



Practical experiences regarding MiFID

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Nemzetközi szemlélet – helyi tapasztalatok

Az Equilor Befektetési Zrt. a Budapesti Értéktőzsde alapító tagja valamint a Magyar Kockázati és Magántőke Egyesület társult tagja, 1990 óta foglalkozik széleskörű pénzügyi és befektetési szolgáltatásokkal.



How did we get prepared?

- The EU directive defines the frame of MiFID, but all detailed regulation have to be completed on a national level by the national legislation implementing the EU rules: in Hungary we had a delay in domestic legislation
- We have employed in 03.2007 a compliance officer to manage the preparation project and to set up the system in EQUILOR
- By MiFID we had to modify several existing internal regulations, and introduce new internal regulations, practices, processes
- Main MiFID impact areas (client classification, client agreements, conflicts of interest policies, procedures, order handling, best execution, record keeping, organizational requirements, marketing communication, pre-trade, post-trade transparency, transaction reporting, client reporting, redefinition the financial instruments, investment service categories/activities)
- Key persons, units (CEO, INTERNAL AUDITOR, BACK OFFICE MANAGER, FRONT OFFICE MANAGER, IT DEVELOPMENT, LEGAL DEP.)



How did we get prepared?

- Informing our existing clients about the changes in legislation
- Asking existing clients to sign declaration due to continue trade with the new rules. Client accordane with the best execution policy, information on durable medium, carrying out orders on OTC markets with securities listed on SEs
- We did create and published the necessary documents:
 - Appropriateness test – brokerage activity
 - Suitability test - investment consultancy, portfolio and asset management
 - change in contracts and new workflows (new reporting obligations)
- Development of our Back Office software,
- Education of our employees



What is different after MiFID?

- Brokerage activities: Best execution,
- Asset management: more reporting required
- Front Office: longer account opening process, giving/getting more information (no significant change due to focused communication and good settled procedures and IT applications)
- Back Office: more reporting (Transaction report) to the Hungarian watchdog (Hungarian Financial Supervisory Authority), daily report on all deals with securities introduced in SEs
- Additional human resources: MiFID/Compliance Officer and risk manager (independent functions min. annual reports to the board)
- Clients accepted the additional information requirements even if they don't like it
- More information about the company, financial instruments, risks, trade TO the clients and more information FROM the clients by tests, gathering information about client's financial knowledge, in some cases about his financial situation (asset management, financial advisory).
- Using webpage more intensively for official communication with clients (ex. Changing general business terms, policies etc.)
- Restructuring organisation – independent functions (compliance, risk management, internal audit)



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