

MARKET ABUSE REGULATION INSTRUMENT (NO 2) 2016

Powers exercised

- A. The Financial Conduct Authority makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (the “Act”):
- (1) section 73A (Part 6 rules);
 - (2) section 137A (General rule-making power);
 - (3) section 137Q (Price stabilising rules);
 - (4) section 137T (General supplementary powers); and
 - (5) section 139A (Guidance).
- B. The rule-making powers listed above are specified for the purpose of section 138G(2) (Rule-making instruments) of the Act.

Commencement

- C. This instrument comes into force on 3 July 2016.

Amendments to the Handbook

- D. The modules of the FCA’s Handbook of rules and guidance listed in column (1) below are amended in accordance with the Annexes to this instrument listed in column (2).

(1)	(2)
Glossary of definitions	Annex A
Market Conduct sourcebook (MAR)	Annex B
Supervision manual (SUP)	Annex C
Listing Rules sourcebook (LR)	Annex D
Energy Market Participants Guide (EMPS)	Annex E
Oil Market Participants (OMPS)	Annex F

Notes

- E. In the Annexes to this instrument, the “notes” (indicated by “**Note:**”) are included for the convenience of readers but do not form part of the legislative text.

European Union Legislation

- F. Although European Union legislation is reproduced in this instrument, only European Union legislation reproduced in the Official Journal of the European Union is deemed authentic.

Citation

G. This instrument may be cited as the Market Abuse Regulation Instrument (No 2) 2016.

By order of the Board
23 June 2016

Annex A

Amendments to the Glossary of definitions

In this Annex, underlining indicates new text and striking through indicates deleted text, unless indicated otherwise.

Amend the following definitions as shown.

<i>offer</i>	...
	(2) (in MAR 2 (Buy-backs and Stabilisation)) an offer or invitation to make an offer. [deleted]
	...
<i>offeror</i>	...
	(2) (in MAR 2 (Buy-backs and Stabilisation)) (as defined in Article 2 of the <i>Buy-back and Stabilisation Regulation</i>) the prior holders of, or the entity issuing, the <i>relevant securities</i>. [deleted]
	...

Delete the following definitions.

<i>allotment</i>	(as defined in Article 2 of the <i>Buy-back and Stabilisation Regulation</i>) the process or processes by which the number of <i>relevant securities</i> to be received by investors who have previously subscribed or applied for them is determined.
<i>ancillary stabilisation</i>	(as defined in Article 2 of the <i>Buy-back and Stabilisation Regulation</i>) the exercise of an <i>overallotment facility</i> or of a <i>greenshoe option</i> by <i>investment firms</i> or <i>credit institutions</i> , in the context of a <i>significant distribution of relevant securities</i> , exclusively for facilitating <i>stabilisation</i> activity.
<i>Buy-back and Stabilisation Regulation</i>	Commission Regulation (EC) of 22 December 2003 implementing the <i>Market Abuse Directive</i> as regards exemptions for buy-back programmes and stabilisation of financial instruments (No 2273/2003).
<i>buy-back programme</i>	(as defined in Article 2 of the <i>Buy-back and Stabilisation Regulation</i>) trading in own shares in accordance with Articles 19 to 24 of the <i>PLC Safeguards Directive</i> .
<i>greenshoe option</i>	(as defined in Article 2 of the <i>Buy-back and Stabilisation</i>

Regulation) an option granted by the *offeror* in favour of the *investment firm(s)* or *credit institution(s)* involved in the *offer* for the purpose of covering *overallocments*, under the terms of which such firm(s) or institution(s) may purchase up to a certain amount of *relevant securities* at the offer price for a certain period of time after the *offer* of the relevant securities.

- overallocation facility* (as defined in Article 2 of the *Buy-back and Stabilisation Regulation*) a clause in the underwriting agreement or lead management agreement which permits acceptance of subscriptions or offers to purchase a greater number of *relevant securities* than originally offered.
- relevant security* (1) (in *MAR 2*, when used with reference to the *Buy-back and Stabilisation Regulation*) (in accordance with Article 2(6) of the *Buy-back and Stabilisation Regulation*) *transferable securities* which are admitted to trading on a *regulated market* or for which a request for admission to trading on a regulated market has been made, and which are the subject of a *significant distribution*.
- (2) (Otherwise in *MAR 2*) *transferable securities*
- significant distribution* (as defined in Article 2 of the *Buy-back and Stabilisation Regulation*) an initial or secondary *offer* of *relevant securities*, publicly announced and distinct from ordinary trading both in terms of the amount in value of the *securities* offered and the selling methods employed.
- time scheduled buy-back programme* (as defined in Article 2 of the *Buy-back and Stabilisation Regulation*) a *buy-back programme* where the dates and quantities of *securities* to be traded during the time period of the programme are set out at the time of the public disclosure of the *buy-back programme*.

Annex B

Amendments to the Market Conduct sourcebook (MAR)

In this Annex, underlining indicates new text and striking through indicates deleted text, unless otherwise indicated.

1 Market Abuse

...

1.10 Statutory exceptions

Behaviour that does not amount to market abuse

- 1.10.1 G (1) Behaviour which conforms with ~~articles 3 to 6 of the *Buy-back and Stabilisation Regulation* (see *MAR 1 Annex 1*)~~ article 5 of the *Market Abuse Regulation* or with a directly applicable *EU* regulation made under article 5 of the *Market Abuse Regulation* will not amount to *market abuse*.
- (2) ~~See *MAR 2* in relation to *stabilisation*.~~ [deleted]
- (3) ~~*Buy-back programmes* which are not within the scope of the *Buy-back and Stabilisation Regulation* are not, in themselves, *market abuse*.~~ [deleted]

...

1 Annex 1 Provisions of the Buy-back and Stabilisation Regulation relating to buy-back programmes

- 1.1.1 G The effect of ~~article 8 of the *Market Abuse Directive* and section 118A(5)(b) of the *Act* is that behaviour which conforms with the buy-back provisions in the *Buy-back and Stabilisation Regulation* will not amount to *market abuse*.~~ [deleted]
- 1.1.2 G ~~As the *Buy-back and Stabilisation Regulation* is not directed at the protection of shareholder interests, *issuers* will also need to consult both the *Companies Act 2006* and the *Part 6 rules* for the shareholder protection requirements applying to a proposed buy-back.~~ [deleted]
- 1.1.3 EU ~~Table: Article 3 of *Buy-back and Stabilisation Regulation*~~
 Article 3
 Objectives of buy-back programmes
 In order to benefit from the exemption provided for in Article 8 of [the *Market Abuse Directive*], a [buy-back programme] must comply with Articles 4, 5 and 6 of this Regulation and the sole purpose of that [buy-back

~~programme]~~ must be to reduce the capital of an issuer (in value or in number of shares) or to meet obligations arising from any of the following:

- ~~(a) debt financial instrument exchangeable into equity instruments;~~
- ~~(b) employee share option programmes or other allocations of shares to employees of the issuer or of an associate company. [deleted]~~

1.1.4 EU Table: Relevant Recitals (Article 3) from the *Buy-back and Stabilisation Regulation*

~~Recital 3~~

~~... the exemptions created by this Regulation only cover behaviour directly related to the purpose of the buy-back and stabilisation activities. Behaviour which is not directly related to the purpose of the buy-back and stabilisation activities shall therefore be considered as any other action covered by [the Market Abuse Directive] and may be the object of administrative measures or sanctions, if the competent authority establishes that the action in question constitutes market abuse. [deleted]~~

1.1.5 EU Table: Article 4 of the *Buy-back and Stabilisation Regulation*

~~Article 4~~

~~Conditions for buy-back programmes and disclosure~~

- ~~1. The [buy-back programme] must comply with the conditions laid down by Article 19(1) of [the PLC Safeguards Directive].~~
- ~~2. Prior to the start of trading, full details of the programme approved in accordance with Article 19(1) of [the PLC Safeguards Directive] must be [adequately disclosed to the public] in Member States in which an issuer has requested admission of its shares to trading on a [regulated market]~~

~~Those details must include the objective of the programme as referred to in Article 3, the maximum consideration, the maximum number of shares to be acquired and the duration of the period for which authorisation for the programme has been given.~~

~~Subsequent changes to the programme must be subject to [adequate public disclosure] in Member States.~~

- ~~3. The issuer must have in place the mechanisms ensuring that it fulfils trade reporting obligations to the competent authority of the [regulated market] on which the shares have been admitted to trading. These mechanisms must record each transaction related to [buy-back programmes], including the information specified in Article 20(1) of the [ISD].~~

4. ~~The issuer must publicly disclose details of all transactions as referred to in paragraph 3 no later than the end of the seventh daily market session following the date of execution of such transactions. [deleted]~~
- 1.1.6 G ~~The information specified in article 20(1) of the *ISD* is the names and numbers of the instruments bought or sold, the dates and times of the transactions, the transaction prices and means of identifying the investment firms concerned. [deleted]~~
- 1.1.7 G ~~Article 19(1) of the *PLC Safeguards Directive* is implemented in Great Britain by section 701 of the Companies Act 2006. [deleted]~~
- 1.1.8 G The *FCA* accepts as “~~*adequate public disclosure*~~ adequate public disclosure”:
- (1) disclosure through a *regulatory information service* or otherwise in accordance with *Part 6 rules*; or
 - (2) the equivalent disclosure mechanism required to be used in relation to the relevant *trading venue*.
- ~~[Note: article 5 of the *Market Abuse Regulation*.]~~
- 1.1.9 EU ~~Table: Article 5 of the *Buy-back and Stabilisation Regulation*~~
- ~~Article 5~~
- ~~Conditions for trading~~
1. ~~In so far as prices are concerned, the issuer must not, when executing trades under a [*buy back programme*], purchase shares at a price higher than the higher of the price of the last independent trade and the highest current independent bid on the trading venues where the purchase is carried out.~~

~~If the trading venue is not a [*regulated market*], the price of the last independent trade or the highest current independent bid taken in reference shall be the one of the [*regulated market*] of the Member State in which the purchase is carried out.~~

~~Where the issuer carries out the purchase of own shares through derivative financial instruments, the exercise price of those derivative financial instruments shall not be above the higher of the price of the last independent trade and the highest current independent bid.~~
 2. ~~In so far as volume is concerned, the issuer must not purchase more than 25% of the average daily volume of the shares in any one day on the [*regulated market*] on which the purchase is carried out.~~

~~The average daily volume figure must be based on the average daily volume traded in the month preceding the month of public disclosure~~

~~of that programme and fixed on that basis for the authorised period of the programme.~~

~~Where the programme makes no references to that volume, the average daily volume figure must be based on the average daily volume traded in the 20 trading days preceding the date of purchase.~~

3. ~~For the purposes of paragraph 2, in cases of extreme low liquidity on the relevant market, the issuer may exceed the 25% limit, provided that the following conditions are met:~~
- ~~(a) the issuer informs the competent authority of the relevant market, in advance, of its intention to deviate from the 25% limit;~~
 - ~~(b) the issuer [makes an adequate public disclosure of] the fact that it may deviate from the 25% limit;~~
 - ~~(c) The issuer does not exceed 50% of the average daily volume. [deleted]~~

1.1.10 EU ~~Table: Relevant recitals (Article 5) from the *Buy back and Stabilisation Regulation*~~

~~Recital 9~~

~~In order to prevent market abuse the daily volume of trading in own shares in buy back programmes shall be limited. However, some flexibility is necessary in order to respond to given market conditions such as a low level of transactions.~~

~~Recital 10~~

~~Particular attention has to be paid to the selling of own shares during the life of a [buy back programme] to the possible existence of closed periods within issuers during which transactions are prohibited and to the fact that an issuer may have legitimate reasons to delay public disclosure of inside information. [deleted]~~

1.1.11 G ~~Whether a case of extreme low liquidity exists for the purposes of article 5(3) will depend on the circumstances of each case. Issuers and their advisers may wish to approach the FCA and seek further individual guidance on cases that come within article 5(3). [deleted]~~

1.1.12 EU ~~Table: Article 6 of the *Buy back and Stabilisation Regulation*~~

~~Article 6~~

~~Restrictions~~

- ~~1. In order to benefit from the exemption provided by Article 8 of [the *Market Abuse Directive*], the issuer shall not, during its participation in~~

a ~~[buy-back programme]~~, engage in the following trading:

- (a) ~~selling of own shares during the life of the programme;~~
- (b) ~~trading during a period which, under the law of the Member State in which trading takes place, is a closed period;~~
- (c) ~~trading where the issuer has decided to delay the public disclosure of inside information in accordance with Article 6(22) of [the Market Abuse Directive].~~

2. Paragraph 1(a) shall not apply if the issuer is an ~~[investment firm] or [credit institution]~~ and has established effective information barriers (Chinese Walls) subject to supervision by the competent authority, between those responsible for the handling of ~~[inside information]~~ related directly or indirectly to the issuer and those responsible for any decision relating to the trading of own shares (including the trading of own shares on behalf of clients), when trading in own shares on the basis of such any decision.

Paragraphs 1(b) and (c) shall not apply if the issuer is an ~~[investment firm] or [credit institution]~~ and has established effective information barriers (Chinese Walls) subject to supervision by the competent authority, between those responsible for the handling of inside information related directly or indirectly to the issuer (including trading decisions under the “buy back” programme) and those responsible for the trading of own shares on behalf of clients, when trading in own shares on behalf of those clients.

3. Paragraphs 1 shall not apply if:

- (a) ~~the issuer has in place a [time-scheduled buy back programme];~~
or
- (b) ~~the buy back programme is lead-managed by an [investment firm] or a [credit institution] which makes its trading decisions in relation to the issuer’s shares independently of, and without influence by, the issuer with regard to the timing of the purchases. [deleted]~~

1.1.13 G ~~For the purposes of article 6(1)(b) of the Buy back and Stabilisation Regulation, a close period in the United Kingdom is the period during which purchases or early redemptions by a company of its own securities may not be made under the Part 6 Rules. [deleted]~~

1.1.14 G ~~Article 6(2) of the Market Abuse Directive, referred to in article 6(1) (c) of the Buy back and Stabilisation Regulations, is implemented in the United Kingdom by the Disclosure Rules and Transparency Rules. [deleted]~~

...

2 Stabilisation

2.1 Application and purpose

Application

- 2.1.1 R ~~This chapter applies to every *firm*. [deleted]~~
- 2.1.2 G ~~This chapter is available to every *person* who wishes to show that he acted in conformity with:~~
- ~~(1) the *Buy-back and Stabilisation Regulation*, in accordance with section 118A(5)(b) of the *Act*; or~~
 - ~~(2) *rules*, in accordance with section 118A(5)(a) of the *Act*; or~~
 - ~~(3) the *price stabilising rules*, for the purposes of paragraph 5(1) of Schedule 1 to the Criminal Justice Act 1993 (Insider Dealing); or~~
 - ~~(4) the *price stabilising rules*, for the purposes of section 90(9)(b) (Misleading impressions) or section 91(4)(a) (Misleading statements etc in relation to benchmarks) of the Financial Services Act 2012. [deleted]~~
- 2.1.3 R ~~This chapter:~~
- ~~(1) so far as it provides a defence for any *person*, has the same territorial application as the provision which is alleged to have been contravened: and~~
 - ~~(2) in its application to a *firm* for purposes other than those falling within (1), applies to the *firm's* business carried on from an establishment in the *United Kingdom*. [deleted]~~

Purpose

- 2.1.4 G ~~The purpose of this chapter is to describe the extent to which *stabilisation* activity has the benefit of a "safe harbour" for *market abuse* under the *Buy-back and Stabilisation Regulation* (see *MAR 2.2* and *MAR 2.3*), and to specify by rules the extent to which *stabilisation* activity has the benefit of a "safe harbour" for *market abuse (misleading behaviour)* or *market abuse (distortion)* (see *MAR 2.2* and *MAR 2.4*), or for the criminal offences referred to in *MAR 2.1.2G(3)* and *MAR 2.1.2G(4)* (*MAR 2.3*–*MAR 2.5*). [deleted]~~
- 2.1.5 G ~~*Stabilisation* transactions mainly have the effect of providing support for the price of an offering of *relevant securities* during a limited time period if they come under selling pressure, thus alleviating sales pressure generated by short term investors and maintaining an orderly market in the *relevant securities*. This is in the interest of those investors having subscribed or purchased those *relevant securities* in the context of a *significant*~~

~~distribution, and of issuers. In this way, stabilisation can contribute to greater confidence of investors and issuers in the financial markets. [Note: Recital 11 of the Buy back and Stabilisation Regulation] [deleted]~~

- 2.1.6 G ~~Stabilisation activity may be carried out either on or off a regulated market and may be carried out by use of financial instruments other than those admitted or to be admitted to the regulated market which may influence the price of the instrument admitted or to be admitted to trading on a regulated market. [Note: Recital 12 Buy-back and Stabilisation Regulation] [deleted]~~

2.2 Stabilisation: general

Permitted stabilisation

- 2.2.1 R ~~Stabilisation or ancillary stabilisation may be carried out by a firm in relation to a significant distribution of securities, if:~~
- ~~(1) they are relevant securities that have been admitted to trading on a regulated market or a request for their admission to trading on such a market has been made, and the stabilisation is carried out in accordance with the Buy-back and Stabilisation Regulation (see MAR 2.3); or~~
 - ~~(2) the securities are not within (1) and they:

 - ~~(a) have been admitted to trading on a market, exchange or other institution included in MAR 2 Annex 1 R; or~~
 - ~~(b) a request for their admission to trading on such a market, exchange or institution has been made; or~~
 - ~~(c) are or may be traded under the rules of the International Securities Markets Association; and~~~~

~~the stabilisation or ancillary stabilisation is carried out in accordance with the provisions in MAR 2.4. [deleted]~~

- 2.2.2 G ~~Relevant securities include financial instruments that become fungible after an initial period because they are substantially the same, although they have different initial dividend or interest payment rights. [Note: Recital 13 Buy-back and Stabilisation Regulation.] [deleted]~~

Scope of stabilisation "safe harbours" for market abuse

- 2.2.3 R ~~For the purposes of section 118A(5)(a) of the Act, behaviour (whether by a firm or not) conforming with the MAR 2.2.1R(2) does not amount to market abuse. [deleted]~~
- 2.2.4 G ~~The effect of article 8 of the Market Abuse Directive and section 118A(5)(b) of the Act is that behaviour by any person which conforms with the~~

~~stabilisation provisions in the Buy-back and Stabilisation Regulation (see MAR 2.3) will not amount to market abuse. [deleted]~~

- 2.2.5 G However, the mere fact that ~~stabilisation~~ does not conform with the ~~stabilisation provisions in the Buy-back and Stabilisation Regulation (see MAR 2.3) or with) MAR 2.2.1R(2)~~ will not of itself mean that the ~~behaviour~~ constitutes ~~market abuse~~. [**Note:** ~~Recital 2 Buy-back and Stabilisation Regulation~~] [deleted]

Block trades

- 2.2.6 G In relation to ~~stabilisation~~, block trades are not considered as a ~~significant distribution of relevant securities~~ as they are strictly private transactions. [**Note:** ~~Recital 14 Buy-back and Stabilisation Regulation~~] [deleted]

Behaviour not related to stabilisation

- 2.2.7 G On the other hand, the exemptions created by the ~~Buy-back and Stabilisation Regulation~~ only cover ~~behaviour~~ directly related to the purpose of ~~stabilisation~~ activities. ~~Behaviour~~ which is not directly related to the purpose of ~~stabilisation~~ activities is therefore considered in the same way as any other action covered by the ~~Market Abuse Directive~~ and may result in sanctions, if the competent authority establishes that the action in question constitutes ~~market abuse~~. [**Note:** ~~Recital 3 Buy-back and Stabilisation Regulation~~] [deleted]

- 2.2.8 G In order to avoid confusion of market participants, ~~stabilisation~~ activity should be carried out by taking into account the market conditions and the offering price of the ~~relevant security~~ and transactions to liquidate positions established as a result of ~~stabilisation~~ activity should be undertaken to minimise market impact having due regard to prevailing market conditions. [**Note:** ~~Recital 18 Buy-back and Stabilisation Regulation~~] [deleted]

Rights of action for damages

- 2.2.9 R A contravention of the ~~rules in MAR 2~~ does not give rise to a right of action by a ~~private person~~ under section 138D of the ~~Act~~ (and each of those rules is specified under section 138D(3) of the ~~Act~~ as a provision giving rise to no such right of action). [deleted]

2.3 Stabilisation under the Buy-back and Stabilisation Regulation

Conditions for stabilisation: general

- 2.3.1 EU ~~Table: Article 7 of the Buy-back and Stabilisation Regulation~~

Article 7
Conditions for stabilisation

In order to benefit from the exemption provided for in Article 8 of [the *Market Abuse Directive*], [stabilisation] of a [financial instrument] must be carried out in accordance with Articles 8, 9 and 10 of this Regulation [see *MAR 2.3.4E*, *MAR 2.3.5EU* and *MAR 2.3.6G*].

[deleted]

- 2.3.2 G Article 8 of the *Market Abuse Directive* is implemented in the *United Kingdom* in section 118A(5)(b) of the *Act*. [deleted]
- 2.3.3 R For the purposes of article 2(8) of the *Buy back and Stabilisation Regulation* the standards of transparency of the markets, exchanges and institutions referred to in *MAR 2.2.1R(2)* are considered by the *FCA* to be adequate. [deleted]

Time related conditions for stabilisation

- 2.3.4 EU Table: Article 8 of the *Buy back and Stabilisation Regulation*

Article 8	
Time related conditions for stabilisation	
1.	[Stabilisation] shall be carried out only for a limited time period.
2.	In respect of shares and other securities equivalent to shares, the time period referred to in paragraph 1 shall, in the case of an initial offer publicly announced, start on the date of commencement of trading of the [relevant securities] on the [regulated market] and end no later than 30 calendar days thereafter.
	Where the initial offer publicly announced takes place in a Member State that permits trading prior to the commencement of trading on a [regulated market], the time period referred to in paragraph 1 shall start on the date of [adequate public disclosure] of the final price of the [relevant securities] and end no later than 30 calendar days thereafter, provided that any such trading is carried out in compliance with the rules, if any, of the [regulated market] on which the [relevant securities] are to be admitted to trading, including any rules concerning public disclosure and trade reporting.
3.	In respect of shares and other securities equivalent to shares, the time period referred to in paragraph 1 shall, in the case of a secondary offer, start on the date of [adequate public disclosure] of the final price of the [relevant securities] and end no later than 30 calendar days after the date of [allotment].
4.	In respect of bonds and other forms of securitised debt (which are not convertible or exchangeable into shares or into other securities equivalent to shares), the time period referred to in paragraph 1 shall start on the date of [adequate public disclosure] of the terms of the

	offer of the [<i>relevant securities</i>] (i.e. including the spread to the benchmark, if any, once it has been fixed) and end, whatever is earlier, either no later than 30 calendar days after the date on which the issuer of the instruments received the proceeds of the issue, or no later than 60 calendar days after the date of [<i>allotment</i>] of the [<i>relevant securities</i>].
5.	In respect of securitised debt convertible or exchangeable into <i>shares</i> or into other securities equivalent to shares, the time period referred to in paragraph 1 shall start on the date of [<i>adequate public disclosure</i>] of the final terms of the offer of the [<i>relevant securities</i>] and end, whatever is earlier, either no later than 30 calendar days after the date on which the issuer of the instruments received the proceeds of the issue, or no later than 60 calendar days after the date of [<i>allotment</i>] of the [<i>relevant securities</i>].

[deleted]

Disclosure and reporting conditions for stabilisation

2.3.5 EU Table: Article 9 of the Buy-back and Stabilisation Regulation

Article 9	
Disclosure and reporting conditions for stabilisation	
1.	The following information shall be [<i>adequately publicly disclosed</i>] by issuers, [<i>offerors</i>], or entities undertaking the [<i>stabilisation</i>] acting, or not, on behalf of such persons, before the opening of the offer period of the [<i>relevant securities</i>]:
(a)	the fact that [<i>stabilisation</i>] may be undertaken, that there is no assurance that it will be undertaken and that it may be stopped at any time;
(b)	the fact that [<i>stabilisation</i>] transactions are aimed to support the market price of the [<i>relevant securities</i>];
(c)	the beginning and end of the period during which [<i>stabilisation</i>] may occur;
(d)	the identity of the [<i>stabilisation</i>] manager, unless this is not known at the time of publication in which case it must be publicly disclosed before any [<i>stabilisation</i>] activity begins;
(e)	the existence and maximum size of any [<i>overallotment facility</i>] or [<i>greenshoe option</i>], the exercise period of the [<i>greenshoe option</i>] and any conditions for the use of the [<i>overallotment facility</i>] or exercise of the [<i>greenshoe option</i>].
	The application of the provisions of this paragraph shall be suspended

	for offers under the scope of application of the measures implementing [the <i>Prospectus Directive</i>], from the date of application of these measures.
2.	Without prejudice to Article 12(1)(c) of [the <i>Market Abuse Directive</i>], the details of all [stabilisation] transactions must be notified by issuers, [offerors], or entities undertaking the [stabilisation] acting, or not, on behalf of such persons, to the competent authority of the relevant market no later than the end of the seventh daily market session following the date of execution of such transactions.
3.	Within one week of the end of the [stabilisation] period, the following information must be adequately disclosed to the public by issuers, [offerors], or entities undertaking the [stabilisation] acting, or not, on behalf of such persons:
	(a) whether or not [stabilisation] was undertaken;
	(b) the date at which [stabilisation] started;
	(c) the date at which [stabilisation] last occurred;
	(d) the price range within which [stabilisation] was carried out, for each of the dates during which [stabilisation] transactions were carried out.
4.	Issuers, [offerors], or entities undertaking the [stabilisation], acting or not, on behalf of such persons, must record each [stabilisation] order or transaction with, as a minimum, the information specified in Article 20(1) of [the <i>ISD</i>] extended to <i>financial instruments</i> other than those admitted or going to be admitted to the <i>regulated market</i> .
5.	Where several [investment firms] or [credit institutions] undertake the [stabilisation] acting, or not, on behalf of the issuer or [offeror], one of those persons shall act as central point of inquiry for any request from the competent authority of the <i>regulated market</i> on which the [relevant securities] have been admitted to trading.

[deleted]

- 2.3.6 G The *FCA* accepts as *adequate public disclosure*:
- (1) disclosure through a regulatory information service or otherwise in accordance with Part 6 rules; or
 - (2) the equivalent disclosure mechanism required to be used in relation to the relevant regulated market. [deleted]
- 2.3.7 G Market integrity requires the *adequate public disclosure* of *stabilisation* activity by *issuers* or by entities undertaking *stabilisation*, acting or not on behalf of these *issuers*. Methods used for *adequate public disclosure* of such

information should be efficient and can take into account market practices accepted by competent authorities. [**Note:** Recital 16 *Buy-back and Stabilisation Regulation*] [deleted]

- 2.3.8 G ~~There should be adequate coordination in place between all investment firms and credit institutions undertaking stabilisation. During stabilisation, one investment firm or credit institution shall act as a central point of inquiry for any regulatory intervention by the competent authority in each Member State concerned. [**Note:** Recital 17 *Buy-back and Stabilisation Regulation*] [deleted]~~
- 2.3.9 G ~~For the purposes of article 9(2) of the *Buy-back and Stabilisation Regulation*, the FCA is the competent authority of those markets listed as regulated markets at <http://www.fsa.gov.uk/register/exchanges.do>. Persons undertaking stabilisation will be taken to have notified the FCA for the purposes of article 9(2) if they email details of all their stabilisation transactions to stabilisation@fca.org.uk clearly identifying the offer being stabilised and the contact details for the persons undertaking the stabilisation. [deleted]~~

Specific price conditions

- 2.3.10 EU Table: Article 10 of the Buy-back and Stabilisation Regulation

Article 10	
Specific price conditions	
1.	In the case of an offer of shares or other securities equivalent to shares, [stabilisation] of the [relevant securities] shall not in any circumstances be executed above the offering price.
2.	In the case of an offer of securitised debt convertible or exchangeable into instruments as referred to in paragraph 1, [stabilisation] of those instruments shall not in any circumstances be executed above the market price of those instruments at the time of the public disclosure of the final terms of the new offer.

[deleted]

Conditions for ancillary stabilisation

- 2.3.11 EU Table: Article 11 of the Buy-back and Stabilisation Regulation

Article 11
Conditions for ancillary stabilisation
In order to benefit from the exemption provided for in Article 8 of [the <i>Market Abuse Directive</i>], [ancillary stabilisation] must be undertaken in accordance with Article 9 of this Regulation and with the following:

(a)	[relevant securities] may be overallocated only during the subscription period and at the offer price;
(b)	a position resulting from the exercise of an [overallocation facility] by an [investment firm] or [credit institution] which is not covered by the [greenshoe option] may not exceed 5 % of the original offer;
(c)	the [greenshoe option] may be exercised by the beneficiaries of such an option only where [relevant securities] have been overallocated;
(d)	the [greenshoe option] may not amount to more than 15% of the original offer;
(e)	the exercise period of the [greenshoe option] must be the same as the [stabilisation] period required under Article 8;
(f)	the exercise of the [greenshoe option] must be disclosed to the public promptly, together with all appropriate details, including in particular the date of exercise and the number and nature of [relevant securities] involved.

[deleted]

- 2.3.12 G ~~Overallocation facilities and greenshoe options are closely related to stabilisation, by providing resources and hedging for stabilisation activity. [Note: Recital 19 Buy-back and Stabilisation Regulation] [deleted]~~
- 2.3.13 G ~~Particular attention should be paid to the exercise of an overallocation facility by an investment firm or a credit institution for the purpose of stabilisation when it results in a position uncovered by the greenshoe option. [Note: Recital 20 Buy-back and Stabilisation Regulation.] [deleted]~~

2.4 Stabilisation when the Buy-back and Stabilisation Regulation does not apply

- 2.4.1 R ~~To comply with MAR 2.2.1R(2) a firm must comply with the provisions in articles 8, 9, 10 and 11 of the Buy-back and Stabilisation Regulation (see MAR 2.3) subject to the modifications set out in the remainder of this section. [deleted]~~
- 2.4.2 R ~~For the purposes of the application of article 2(6) of the Buy-back and Stabilisation Regulation to this section, references to "relevant securities" are to be taken as references to securities which are within MAR 2.2.1R(2). [deleted]~~
- 2.4.3 R ~~For the purposes of the application of article 2(8) of the Buy-back and Stabilisation Regulation to this section, the requirement for the competent authority to agree to the standards of transparency does not apply. [deleted]~~
- 2.4.4 R ~~Article 8 of the Buy-back and Stabilisation Regulation is subject to the~~

following modifications:

- (1) the references to "*adequate public disclosure*" are to be taken as including any public announcement which provides adequate disclosure of the fact that *stabilisation* may take place in relation to the offer, for example:
 - (a) in the case of a screen-based announcement, wording such as "*stabilisation/FCA*"; or
 - (b) in the case of a final offering circular or prospectus, wording such as "In connection with this [issue][offer], [name of *stabilisation* manager] [or any *person* acting for him] may over-allot or effect transactions with a view to supporting the market price of [description of *relevant securities* and any associated investments] at a level higher than that which might otherwise prevail for a limited period after the issue date. However, there may be no obligation on [name of *stabilisation* manager] [or any agent of his] to do this. Such stabilising, if commenced, may be discontinued at any time, and must be brought to an end after a limited period."; and
- (2) a *person* is taken to comply the requirements of article 9(1) of the *Buy back and Stabilisation Regulation* for these purposes if a public announcement before the opening of the offer period indicates (in whatever terms) the fact that *stabilisation* may take place so long as any preliminary or final offering circular (or prospectus) contains the information specified in that article (other than information on the maximum size of any over-allotment facility). [deleted]

2.4.5 R Article 9 of the *Buy back and Stabilisation Regulation* is subject to the following modifications:

- (1) the references to "*adequate public disclosure*" are to be taken as including any public announcement which complies with *MAR 2.4.4R*;
- (2) article 9(2) does not apply;
- (3) article 9(3) does not apply; and
- (4) in article 9(4) the phrase "order or" does not apply. [deleted]

2.4.6 R Article 10 of the *Buy back and Stabilisation Regulation* is modified so that the reference to "public disclosure" is to be taken as including any public announcement which complies with *MAR 2.4.4R*. [deleted]

2.4.7 R Article 11 of the *Buy back and Stabilisation Regulation* is subject to the following modifications:

- (1) the reference to "disclosure to the public" is to be taken as including

~~any public announcement which complies with MAR 2.4.4R and~~
 (2) ~~article 11(b) and (d) do not apply. [deleted]~~

2.5 The Price Stabilising Rules: overseas provisions

- 2.5.1 R (1) A person who in any place outside the *United Kingdom* acts or engages in conduct:
- (a) for the purposes of ~~stabilising~~ stabilising the price of *investments*;
 - (b) in conformity with the provisions specified in (2), (3) or (4); and
 - (c) in relation to an offer which is governed by the law of a country (or a state or territory in a country) so specified;

is to be treated for the purposes of ~~section 397(5)(b) of the Act (misleading statements and practices)~~ section 89(3)(a) and section 90 (9)(b) of the Financial Services Act 2012 as acting or engaging in conduct for that purpose and in conformity with the *price stabilising rules*.

...

- 2.5.2 R A person who is treated under MAR 2.5.1R(1) as acting or engaging in conduct in conformity with the *price stabilising rules* is also to be treated to an equivalent extent as so acting or engaging for the purposes of:
- (1) ~~MAR 2.2.1R(2) and MAR 2.2.2G, provided that the investments concerned are not admitted to trading on a regulated market and there has been no request for admission to trading on a regulated market; [deleted]~~

...

...

2 Annex 1R List of specified exchanges (This is the list of other specified exchanges referred to in MAR 2.2.1R(2))

Any prescribed market which is not a regulated market
Any recognised overseas investment exchange
American Stock Exchange (AMEX)
Australian Stock Exchange
Bolsa Mexicana de Valores

Canadian Venture Exchange
Hong Kong Stock Exchange
Johannesburg Stock Exchange
Korea Stock Exchange
Midwest Stock Exchange
Montreal Stock Exchange
New York Stock Exchange (NYSE)
New Zealand Stock Exchange
Osaka Securities Exchange (OSE)
Pacific Stock Exchange
Philadelphia Stock Exchange
Singapore Exchange Securities Trading Limited
Tokyo Stock Exchange (TSE)
Toronto Stock Exchange

[deleted]

...

TP 1 Transitional Provisions

...

2) Transitional Provisions for Price stabilising rules (Price Stabilising Rules)

SUP contains transitional provisions which carry forward into *MAR 2* (Price stabilising rules) written concessions relating to pre-commencement provisions. [deleted]

...

Sch 5 Rights of action for damages

...

Sch 5.2G

Chapter / Appendix	Section / Annex	Paragraph	For Private Person?	Removed	For other person?
<i>MAR 1</i> (no rules)					

All rules in <i>MAR 2</i> except <i>MAR 2.3.3R</i> and <i>MAR 2.3.4EU</i>			Yes	Yes <i>MAR 2.1.9R</i>	No
<i>MAR 2.3.3R</i>, <i>MAR 2.3.4EU</i> and <i>MAR 2.3.5EU</i>			No		No
...					

Annex C

Amendments to the Supervision manual (SUP)

In this Annex, underlining indicates new text and striking through indicates deleted text.

13A Qualifying for authorisation under the Act

...

13A Application of the Handbook to Incoming EEA Firms

Annex 1G

...

(1) Module of Handbook	(2) Potential application to an incoming EEA firm with respect to activities carried on from an establishment of the firm (or its appointed representative) in the United Kingdom	(3) Potential application to an incoming EEA firm with respect to activities carried on other than from an establishment of the firm (or its appointed representative) in the United Kingdom
...		
<i>MAR</i>	<p>...</p> <p>MAR 2 (Stabilisation) Applies if the <i>firm</i> undertakes <i>stabilising action</i> and wishes to show that it has acted in conformity with <i>price stabilising rules</i>, or that its <i>behaviour</i> conforms with <i>rules</i> in accordance with section 118A(5)(a) of the <i>Act</i> (Market abuse) (<i>MAR 2.1 Application</i>). <u>[deleted]</u></p>	<p>MAR 2 (Stabilisation) Only applies in so far as the <i>firm</i> undertakes <i>stabilising action</i> and wishes to rely on a defence that it has acted in conformity with <i>price stabilising rules</i>, or that its <i>behaviour</i> conforms with <i>rules</i> in accordance with section 118A(5)(a) of the <i>Act</i> (Market abuse) (<i>MAR 2.1 and in particular MAR 2.1.3R</i>). <u>[deleted]</u></p>
...		

Annex D

Amendments to the Listing Rules (LR) sourcebook

In this Annex, underlining indicates new text and striking through indicates deleted text.

5.6 Reverse takeovers

...

Target subject to the disclosure regime of another market

5.6.12 G The *FCA* will generally be satisfied that there is sufficient publicly available information in the market about the proposed transaction if the *target* has *securities* admitted to an investment exchange or trading platform that is not a *regulated market* and the *issuer*:

...

(1) confirms, in a form acceptable to the *FCA*, that the disclosure requirements in relation to financial information and *inside information* of the investment exchange or trading platform on which the *target's securities* are admitted are not materially different from the ~~disclosure requirements under *DTR disclosure requirements*~~; and

...

...

14.3 Continuing obligations

...

Notifications relating to capital

...

14.3.18 R Where the *shares* are subject to an underwriting agreement a *company* may, at its discretion and subject to ~~*DTR 2 (Disclosure and control of inside information by issuers)*~~ the *disclosure requirements* and contents of *DTR 2* delay notifying a *RIS* as required by *LR 14.3.17R(7)* for up to two *business days* until the obligation by the underwriter to take or procure others to take *shares* is finally determined or lapses. In the case of an issue or offer of *shares* which is not underwritten, notification of the result must be made as soon as it is known.

...

App 1 Relevant definitions

App 1.1 Relevant definitions

...

...	
<i>Buy-back and Stabilisation Regulation</i>	Commission Regulation (EC) of 22 December 2003 implementing the <i>Market Abuse Directive</i> as regards exemptions for buy-back programmes and stabilisation of financial instruments (No 2273/2003).

Annex E

Amendments to the Energy Market Participants Guide (EMPS)

In this Annex, underlining indicates new text and striking through indicates deleted text.

1 Special guide for energy market participants

...

1.2 Parts of the Handbook applicable to energy market participants

...

1.2.3 G Applicability of parts of Handbook to energy market participants

This table belongs to *EMPS 1.2.1G*

	Part of Handbook	Applicability to energy market participants
...		
Business standards	...	
	Market Conduct sourcebook (<i>MAR</i>)	This applies. However <i>MAR 2</i> (Price stabilising rules <u>Stabilisation</u>) is likely to be of only marginal relevance to the business of an <i>energy market participant</i> . <i>MAR 5</i> (Multilateral Trading Facilities) applies to an <i>energy market participant</i> that operates an <i>ATS</i> .
	...	
...		

Annex F

Amendments to the Oil Market Participants Guide (OMPS)

In this Annex, underlining indicates new text and striking through indicates deleted text.

1 Special guide for oil market participants

...

1.2 Parts of the Handbook applicable to oil market participants

...

1.2.2 G Parts of the Handbook applicable to oil market participants

This table belongs to *OMPS 1.2.1G*

	Part of Handbook	Applicability to oil market participants
...		
Business standards	...	
	Market Conduct sourcebook (<i>MAR</i>)	This applies; however <i>MAR 2</i> (Price stabilising rules <u>Stabilisation</u>) is likely to be of only marginal relevance to the business of an <i>oil market participant</i> . <i>MAR 5</i> (Multilateral Trading Facilities) applies to an <i>oil market participant</i> that operates an <i>ATS</i> .
	...	
...		