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Changes to Trading Rules Now Effective Under New Financial Services and Markets Act 2023



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The Financial Services and Markets Act 2023 (“[FSMA 2023](#)”) became law on 29 June 2023, with its principal objective stated in Section 1 being the revocation and replacement of EU laws that were retained and on-shored into the UK after its departure. Understandably, this process is subject to a phased approach with much being revoked by 1 January 2024.

However, some 100 transitional provisions have now become effective in order to give effect to specific transitional provisions in FSMA 2023 pending, in most cases, the eventual replacement by regulator-made rules. These include the following changes to the UK version of the Markets in Financial Instruments Directive.

1. Removing the share-trading obligation: Effective from 29 August 2023, UK firms will no longer be bound by the provisions of Article 23 of the UK version of the Markets in Financial Instruments Regulation (“UK MiFIR”) requiring them to trade certain shares on a UK venue.
2. Amendments to the derivatives trading obligation: Effective from 29 August 2023, UK MiFIR will be amended to align the universe of in-scope counterparties with that of the UK version of the European Markets Infrastructure Regulation (“UK EMIR”) as it applies to the clearing obligation.
3. Removing the double volume cap mechanism (“DVC”): Effective from 29 August 2023, the limitation on the use of equity waivers under the existing reference price waivers or the DVC will be removed.

Note that as of 29 August 2023, the FCA has varied or removed relevant transitional directions and policy statements that apply to these items.
