



NEWS RELEASE

Embargoed until 00.01hrs Tuesday 15 November 2005

SURVIVING MiFID – FOUR MAJOR TRADE ASSOCIATIONS ESTABLISH A JOINT INDUSTRY-DRIVEN PROGRAMME FOR UK IMPLEMENTATION OF THE MARKETS IN FINANCIAL INSTRUMENTS DIRECTIVE

Tuesday 15 November 2005: The Association of Private Client Investment Managers and Stockbrokers (APCIMS), the British Bankers' Association (BBA), the Futures and Options Association (FOA) and the International Capital Market Association (ICMA) have established a joint programme for reducing the legal risk and simplifying the implementation of the Markets in Financial Instruments Directive (MiFID). Statutory implementation in the UK will be carried through by HM Treasury and the FSA. The directive will have a major impact on current market and trading practice as well as upon the way in which the financial service sector is currently regulated. It will also require firms to introduce a whole series of changes to their systems, documentation and order-handling procedures. The Associations believe it is essential that firms are able to implement these requirements in a way that is practical, cost efficient, market sensitive and does not import high levels of legal uncertainty and regulatory risk into customer relations and market dealings. In order to address these issues on an industry-wide basis, APCIMS, BBA, FOA and ICMA, working with the international law firm, Clifford Chance, have embarked on a five-stage programme of work for establishing an industry approach towards implementing MiFID which includes:

1. Developing a set of industry guidelines to assist firms in areas of MiFID implementation which carry a high degree of legal risk and/or legal uncertainty.
2. Producing specimen industry documentation necessary to comply with the new MiFID requirements.
3. Providing, through 2006, a series of implementation courses and individual specialist workshops on the practical problems and issues surrounding implementation of MiFID.
4. Publishing a two-part "Survival Guide", the first part of which (to be issued in the first quarter of 2006) will comprise a timetable and strategy for firms to manage progressively a programme of implementation. The second part (to be issued in the last quarter of 2006) will comprise a "tick box" checklist covering all the changes that firms will be expected to introduce by the final agreed date of implementation.
5. Issuing, through 2006, periodic releases and updates covering timelines and regulatory progress towards finalising the new requirements.

To ensure that the work is as practical and market-sensitive as possible, a steering committee of senior practitioners drawn from banks and brokerage houses providing international, EU and domestic wholesale and retail investment services across the different financial and commodity markets (both exchange-traded and OTC) is being established to oversee the programme. The recently formed MiFID IT Joint Working Group – established by Fixprotocol, ISITC Europe, RDUG and SIIA/FISD to develop IT solutions to MiFID implementation issues – has agreed to work with this new joint group of Associations.

APCIMS, BBA, FOA and ICMA believe that this major project will play a significant part in developing fit for purpose approaches to the implementation of MiFID and will meet the critically important need for the process to be as commercially and cost efficient as possible, sympathetic to differing market practices and deliverable on a realistic and practical basis to the benefit of firms' customers and counterparties.

Continued/2

Anthony Belchambers, Chief Executive, FOA said: *“While the MiFID Directive has been the subject of strong criticism, the final text has benefited significantly from a well-managed programme of negotiation and consultation with the industry and from the pragmatic influences of both the Lamfalussy process and the Commission’s Better Regulation agenda. It will still, however, impact significantly on the infrastructure, systems, documentation and customer-facing dealings of the regulated community. This joint project will play a major part in establishing a consensual industry policy and approach that will help in the process of establishing an end product that is deliverable, cost efficient and market sensitive.”*

Ian Mullen, Chief Executive, BBA, said: *“MiFID is one of the most important regulatory issues to be introduced in financial markets. It will have a major impact on the way in which business is conducted, not just in Europe, but world-wide. With such a crucial piece of legislation, there is no room for error – the markets have to get it right from the start. It also has to be cost efficient. In taking a collegiate trade body approach, developing a set of clear industry guidelines and providing courses and workshops, we provide a sound base for members, ensuring they meet these new standards.”*

John Langton, Chief Executive, ICMA, said: *“The implementation of MiFID is one of the biggest challenges facing our members today. Joining forces with other industry associations on this project is an important step towards ensuring that the interests of our market are best served and that the competitiveness of the European capital market remains unimpaired.”*

Angela Knight, Chief Executive, APCIMS, said: *“MiFID will impact right across the financial industry and will result in changes to almost every area from wholesale trading through to individual investor agreements. Uniquely, every member of these associations and their clients and customers will be affected by these changes. This project is about practitioners getting the implementation right from a practical and operational perspective – neither lowering standards nor gold-plating.*

Bob Fuller, IT Director, Dresdner Kleinwort Wasserstein Securities Ltd and co-chairman of the MiFID IT Group said: *“We welcome the opportunity to work in close co-operation with these four leading industry associations in addressing the IT consequences of implementing this vitally important Directive.”*

FSA said: *“We welcome this new grouping and look forward to working with it, and other industry players, as we move from our intensive informal work with the industry to formal consultation on MiFID-driven changes to FSA rules and guidance. Focussed industry debate on practical ways forward will benefit everyone.”*

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Notes for Editors

Editors are asked to note that the Futures and Options Association will chair the new Group and, with effect from 1st December, the British Bankers’ Association will provide the Secretariat. Each of the other associations will have specific responsibility for those parts of the work which are critically important to their respective memberships.

For further information please contact any of the following participating associations whose details are set out below:

The Association of Private Client Investment Managers and Stockbrokers (APCIMS) represents 217 firms which act for the private investor and which offer them services that range from no advice or execution only trading through to portfolio management for the high net worth individual. They operate from out of the UK, Ireland, Isle of Man and Channel Isles and following the merger of EASD in APCIMS, increasingly in other European countries as well. They have under management GBP280bn for the private investor and undertook last year 18.6 million trades on their behalf.

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The British Bankers' Association (BBA) is the leading trade association in the banking and financial services industry representing banks and other financial services firms operating in the UK. It has 250 members, three quarters of whom are of non-UK origin, representing 60 different countries. BBA members hold 90% of the UK banking sector's assets and represent 95% of all banking employment in the UK. Given its international membership and location in the world's leading financial centre, the BBA covers a wide variety of UK, European and international issues.

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The Futures and Options Association (FOA) is the industry association for some 160 firms and institutions which engage in the carrying on of derivatives business, particularly in relation to exchange-traded transactions, and whose membership includes banks, brokerage houses and other financial institutions, commodity trade houses, power and energy companies, exchanges and clearing houses, fund managers and firms involved in supplying services into the futures and options sector. Further details are available on our website, www.foa.co.uk.

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International Capital Market Association (ICMA) is the self-regulatory organisation and trade association representing the investment banks and securities firms issuing and trading in the international capital markets worldwide. ICMA's members are located in 48 countries across the globe, including all the world's main financial centres, and currently number some 430 firms in total. ICMA performs a crucial central role in the market by providing and enforcing a self-regulatory code of industry-driven rules and recommendations which regulate issuance, trading and settlement in international fixed income and related instruments. ICMA liaises closely with regulatory and governmental authorities, both at the national and supranational level, to ensure that financial regulation promotes the efficiency and cost effectiveness of the capital markets.

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