

Ημερίδα της Ελληνικής Ένωσης Τραπεζών

Αμφιθέατρο Μεγάρου «Θεόδωρος Β. Καρατζάς»

The implementation of MiFID

Speech

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Directive 2004/39/EC (MiFID): a comprehensive regulatory regime for financial instruments, ensure:

- **High quality of investor transactions' execution**
- **Enhancement of investors' protection**
- **Integrity and overall efficiency of financial system**
- **MiFID requires from credit institutions significant investment in infrastructure IT systems**
- **The impact of the development of several trading systems on liquidity in some markets and if new rules result in downward pressure on costs?**



- **Law 3606/2007 implemented MiFID**

- During the incorporation of MiFID, the structure of supervision was taken into account.

- *Article 60* introduces provisions for the enhancement of the BoG and HCMC cooperation, through the signing of an MoU in order to:

- avoid administrative burden and any supervisory overlap or/and conflict
- without jeopardizing the efficiency of supervision

- The two supervisory authorities are in the process of signing an amendment of the already in force MoU.



Implementation of MiFID

- The smooth operation of the market requires:
 - *close cooperation* and
 - significantly *enhancement* of *convergence* of regulatory and supervisory practices and culture
 - *redistribution of specific tasks*
- Although no provision in Law 3606/2007 for outsourcing of tasks exists, equivalent result through the MoU's increased close cooperation.
- National provision to improve quality of provided services through certification of employees of supervised entities (12.719 total, 8.826 granted).



Implementation of MiFID

- **Bank of Greece** is responsible for the supervision of
 - the *internal control systems*,
 - the *management of conflict of interests*,
 - the *licensing* of the operation of *multilateral trading facilities*,
 - the *certification* of credit institutions' *employees* providing investment services and
 - the *appointment* of *tied agents*.
- For all other provisions, responsible the **HCMC**.



Implementation of MiFID

- **For the execution of its tasks, BoG published:**
 - Governor's Act 2597/2007, on internal organisational requirements, outsourcing, conflicts of interest, etc (articles 5-25 and 51 of Directive 2006/73/EC).
 - Governor's Act 2600/2007 on tied agents providing investment services on behalf of credit institutions



Supervisory Challenges

- **Credit institutions have been requested to report on actions undertaken:**
 - **Until end of November: adjusted their systems**
 - **Until first quarter of 2008: finalized last details (e.g. employees training).**
- **On site inspections lie within the general prudential supervision program (MiFID provisions linked with Basel II provisions).**
- **Assessments will differentiate depending on size and risk involved.**



Supervisory Challenges

- **Main challenges** banks will face:
 - Management of conflict of interest
 - Enhancement of Chinese walls
- To this extent, BoG and HCMC *will cooperate closely and adopt best practices* proposed by Level 3 Committees.
- Cost will be justified if firms find the right balance between short term profits and long term investor's confidence and trust.



Thank you very much for your attention!

