

Notification of transactions by persons discharging managerial responsibilities

Regulation • Regulation (EU) No 596/2014 of the European Parliament and of the Council on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC (**MAR**).

Provisions • Article 19 of the MAR

Question **Should persons discharging managerial responsibilities in a company registered in another EU Member State which is quoted on a regulated market in the Czech Republic notify the CNB or another supervisory authority of transactions in financial instruments?**

Answer **Persons discharging managerial responsibilities within an issuer registered in another EU Member State whose financial instruments are admitted to trading on a regulated market in the Czech Republic, as well as persons closely associated with them, should not notify the CNB of transactions in shares, debt instruments or derivatives. Notifications of such transactions should be made to the competent supervisory authority in the Member State where the issuer is registered.**

The MAR requires persons discharging managerial responsibilities within issuers, as well as persons closely associated with them (“obliged persons”), to notify the issuer and the competent authority of every transaction conducted on their own account relating to the shares or debt instruments of that issuer or to derivatives or other financial instruments linked thereto.

As regards the law governing the notification duty of obliged persons to competent authorities,¹ the second subparagraph of Article 19(2) of the MAR is relevant. This article stipulates that the rules applicable shall be those of the Member State where the issuer is registered and that notifications shall be made within three working days of the transaction date to the competent authority of that Member State.² It can be inferred from this provision that the authority to which the obliged persons should perform the notification duty is the competent authority of the Member State³ in whose territory the issuer is registered. If, therefore, the issuer is registered outside the Czech Republic, the Czech National Bank is not the competent authority.

Significance of the answer for those to whom it is addressed This answer expresses the opinion of Czech National Bank staff members. The courts and the Bank Board of the Czech National Bank may be of a different opinion. When performing financial market supervision, however, the Czech National Bank will consider action that is in accordance with the answer – within the bounds of the answer and its assumptions – to be action that is in accordance with the law, unless it is apparent from the circumstances that the answer is not applicable to the case in question.

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¹ “Competent authority” is defined in Article 3(1)(12) of the MAR.

² Article 19(2) of the MAR reads as follows: “The rules applicable to notifications, with which persons referred to in paragraph 1 must comply, shall be those of the Member State where the issuer or emission allowance market participant is **registered**. Notifications shall be made within three working days of the transaction date **to the competent authority of that Member State**.”

³ See Article 22 of the MAR for the designation of a competent authority.