European Commission - Press release

# Commission extends by one year the application date for the MiFID II package

Brussels, 10 February 2016

**The Commission has proposed a one year extension to the entry into application of the revised Markets in Financial Instruments Directive, or MiFID II.**

This is to take account of the exceptional technical implementation challenges faced by regulators and market participants. The European Commission has today proposed granting national competent authorities and market participants one additional year to comply with the rules set out in the revised Markets in Financial Instruments Directive, known as MiFID II. The new deadline is 3 January 2018.

The reason for the extension lies in the complex technical infrastructure that needs to be set up for the MiFID II package to work effectively. The European Securities and Markets Authority (ESMA) has to collect data from about 300 trading venues on about 15 million financial instruments. To achieve this result, ESMA must work closely with national competent authorities and the trading venues themselves. However, the European Commission was informed by ESMA that neither competent authorities, nor market participants, would have the necessary systems ready by 3 January 2017, the date by which the MiFID II package was initially scheduled to become operational. In light of these exceptional circumstances and in order to avoid legal uncertainty and potential market disruption, an extension was deemed necessary.

**Jonathan Hill**, Commissioner for Financial Services, Financial Stability and Capital Markets Union said: *"Given the complexity of the technical challenges highlighted by ESMA, it makes sense to extend the deadline for MiFID II. We will therefore give people another year to prepare properly and make the necessary changes to their systems. Meanwhile, we are pressing ahead with the level II legislation to implement MiFID II and expect to announce those measures shortly."*

This extension will not have an impact on the timeline for adoption of the 'level II' implementing measures under MiFID II/MiFIR. The European Commission will proceed with their adoption irrespective of the new date of entry into application of MiFID II. This will provide legal certainty for the new provisions.

A period of 30 months between the adoption and the entry of application of MiFID II had already been foreseen to take account of the very high level of complexity of the package. The extension of the deadline is strictly limited to what is necessary to allow the technical implementation work to be finalised.

**Background**

MiFID, covering securities markets, investment firms and intermediaries, was created in response to the financial crisis to help forge a more competitive and integrated EU financial market. However, recent events and market developments have demonstrated weaknesses in some of its underlying principles, and highlighted areas in need of reinforcement or revision.

MiFID II aims to address these weaknesses by reinforcing and replacing the current European rules on securities markets. In particular:

- it ensures that trading takes place on regulated platforms;
- it introduces rules on high frequency trading;
- it improves the transparency and oversight of financial markets – including derivatives markets - and addresses the issue of price volatility in commodity derivatives markets;
- it improves conditions for competition in the trading and clearing of financial instruments;
- building on the rules already in place, the revised MiFID rules strengthen the protection of investors by introducing robust organisational and conduct requirements.

These rules will make financial markets more efficient, resilient and transparent and will create a more stable environment for securities markets, investment intermediaries and trading venues in the EU.

**For more information:**

Text of MiFID II directive and regulation

IP/16/265

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