

MiFID II Product Governance/ Suitability & Appropriateness

Workshop Content

Session I: The Overarching Product Governance Principles

MiFID II introduces a new regime in relation to a firm's product governance arrangements and the manufacture and distribution of products and services, including funds and related management services, to end clients. The following session examines these proposed changes, including:

- Clarify key regulatory principles that firms should review their MiFID II framework against including governance; management oversight; roles & responsibilities; and process.
- State the practical considerations for investor protection including target market; fair value; customer needs; and terms and processes.
- Summarise the requirement to review products regularly to assess whether the product remains consistent with the needs of the target market of the product.

Session II: Discussing Manufacturer Requirements

A manufacturer is a firm which creates, issues and/or designs investments, including when advising corporate issuers on the launch of new investments. The following session examines regulatory changes for manufacturers and the impact on the market including:

- State the new product approval obligation on firms acting as manufacturers
- Presenting a model framework which promotes an appropriate approach to addressing conduct risk.
- Describe the implication for relationships with third-country manufacturers, ensuring the level or product information meets the regulatory standard

Session III: A Changing World for Distributors

A distributor is a firm which offers, recommends or sells investments or provides investment services to clients. This session examines the regulatory requirements including:

- State new product approval obligations on firms acting as distributors
- Summarise the impact for distributors in relation to suitability and appropriateness, information to clients, independent advice, inducements, and remuneration.
- Analyse information to be presented by distributor's to help in the manufacturer's regular product reviews

Session IV: Implementation Challenges

The product governance requirements under MiFID II will have create new systems and controls to be put in place to design, approve, market and manage products throughout the product's lifecycle to ensure that they meet legal and regulatory requirements. This session examines some of the challenges firms will face while implementing this new regime, including:

- State implementation considerations for firm's under the new regime including governance and management oversight, roles and responsibilities and monitoring.
- Describe the new product intervention powers and consideration for complex and non-complex products.
- Present lessons learnt from the UK implementation of its guidance in its Responsibilities of Providers and Distributors for the Fair Treatment of Customers (RPPD) Guide.
- Identify future risks and regulatory considerations for firms post 3rd January 2018.