

Convergence Romania Financial Sector Modernization

Special Projects Initiative Public-Private Steering Committee



MiFID Transposition

Meeting objective

To identify and assess the concerns of the banking community in respect of MiFID, to establish the next steps and to evaluate the perspectives of bringing the project under SPI Committee aegis.

RBA Project Management Team

Project Owner (PO): Sergiu Oprescu (President, Alpha Bank Romania)

Project Manager (PM): Cristian Agalopol (Director, Citibank Romania)

Deputy Project Manager (DPM): Doru Bulata (Director, BCR).

Minutes

Preliminary Meeting

May 29, 2007 – SPI Office

Attendees: Cristian Agalopol, PM
Roxana Nedelcu, member, ABN AMRO Bank Romania
Cornel Georgescu, member, Atebank Romania
Ioana Besoiu, BCR, replacing DPM
SPI Secretariat: Ramona Bratu, SPI Director for Bank Products and Services

Agenda

1. SPI Program, SPI projects undertaken so far and SPI projects methodology
2. Banks' concerns on MiFID
3. RBA WG initiatives
4. Further steps

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1. SPI Program, SPI projects undertaken so far and SPI projects methodology

In the spring of 2006, National Bank of Romania, Romanian Banking Association and Ministry of Public Finance launched a financial sector modernization program (the Special Projects Initiative or SPI Program) with financial and managerial support from the Convergence Program (administered by the World Bank). The National Authority for Consumer Protection joined the partnership in October 2006. The program is placed under the oversight of a five-person high-level committee (the SPI Committee) and orchestrated by a two-person secretariat (the SPI Secretariat), supported by the Convergence Program (Washington and Rome).

Since its operational launch in September 2006, the SPI Program has dealt with fifteen projects. The SPI projects are proposed by the stakeholders and are selected in order to be relevant to both market participants and authorities, embedding a balanced mix between industry economic drivers and public good drivers. The 15 projects selected by the SPI Committee to be undertaken in 2006-2007 are aiming at: improving the market infrastructure, diversifying and growing the market opportunities, reducing the costs of bank products and services, improving consumers' access to bank products and services, enhancing tools for monitoring financial stability. Until now, several important issues have been successfully addressed such as credit information sharing, amendments to the anti-money laundering law, electronic settlement of debit payment instruments, and creation of a bank ombudsman .

The novelty of the program lies in its strong practical focus evidenced by four aspects: (a) ex-ante agreement among public and private stakeholders on issues needing reform, (b) quantification of the economic impact of the proposed changes for each stakeholder, (c) extensive analytical and consensus-building discussions within public-private working groups supported by expert advice if necessary and (d) ongoing focus on enactment.

The main steps in the SPI projects consist of:

- understanding the background, the problem and defining the project objective;
- identifying the impact drivers and the stakeholders;
- getting SPI Committee's approval on the proposed project;
- establishing a strategy and an action plan to achieve the project objective;
- proposing the structure of the project management team and of the working group in order to ensure the representation of the main stakeholders;
- project working group meetings and individual contributions;
- elaborating the position paper reflecting the technical consensus among the project working group members.

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The RBA has proposed that the SPI Committee considers launching a MiFID Project according to the above mentioned methodology.

2. Banks' concerns on MiFID

MiFID topic was raised in the RBA General Assembly March meeting as some banks feel the need to have a more structured approach in its implementation.

Participants outlined that not all the banks share the same concerns regarding MiFID implementation. An indication of the lack of interest is the result of the letter sent by RBA to banks asking for appointments in the working group – only two banks appointed representatives.

Participants identified some of the causes that could generate such a weak response from banks:

- lack of awareness on the MiFID issue;
- different impact from bank to bank;
- the incipient stage of the Romanian financial market;
- expected guidelines from the banks' parent companies;
- the leading role that authorities is expected to play in implementing MiFID.

3. RBA WG initiatives

The RBA Project Management Team had a meeting on April 4th and they agreed on an action plan having as starting point the raising of awareness on MiFID issue, both on the authorities and on banking community side:

First Phase of the Project (I)			
Topics Discussed	Action to be taken	Responsibility	Target Date
Define the main objective of ARB MiFID Coordination Team	Provide support to authorities for MiFID implementation in Romania	Sergiu Oprescu, Cristian Agalopol, Doru Bulata	April 4 th , 2007
Enlarge the MiFID team to get support from all banking community	ARB to submit an official letter to all banks notifying them on the MiFID coordination team and also to request each bank to appoint a MiFID representative to represent the its bank in relation with MiFID coordination team.	Sergiu Oprescu; to coordinate with ARB	April 10th, 2007

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Increase the awareness about MiFID impact in Romania	Invite Clifford Chance to perform one presentation to local authorities in Romania (CNVM, NBR, CSA, Pension Fund Commission) to depict the major aspects of MiFID along with actions to be taken by the local authorities to comply with EU target date of November 1st, 2007, and one presentation to local banking community separately.	Crstian Agalopol	April 12th, 2007
Clifford Chance presentation outcome	Discuss with Clifford Chance the details of the presentation to ensure the desired outcome will be obtained: increase awareness among the regulators, to support them making decision for creating a reasonable agenda for MiFID implementation.	Sergiu Oprescu, Cristian Agalopol Doru Bulata	April 20th, 2007
Clifford Chance presentation to Local Authorities	Venue to be established. Discuss with ARB to organize a meeting room (IBR, business hotel, other business location) to invite local authorities for presentation	Sergiu Oprescu: to coordinate with ARB	April 27th, 2007
Invitations to regulators	Cristian Agalopol to send invitations to CNVM, Sergiu Oprescu to send invitations to CSA and Pension Funds Commission, Doru Bulata to send invitations to NBR.	Sergiu Oprescu, Cristian Agalopol Doru Bulata	April 27th, 2007
MiFID Presentation		Sergiu Oprescu, Cristian Agalopol Doru Bulata Clifford Chance	May 4th, 2007
MiFID Presentation to local banking community		Sergiu Oprescu, Cristian Agalopol Doru Bulata Clifford Chance	May 11th, 2007
Set up meetings with local authorities to ensure that the deadline of November 1st, will be met, and make them understand the need of making public an implementation AGENDA		Cristian Agalopol - CNVM Sergiu Oprescu - CSA Sergiu Oprescu - PFC Doru Bulata - NBR	May 19th, 2007
Second Phase of the Project (II), will be documented after discussions with authorities			

4. Further steps

4.1. SPI Secretariat will support RBA PMT in order to organize the seminars for the authorities (first) and for the banking community (second).

4.1.1. SPI Secretariat will contact Clifford Chance in order to prepare the seminar agenda.

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4.1.2. If agreed, SPI Secretariat with Convergence support will contact the Italian Banking Association in order to share their experience in implementing MiFID in both presentation sessions.

4.1.3. SPI Secretariat will prepare the invitation letter to be sent to the authorities.

4.1.4. SPI Secretariat will prepare the invitation list

Seminar agenda, invitation letter and list of authorities invited will be subject to PMT's clearance.

4.1.5. SPI Secretariat will arrange with RBA the logistic details of the two sessions.

4.2. After the two sessions, RBA PMT and SPI Secretariat will analyze the strategy to be adopted for MiFID implementation, if the project is to be placed under the SPI Committee aegis and to be undertaken by a mix project working group gathering representatives of the main stakeholders.

At this stage, the goal of such a PWG seems to be reaching an agreement on the necessary implementation measures, assigning responsibilities among stakeholders, assessing the time needed for this implementing these measures and the feasibility of the deadline or the need to ask for a prolongation. In this respect, SPI Secretariat shared with the other participants the example of the UK financial community and of its initiative for MiFID implementation – MiFID connect.