



**MiFID II finally comes into effect on 3 January 2018**

**Although there may still be some grey areas, it is time to make sure you have your compliance arrangements in place or being progressed so that there are no nasty surprises.**

**Here are 11 things we suggest wealth managers, asset managers or independent financial advisers do to best prepare themselves ahead of the New Year deadline:**

1. Not only make a register of all conflicts of interest, but also articulate how these are mitigated or managed and review them, at least annually.
2. Review whether your firm needs additional qualifications, training or Part IV permissions to maintain independent status.
3. Structured Deposits: \* HOTSPOT\* Apply for new permissions by 2 January 2018 if you wish to advise on these.
4. Carefully consider your recruitment procedures and ascertain if they need tightening (consider SM&CR impacts too).
5. Conduct Risk: Review your remuneration structure and ensure no incentives negatively impact clients.
6. Decide which staff the "Personal Account Dealing" rule should apply to, and create a register of direct equities they hold.
7. Create or amend your Personal Account Dealing policy to reflect the need to report staff holdings changes.
8. Legal Entity Identifier: \* HOTSPOT\* Decide if you need to apply for this through the London Stock Exchange.

9. Confirm if your discretionary fund manager (DFM) or platform will offer online reporting access and thereby avoid the need for time consuming paper reporting.

10. Ensure you are comfortable with and confirm whether your DFM or platform will issue the 10% loss notification and how. This an extension of the COBS 16.3 rules (<https://www.handbook.fca.org.uk/handbook/COBS/16/>)

11. Check your agency agreement with your DFM where model portfolios are being used: does the responsibility for regular and ongoing checking of suitability sit with you as the adviser?

### **Legal Entity Identifier (LEI)**

A key impact of the new regulations is that from 3 January 2018, an investment management firm will only be able to continue trading in financial markets on behalf of certain clients if those clients have obtained a LEI. If you have clients that are required to have an LEI, have you informed them of this? These entities include; Trusts (but not bare trusts), Companies (public and private), Pension Funds (but not selfinvested, personal pensions), Charities, and Unincorporated Bodies.

Note that investment trusts and ETFs are not excluded from the requirement for a LEI. Advisers might need to consider whether the cost of an LEI has any impact on a decision to use other than collectives in portfolios. The other point to note is that an LEI is NOT required if investment is being made exclusively in collectives such as investment bonds, OEICs or unit trusts.

### **How do you obtain an LEI?**

The LEI can be obtained directly from the London Stock Exchange (LSE) for an initial fee of £115+VAT and there is an annual renewal fee of £70+VAT.



**IFAs to Private Banks have bought this for their own use.**

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