

MiFID Implementation

Meeting objective

To identify the actions to be undertaken and the responsibilities of the PWG members.

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

First PWG Meeting *October 15, 2007 – SPI Office*

Attendees: Doru Bulata, DPM
 Dana Vuvrea, Head o Reporting and Client Relationship, Bancpost
 Luminita Buchidau, MiFID Project Manager, Bancpost
 Cristina Irimia, specialist on regulated markets, Authorization Dept., NSC
 Dora Badea, specialist on regulated markets, Regulation Dept., NSC
SPI Secretariat: Ramona Bratu, SPI Director for Bank Products and Services
 Oana Nedelescu, SPI Director for Analytics and Policy

Agenda

1. Discussions on the results of the banking survey regarding difficulties in implementing MiFID
2. Establishing the necessary actions and inputs
3. Further steps

1. Based on the centralized results of the banking survey, SPI Secretariat prepared a table whose purpose is to clarify the possible sources of information and the needed contributions for preparing implementation guidelines for the issues that raised difficulties.

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2. NSC representatives outlined that CESR has approved in its plenary, where NSC is represented, **implementation guidelines** on some of the issues outlined by banks. These are referring to passports, **transaction reporting, inducements and best execution** and are posted on CESR website: <http://www.cesr-eu.org/index.php>. The guidelines will be posted soon on NSC website.

Another source of information on MiFID implementation is **the draft of the Romanian Regulation transposing MiFID that indicates the corresponding articles in the European Directive.**

Banks can address their **questions** on MiFID interpretation and implementation using the following web address:

http://ec.europa.eu/internal_market/securities/isd/questions/index_en.htm.

NSC has also answered to the questions received from banks and other financial intermediaries. **PWG members suggested that the answers be posted on NSC website, in a section Frequent Questions and Answers, for the cases that can be disclosed.**

NSC representatives brought some clarifications on **MiFID coverage**. It addresses transactions on regulated markets (the spot market and derivatives market administered by Bucharest Stock Exchange and the derivatives market administered by Commodities and Financial Exchange Sibiu) and transactions on alternative transaction systems. As for money market, a clarification will be brought by NSC and NBR further an envisaged high level meeting.

The **discrepancies between the banking regulations and the regulation transposing MiFID** were solved by the Law no. 227/2007 approving the Emergency Government Ordinance no. 99/2006 on the banking activity, now the banking legislation being harmonized with MiFID regarding the definition of the investment services and financial instruments.

As for **suitability and appropriateness**, the first issue applies to consultancy and portfolio management activities, and the second to all the other activities as mentioned in Article 130 and 131 in Regulation 32/2006.

Regarding **internal audit**, the general provisions on internal audit are provided by Government Ordinance no. 75/1999.

Banks have sent to NSC their internal procedures for analysis. A sort of validation of the banks' understanding and implementation of MiFID will be given by NSC

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feedback to these internal procedures. The recommendations and suggestions issued by NSC will indicate the issues that need to be improved. If no recommendation will be issued, banks understanding and implementation are to be considered as correct. NSC supervision activity will refer to the implementation of the internal procedures and to the respective regulatory framework.

NSC needs more details on the concrete difficulties encountered by banks and detailed descriptions in order to be able to formulate proper answers. NSC is open to answer to all questions received.

As for FSA guidelines available on its website, NSC appreciated that their relevance to the Romanian market is low because of the difference in the market development and in the legal background (guidelines make reference to many UK laws and regulations).

3. SPI Secretariat will draft this week a **letter to be addressed to all banks**, providing information on the above mentioned possible information sources and channels, as resulted from the meeting, and inviting banks to address specific questions either directly to NSC or centralized, through SPI Secretariat. The letter will be sent to RBA after PMG approval, by the end of this week.

NSC will answer the questions and will post on the website these answers. (the necessary steps for the Commission's approval on posting the Q&A will be initiated).

The results of the discussions between NSC and NBR on authorization, supervision and money market operations will be posted on NSC website (subject to the Commission's approval) and the norms, measures and individuals documents will be published on NSC website and/or in the Official Gazette.

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