

MFSA

MALTA FINANCIAL SERVICES AUTHORITY

Circular addressed to Investment Services Licence Holders

On the 12th July 2010, the Committee of European Securities Regulators [‘CESR’] issued a consultation paper named *CESR Technical Advice to the European Commission in the context of the MiFID Review – Client Categorisation* [Ref: CESR/10-831].

This consultation paper focuses on three points:

A. *Technical criteria to further distinguish within the current broad categories of clients [“other authorised or regulated financial institutions”, “locals”, “other institutional investors” (Annex II.I (1) (c), (h), (i) of MiFID)]:*

Part 1 of the consultation paper asks whether distinctions should be made between regulated entities for the purposes of determining which entities are to be treated as “per se” professional clients.

B. *Public debt bodies:*

Part 2 of the consultation paper asks whether it is necessary to clarify, for the purposes of the client categorisation regime, whether local authorities/municipalities can be treated as public debt bodies.

C. *Other client categorisation issues:*

Part 3 of the consultation paper asks whether tests of knowledge and experience should be used more widely for client categorisation than is currently the case, whether for very complex products (such as asset backed securities and non-standard OTC derivatives) the scope of the eligible counterparty categorisation should be narrowed and what standards should apply to transactions done with eligible counterparties.

A copy of the above-mentioned CESR document is available on the MFSA’s website (www.mfsa.com.mt) under the section ‘*Securities – MiFID*’. Please note that any feedback should be provided to CESR by 9th August 2010.

Should you have any queries regarding the above, please do not hesitate to contact Dr. Michelle Mizzi Buontempo, Deputy Director, Securities and Markets Supervision Unit, *direct line*: 2548 5112 or *e-mail*: mmizzibuontempo@mfsa.com.mt.

Communications Unit
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