

MiFID Manager

Hard copy booklet

MiFID I covered

High level impact statement

Last Updated 1 January 2015

MiFID Manager – Investor Protection

Will include RTS text once issued

Divided into topics

MiFID I	MiFID II	FCA
Conflicts of interest		
<p>Levels 1 and 2 (Art 13(3) and 18 MiFID and Arts 21 - 25 MiFID Imp Dir)</p> <p>Level 1 (summary):</p> <ul style="list-style-type: none"> maintain and operate effective organisational and administrative arrangements with a view to taking all reasonable steps designed to prevent conflicts of interest from adversely affecting interests of its clients identify conflicts of interest that arise from the business conflicts of interest defined in Art 18 as including conflicts (i) between themselves (their managers, employees and tied agents, or any persons linked to them by control) and their clients; or (ii) between one client and another where arrangements are not sufficient to ensure with reasonable confidence that the risk of damage to clients will be prevented, disclose the general nature and/or sources of conflicts before undertaking business <p>Level 2 (summary):</p> <ul style="list-style-type: none"> detail on how to identify a conflict of interest (ones that are potentially detrimental to clients) establish, implement and maintain a written conflicts of interest policy (proportionate) and detail on what it must address and 	<p>Level 3 and Local Implementation</p> <p>Level 3</p> <p>Various CESR (now ESMA) recommendations on conflicts of interest</p> <p>Local Implementation Summary</p> <ul style="list-style-type: none"> reflects MiFID almost verbatim extended to also apply to UCITS management companies and AIFMs all other firms to take various parts of it into account as 'guidance' over-reliance on disclosure, without adequate consideration of managing/preventing conflicts, is not permitted <p>Rules/Guidance</p> <p>SYSC 10 COBS 6 and 12 Principle 8 Finalised Guidance (FG 14/1) Finalised Guidance (FG 13/1) Finalised Guidance (FG 12/13) Policy Statement (PS 14/7) Finalised Guidance (FG 12/16)</p>	<p>Level 1 (Final)</p> <p>No changes from MiFID 1</p> <p>Text not replicated as no changes but location is:</p> <p>Article 16(3) - organisational and administrative arrangements.</p> <p>Article 23(1) - identify and prevent / manage conflicts. A conflict includes those caused by the receipt of inducements from third parties or by the firm's own remuneration and other incentive structures.</p> <p>Article 23(2) – disclosure (in a durable medium).</p> <p>Express statement that one type of conflict is the receipt of inducements from third parties or by the firm's own remuneration and other incentive structures.</p> <p>With MiFID II now applying to investment firms and credit institutions selling their own securities, enhanced conflicts.</p>
	<p>Level 2 (ESMA's Final Advice)</p> <p>Significant changes to Level 1</p> <ol style="list-style-type: none"> ESMA considers that Article 22 of the MiFID Implementing Directive on conflicts of interest policies should be amended by inserting new provisions in relation to the disclosure of conflicts of interest. The following proposals are not intended to replace the existing provisions on conflicts of interest, but rather to clarify or supplement the existing regime. Investment firms should ensure that disclosure to clients, pursuant to Article 23(2) of MiFID II, is a measure of last resort that can be used only where the effective organisational and administrative arrangements established by the investment firm to prevent or manage its conflicts of interest in accordance with Article 23 of MiFID II are not sufficient to ensure, with reasonable confidence, that the risks of damage to the interests of the client will be prevented. When disclosure of specific conflicts of interest is required, the disclosure shall clearly state that the organisational and administrative arrangements established by the investment firm to prevent or manage that conflict are not sufficient to ensure, with reasonable confidence, that the risks of damage to the interests of the client will be prevented. The disclosure to clients 	<p>Includes change between initial and final advice as blackline</p> <p>Will include summarised FCA CP commentary once issued</p> <p>Will include Level 3</p>

Local Implementation included

Either full text included or signpost included where no change from MiFID 1