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The Autorité des Marchés Financiers (AMF) consults on the future implementation of new MiFID II provisions on payments for research

Ahead of the application of the new European regulatory framework on markets in financial instruments (MiFID II), the Autorité des Marchés Financiers is reflecting on the implementation of new provisions on payment for research used by professionals providing investment advice on an independent basis or portfolio management. The AMF is thus launching a public consultation on this topic that will run until 28 October 2016.

In order to protect investors and reduce possible conflicts of interest, the MiFID II Directive, which will enter into force in January 2018, prohibits investment firms from receiving any inducements with respect to providing independent advisory and portfolio management services. The implementing directive specifies the cases in which research received by these providers is not considered as an inducement.

MiFID II thus allows investment firms to use two possible means of payment for financial research, in order for this payment not to be considered as an inducement:

- 1 • direct payment using their own resources;**
- 2 • payment by clients via a dedicated research account, under certain conditions, notably transparency with respect to clients and the research's usefulness for the advisory or portfolio management services they are being provided with.**

In this respect, the AMF would like to share its initial thoughts on the conditions under which research costs could be borne by clients. It is thus launching a public consultation on this topic.

The main points to be discussed in the consultation are as follows:

- The criteria to be taken into account to determine whether a service or analysis may be considered as research that can be funded by clients via a research budget;
- Constitution of the research budget, its monitoring and evaluation of the research purchased;
- Allocation by portfolio of the cost of the research received;
- Client information;
- The way in which the research payment account will function in a system of payment via commission-sharing agreements.

Please send comments **by 28 October 2016** to:

directiondelacommunication@amf-france.org URL =
[mailto:directiondelacommunication@amf-france.org].

About the AMF

The AMF is an independent public authority responsible for ensuring that savings invested in financial products are protected, providing investors with adequate information and supervising the orderly operation of markets. Visit our website www.amf-france.org.

Press contact:

AMF Communication Directorate - Christèle Fradin - Tel : +33 (0)1 53 45 60 29 ou +33 (0)1 53 45 60 28

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Public consultation by the AMF on the new rules for the funding of research by
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Head of publications: The Executive Director of AMF Communication Directorate. Contact: Communication Directorate – Autorité des marchés financiers 17 place de la Bourse – 75082 Paris cedex 02