

# Convergence Romania Financial Sector Modernization

Special Projects Initiative Public-Private Steering Committee



## MiFID Implementation

**SPI Committee**  
**July 25, 2007 Meeting**

### **Proposal:**

To launch an SPI Project to identify and solve implementation problems in connection with the MiFID transposition in a public-private context. .

### **Project Working Group Activities**

**PWG members:** about 10

**PWG meetings:** 1 (preliminary)

#### **Proposed Public Stakeholders**

- National Bank of Romania.
- National Securities Commission

#### **Proposed Private Stakeholders**

- Banking sector (5 banks)
- Central Depository

#### **Preliminary Steps**

May 29, 2007: Preliminary meeting of the bank representatives in PWG

July 6, 2007: Workshop on MiFID transposition and implementation in Romania

#### **Summary of Impact Assessment:**

RIA under elaboration

#### **For more information, please contact:**

1. SPI Secretariat: Ms. Oana Nedelescu and Ramona Bratu, tel: +40 21 323 66 10; e-mail: [oana.nedelescu@convergence-see.eu](mailto:oana.nedelescu@convergence-see.eu), [ramona.bratu@convergence-see.eu](mailto:ramona.bratu@convergence-see.eu)
2. Project Management Group: Mr. Cristian Agalopol, manager, Citibank, tel: +40 21 203 55 50; e-mail: [Cristian.agalopol@citi.com](mailto:Cristian.agalopol@citi.com).

## **Proposed SPI Project on MiFID Implementation**

### **I. Summary of actions undertaken so far**

#### **Project proposal**

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. RBA GA decided to propose SPI Committee to undertake under its aegis a project on MiFID implementation in Romania.

Banks have appointed the PMG and 2 PWG members.

#### **RBA PWG preliminary meeting**

RBA PWG meeting on May 29, 2007 outlined that not all the banks share the same concerns regarding MiFID implementation due to:

- 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.

#### **SPI Romania Workshop on MiFID Transposition and Implementation in Romania**

Held on July 6, 2007, the objective of the workshop was to raise awareness on the MiFID implications and to foster dialogue between authorities and market players in order to create the synergies for a rapid and a proper implementation.

The workshop conclusion was that the competent authorities (NSC and NBR) and market players have to join forces in a sustained and structured effort to implement MiFID in Romania. The role of the relevant authorities doesn't end when a regulation is released. Italy represents a very relevant example of organizing a structured approach in order to provide banks with helping tools for implementation. UK has found interesting ways to tackle certain issues and FSA efforts in providing the financial industry with clear and explanatory regulations represents an example to be followed.

## II. Project description

We propose to undertake an SPI Project with the following characteristics:

<b>Project Title</b>		<i>MiFID implementation</i>
<b>Project Category</b>		Industry competitiveness
<b>Description-Background</b>		
<b>Impact drivers</b>	Industry economic driver	MiFID is affecting all internal processes and procedures, from a credit institution's IT and documentation through order handling and execution to record keeping and marketing and promotional campaigns. Credit institutions will be liable and accountable for implementation failures, with serious prospects of legal action from customers' side.
	Public good driver	MiFID brings more transparency in the market through defining a clear execution policy, documenting it and informing the client of all the policy's details. It has been designed to establish an open and competitive market for execution and other investment services.
	Economics	To be determined (also from a user's perspective)
<b>SPI Committee Involvement Rationale</b>		The public-private structured dialogue between NBR, NSC and the banking community would enable the identification of the criticalities and of the most appropriate solutions for an adequate implementation of MiFID.
<b>Actionable SPI Committee Proposal</b> (prepared by SPI Secretariat)		A document describing the identified criticalities and the solutions
<b>Proposed SPI Secretariat Contribution</b> (in addition to the SPI Committee proposal)		The SPI Secretariat could help design a banking survey that would outline the implementation status, the concrete needs of the banking sector and the expected support.
<b>Expected RBA Contribution</b>		<ul style="list-style-type: none"> <li>▪ To provide experts for the working group</li> <li>▪ To run the industry survey</li> </ul>
<b>Other Expected Contributions</b>		NBR and NSC to provide experts for the working group
<b>Summary of Envisaged Convergence Role</b>	Analytical	Convergence sponsored the presentation of the Italian experience and implementing MiFID and supports SPI Secretariat.
	Consensus-building	Facilitating the access to international experience
<b>Estimated completion date of the SPI document</b>		October 2007

## III. Action plan

Subject to SPI Committee approval on undertaking MiFID as an SPI project and based on the conclusions drawn following the workshop, we envisage the following action plan:

	<b>Action</b>	<b>Details</b>	<b>Estimated time</b>
1.	Organize a high level meeting banks – NBR-NSC	The meeting will allow a first assessment of the banks awareness and problems in implementing MiFID.	End August
2.	Establishing the SPI PWG	SPI Secretariat to prepare the necessary invitation letters. All stakeholders to appoint representatives.	September
3.	Perform a banking survey	To prepare a questionnaire to be sent to the banks asking for implementation status, criticalities, kind of support needed and estimated final implementation. SPI Secretariat to collect and centralize answers.	September
4.	Appointment of a PO for MiFID implementation in each bank	As the MiFID implementation involves different departments, a single contact liaison is needed to ensure a coherent dialogue	September
5.	Preparation of the implementation plan	Based on the survey findings in respect of criticalities, the supporting tools and estimated implementation time, and on international experience as revealed by the workshop, PWG to establish the strategy, outputs and implementation plan.	October
6.	Approval of implementation plan	SPI Committee and the stakeholders to approve implementation plan.	October