



European Commission  
Directorate General Internal Market and Services

Via email: [markt-consultations-mifid@ec.europa.eu](mailto:markt-consultations-mifid@ec.europa.eu)

28 January 2011

Response to Consultation on "Review of the Markets in Financial Services Instruments Directive (MIFID)"

Dear Sirs,

On behalf of the Society, I wish to make the following comments in relation to the above:

Much of the consultation document relates to technical matters which are of more interest to market participants than the retail investors who constitute our members, so I will concentrate solely on Section 7 (Investor Protection and the Provision of Investment Services). My comments are numbered as in the consultation:

7.1 Scope of the Directive (Ques. 84): These proposals do not seem unreasonable, although it is not clear what problems the proposed changes are intended to solve. If more bureaucracy is to be introduced, there needs to be a clear justification for doing so.

7.1.2 Application of MIFID to structured deposits (Ques. 85): We support the extension of MIFID to structured deposits which are often very complex financial instruments and hence should be covered.

7.1.3. Direct sales by investment firms (Ques. 86): It is not clear what is the justification for the extension of MIFID rules to such transactions.

7.2.1. Execution only services

(Ques. 87) We would object to the inclusion of "collective investment undertakings" and "convertible shares" from such services. This would, for example, exclude all investment trusts, most of which are less risky than individual shares, so this proposal hardly makes sense. There are some investment trusts that are complex however, so a much more refined definition needs to be proposed as to what should be considered a "complex" investment.

(Ques. 88) We would support the exclusion of execution only services where ancillary credits or loans are being provided.

(Ques. 89) No objection to refinement of the classification of UCITS, although more details would be preferable.

(Ques. 90) **WE OBJECT MOST STRONGLY TO THE PROPOSAL TO ABOLISH THE "EXECUTION-ONLY" REGIME.**

Most of our members do not want advice on investment in shares, and certainly would not be willing to accept the higher costs that would result if such advice was compulsory. We are opposed to any changes that increase the costs of trading in shares.

(Questions 91 thru 124). These proposals seem primarily to introduce more costly bureaucracy that is probably unnecessary and is likely to be ineffective. We cannot see much justification for many of these proposals.

Yours sincerely

Roger W. Lawson  
Chairman

### **About the UK Individual Shareholders Society (ShareSoc)**

ShareSoc represents and supports individual investors who invest in the UK stock markets. We are a mutual association controlled by the members with "not-for-profit" articles and incorporated as a company limited by guarantee. The organisation is financed by member subscriptions, donations from supporters and by its commercial activities. More information on ShareSoc can be obtained from our web site at [www.sharesoc.org](http://www.sharesoc.org) (our objects are fully defined on this page: [www.sharesoc.org/objects.html](http://www.sharesoc.org/objects.html) ).