



Banc Ceannais na hÉireann
Central Bank of Ireland

Eurosystem

Feedback Statement on CP 121 - Consultation on amendments to Central Bank Market Abuse and Transparency Rules and consolidation into Central Bank (Investment Market Conduct) Rules

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Introduction

1. On 22 June 2018, the Central Bank of Ireland (the Central Bank) published Consultation Paper CP121 on amendments to the Central Bank Market Abuse and Transparency Rules and their consolidation into Central Bank (Investment Market Conduct) Rules (CP121). The closing date for comments was 22 September 2018 and two responses were received.
2. This feedback statement briefly summarises the responses to each question, as well as additional comments received from respondents, along with the Central Bank's comments and decisions on these topics. It is intended that this paper be read in conjunction with CP121, which can be found on the Central Bank's website [here](#). All responses are also available on our website [here](#).
3. This feedback statement is published to promote understanding of the policy formation process within the Central Bank and is not relevant to assessing compliance with regulatory requirements.
4. The Central Bank would like to thank all parties who took the time to make a submission on CP121 to inform the policy development process.

Markets Policy Division
Central Bank of Ireland
15 July 2019

Feedback on issues raised in CP121 – General Comments

5. The respondents commented across a range of areas raised by CP121. These are addressed under the relevant headings below.
6. One respondent noted their support for the Central Bank's proposal to consolidate the Transparency Rules and Market Abuse Rules into a single statutory instrument, noting that this should be more user-friendly for issuers and other relevant market participants. The respondent also agreed with the intention to consolidate the Prospectus Rules into this statutory instrument in due course.

Central Bank Response: The Central Bank welcomes the respondent's support for this initiative. The Central Bank will consolidate the Transparency Rules and Market Abuse Rules consulted on as part of CP121 as well as the Prospectus Rules, consulted on as part of CP127, into a single set of Central Bank (Investment Market Conduct) (IMC) Rules.

Section I: Additional requirements to be contained in the Central Bank (Investment Market Conduct) Rules

Requirement to obtain a Legal Entity Identifier (LEI)

7. CP121 proposed that issuers should be required to obtain an LEI in certain circumstances.
8. One respondent, while agreeing with the proposal in principle expressed concern with requiring certain existing issuers whose securities were admitted to trading prior to 3 January 2018¹ to obtain an LEI.
9. The respondent also requested that a consistent approach be agreed and implemented by the relevant authorities and within GLEIF² as regards the requirement to obtain an LEI at umbrella versus sub-fund level before mandating an LEI in the IMC Rules, including for in scope funds.
10. Finally, the respondent noted the importance of taking a harmonised approach across all EU jurisdictions.

Central Bank Response: The Central Bank acknowledges that the requirement to obtain an LEI will take time for certain issuers who have not to date been required to obtain an LEI. In order to cater for this, the IMC Rules will provide a six-month period from the date of entry into force of the IMC Rules for existing issuers to obtain an LEI.

The Central Bank will not address the matter of whether an LEI must be obtained at umbrella or sub-fund level in the IMC Rules. Instead, this issue will be considered in the context of the Central Bank investment fund rulebooks (AIF Rulebook and Central Bank UCITS Regulations) in due course.

As regards the importance of taking a harmonised approach across the EU, the Central Bank notes that the requirement to use LEIs to identify issuers derives from EU legislation.

¹ In line with the application of MiFID II (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 Global Legal Entity Identifier Foundation.

Classification of regulated information

11. CP 121 proposed that issuers notify the Officially Appointed Mechanism (OAM) and the Central Bank when filing regulated information of the classification of the regulated information in line with Level 2 measures under the Transparency Directive.³
12. One respondent welcomed the proposal noting that the OAM is already obliged to classify regulated information according to these requirements and therefore it is logical to require issuers to notify the OAM of the classification of regulated information.

Central Bank Response: The Central Bank acknowledges the feedback provided and will include the rule as consulted on in the final IMC Rules.

³ Section B of the Annex to Commission Delegated Regulation (EU) 2016/1437 of 19 May 2016 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on access to regulated information at Union level.

Section II: Key amendments to the Transparency Rules

13. The Central Bank consulted on a number of amendments to its current Transparency Rules. The feedback to these proposals is set out below.

Dissemination of regulated information when a Regulatory Information Service (RIS) is closed

14. CP121 proposed that Rule 5.3 of the Transparency Rules be updated for consistency with Rule 4 of the Market Abuse Rules. The proposal consulted on would require that regulated information be distributed without delay to two national newspapers and two news wire services when no RIS is open for business.

15. Two respondents commented on this proposal as set out in CP121. One respondent supported the alignment of the relevant Transparency and Market Abuse Rules relating to RIS. This respondent suggested that the requirement to distribute to newspapers be removed given that dissemination is usually done electronically on a RIS or other news services.

16. The other respondent also remarked that publication in two national newspapers may not be an effective way of disseminating information in a timely manner.

Central Bank Response: The Central Bank will revise the rule to remove the requirement to distribute the information to two national newspapers. The Central Bank will instead require issuers in these circumstances to disseminate and make public the information through two news wire services or other media which will ensure that the information is made available to the public across the Union.

Requirements applicable to issuers of depositary receipts and to issuers of transferable securities convertible into shares

17. Stakeholders were requested to indicate whether they had concerns with the proposals not to continue certain rules applicable to issuers of depositary receipts and to issuers of transferable securities convertible into shares. There were no concerns raised by respondents regarding the proposal to not continue these rules.

Central Bank Response: As there were no concerns raised by stakeholders with the proposed approach and rationale set out in CP121, the Central Bank will not continue Rules 10.1, 10.2(1) and 10.2(3) of the Transparency Rules. This will result in Transparency Regulations 6, 25(3) to 25(8), and 27 to 28 applying in respect of issuers of depositary receipts and issuers of securities convertible into shares on their own terms.

Requirements applicable to issuers of preference shares

18. CP121 also set out a proposal to discontinue Rule 10.2(2) as regards preference shares.
19. One respondent noted that where an issuer of preference shares has also issued ordinary shares which are not admitted to trading on a regulated market, relevant transparency obligations should not apply in respect of those ordinary shares. The respondent noted that it is not specifically set out that Regulation 27 does not apply to an issuer of preference shares in respect of its ordinary shares which are not admitted to trading on a regulated market.

Central Bank Response: The Central Bank notes the feedback provided and will issue a Q&A to clarify that dividends on ordinary shares that are not admitted to trading on a regulated market of an issuer, which has also issued preference shares that are admitted to trading, are not announceable under Regulation 27 of the Transparency Regulations.

Notification of major shareholdings

20. CP121 proposed that certain Transparency Rules related to the notification of major shareholdings should not be continued.
21. No feedback was received from stakeholders on the proposals set out under this heading.

Central Bank Response: Rules 7.2, 7.3 and 7.4 of the Transparency Rules will not be included in the IMC Rules. The Central Bank will issue guidance to reflect the approach previously set out in Transparency Rule 7.3.

Notification of Home Member State

22. CP121 proposed that Rule 4.2 of the Transparency Rules be discontinued as it is no longer necessary for the purposes of enabling the Central Bank to identify issuers falling within its remit. No concerns were raised by respondents with the proposed approach.

Central Bank Response: As no feedback was received on this proposal, Rule 4.2 will not be included in the IMC Rules.

Section III: Additional Guidance as regards transparency (regulated markets) law

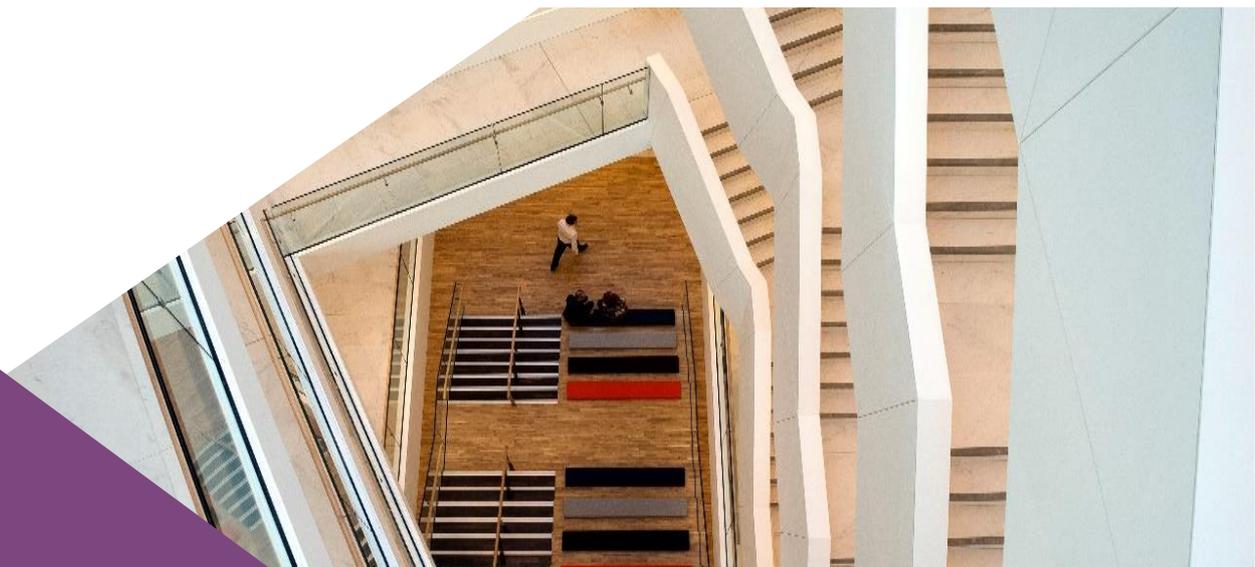
23. CP121 also set out that the Central Bank intends to issue additional guidance on a selection of topics including (i) dissemination of regulated information, (ii) communication of regulated information to the media in full unedited text, (iii) suspension of trading where periodic financial information is not published on time and (iv) effect of a change in accounting reference date.

24. Stakeholders did not provide any comments or raise any concerns with the proposed guidance.

Central Bank Response: The relevant sections of guidance will be published on the Central Bank's website at the time of the publication of the IMC Rules.

Section IV: Next Steps

25. At the time of publication, the Central Bank expects the IMC Rules to be effective from 21 July 2019, when the Prospectus Regulation (EU) 2017/1129 will come into application.
26. The existing Transparency and Market Abuse Rules will remain in force and in effect until they are repealed and replaced by the IMC Rules. The IMC Rules will also consolidate the Prospectus Rules consulted on in CP127.
27. The final IMC Rules may reflect further technical and structural changes, including those required to align with other Central Bank Rulebooks where appropriate.



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