

What is MiFID?

The Markets in Financial Instruments Directive (MiFID) is a key component of the European Commission's Financial Services Action Plan, which was launched in May 1999. It replaces and expands the 1993 Investment Services Directive (ISD), by introducing competition among different order-execution systems (regulated markets, Multilateral Trading Facilities (MTFs) and systematic internalisation) and setting out the legal framework to their operations.

While introducing a more open framework, the Directive seeks to improve investor protection, ensure efficient and transparent markets and enhance the means available to the competent authorities for supervising the activities of the different types of intermediaries.

The directive applies to all investment firms in the EU and impacts to a large extent all types of assets – and especially shares admitted to trading on a regulated market in the EU.

Its stated objectives include:

- Delivering harmonisation across European jurisdictions,
- Offering investors a high level of protection,
- Ensuring a high quality of execution,
- Providing a coherent and risk-sensitive framework for regulating order execution,
- Enhancing transparency on liquidity.

