

# The implementation of MiFID

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# Impact on market participants

- Volume of new legislation
  - recasting of the first generation directives
  - race to adapt to the new rules
- Change of focus of capital markets rules into a principles based system

# Storm of new EU rules

- Market Abuse 2003/6
- Prospectus 2003/71
- Take Over 2004/25
- Transparency 2004/109
- Capital Adequacy 2006/49
- AML 2006/70
- MiFID 2004/39

# Our own Big Bang

- Abrupt deregulation
  - from a detailed and restrictive framework
  - to an open, principles based regime
- Mixed blessing for market participants
  - increased flexibility
  - increased operating cost
- New supervisory requirements

# Application of new rules

- Issue guidance and interpretation
- Avoid formalistic application
- Follow the European norm
  - CESR guidelines
  - keep an eye on solutions adopted by other regulators
- Adapt rules to changing market conditions
  - ongoing dialogue with industry
- Interpretation by the courts?

# New culture

- Educate market participants
- Create compliance culture among market participants
  - Compliance, Internal Audit and Risk functions
  - Reporting of suspicious activity

# Is it working?

- Increased flexibility comes at a price
- Tendency for more focused firms
- Facilitates mobility of investors and investment firms