

Chapter 24

Commission Delegated Regulation (EU) 2017/584



Article 7 Due diligence for members of trading venues(Article 48(1) of Directive 2014/65/EU)

(1) Trading venues shall set out the conditions for using its electronic order submission systems by its members. Those conditions shall be set having regard to the trading model of the trading venue and shall cover at least the following:

- (a) pre-trade controls on price, volume and value of orders and usage of the system and post-trade controls on the trading activities of the members;
- (b) qualifications required of staff in key positions within the members;
- (c) technical and functional conformance testing;
- (d) policy of use of the kill functionality;
- (e) provisions on whether the member may give its own clients direct electronic access to the system and if so, the conditions applicable to those clients.

(2) Trading venues shall undertake a due diligence assessment of their prospective members against the conditions referred to in paragraph 1 and shall set out the procedures for such assessment.

(3) Trading venues shall, once a year, conduct a risk-based assessment of the compliance of their members with the conditions referred to in paragraph 1 and check whether their members are still registered as investment firms. The risk-based assessment shall take into account the scale and potential impact of trading undertaken by each member as well as the time elapsed since the member's last risk based assessment.

(4) Trading venues shall, where necessary, undertake additional assessments of their members' compliance with the conditions referred to in paragraph 1 following the annual risk-based assessment laid down in paragraph 3.

(5) Trading venues shall set out criteria and procedures for imposing sanctions on a non-compliant member. Those sanctions shall include suspension of access to the trading venue and loss of membership.

(6) Trading venues shall for at least five years maintain records of:

- (a) the conditions and procedures for the due diligence assessment;
- (b) the criteria and procedures for imposing sanctions;
- (c) the initial due diligence assessment of their members;
- (d) the annual risk-based assessment of their members;
- (e) the members that failed the annual risk-based assessment and any sanctions imposed on such members.