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AMF publishes its feedback from the public consultation on the rules for the funding of research

Given the forthcoming implementation of the revised European framework on markets in financial instruments (MiFID II), the AMF today publishes a summary of feedback from the consultation on the new provisions on payment for research services used by investment firms (IFs) providing independent investment advice or portfolio management.

Regulatory framework

From 12 September to 28 October 2016, the AMF launched a public consultation to open a dialogue with operators and industry representatives, on the principles for the operational implementation of the new rules governing the funding of research under MiFID II. The AMF's aim was twofold: to explain its understanding of the new framework and to reconcile this understanding with any possible operational constraints facing operators.

The provision to investment firms, and in particular firms that offer portfolio management services, of research documents published by financial intermediaries or research firms will now fall under the regulated category of inducements.

As such, the funding of research is now governed by MiFID II, in order to protect investors and limit the risks of conflicts of interest.

The Delegated Directive (of 7 April 2016) now requires the funding of research according to one of the following two methods:

- Direct payment for research using the IF's own resources; or
- Payment charged to the IF's clients but from a separate research account, as agreed with the client, and monitored by the IF, under certain operational and transparency conditions.

Number of responses and respondent profiles

The AMF received 44 responses from all types of stakeholder, of which more than a quarter were abroad: mostly on the buy side in the broadest sense of the term (18) and sell side (8), as well as from independent analysts and data providers. French and European industry associations also responded to this consultation in large numbers.

Once the European Securities and Markets Authority's (ESMA) doctrine has been finalised, the AMF is considering the publication of a guide in 2017 to help industry participants navigate the implementation process of the new provisions.

Application of the new rules to the funding of credit research (for the fixed income market)

Together with the ESMA, the AMF is further examining the practical aspects of implementing the new provisions to the funding of research.

Read more

- Feedback from the public consultation on the new rules for the funding of research by investment firms under MiFID II
- The Autorité des Marchés Financiers (AMF) consults on the future implementation of new MiFID II provisions on payments for research

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