

## Independent Research & Commission Management Regulatory Update – MiFID II & Dealing Commissions 27 November, 2015

*In our latest update, we summarise the most recent developments regarding the timetable for implementation of MiFID II*

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In what has recently become for all intents and purposes an open secret, industry participants now expect the European Commission to announce that the implementation of MiFID II will be pushed back a full year. The flagship legislation aimed at improving investor protection and increasing market transparency has been plagued by industry lobbying and political manoeuvrings for most of 2015; in a somewhat embarrassing move for regulators, the proposed January 2017 implementation date appears to have become unfeasible in light of the scale of preparation required.

Moreover, the size and complexity of the legislation (in excess of 1,000 pages) covering multiple markets and products has resulted in a number of contentious issues which continue to be debated by ESMA and the European Council. Moreover, these unresolved issues have delayed the final publication of the regulatory technical standards (RTS) meaning that regulated firms remain unable to begin preparations to ensure compliance to the eventual rules.

Rather than introducing the legislation in stages, regulators are expected to formally announce a blanket delay to the entire project later this week.

Industry participants will welcome the delay, if only for the reason that the implementation timetable was become perilously short. Many of the concerns surrounding the final content remain, but clarity should be gained soon, with the RTS expected to be finalised before the end of the year.

For now, it would appear that existing CSA practices will continue until the end of 2017 – and potentially longer, depending on the final legislation. While it is unfortunate that the uncertainty surrounding the future for dealing commission and research payments will continue, we now have a situation in which the industry can remain compliant under existing rules for an additional two years. Marex Spectron will continue to offer its CSA trading and commission management / aggregation platform along with its flagship Independent Research advisory services.

We will continue to monitor the situation and ensure that all relevant developments are communicated. As always, please don't hesitate to contact the team for additional information.

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