

MFSA

MALTA FINANCIAL SERVICES AUTHORITY

CESR Questionnaire on the Implementation of the MIFID Requirements relating to Inducements by Investment Firms

14th October 2008.

Background

Directive 29/2004/EC - the Markets in Financial Instruments Directive (hereinafter referred as "MiFID") introduced new rules regarding fees, commissions or non-monetary benefits (hereinafter "payments") that investment firms may pay or receive, provide or be provided, in relation to the provision of investment or ancillary services to clients.

These requirements have been transposed in Standard Licence Condition 2.02 contained in Part B of the *Investment Services Rules for Investment Services Providers* which came into force on the 1st November, 2007. This Standard Licence Condition has also been supplemented with **Guidance Note 2D** of the "*Guidance Notes to the Investment Services Rules for Investment Services Providers*".

Exercise by CESR

The Committee of European Securities Regulators (hereinafter referred to as "CESR") of which MFSA is a member, has embarked on an exercise with a view to obtain a better insight into the manner in which investment firms across the EU apply the new rules relating to inducements.

For this purpose, CESR has drafted a questionnaire which each CESR member is to circulate to a series of firms under its supervision that it considers representative for the purpose of the survey.

To this end, MFSA has selected 10 Investment Services Licence Holders to participate in this exercise. The Licence Holders selected have already been contacted and will be receiving the questionnaire shortly for their input which is to be submitted by the **14th November 2008**

MFSA will collate the results obtained from the investment firms which have been selected to participate in this exercise. These will then be forwarded to CESR.

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In a second step, CESR will discuss and elaborate a paper that will be made public in the fourth quarter of 2009 containing the supervisors' conclusions on the exercise and seeking to identify industry good practices and areas for improvement regarding inducements.

No reference to particular firms will be made in the CESR paper. The CESR paper will also refrain from publishing information that could lead back to a specific firm.

Contacts

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