

European Banking Federation identifies central questions for MiFID review

The European Banking Federation has published today, a position paper that identifies central questions for the upcoming review of the Market in Financial Instruments Directive (MiFID). The EBF considers that improvements to the availability and accuracy of post-trade data are essential to enhance the efficiency of capital markets in the EU. It recommends a number of measures to address these concerns, including standardisation of publication methods, the consistent use of instrument identifiers, and clarification of the ownership of trade information.

The Federation also argues that post-trade transparency in fixed-income instrument markets could be improved. Regulatory intervention should, however, be properly calibrated and be mindful of the specificities and existing trading conditions of the relevant asset classes.

These recommendations are part of an extensive analysis that the Federation has undertaken on the functioning of the Markets in Financial Instruments Directive, the EU Directive that regulates most parts of financial markets functioning in the European Union. This Directive was implemented in November 2007 and will be reviewed over the period 2010-2011.

Preparing for this review, the European Banking Federation draws overall positive conclusions on the functioning of MiFID. The Federation underlines, nonetheless, that it is still too early to make a final assessment. It therefore cautions that rule changes must not be undertaken lightly. It further emphasises the role of national supervisors in ensuring the coherent application of the Directive.

EBF Secretary General Guido Ravoet says: "To date banks' experience with MiFID has been positive. It is true that there are a number of areas that deserve further analysis, but the 2010 review should be well-targeted. There is no reason to put into question the fundamental pillars of MiFID." In particular, Ravoet stresses that the current conduct of business rules for intermediaries and the best execution rules, do not need substantial legislative amendments.

However, Ravoet emphasised the need for action in the area of post-trade data: "The fragmentation of data is a natural consequence of the welcome competition that MiFID has introduced, but it is now time to find viable solutions." The practical steps that the Federation recommends as a matter of priority are intended to facilitate market-led solutions, Ravoet explained: "We still believe that a market-led solution can work, if we create the right environment for it." Nevertheless, the Federation does not rule out greater public involvement, should these steps not lead to the desired outcome.

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Note to the Editor

Set up in 1960, the European Banking Federation is the voice of the European banking sector (EU and EFTA countries). The EBF represents the interests of some 5000 European banks: large and small, wholesale and retail, local and cross-border financial institutions