

Ημερίδα της Ελληνικής Ένωσης Τραπεζών

Αμφιθέατρο Μεγάρου «Θεόδωρος Β. Καρατζάς»

The implementation of MiFID

Speech

Mr. P. Kyriakopoulos, Director of Department for the Supervision of Credit and Related Financial Institutions Department, Bank of Greece

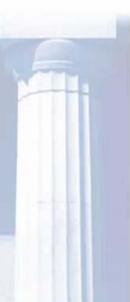






- High quality of investor transactions' execution
- Enhancement of investors' protection
- Integrity and overall efficiency of financial system
- MiFID requires from credit institutions significant investment in infrastructure IT systems
- The impact of the development of several trading systems on liquidity in some markets and if new rules result in downward pressure on costs?





Law 3606/2007 implemented MiFID

- •During the incorporation of MiFID, the <u>structure of supervision</u> was taken into account.
- Article 60 introduces provisions for the enhancement of the BoG and HCMC cooperation, through the signing of an MoU in order to:
 - avoid administrative burden and any supervisory overlap or/and conflict
 - without jeopardizing the efficiency of supervision
- •The two supervisory authorities are in the process of signing an amendment of the already in force MoU.



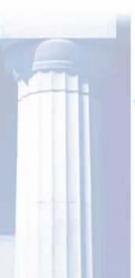
- The smooth operation of the market requires:
 - close cooperation and
 - significantly enhancement of convergence of regulatory and supervisory practices and culture
 - redistribution of specific tasks
- Although no provision in Law 3606/2007 for outsourcing of tasks exists, <u>equivalent result</u> through the MoU's increased close cooperation.
- National provision to improve quality of provided services through <u>certification</u> of employees of supervised entities (12.719 total, 8.826 granted).





- Bank of Greece is responsible for the supervision of
 - the internal control systems,
 - the management of conflict of interests,
 - the *licensing* of the operation of *multilateral trading* facilities,
 - the *certification* of credit institutions' *employees* providing investment services and
 - the appointment of tied agents.
- •For all other provisions, responsible the **HCMC**.





- For the execution of its tasks, BoG published:
 - Governor's Act 2597/2007, on internal organisational requirements, outsourcing, conflicts of interest, etc (articles 5-25 and 51 of Directive 2006/73/EC.
 - Governor's Act 2600/2007 on tied agents providing investment services on behalf of credit institutions





Supervisory Challenges

- Credit institutions have been requested to report on actions undertaken:
 - Until end of November: adjusted their systems
 - Until first quarter of 2008: finalized last details (e.g. employees training).
- On site inspections lie within the general prudential supervision program (MiFID provisions linked with Basel II provisions).
- Assessments will differentiate depending on size and risk involved.





Supervisory Challenges

- Main challenges banks will face:
- -Management of conflict of interest
- -Enhancement of Chinese walls
- •To this extent, BoG and HCMC will cooperate closely and adopt best practices proposed by Level 3 Committees.
- •Cost will be justified if firms find the right balance between short term profits and long term investor's confidence and trust.



Thank you very much for your attention!

