

Commission Delegated Regulation (EU) 2017/565 of 25 April 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council as regards organisational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive (Text with EEA relevance)

CHAPTER II

ORGANISATIONAL REQUIREMENTS

SECTION 3

*Conflicts of interest*

*Article 38*

**Additional general requirements in relation to underwriting or placing<sup>F1</sup>...**

1 Investment firms which provide advice on corporate finance strategy, as set out in [<sup>F2</sup>Paragraph 3 of Part 3A of Schedule 2 to the Regulated Activities Order], and provide the service of underwriting or placing of financial instruments, shall, before accepting a mandate to manage the offering, have arrangements in place to inform the issuer client of the following:

- a the various financing alternatives available with the firm, and an indication of the amount of transaction fees associated with each alternative;
- b the timing and the process with regard to the corporate finance advice on pricing of the offer;
- c the timing and the process with regard to the corporate finance advice on placing of the offering;
- d details of the targeted investors, to whom the firm intends to offer the financial instruments;
- e the job titles and departments of the relevant individuals involved in the provision of corporate finance advice on the price and allotment of financial instruments; and
- f firm's arrangements to prevent or manage conflicts of interest that may arise where the firm places the relevant financial instruments with its investment clients or with its own proprietary book.

2 Investment firms shall have in place a centralised process to identify all underwriting and placing operations of the firm and record such information, including the date on which the firm was informed of potential underwriting and placing operations. Firms shall identify all potential conflicts of interest arising from other activities of the investment firm, or group, and implement appropriate management procedures. In cases where an investment firm cannot manage a conflict of interest by way of implementing appropriate procedures, the investment firm shall not engage in the operation.

3 Investment firms providing execution and research services as well as carrying out underwriting and placing activities shall ensure adequate controls are in place to manage any potential conflicts of interest between these activities and between their different clients receiving those services.

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**Changes to legislation:** This version of this Regulation was derived from EUR-Lex on IP completion day (31 December 2020 11:00 p.m.). It has not been amended by the UK since then. Find out more about legislation originating from the EU as published on [legislation.gov.uk](http://legislation.gov.uk). (See end of Document for details)

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#### Textual Amendments

- F1** Words in Art. 38 heading omitted (31.12.2020) by virtue of [The Markets in Financial Instruments \(Amendment\) \(EU Exit\) Regulations 2018 \(S.I. 2018/1403\)](#), regs. 1(3), **45(1)(a)** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)
- F2** Words in Art. 38(1) substituted (31.12.2020) by [The Markets in Financial Instruments \(Amendment\) \(EU Exit\) Regulations 2018 \(S.I. 2018/1403\)](#), regs. 1(3), **45(1)(b)** (with savings in S.I. 2019/680, reg. 11); 2020 c. 1, Sch. 5 para. 1(1)

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