

**MEMO# 33141**

March 1, 2021

# MiFID "Quick Fix" Published in the EU's Official Journal

[33141]

March 1, 2021 TO: ICI Global Members SUBJECTS: International/Global  
MiFID, EMIR, AIFMD, UCITS V RE: MiFID "Quick Fix" Published in the EU's Official Journal

On 26 February 2021, the MiFID "Quick Fix" was published in the European Union's official journal (OJ).<sup>[1]</sup> The quick fix directive was proposed by the European Commission on 24 July as part of a package of measures to "help the recovery from the COVID-19 pandemic."<sup>[2]</sup> The quick fix entered into force on 27 February 2021 (i.e., the day after OJ publication). The quick fix's provisions that are of greatest relevance to regulated funds and their managers are set out below.

## Provision of Information to Clients

The quick fix amends two aspects of the MiFID requirements on the provision of information to clients.<sup>[3]</sup>

First, it enables MiFID investment firms to provide written costs and charges information (electronically or on paper) after the conclusion of a transaction, subject to obtaining the necessary client consent and providing the client with the option to delay the conclusion of the transaction.<sup>[4]</sup>

Second, it enables MiFID investment firms to provide information to potential clients in electronic format, except where the potential client has requested paper-based information.<sup>[5]</sup> Furthermore, MiFID investment firms can switch to providing existing clients with information in electronic format, subject to providing eight weeks' notice and providing a paper delivery option.<sup>[6]</sup>

## SME Research

The quick fix allows MiFID investment firms to bundle execution and research commission for research concerning issuers with smaller market capitalisations,<sup>[7]</sup> subject to various conditions including concluding a commission sharing agreement and the disclosure of the bundled commission arrangements to investors.<sup>[8]</sup>

## Next Steps

The quick fix entered into force on 27 February. By 31 July 2021, the European Commission shall review the various aspects of the existing MiFID II framework, including:

- the operation of the structure of the securities markets, reflecting the new economic reality after 2020, data and data quality issues related to market structure, and the transparency rules, including issues related to third countries;
- the rules on research;
- the rules on all forms of payments to advisers and their level of professional qualification;
- product governance;
- loss reporting; and
- client categorisation.

If appropriate, the European Commission will submit a legislative proposal.

Member States have until 28 November 2021 to transpose the quick fix and shall apply the provisions from 28 February 2022.

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#### **endnotes**

[1] See Directive 2021/338 amending Directive 2014/65/EU as regards information requirements, product governance and position limits and Directives 2013/36/EU and (EU) 2019/878 as regards their application to investment firms, to help the recovery from the COVID-19 crisis, *available at* [https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv%3AOJ.L\\_.2021.068.01.0014.01.ENG&toc=OJ%3AL%3A2021%3A068%3ATOC](https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv%3AOJ.L_.2021.068.01.0014.01.ENG&toc=OJ%3AL%3A2021%3A068%3ATOC).

[2] See The Proposal for a Directive of the European Parliament and of the Council, *available at* [https://ec.europa.eu/finance/docs/law/200724-mifid-review-proposal\\_en.pdf](https://ec.europa.eu/finance/docs/law/200724-mifid-review-proposal_en.pdf).

[3] See Article 24, Directive 2014/65/EU on markets in financial instruments, *available at* <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32014L0065>.

[4] Amended MiFID II Article 24(4).

[5] MiFID investment firms shall also inform clients that they have the option of receiving information on paper.

[6] Amended MiFID II Article 24(5a).

[7] Not exceeding EUR 1 billion over the prior 3 years.

[8] Amended MiFID Article 24(9a).

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