

MiFID myths debunked

With the revised Markets in Financial Instruments Directive (MiFID II) on the horizon, many UK financial services firms expect to be undergoing significant changes to stay compliant and meet the much more robust obligations for recording and storing business calls and conversations.

But with so much information being circulated, there is still uncertainty about exactly how the rules around the recording of calls and conversations will apply.

We distil the facts from the myths

MYTH
I only have to record orders and transactions

FACT

This was true under MiFID, but the revised Directive is far broader in scope. The recording requirements under MiFID II include all conversations that are intended to lead to a transaction or trade, even if they ultimately don't. These rules apply equally to firms dealing with their own account as well as providing services for external clients.

MYTH
I won't need to record face-to-face meetings

FACT

Since 2011, the recording rules under MiFID have included fixed-line, mobile calls and electronic communications. Under MiFID II, face-to-face meetings that are intended to result in a trade are considered 'equivalent' to those orders made by telephone, and need to be stored in a 'durable medium'. They will also need to be accurate enough to provide irrefutable evidence in the event of a dispute.

MYTH
MiFID II won't apply to me

FACT

Under current rules, only individuals directly involved in trading, such as banks, stockbrokers, investment managers and financial and commodity derivatives firms need to record their conversations. But MiFID II includes those who are currently exempt from having to record such as financial advisors and brokers - anyone involved in the advice chain that may lead to a trade or investment. Additionally, the Financial Conduct Authority (FCA) is still consulting on the exact implementation of the rules in the UK, and could be including many more people.

MYTH
I have plenty of time to prepare

FACT

There is a risk that the delay of the original deadline for implementation of MiFID II from January 2017 to January 2018 could lull firms into a false sense of complacency. Considering the scale and complexity of the changes, you have a relatively short amount of time to put new processes and tools in place. The challenge is made even more complex when you consider that MiFID II programmes have to be designed alongside overlapping legislation such as the EU General Data Protection Regulation (GDPR).

To find out more about compliant voice recording for financial services firms, visit btsmartnumbers.com or call us on 0203 3162 3030