

MFSA

MALTA FINANCIAL SERVICES AUTHORITY

Circular addressed to the Investment Services Industry regarding the Consultation Paper on: Guidelines on remuneration policies and practices (MiFID)

24th September, 2012

On 17th September, 2012 the European Securities and Markets Authority (ESMA) launched a consultation paper on proposed Guidelines on remuneration policies and practices under the Markets in Financial Instruments Directive (MiFID). These Guidelines aim to strengthen investor protection by seeking to improve the implementation of the MiFID rules on conflicts of interest, and thereby preventing mis-selling of investment products.

The Guidelines apply to investment firms (as defined in Article 4(1)(1) of MiFID), as well as credit institutions, UCITS management companies and external Alternative Investment Fund Managers (AIFMs) when providing investment services, and competent authorities. These guidelines apply in relation to the provision of the investment services listed in Section A of Annex I of the Markets in Financial Instruments Directive (MiFID) and ancillary services listed in Section B thereof.

The purpose of these guidelines is to ensure the consistent and improved implementation of the existing MiFID conflicts of interest and conduct of business requirements in the area of remuneration. ESMA expects these guidelines to promote greater convergence in the interpretation of, and supervisory approaches to, the MiFID conflicts of interest and conduct of business requirements in the area of remuneration by emphasising a number of important issues, and thereby enhancing the value of existing standards. By helping to ensure that firms comply with regulatory standards, ESMA anticipates a corresponding strengthening of investor protection.

A copy of this consultation paper is available on the MFSA's website - www.mfsa.com.mt under the section '*Legislation and Regulation – Regulation – Securities and Markets - MiFID*', and on the ESMA website under: http://www.esma.europa.eu/system/files/2012-570_0.pdf.

The MFSA encourages interested parties to participate in the ESMA consultation process. Comments should be submitted online at <http://www.esma.europa.eu/consultation/Consultation-Guidelines-remuneration-policies-and-practices-MiFID> by not later than **7th December 2012**. All contributions received will be published following the end of the consultation period, unless otherwise requested. The contributions should also be forwarded to the Authority on the under-mentioned email addresses.

Contacts

Should you have any queries regarding the ESMA consultation documents, please do not hesitate to contact: Dr. Michelle Mizzi Buontempo, Deputy Director, Securities and Markets Supervision Unit, Tel: 25485112, mmizzibuontempo@mfsa.com.mt, or Ms. Sara Antonia Borg, Analyst, Securities and Markets Supervision Unit, Tel: 25485451, saborg@mfsa.com.mt.

Communications Unit
Malta Financial Services Authority
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