

Business Advisory MIFID Review

The Markets in Financial Instruments Directive, better known as MiFID, was transposed into Gibraltar law on 1 November 2007 following one of the most intense periods of consultation and speculation in the financial services industry. This marked the end of several years of preparation by many financial institutions in order to be ready to implement the many requirements of the Act and Regulations which provided a level of investor protection never seen before in the financial markets.

MiFID

MiFID (introduced in 2007) meant wholesale changes to the way banks process, document and retain their internal client handling procedures. Best Execution took on a whole new meaning and banks and investment managers have done well to cope with the changes required to enhance investor protection.

It was not until MiFID had been in operation for many months that banks and investment firms were able to fully comprehend and implement the wholesale changes required to their systems and client documents.

Key consequences of MiFID

- New forms of exchanges were possible.
- Investment advice was now a regulated activity.
- Companies falling under MiFID had to prove “best execution”.
- It was obligatory to comply with requirements relating to the information that needs to be recorded and captured when accepting client orders and to ensure that the firm was acting in a client’s best interests.
- The establishment of clear procedures to categorise clients and assess their suitability and appropriateness for each type of investment product.
- It became obligatory to prove transparency of pre- and post-trade pricing.



Barry Pillans - Director, Assurance

Current environment

In the current environment, it is imperative that investment firms and banks are comfortable that they fully understand and are applying the key requirements of MiFID. The threat, cost and reputational aspects of litigation by investors means that the benefits of implementation and review of MiFID systems far outweigh the implications of non-compliance.

How PwC can help

PwC has unparalleled experience in helping firms implement, test and review their compliance with the requirements of MiFID. We have a team that have practical experience of assisting a variety of firms monitor compliance and which can provide pragmatic advice on how best to achieve the necessary standards set out in the Directive.

Our review

Our review can be specifically tailored to the needs of each individual firm, ensuring that they get the best out of our experience and receive value for money from our services.

Our review would typically include the following:

- Interviews - with management and with staff to identify their level of understanding and the current compliance programme for MiFID.
- Review of documentation - this allows us to understand the current processes and procedures in operation. We will adopt a pragmatic and efficient approach to obtaining evidence of these practices in operation.
- Assessment and review - we will map every process against the MiFID and provide detailed GAP analysis.
- Consultation with other specialists - where necessary, we draw on our wide network of contacts to add value in specific areas relevant to you.
- Our final report - we report on our findings in a format that will benefit the ultimate user and enable corrective action in an effective manner.

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