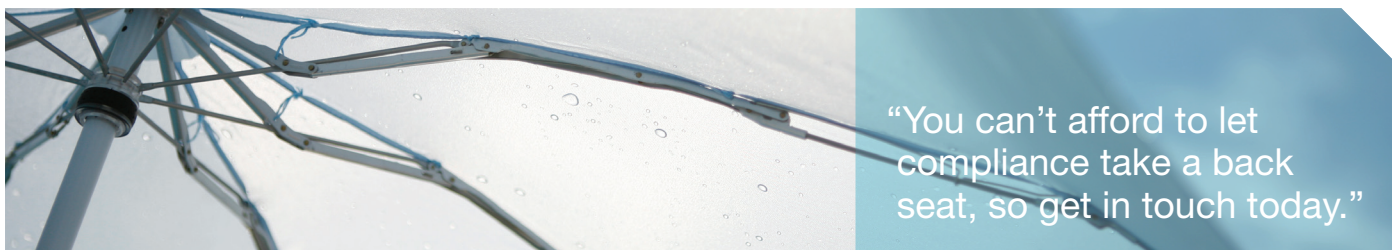


Living with MiFID



As market turmoil becomes the norm there is a possibility that compliance and administration requirements have taken a diminution in priority. And yet, as firms navigate the challenging waters, it is becoming increasingly likely that they will be subject to closer supervision and more detailed investor enquiry about their infrastructural integrity.

This time last year, the industry was greeting the newly implemented Markets in Financial Instruments Directive (“MiFID”). One year on, the directive very much feels like old news. Policies will have been updated and incorporated, manuals re-written, clients reclassified and the gamut of implications and ramifications ruminated upon and long ago digested.

However, we should not rest on our regulatory laurels. The requirements, much like those that preceded them, carry ongoing obligations of which the need for periodic review is a central one.

Now is an apposite time to appraise the policies and procedures that MiFID introduced, ensuring all attendant actions were completed through to successful conclusion. Given the present state of the markets, you need to be more certain than ever that your policies are current, correct and compliant.

→ SYSC 4

Whilst it is likely that your procedures and manuals contain MiFID compliant policies, the general organisational requirements of SYSC 4 require that senior management review all the firm’s arrangements – including Risk, Compliance, and Management Information, on at least an annual basis.

Moreover, some of the original guidance on procedures has been redefined by recent regulatory pronouncements and, as you can imagine in the current terrain, the regulator’s gears have re-aligned.

→ Market confidence

This movement reflects the wider loss of confidence in the financial system. Indeed, politicians are calling for tighter regulation of the market and, in some cases, have questioned the role and continued existence of some important players within it, for example hedge funds. Moreover, in a flight to safety, many investors are increasingly looking for transparency

and firms that can demonstrate an embedded culture of control and sound governance.

Thus, more vigorous due diligence by investors together with heightened regulatory scrutiny by the regulator, is certain to follow.

Your response should be suitably thorough. Compliance and Governance arrangements will need to be comprehensive to help reassure potential new investors and satiate the FSA.

→ Next steps

We have designed a benchmarking exercise to help you provide that response. It sets out the range of organisational and procedural requirements you should have considered both initially, as part of the MiFID implementation, and on an on-going basis thereafter.

It will give you the dual satisfaction of ensuring and demonstrating that all non-market risks have been carefully considered whilst reinforcing the robustness of your control environment.

It’s our business to protect your business

We strive to provide all of our clients with the service they require in a flexible but structured way. At MMS Regulatory Solutions – one of the UK’s leading compliance consultancies – we want you to relax knowing that your business is protected. If you wish to know more, please do not hesitate to get in touch.

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