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European Securities and Markets Authority
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7 December 2012

Dear Sirs

Consultation Paper: Guidelines on remuneration policies and practices (MiFID)

This is the UK Financial Services Consumer Panel's response to ESMA's consultation paper ESMA/2012/570 Guidelines on remuneration policies and practices (MiFID).

The Panel is not in a position to comment in detail on the draft proposals, but we fully support ESMA's work to aid compliance with MiFID and thereby improve levels of protection for retail investors.

We see appropriate remuneration policies and practices as a fundamental aspect of fair treatment for clients. Any kind of reward package for sales staff or financial advisers that leads to business interests being placed ahead of clients' interests should not be permitted. The overarching obligation in MiFID for firms to act honestly, fairly and professionally in the best interests of their clients makes this absolutely clear.

In order to ensure compliance we agree that firms should analyse relevant management information to identify and address potential conflicts of interest arising from remuneration policies and practices. The senior management of firms must satisfy themselves – and be ready to satisfy the regulator - that where such risks exist, they have been dealt with appropriately.

Finally, we agree that where remuneration is variable, performance measures and consequent reward should include non-financial features, such as fair treatment of clients, business retention and compliant working. Remuneration should reflect the value of developing and maintaining long-term relationships which customers

perceive to be of value, rather than rewarding one-off sales.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Adam Phillips', with a long horizontal flourish extending to the right.

Adam Phillips
Chair
Financial Services Consumer Panel