



Barcelona, 16 October 2017

Dear client,

On 3 January 2018, *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, MiFID II)* and *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 MiFIR)* will come into force.

The process for public consultation by companies in the sector concerning the *draft Royal Decree on the regulatory adaptation to the Securities Market Act* which partially amends Royal Decree 217/2008 of 15th February on the legal regime for investment firms and other entities providing investment services and which partially amends the regulations of Law 35/2003 of 4th November on Collective Investment Institutions, approved by Royal Decree 1309/2005 of 4th November, was open until 18 September 2017, with a view to finalising the process for transposing the MiFID II Directive before it comes into force.

One of the main objectives of the new EU regulatory framework is **to improve the management of financial risks** through **procedures that promote the transparency of financial operations** and the identification of participating entities, such as the communication of transactions to the competent authorities, which is mandatory for companies providing investment services and the market governing bodies that manage multilateral trading facilities (MTF) or organised trading facilities (OTF), which will be required to keep, for five years, the records containing the pertinent data relating to all orders and all transactions with financial instruments carried out by them, whether for their own or for a client's account.

To achieve this, **it will be necessary to obtain a single, global code** based on ISO 17442 that identifies legal entities operating in the financial market, called the LEI Code.

A Legal Entity Identifier (LEI) Code must be obtained by all companies that:

- a) **trade in derivatives**, i.e. payment instruments consisting of all those securities that carry the right to acquire or sell marketable securities or that give rise to a cash settlement, determined by reference to marketable securities, currencies, interest rates or yields, commodities or other indices or measurements, **including off-balance-sheet derivatives**, the settlement of which does not take place on a regulated market or on a market in a third country which is considered equivalent to a regulated market, and



b) **carry out operations with persons or entities such as:**

- Banks and financial firms,
- Entities issuing shares, debt or securities for other capital structures,
- Listed entities,
- Entities that trade in shares or debt,
- Investment facilities, including investment funds, pension funds and alternative investment facilities set up as corporate entities or collective investment arrangements (umbrella funds, hedge funds, venture capital, etc.),
- Entities under the supervision of a financial regulator and their subsidiaries, affiliates and portfolio companies, and
- Counterpart entities for financial transactions

Sections A and C of Appendix I to the MiFID II Directive contain more detailed descriptions of the investment services and activities subject to this legislation, as well as the instruments involved.

Any failure to obtain the code before the deadline could entail serious difficulties for companies with respect to their operating in all kinds of markets, including the inability to take part in such transactions.

In Spain, **the Mercantile Registry will be responsible for issuing and administering the LEI Codes.** The code costs €100 plus VAT, and is valid for one year. The renewal of the code, which must be arranged annually, costs €50 plus VAT.

As well as the professionals that regularly work with your company, **Manuel Alijarde, Gabriel Ribó and Eduard Casanovas** are entirely at your disposal for any clarification or additional information you may require in relation to the content of this Circular Letter.

Yours sincerely,

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The sole aim of this Circular Letter is to provide its recipients with a selection of general information items about novelties or issues of a labour, tax or legal nature, without this constituting professional **advice** of any kind or being sufficient for the making of personal or business decisions.

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