



RESEARCH ACTIVITIES

Recent research

▪ **ECMI Policy Brief 8: MiFID and Reg NMS: A test-case for 'substituted compliance'?**

Two substantive pieces of legislation came into force simultaneously on both sides of the Atlantic, aiming to enable market regulations to cope with recent technological improvements and market developments. MiFID intends to complete the process started with the 1993 Investment Services Directive (ISD) and further liberalises European capital markets by abolishing the monopoly of exchanges. Reg NMS aims to modernize and strengthen the US national market system (NMS) for equity securities. This paper explores whether the two regulations could be treated as equivalent by regulators on both sides of the Atlantic. Among the similarities, the most fundamental one is that both measures aim to enforce best execution policy in equity trading. However, many differences also exist, such as the definition of the best execution policy, the structures of markets, and the role and powers of supervisory authorities. The policy brief calls upon the European Commission to make a detailed comparison between both measures and to use as a basis for negotiating a mutual recognition agreement with the US SEC.

This paper was first presented at the meeting of the Working Committee of the World Federation of Exchanges (WFE) in Toronto on 18-19 June 2007. It also benefited from discussions at the Fifth Symposium on Building the Financial System of the 21st Century which was organized by CEPS and Harvard Law School, and held in Louveciennes, Paris at 29-31 March 2007.

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EVENT SECTION

▪ **Scrutinizing the long-term impact of MiFID**

In September/October 2007, ECMI intends to host a half-day workshop on the long term impact of MiFID on European capital markets. A precise date and programme will soon be announced.

MEMBERS SECTION

▪ **New statutes for ECMI**

ECMI held an extraordinary general meeting for its members at CEPS in Brussels on 23 February 2007. The assembly unanimously approved the re-incorporation of ECMI's status as a non-profit making association (ASBL) under the Belgian law. The amended statutes were circulated to all members, and raised no objections. The conversion of ECMI's legal seat from Spain to Belgium will be formalized before a notary on 3 August 2007.

▪ **ECMI staff developments**

Vacant positions at ECRI have been filled. Alessandra Chirico will start on August 1st as new head of research. Alessandra has a PhD in European Law from the European University Institute (EUI) Florence and worked as compliance manager with Saxobank in Denmark and advisor at the European Central Bank (ECB). Before, she practiced corporate and banking law in Bari, Italy.

Giovanni Candigliota will start on September 1st with a Da Vinci Fellowship for a period of 6 months. Giovanni is finalising a Master in the economy of financial markets and institutions at the University Tor Vergata in Rome.

Upcoming research

- **ECMI Policy Brief 9 – The MiFID-UCITS nexus**

It is a common misconception, even among some industry representatives, that the impact of MiFID on the fund management industry will be relatively limited. Nothing could be farther from the truth. The best execution provisions of MiFID will directly or indirectly affect the fund management industry to be far more transparent in their cost structure than they have been so far. This policy brief discusses the ambivalence in MiFID regarding its impact on UCITS and speculates on the possible effects.

- **ECMI Commentary 13**

Peter Dunne is currently preparing a comment on interest of hedge funds to become members of the MTS platform.

- **ECMI Library**

ECMI has compiled an online library of key selected readings on various financial market policy areas, which is intended to facilitate the task of sorting through vast tracts of existing literature, consultation papers, etc. for ECMI members. The [library section](#) on the website has just been created for this purpose. *The posted papers do not in any way necessarily represent the views of ECMI as an organization.*

ECMI in the conference circuit

Karel Lannoo participated in the panel on clearing and settlement with Mr Jean-Michel Godeffroy of the ECB, Pierre Francotte of Euroclear and Jeffrey Tessler of Clearstream at the annual conference of ICMA in Berlin on June 1st. He reiterated the points made in an earlier ECMI comment that the European Central Bank should not monopolise securities settlement in the EU, as this was going in the opposite direction as MiFID, was not part of ECB's mandate and was neither opportune nor market neutral.

Karel Lannoo also participated in a session on the impact of MiFID in the Working Committee of the World Federation of Exchanges (WFE), which met in Toronto on June 18-19 (see above). MiFID was also the subject of conference presentations in Amsterdam with Fortis and Cap Gemini on 3 May and for Kasbank on 15 May.