

## **CESR/07-704: CESR MiFID Level 3 EXPERT GROUP PUBLIC CONSULTATION ON THE DRAFT WORKPLAN FOR Q4/2007-2008 – ABI RESPONSE**

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1. The ABI is the trade association for Britain's insurance industry. It has nearly 400 member companies who hold up to a sixth of all investments traded on the London Stock Exchange, as well as having substantial holdings of equities across main EU markets.
2. We welcome the opportunity to respond to CESR consultation on its workplan following the implementation of MiFID. We support CESR's focus on supervisory convergence and the proposals seem to us to be a sensible and practical way forward.
3. In terms of the specific areas outlined in the workplan, we have the following comments to make:
  - We welcome the priority given to mandates issued by the Commission. As this work is non-discretionary, it is important that it is done in a timely and consistent manner.
  - The proposal to develop Q&A material by CESR needs more clarification. Although market participants may well have questions regarding the practical application of MiFID, it is not clear how the new Q&As will relate to the work already done by the Commission, and whether the two sets of answers will be combined. In addition, although the Q&As appear aimed at market participants, in that CESR envisages that is where the questions would come from, it is not clear what their status would be and how they would interact with any material issued by individual competent authorities.

Because of this lack of certainty about the status and legal standing of CESR's output, there is a risk that Q&As might end up confusing market participants who have hitherto been relying on their competent authorities for guidance on practical implementation. Further guidance from CESR would therefore be welcome.

- We strongly support CESR's attempt to focus its future thematic work on the key aspects relevant to supervisory convergence. We believe this should be the initial focus of any Level 3 work, just as we would caution against CESR producing further standards or recommendations. Even in jurisdictions where MiFID was implemented on 1 November, some of the important practical aspects of implementation were settled at the very end. MiFID should be allowed to bed down before firms are required to make any more changes to systems and processes.

For the same reason, we would strongly support the focus of CESR's supervisory work, especially proposals to organise sessions for supervisors to exchange views and discuss their supervisory practices. This is a crucial element of CESR's work and one where it can really add value.

- Ongoing technical work is going to be necessary for the smooth functioning of the market and we therefore support the priority it has been given.
- In terms of the specific areas outlined in the Annex, we support CESR's intention to revisit its guidance on transaction reporting. It would appear that there has been some divergence in how competent authorities have chosen to implement the requirements. This may put some segments of the market in some countries at a competitive disadvantage and we hope CESR's work tries to address these concerns.
- We have no other detailed comments to make except to note that the timetable for the markets regime work appears ambitious. Considering some member states have not implemented MiFID, it may be too early to start examining changes to market structure in the first quarter after its implementation. A short delay may be useful.