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MiFID II : “MARKETS IN FINANCIAL INSTRUMENTS DIRECTIVE”

Monitor and save your client communications



MIFID II HAS ENTERED INTO FORCE SINCE JANUARY 2018

MiFID II is the name given to Directive 2014/65/EU of the European Parliament and of the Council concerning markets in financial instruments, which has applied to all Investment Service Providers (ISPs) since 3 January 2018.

MiFID II "shall apply to investment firms, market operators, data reporting services providers, and third-country firms providing investment services or performing investment activities through the establishment of a branch in the Union".

THE DIRECTIVE STIPULATES THAT:

- There is a **legal requirement to save** all data resulting from electronic or telephone communications for a minimum period of five years and for up to seven years in certain circumstances.
- ISPs must use appropriate and proportionate systems, resources and procedures to **guarantee continuity** and regularity in the provision of investment services.
- Entities covered by the directive must implement **"effective control and safeguard arrangements for information processing systems"**.
- ISPs must keep **a record of all services, activities and transactions** undertaken to enable the competent authority to monitor their compliance with their obligations towards their clients and the integrity of the market.

HOW TECHNOLOGY CAN HELP?

- Choose a telephone system with an encrypted recording module.
- Store the electronic data in a secure environment.
- Inform all of your clients that communications are saved.
- Ensure that communications can be recorded across all channels and block any channel for which this is not the case (e.g.: social media, instant messaging, etc.).
- Ensure that mobile and remote access devices are secure.



YOUR REQUIREMENTS, OUR SOLUTIONS

	RECORDING	FILING	RESEARCH	CENTRALISED MANAGEMENT	REPORTING	ENCRYPTION
FIXED PHONES ¹	✓	✓	✓	✓	✓	✓
MOBILE VIA PABX ²	✓	✓	✓	✓	✓	✓
EMAIL ³	✓	✓	✓	✓	✓	✓
OTHER ELECTRONIC COMMUNICATIONS ⁴	✓	✓	✓	✓	✓	✓
BYOD ⁵	✓	✓	✓	✓	✓	✓

¹ Recording and encryption of communications via an additional module for Innovaphone PABX systems; obligatory Innovaphone module for other PABX systems (depending on technical compatibility).

² With use of the Single Number function.

³ Excluding all other webmail and instant messaging technology.

⁴ Dependent on the type of infrastructure and software used.

⁵ Bring Your Own Devices: our MDM (Mobile Device Management) and EMM (Enterprise Mobility Management) services are perfectly suited to MiFID II implementation.

WHAT ABOUT OTHER TECHNOLOGIES?

Mobile to mobile voice and data communications also fall within the scope of MiFID II: only your mobile service provider can inform you if it is possible to record these communications. If your mobile service provider is unable to provide this service, you must take the necessary steps to ensure that this method is not used for client communications.

Given the personal nature of instant messaging and social media, it is unlikely you will be able to save communications covered by MiFID II. You should ensure that these methods of communication are not allowed within your company.