

MFSA

MALTA FINANCIAL SERVICES AUTHORITY

**Circular addressed to the
Malta Stock Exchange and the Financial Services Industry regarding the
Public Consultation of the Review of the Markets in Financial Instruments
Directive (MiFID)**

17th December, 2010

On the 8th December, 2010 the European Commission launched a consultation on the review of the MiFID. The purpose of this consultation is to gather input from all stakeholders in order to inform the legislative proposals due in the spring of 2011.

The following are the main elements raised in this consultation:

1. *Developments in market structure and practices* – Financial Markets are increasingly more complex. There are now more trading venues, participants and products available. MiFID should be therefore updated to ensure that all investment services and activities are regulated in an appropriate manner.
2. *Transparency of markets* – Transparency is fundamental for the proper price formation and the markets in general. Currently, MiFID transparency rules only cover shares. The consultation looks at how to limit derogations from the current framework (i.e. the issue of dark pools) and ask whether other financial products, such as bonds and OTC (over-the-counter) derivatives should also be subject to similar rules, in line with the G-20 commitments. Measures to improve the availability, quality and consolidation of trading data are also proposed.
3. *Commodity derivative markets* – The consultation also asks what measures could be taken to address concerns relating to the functioning of commodity derivative markets and their impact on commodity price volatility.
4. *Investor protection* – The consultation asks about measures needed to strengthen investor protection, so that investment firms treat all investors appropriately in light of their specific profiles.
5. *Supervision* – The consultation asks where changes to the supervision of the various activities and participants may be required, and in particular the precise role of the

European Securities and Markets Authority (ESMA), which will be up and running in January 2011, to ensure a better supervision of these markets.

A copy of this consultation document is available on the MFSA's website (www.mfsa.com.mt) under the section '*Securities – MiFID*', and on the European Commission website under: http://ec.europa.eu/internal_market/securities/isd/mifid_en.htm

More information is available at: http://ec.europa.eu/internal_market/securities/isd/index_en.htm.

The website has also been updated to include CESR's advice to the Commission.

The MFSA encourages the Malta Stock Exchange and the Financial Services Industry to participate in the European Commission consultation process by considering the questions set out in the consultation document and sending their responses to markt-consultations-mifid@ec.europa.eu by not later than the 2nd February 2011. The consultation document indicates that all contributions received will be published following the close of the consultation, unless the respondent requests its submission to be confidential.

Contacts

Should you have any queries regarding the EU Commission's consultation document, please do not hesitate to contact: Mr. Christopher P. Buttigieg, Deputy Director Tel: 25485229 cbuttigieg@mfsa.com.mt, or Mr. Edward Grech, Manager, Tel: 25485447 egrech@mfsa.com.mt.