *réviseurs d'entreprises* (statutory auditors)

1. The *réviseur d'entreprises agréé* (approved statutory auditor), performing on a regulated market the statutory audit of annual accounting documents or any other duties prescribed by law, shall report promptly to the CSSF any fact or decision concerning that market, where such fact or decision is liable to:

- (1) constitute a material infringement of the conditions governing authorisation or the rules which govern pursuit of the activities of the regulated market, as provided for in Chapter II;
- (2) affect the continuous operation of the regulated market; or
- (3) lead to refusal to certify the accounts or to the expression of reservations.

The *réviseur d'entreprises agréé* (approved statutory auditor) shall also, in the course of carrying out the duties referred to in the previous subparagraph on a regulated market, report promptly to the CSSF any facts or decisions relating to that market and which comply with the criteria listed in the first subparagraph, of which he becomes aware while carrying out the statutory audit of the annual accounting documents or any other duties prescribed by law in an undertaking having close links with this market.

2. The disclosure in good faith to the CSSF by a *réviseur d'entreprises agréé* (approved statutory auditor) of any fact or decision referred to in paragraph 1 shall not constitute an infringement of the obligation of professional secrecy or an infringement of any restriction on disclosure of information imposed by contract or by law, and shall not involve that *réviseur d'entreprises agréé* (approved statutory auditor) in liability of any kind. Such disclosure shall be made simultaneously to the management body of the market operator unless there are compelling reasons not to do so.

Chapter VIII - Miscellaneous provisions

Section I - Position limits and position management controls in commodity derivatives and reporting

Article 56. Scope

This section shall apply to credit institutions, investment firms, market operators, data reporting services providers, third-country firms providing investment services or performing investment activities through the establishment of a branch in the European Union, as well as to the persons referred to in Article 2 of Directive 2014/65/EU.

Article 57. Position limits and position management controls in commodity derivatives

1. The CSSF shall establish and apply, pursuant to point (16) of Article 45(2), position limits on the size of a net position which a person can hold at all times in commodity derivatives traded on trading venues operated in Luxembourg and economically equivalent OTC contracts, in line with the methodology for calculation determined by ESMA. The limits shall be set on the basis of all positions held by a person referred to in Article 56 and those held on its behalf at an aggregate group level in order to:
 - (1) prevent market abuse;
 - (2) support orderly pricing and settlement conditions, including preventing market distorting positions, and ensuring, in particular, convergence between prices of derivatives in the delivery month and spot prices for the underlying commodity, without prejudice to price discovery on the market for the underlying commodity.

Position limits shall not apply to positions held by or on behalf of a non-financial entity and which are objectively measurable as reducing risks directly relating to the commercial activity of that non-financial entity.

2. Position limits shall specify clear quantitative thresholds for the maximum size of a position in a commodity derivative that persons referred to in Article 56 can hold.
3. The CSSF shall set limits for each contract in commodity derivatives traded on trading venues operated in Luxembourg based on the methodology for calculation determined by ESMA. That position limit shall include economically equivalent OTC contracts.

The CSSF shall review position limits in case of a significant change in deliverable supply or open interest or any other significant change on the market, based on its determination of deliverable supply and open interest and reset the position limit in accordance with the methodology for calculation developed by ESMA.

4. The CSSF shall notify ESMA of the exact position limits it intends to set in accordance with the methodology for calculation established by ESMA. The CSSF shall modify the position limits according to the opinion issued by ESMA under Article 57(5) of Directive 2014/65/EU or provide ESMA with justification why the change is considered to be unnecessary. Where the CSSF imposes limits contrary to an ESMA opinion, it shall immediately publish on its website a notice fully explaining its reasons for doing so.
5. Where the same commodity derivative is traded in significant volumes on trading venues in more than one jurisdiction and the CSSF is the competent authority of the trading venue where the largest volume of trading takes place (hereinafter, the “central competent authority”), the CSSF shall set the single position limit to be applied on all trading in that contract. The CSSF, in its capacity as central competent authority, shall consult the competent authorities of trading venues located in other Member States on which that derivative is traded in significant volumes on the single position limit to be applied and any revisions to that single position limit.

Where the CSSF is the competent authority of a trading venue on which a commodity derivative is traded in significant volumes without being the central competent authority for that derivative, it shall contribute to the development of the single position limit to be applied and to any revisions to that single position limit. Where the CSSF does not agree with the single position limit applied by the central competent authority, it shall state in writing the full and detailed reasons why they consider that the requirements laid down in paragraph 1 are not met.

The CSSF in its capacity as competent authority of a trading venue where the commodity derivative is traded or the competent authority of position holders in the commodity derivative, shall take appropriate measures in order to put in place cooperation arrangements with the competent authorities of trading venues where the same commodity derivative is traded and with the competent authorities of position holders in that commodity derivative including exchange of relevant data with each other in order to enable the monitoring and enforcement of the single position limit.
6. Credit institutions, investment firms and market operators operating a trading venue in Luxembourg where commodity derivatives are traded shall apply position management controls. To that end, they shall be able to:
 - (1) monitor the open interest positions of persons referred to in Article 56;
 - (2) access information, including all relevant documentation, from persons referred to in Article 56 about the size and purpose of a position or exposure entered into, information about beneficial or underlying owners, any concert arrangements, and any related assets or liabilities in the underlying market;
 - (3) require a person referred to in Article 56 to terminate or reduce a position, on a temporary or permanent basis as the specific case may require and to unilaterally take appropriate action to ensure the termination or reduction if the person does not comply; and
 - (4) where appropriate, require a person referred to in Article 56 to provide liquidity back into the market at an agreed price and volume on a temporary basis with the express intent of mitigating the effects of a large or dominant position.
7. The position limits and position management controls shall be transparent and non-discriminatory, specifying how they apply to persons referred to in Article 56 and taking account of the nature and composition of market participants and of the use they make of the contracts submitted to trading.
8. Credit institutions, investment firms and market operators operating a trading venue in Luxembourg shall inform the CSSF of the details of position management control.

The CSSF shall communicate the same information as well as the details of the position limits it has established to ESMA.
9. The CSSF shall not impose limits which are more restrictive than those adopted pursuant to paragraph 1 in accordance with the methodology for calculation determined by ESMA except in exceptional cases where they are objectively justified and proportionate taking into account the liquidity of the specific market and the orderly functioning of that market. The CSSF shall publish on its website the details of the more restrictive position limits it decides to impose.

They shall be valid for an initial period not exceeding six months from the date of their publication on the CSSF's website. The more restrictive position limits may be renewed for further periods not exceeding six months at a time if the grounds for the restriction continue to be applicable. If not renewed after that six-month period, they shall automatically expire.

Where the CSSF decides to impose more restrictive position limits, it shall notify ESMA. The notification shall include a justification for the decision to impose more restrictive position limits.

Where the CSSF imposes limits contrary to an ESMA opinion, it shall immediately publish on its website a notice fully explaining its reasons for doing so.

Article 58. Position reporting by categories of position holders

1. Credit institutions, investment firms and market operators operating a trading venue in Luxembourg where commodity derivatives, emission allowances or derivatives thereof are traded, shall:

- (1) make public a weekly report with the aggregate positions held by the different categories of persons referred to in paragraph 4 for the different commodity derivatives, emission allowances or derivatives thereof traded on their trading venue, specifying the number of long and short positions by such categories, changes thereto since the previous report, the percentage of the total open interest represented by each category and the number of persons referred to in Article 56 holding a position in each category in accordance with paragraph 4. They shall communicate that report to the CSSF and to ESMA; and
- (2) provide the CSSF with a complete breakdown of the positions held by all persons referred to in Article 56, including the members or participants and the clients thereof, on that trading venue, at least on a daily basis.

The obligation laid down in point (1) of the first subparagraph shall only apply when both the number of persons referred to in Article 56 and their open positions exceed minimum thresholds.

The reports referred to in point (1) of the first subparagraph shall specify the number of long and short positions by category of persons referred to in paragraph 4, any changes thereto since the previous report, percent of total open interest represented by each category, and the number of persons referred to in Article 56 in each category.

The reports referred to in point (1) of the first subparagraph shall also differentiate between:

- (1) positions identified as positions which in an objectively measurable way reduce risks directly relating to commercial activities; and
- (2) other positions.

2. Credit institutions and investment firms trading in commodity derivatives, emission allowances or derivatives thereof outside a trading venue shall provide the competent authority of the trading venue where the commodity derivatives, emission allowances or derivatives thereof are traded or the central competent authority where the commodity derivatives, emission allowances or derivatives thereof are traded in significant volumes on trading venues in more than one jurisdiction at least on a daily basis with a complete breakdown of their positions taken in commodity derivatives, emission allowances or derivatives thereof traded on a trading venue and economically equivalent OTC contracts, as well as of those of their clients and the clients of those clients until the end client is reached, in accordance with Article 26 of Regulation (EU) No 600/2014 and, where applicable, with Article 8 of Regulation (EU) No 1227/2011.

The breakdowns referred to in the first subparagraph shall differentiate between:

- (1) positions identified as positions which in an objectively measurable way reduce risks directly relating to commercial activities; and
- (2) other positions.

3. In order to enable monitoring of compliance with Article 57(1), members or participants of regulated markets, MTFs and clients of OTFs shall report to the credit institution, investment firm or market operator operating that trading venue in Luxembourg the details of their own

positions held through contracts traded on that trading venue at least on a daily basis, as well as those of their clients and the clients of those clients until the end client is reached.

4. The persons referred to in Article 56 holding positions in a commodity derivative, emission allowance or derivative thereof shall be classified by the credit institution, investment firm or market operator operating that trading venue in Luxembourg according to the nature of their main business, taking account of any applicable authorisation, as either:
 - (1) investment firms or credit institutions;
 - (2) undertaking for collective investment in transferable securities (UCITS) as defined in Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) (recast) or alternative investment fund managers as defined in Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No 1095/2010;
 - (3) other financial institutions, including insurance undertakings and reinsurance undertakings as defined in Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II) (recast), and institutions for occupational retirement provision as defined in Directive 2003/41/EC of the European Parliament and of the Council of 3 June 2003 on the activities and supervision of institutions for occupational retirement provision;
 - (4) commercial undertakings; or
 - (5) in the case of emission allowances or derivatives thereof, operators with compliance obligations under Directive 2003/87/EC.

Section II - Algorithmic trading and direct electronic access

Article 59. Scope

This section shall apply to credit institutions and investment firms as well as to persons referred to in letters (a), (e), (i) and (j) of Article 2(1) of Directive 2014/65/EU that are members or participants of regulated markets or MTFs operated in Luxembourg.

Article 60. Algorithmic trading and direct electronic access

1. The persons incorporated under Luxembourg law referred to in Article 59 that engage in algorithmic trading shall have in place effective systems and risk controls suitable to the business they operate to ensure that their trading systems are resilient and have sufficient capacity, are subject to appropriate trading thresholds and limits and prevent the sending of erroneous orders or the systems otherwise functioning in a way that may create or contribute to a disorderly market. Such persons shall also have in place effective systems and risk controls to ensure the trading systems cannot be used for any purpose that is contrary to Regulation (EU) No 596/2014 or to the rules of a trading venue to which they are connected. The persons shall have in place effective business continuity arrangements to deal with any failure of their trading systems and shall ensure their systems are fully tested and properly monitored to ensure that they meet the requirements laid down in this paragraph.
2. The persons incorporated under Luxembourg law referred to in Article 59 that engage in algorithmic trading shall notify this to the CSSF and, if different from the CSSF, to the competent authority of the trading venue at which the persons engage in algorithmic trading as members or participants of the trading venue.

The persons referred to in Article 59 established in other Member States that engage in algorithmic trading as members or participants of a trading venue operated in Luxembourg shall notify this to the CSSF in its capacity as competent authority of the trading venue.

The CSSF may require the persons incorporated under Luxembourg law referred to in Article 59 to provide, on a regular or ad-hoc basis, a description of the nature of their algorithmic trading strategies, details of the trading parameters or limits to which the system is subject,

the key compliance and risk controls that they have in place to ensure the conditions laid down in paragraph 1 are satisfied and details of the testing of their systems. The CSSF may, at any time, request further information from these persons about their algorithmic trading and the systems used for that trading.

The CSSF in its capacity as competent authority of the trading venue at which a person referred to in Article 59 established in another Member State as a member or participant of the trading venue is engaged in algorithmic trading may request the competent authority of the home Member State of said person to communicate the information that it receives from said person in accordance with the second subparagraph of Article 17(2) of Directive 2014/65/EU.

The CSSF shall, on the request of the competent authority of a trading venue at which the persons incorporated under Luxembourg law referred to in Article 59 as members or participants of the trading venue are engaged in algorithmic trading and without undue delay, communicate the information referred to in the third subparagraph that it receives from said persons.

The persons incorporated under Luxembourg law referred in Article 59 that are engaged in algorithmic trading shall arrange for records to be kept in relation to the matters referred to in this paragraph and shall ensure that those records be sufficient to enable the CSSF to monitor compliance with the requirements of this Law and of the Law of 5 April 1993 on the financial sector, as amended.

The persons established in a third country that, if they were located in the European Union, would be referred to in Article 59 and that engage in algorithmic trading as member or participants of a trading venue operated in Luxembourg shall ensure that they can make available to the CSSF, either directly or through their competent authority, information that is equivalent to that provided for in this paragraph, in a format accepted by the CSSF.

Any person incorporated under Luxembourg law referred to in Article 59 that engages in a high-frequency algorithmic trading technique shall store in an approved form accurate and time sequenced records of all its placed orders, including cancellations of orders, executed orders and quotations on trading venues and shall make them available to the CSSF upon request.

3. A person referred to in Article 59 that engages in algorithmic trading to pursue a market making strategy shall, taking into account the liquidity, scale and nature of the specific market and the characteristics of the instrument traded:
 - (1) carry out this market making continuously during a specified proportion of the trading venue's trading hours, except under exceptional circumstances, with the result of providing liquidity on a regular and predictable basis to the trading venue;
 - (2) enter into a binding written agreement with the trading venue which shall at least specify the obligations of the person in accordance with point (1); and
 - (3) have in place effective systems and controls to ensure that it fulfils its obligations under the agreement referred to in point (2) at all times.
4. For the purposes of this article and of Article 7, a person referred to in Article 59 that engages in algorithmic trading shall be considered to be pursuing a market making strategy when, as a member or participant of one or more trading venues, its strategy, when dealing on own account, involves posting firm, simultaneous two-way quotes of comparable size and at competitive prices relating to one or more financial instruments on a single trading venue or across different trading venues, with the result of providing liquidity on a regular and frequent basis to the overall market.
5. The persons incorporated under Luxembourg law referred to in Article 59 that provide direct electronic access to a trading venue shall have in place effective systems and controls which ensure a proper assessment and review of the suitability of clients using the service, that clients using the service are prevented from exceeding appropriate pre-set trading and credit thresholds, that trading by clients using the service is properly monitored and that appropriate risk controls prevent trading that may create risks to them or that could create or contribute to

a disorderly market or could be contrary to Regulation (EU) No 596/2014 or the rules of the trading venue. Direct electronic access without such controls is prohibited.

The persons incorporated under Luxembourg law referred to in Article 59 that provide direct electronic access shall be responsible for ensuring that clients using that service comply with the requirements of this Law and of the Law of 5 April 1993 on the financial sector, as amended, and with the rules of the trading venue. They shall monitor the transactions in order to identify infringements of those rules, disorderly trading conditions or conduct that may involve market abuse and that is to be reported to the CSSF. They shall ensure that there is a binding written agreement between them and the client regarding the essential rights and obligations arising from the provision of the service and that under the agreement they retain responsibility under this Law and under the Law of 5 April 1993 on the financial sector, as amended.

6. The persons incorporated under Luxembourg law referred to in Article 59 that provide direct electronic access to a trading venue shall notify the CSSF and, if different from the CSSF, the competent authority of the trading venue at which they provide direct electronic access accordingly.

The persons referred to in Article 59 established in other Member States that provide direct electronic access to a trading venue operated in Luxembourg shall notify the CSSF in its capacity as competent authority of the trading venue accordingly.

The CSSF may require the persons incorporated under Luxembourg law referred to in Article 59 that provide direct electronic access to a trading venue to provide, on a regular or ad-hoc basis, a description of the systems and controls referred to in the first subparagraph of paragraph 5 and evidence that those have been applied.

The CSSF in its capacity as competent authority of the trading venue in relation to which a person referred to in Article 59 established in another Member State provides direct electronic access, may request the competent authority of the home Member State of that person to communicate the information that it receives from said person in accordance with the fourth subparagraph of Article 17(5) of Directive 2014/65/EU.

The CSSF shall, on the request of the competent authority of a trading venue in relation to which a person incorporated under Luxembourg law referred to in Article 59 provides direct electronic access, communicate without undue delay the information referred to in the third subparagraph that it receives from said person.

The persons incorporated under Luxembourg law referred in Article 59 that provide direct electronic access to a trading venue shall arrange for records to be kept in relation to the matters referred to in paragraphs 5 and 6 and shall ensure that those records be sufficient to enable the CSSF to monitor compliance with the requirements of this Law and of the Law of 5 April 1993 on the financial sector, as amended.

The persons established in a third country that, if they were located in the European Union, would be referred to in Article 59 and that provide direct electronic access to a trading venue operated in Luxembourg shall ensure that they can make available to the CSSF, either directly or through their competent authority, information that is equivalent to that provided for in this paragraph, in a format accepted by the CSSF.

7. The persons incorporated under Luxembourg law referred to in Article 59 that act as a general clearing member for other persons shall have in place effective systems and controls to ensure clearing services are only applied to persons who are suitable and meet clear criteria and that appropriate requirements are imposed on those persons to reduce risks to the person referred to in Article 59 and to the market. They shall ensure that there is a binding written agreement between them and the person regarding the essential rights and obligations arising from the provision of that service.

Section III - Publication of data relating to the quality of execution of transactions

Article 61. Publication of data relating to the quality of execution of transactions

For financial instruments subject to the trading obligation in Articles 23 and 28 of Regulation (EU) No 600/2014 the trading venues and systematic internalisers and for other financial instruments the

execution venues shall make available to the public, without any charges, data relating to the quality of execution of transactions on at least an annual basis. Periodic reports shall include details about price, costs, speed and likelihood of execution for individual financial instruments.

Section IV - Access to CCP, clearing and settlement facilities

Article 62. Access to CCP, clearing and settlement facilities

Without prejudice to Titles III, IV or V of Regulation (EU) No 648/2012, credit institutions and investment firms from other Member States shall have the right of direct and indirect access to CCPs, clearing houses and settlement systems established in Luxembourg for the purposes of finalising or arranging the finalisation of transactions in financial instruments.

Direct and indirect access of those credit institutions and investment firms to such facilities shall be subject to the same non-discriminatory, transparent and objective criteria as apply to Luxembourg members or participants. The use of those facilities shall not be restricted to the clearing and settlement of transactions in financial instruments undertaken on a trading venue operated in Luxembourg.

Section V - Futures markets

Article 63. Futures markets

1. Article 1965 of the Luxembourg Civil Code shall not apply to futures traded on a regulated market, an MTF or an OTF or where one of the parties is a finance professional within the meaning of the Law of 5 August 2005 on financial collateral arrangements, as amended, and referring to either a determined quantity of assets, such as currencies, precious metals, merchandise, rights or other values of any kind, or to claims, securities, rights or other financial instruments in the broadest sense, even when it was originally the idea of the parties to settle the transaction through the payment of a simple difference.
2. All futures within the meaning of this article are deemed to be an act of commerce with regard to all the parties.

Section VI - Tax provision

Article 64. Tax exemption

Transactions on regulated markets authorised in Luxembourg and on MTFs and OTFs operated in Luxembourg shall be exempt from all income tax or duties, except for value added tax.

Section VII - Remedies

Article 65. Remedies

The decisions of the CSSF taken pursuant to this Law may be referred to the *Tribunal administratif* (Administrative Tribunal) which deals with the merits of the case. The case may be filed within one month, or else shall be time-barred.

TITLE II - Amending, repealing, transitional and final provisions

Chapter I – Amending provisions

(...)

Chapter II - Repealing, transitional and final provisions

Article 146.

The Law of 13 July 2007 on markets in financial instruments, as amended, is repealed except for Article 37.

Article 147.

The regulated market “Bourse de Luxembourg” operated by Société de la Bourse de Luxembourg S.A. shall be deemed to have received written authorisation by the Minister responsible for the CSSF. Société de la Bourse de Luxembourg S.A. shall be deemed to have received the written authorisation as operator of a regulated market authorised in Luxembourg by the Minister responsible for the CSSF.

Moreover, it shall be deemed to have been authorised to operate the MTF “Euro MTF”. In addition, the above-mentioned markets and their operator shall comply with the provisions of Title I of this Law, in particular, with regard to organisation, governance and withdrawal of authorisation, as well as with the provisions of the Law of 5 April 1993 on the financial sector, as amended.

Article 148.

Reference to this Law shall be made as follows:

“Law of 30 May 2018 on markets in financial instruments”.