



## Investor Protection Under MiFID II: A step too far or a golden opportunity?



### AGENDA

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With the aim of improving investor protection, MiFID II takes a firmer stance by imposing new/additional requirements in several areas, including dealings with eligible counterparties, suitability and appropriateness, inducements, conflicts of interest and cross-selling practices in the financial sector. The implementation of these requirements poses multiple challenges for both financial service providers and investors.

#### 08:30 Registration

#### 09:00 Keynote address

**Danny Busch**, Chair of Financial Law, University of Nijmegen

#### 09:30 Product governance and product intervention

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To prevent harmful products from reaching the market or from reaching unsuitable clients, MiFID II introduces mandatory ex ante and ex post product-approval processes. On the one hand, product-governance rules apply to investment firms, banks, UCITS and AIF managers that provide investment services and assign certain responsibilities to both manufacturers and distributors of products. On the other hand, product intervention empowers NCAs, ESMA and EBA to prohibit or restrict the marketing, distribution or sale of certain product(s).

- What obligations must manufacturers and distributors meet? What is the likely impact on UCITS and AIF managers?
- What exactly are the target investors' "needs", and which criteria should be used to identify the underlying target market (e.g. for funds sold via multiple platforms or multiple distribution channels)?
- Which systems and checks should a firm implement in order to define the profile of a potential client?

#### Speakers

- **Andreas Stepnitzka**, Senior Regulatory Policy Advisor, EFAMA
  - **Michele Leoncelli**, Partner, Head of Data & Analytics, Prometeia
  - **Joris Lauwers**, Head of Financial Risk, KBC Asset Management
  - **Salvatore Gnoni**, Leader of the Investor Protection and Intermediaries Team, ESMA
- Moderator: Karel Lannoo, CEO of CEPS and General Manager of ECMI*

#### 10:50 Coffee break



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### 11:10 Disclosure of inducements, independent advice and obligations for buy- and sell-side firms

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Under MiFID I, an investment firm must act honestly fairly, and professionally in accordance with the best interests of its clients. Under MiFID II, the rules have been further restricted and it is now important to determine which type of investment service is being provided when analysing the inducement requirements (e.g. investment advice on an independent basis and portfolio management, other investment services or ancillary services). In addition, buy- and sell-side firms need to make explicit payments for investment research to demonstrate that they are not being induced to trade. This will require firms to put systems in place for managing unbundled payments for execution and advisory services, developing a taxonomy of services that are categorised as research and pricing models for these services.

- What are the risks and benefits associated with the different types of financial advice (independent and non-independent, face-to-face and automated), and what internal processes must a firm put in place when providing investment advice on an independent basis?
- Who will pay for the research – the firm or the investor? How will the unbundling of research/trading costs impact the business model of buy- and sell-side firms?
- Can a single research payment account (RPA) be used to manage separate research budgets or should RPAs be treated as client money accounts? What will be the impact on execution rates as full-service rates are unbundled?

#### Speakers

- **Christos Gortsos**, Professor of Public Economic Law, National and Kapodistrian University of Athens
- **Stephen Hanks**, Manager of MiFID Co-Ordination, FCA
- **Other speakers to be confirmed**

*Moderator: Danny Busch, Chair of Financial Law, University of Nijmegen*

### 12:30 End of conference

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This is the third and final event organised by ECMI on the topic of “Getting ready for the implementation of MiFID II/MiFIR.” All three events look at the readiness of market players and the supervisory community to comply with the provisions set out in new legislative framework. The first discussion was on “[Unravelling Ariadne’s MiFID II Thread: Pre- and post-trade transparency for non-equity markets](#)” (6<sup>th</sup> April); the second was on “[Drowning in MiFID II Data: publication arrangements, consolidation and reporting](#)” (28<sup>th</sup> June).

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