

Corporate & Financial Weekly Digest

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European Commission Publishes MiFID Review Consultation

On December 8, the European Commission published a public consultation on the review of the Markets in Financial Instruments Directive (2004/39/EC) (MiFID).

MiFID aims to create a single market in investment services and to increase investor protection. It came into force in November 2007. Developments in the financial markets since 2007 have highlighted areas where changes need to be made.

The consultation includes the following matters:

- **Developments in market structures:** This section discusses organized trading facilities, automated trading, proprietary trading, systematic internalizers, market surveillance and markets for small and medium sized enterprises (SMEs).
- **Transaction reporting:** Clarifications and extensions are suggested.
- **Data consolidation:** Potential improvements to market data consolidation, including raw trade data, post-trade data for investors and the introduction of a consolidated EU market tape.
- **Commodity derivative markets:** Requirements for commodity derivatives exchanges, review of MiFID exemptions for commodity firms and other issues.
- **Investor protection and provision of investment services:** Potential revisions relating to the scope of MiFID (including whether it should be expanded to cover proprietary traders), conduct of business obligations and authorization and organizational requirements.
- **Further convergence of the regulatory framework and supervisory practices:** Suggested changes aimed at narrowing or eliminating some member state options and discretion and increasing the effectiveness of supervision and enforcement.

The consultation is open until February 2. The Commission will use these responses as part of the preparation of a formal proposal for a new MiFID Directive, which is scheduled to be published in May 2011.

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