

Index

- ABI, *see* Association of British Insurers
- ABN Amro 104, 138, 144–6, 148, 230
- Accenture 1, 57–8
- accounting procedures 17–18
- active portfolio management 55–6
- actual/expected volumes 35–6, 46–7
- administrative procedures 17–18
- advice 6–7, 15–16, 17–18, 68–73, 77–8, 85–6, 91–2
- boutiques 76
- investor protection 6–7, 15–16, 17–18, 68–73, 77–8, 85–6, 91–2
- advised services, concepts 68–71
- AES 118
- AFB 143
- ageing populations 11
- agency trading 120–1
- algorithmic trading 38, 40–2, 52–3, 127–32
- concepts 127–32
- statistics 128–9
- Allwright, Andrew 83, 93–8
- alternative trading systems (ATSs) 35–6, 58–9, 113–14, 116, 118–21, 123–9, 142–4, 152–3
- AMEX 123
- AMF 35, 94–5, 193
- AML measures 54–6, 60
- ancillary services 77
- Annan, Kofi 215, 224
- anti-gold-plating clause 9
- APCIMS, *see* Association of Private Client Investment Managers and Stockbrokers
- application service providers (ASPs) 112, 178, 234
- appropriate services 18, 21–2, 44–5, 66–71, 78–9, 204–5
- arbitrage
- data latency 226–7, 232–4
- regulations 7–8, 47–8, 63, 80–1, 95, 101, 234
- Archipelago 113, 116, 128, 130, 229
- articles, MiFID 76–7
- Asia 117
- ASPs, *see* application service providers
- asset-backed securities 48–9, 53–4
- asset managers 33–6, 39–41, 47, 50–2, 58, 61–3, 106, 149, 199–200
- best execution 33–6, 39–41, 47, 50–2, 58, 61–3, 199–200
- broker/dealers 33–4, 39–41, 47, 50–2, 199–200
- Association of British Insurers (ABI) 143–4
- Association of Private Client Investment Managers and Stockbrokers (APCIMS) 135, 143–4
- ATSs, *see* alternative trading systems
- audits 16, 17–18, 62, 229
- Australia 146
- authenticators/verifiers, best execution 129–30
- authorisation processes 76–8
- automated trading systems 35–6, 40–1, 46–52, 62, 82, 113–17, 123–32, 157–60, 227–8
- AXA Group 103, 108–9

- back office, change overhaul 225, 228–9, 234
- BaFIN 106
- BALATRO 84, 133
- Banking and Insurance Directives 148
- Banking Coordination Directive (BCD) 201
- Bank of America 148, 230
- banks 14, 18, 32, 54, 96, 103–10, 112–17, 118–22, 129–30, 134–5, 144–6, 148–9, 154–5, 173–6, 201–6, *see also* investment banks
- capital adequacy regulations 14, 18, 54, 109
- competition 112–17, 129–30, 154–5, 163–4, 174–6, 201–6
- conduct of business rules 203–6
- debates 103–10
- Exchanges 96, 112–17, 118–22, 144–6, 154–5, 173–6, 201–6
- financial markets 103–10, 112–17, 154–5, 174–6, 201–6
- licences 107–8
- liquidity pools 32, 118, 154–5, 185
- pan-European regulation debates 103–10
- post-MiFID challenges 151–3, 160–70, 173–4, 184–90, 201–6
- profits 107
- types 201–6
- Baring Asset Management 34
- Barlow Lyde & Gilbert 83
- barriers 162, 178–80, 220, 223–4, 234
- Basel II 108, 114, 225–6
- basis points 40
- BBA, *see* British Bankers' Association
- BCD, *see* Banking Coordination Directive
- Beach, Paul 2
- Bearingpoint 2
- Belchambers, Anthony 83–4, 99–101
- Belgium 188
- benchmarks 35, 40, 50–4, 59–63, 90–1, 94–5, 126–8, 129–30
- concepts 52–4, 59–63, 90–1, 94–5, 126–8
- ideals 53–4
- robustness needs 53
- benefits, MiFID 4–9, 13–16, 29, 66, 81–2, 85–6, 92, 122–4, 131–2, 149, 152–3, 180, 182–90, 207–8, 212
- BESG, *see* Best Execution Subject Group
- best execution 1–2, 6–9, 13–17, 22–3, 31–63, 66–7, 76–81, 85–6, 90–8, 104–5, 116, 118–26, 129–32, 138–45, 152–70, 176–8, 182, 187–94, 202–3, 207–8
- approaches 40–63
- asset managers 33–6, 39–41, 47, 50–2, 58, 61–3, 199–200
- authenticators/verifiers 129–30
- benchmarks 35, 40, 50–4, 59–63, 90–1, 126, 129–30
- Best Execution Subject Group (BESG) 46–52
- buy-side/sell-side perspectives 31–42, 47–57, 147–8
- client classification 36–8, 42–5, 54–9, 79–80, 207–8
- compliance 40–2, 54–8, 92, 131–2
- conduct of business rules 22–3, 42–5, 56–7
- consistency issues 94–8
- cost plays 34–5
- costs of implementation 57–8, 60, 107
- data vendors 166–7
- definitions 33–8
- evidencing considerations 47–52, 59–63
- FSA 90–2, 95–7
- laissez faire* approaches 52, 56, 57–63
- MTFs 159–60, 192
- OTC market 94–5, 147, 207–8
- policies 36–8, 42–5, 61–3, 79–80, 92, 155, 159–60
- practices 36–8
- proactive process management 52–7, 59–63, 88
- processes 36–8, 51–2, 54–7, 59–63, 79–80, 126, 129–30
- RegNMS 123–6, 129–30, 155
- scope 34–5, 46–52, 79–82
- systematic internalisers 164, 185, 192, 202–3
- trading costs 32–3, 36–40, 79–80, 118–21
- value plays 34–5
- venues 6–7, 22–3, 31–63, 79–80, 97–8, 152–70, 176–8
- Big Bang 146, 191, 212

- bilateral OTC transactions 5–6
 black-box trading 127–8
 Blair, Tony 106
 Bloomberg 158, 164–5, *see also* data vendors
 BNP 104, 148
 bond markets 4, 25, 46–52, 115–16, 125, 159–60, 207–8, 218, 230, *see also* financial markets
 equity markets 4
 Borges, Antonio 103, 107
 branching, markets and transparency 27–8, 76–82
 Brazil 112
 Breuer, Rolf 103–5
 British Bankers' Association (BBA) 134–5, 143–6, 204
 broadband connections 65, 180
 broker/dealers 33–4, 39–41, 47, 50–2, 113–17, 141–4, 147, 173–4, 196–200, 218–19, *see also* systematic internalisers
 Brown, Gordon 42
 BSA 143–4
 BT Radianz 133–4
 Budapest 154
 building societies 14
 Bulgaria 75
 bulletin boards 156, *see also* Multilateral Trading Facilities
 bundled services 147–8, 176, 194
 business models 25–6, 131–2, 195–200, 205–6, 219–20
 buy-side/sell-side perspectives 31–42, 47–57, 113–21, 128–9, 147–8, 195–6, 226–34
 BVLP 146
 BWS Bank 84

 CAC 40, 146
 Capco 133, 151
 capital adequacy regulations 14, 18, 54, 109
 capital markets, *see* financial markets
 Capital Requirements Directive (CRD) concepts 14, 18, 54, 86
 MiFID overlaps 18, 54
 cash instruments 218–19
 CBOT, *see* Chicago Board of Trade
 CCP processes 221
 CDs 49
 Central Banks 103–4, 149, 222–3
 central counterparties, CSDs 198
 central securities depositories (CSDs) 198
 CESR, *see* Committee of European Securities Regulators
 CFDs 48, 53–4
 challenges, MiFID 9–11, 31–2, 148–9, 151–70, 173–80, 184–90, 191–200, 225–34
 change overhaul, systems renewal 225–34
 Chicago Board of Trade (CBOT) 115, 183, 229
 Chicago Mercantile Exchange (CME) 115, 183, 229
 China 109, 112, 117, 193
 Chinese Walls 51–2, 89
 Chi-x 97, 117, 159, *see also* Multilateral Trading Facilities
 Chughtai, Khaver 133, 151
 Citigroup 87, 122, 138, 144–6, 148, 230
 Clearing and Settlement Directive 198
 clearing houses 149
 clearing liquidity, *see also* liquidity concepts 187–8
 Clearstream International 114
 client agreements, conduct of business rules 18, 20, 56–7
 client classification 2, 14, 18–19, 31–2, 37–8, 42–5, 54–9, 65–73, 79–80, 127–8, 207–12, *see also* eligible . . . ; professional . . . ; retail . . .
 best execution 36–8, 42–5, 54–9, 79–80, 207–8
 changes 43–5, 54–8, 71–2, 127–8, 210–2
 concepts 2, 14, 19, 31–2, 37–8, 42–5, 54–9, 65–73, 79–80, 127–8, 207–12
 conduct of business rules 18–19, 42–5, 69–71
 definitions 44, 67
 detailed focus 66–7
 flexibility issues 43–5, 54–8, 71–2
 forms 2, 14, 19, 31–2, 43–5, 65–73, 207–12
 implications for firms 72–3
 knowledge levels 42–5, 65–73, 89
 opting-up/down re-classifications 43–5, 71–3, 127, 210–2

- client classification (*Continued*)
 protection driver 68–73, 205–6
 re-classifications 43–5, 71–3, 127, 210–2
 testing provisions 68–71, 210–2
- client orders, *see* order handling
- CME, *see* Chicago Mercantile Exchange
- CME Group Inc. 115
- collaborative processes, achievable standards 220, 222–3
- commissions 36–40, 57–8, 79, 96, 147–8, 153, 157
- Committee of European Securities Regulators (CESR) 15–16, 66, 94, 99–101, 103–6, 141–4, 157, 186, 224
- commodity derivatives 5, 28
- competition
 banks 112–17, 129–30, 154–5, 163–4, 174–6, 201–6
 concepts 4, 5–6, 9–10, 58, 97–8, 112–21, 129–32, 151–70, 174–6, 182–6, 189, 200–2, 207–8, 220–3
 investment firms 5–6, 174–6, 182
 MiFID benefits 4, 5–6, 9–10, 58, 73, 81, 85–6, 92, 97–8, 122–4, 129–32, 145–6, 151–70, 174–6, 182–4, 189, 200–2, 207–8
 standards 220–3
 Stock Exchanges 5–7, 9–10, 13–14, 29, 81–2, 85–6, 97–8, 100, 112–22, 129–32, 144–6, 151–70, 174–6, 182, 192–5, 200
- competitive processes, achievable standards 220–2
- compliance issues 5–6, 9–10, 13–14, 16–18, 34, 40–2, 54–8, 69, 92, 95–6, 98, 131–2, 190, 220, *see also* single passport
 best execution 40–2, 54–8, 92, 131–2
 integrated approaches 92
- concentration rules 5–10, 13–15, 29, 32–3, 38–40, 113, 124–5, 137–9, 144, 152–8, 161–2, 165–70, 173–6, 182, 207, *see also* Stock Exchanges
- data vendors 165
- MTFs 156–8
- systematic internalisers 161–2, 168–9, 182
- conduct of business rules 14, 16, 18–24, 28–9, 42–5, 56–7, 66–7, 69–71, 76–7, 89–91, 94–5, 203–6
- banks 203–6
 FSA 89–90, 95
- confidentiality arrangements 51–2
- conflicts of interest 5–7, 17–18, 50–2, 78–9, 85–6, 88–90, 94–5
- consistency issues, regulations 83–4, 93–8, 99–101, 103–10
- consolidations, Exchanges 112–17, 120, 130–2, 145–6, 167–8, 178, 181–3, 184–5, 192–5, 229–30
- convergence issues, regulations 83–4, 99–101, 103–10
- convertibles 49
- co-operative savings banks 14
- core services/activities list 77–8
- corporate governance 106
- cost of capital 4–6, 29, 51, 122–3
- cost plays, best execution 34–5
- costs of implementation, MiFID 57–8, 60, 86, 107–10, 146–9, 183–4, 201–2, 206, 219–20
- Council Directives, concepts 3, 5, 6, 13–16, 20, 27–8, 32–3, 54, 75–6, 85–8, 93–5, 137–40, 144, 148, 172, 198, 201
- CPSS-IOSCO 217
- CRD, *see* Capital Requirements Directive
- credit cards 76
- credit derivatives 28, 48, 125
- credit institutions 18, 44–5, *see also* eligible counterparties
- Credit Suisse 118–19, 122, 138, 144–5, 230
- creditworthiness 46
- cross-border business, markets and transparency 27–8, 66, 73, 85, 172, 184–90, 206
- cross networks 119–21, 156
- CSDs, *see* central securities depositories
- CSSF 59
- custodians 218–19
- Cyprus 186
- Czech Republic 186–7
- dark pools of liquidity 119–21, 128–30, 154–5, 193–4, 220
- Darwinian economics 152
- data dictionaries, standards 216–17

- data latency
 arbitrage 226–7, 232–4
 concepts 213, 225–34
 data management 126–30, 225–34, *see also* record . . . ; transaction reporting
 MiFID/RegNMS contrasts 126–30
 data vendors
 advantages 164–5
 best execution 166–7
 concentration rules 165
 concepts 164–7, 169–70, 174–6, 211–12
 cosy relationships 166
 major players 164–5
 post-MiFID challenges 151, 164–70, 174–6
 post-trade transparency 166
 pre-trade transparency 166
 DAX 40, 146
 deadline, MiFID 105
 debates, pan-European regulations 103–10
 debt finance 49–50, 53–4, 61–3, *see also* bond markets
 de Castries, Henri 103, 108–9
 decision support tools 62–3
 DeMarigny, Fabrice 103–6
 demographics, Europe 11, 29, 65–6
 depositories 177, 198–200
 deregulation, MiFID benefits 4, 8–9, 122–4
 derivatives 5, 28, 32–3, 46–50, 57, 61–3, 85, 94–8, 114–15, 125, 145–6, 157–8, 182–3, 205, 207–8, 218–19, *see also* forwards; futures; options; swaps
 concepts 114–15, 207–8, 218
 demonised perspective 207–8
 Deutsche Bank 103–4, 118, 122, 138, 144–6, 148, 230
 Deutsche Börse 114–15, 116, 137, 144, 181
 Directives
 concepts 3–6, 13–16, 20, 27–8, 32–3, 54, 75–6, 85–8, 93–5, 137–40, 144, 148, 172, 198, 201
 gold-plating issue 9, 88, 93–4, 208
 direct market access (DMA) 40–2, 62, 227–9, 231
 disclosures
 FSA 89–90, 91–2
 MiFID 89–90
 disintermediation trends 65, 171
 diversifications 5–6, 66, 109
 DJ Stoxx 146
 DMA, *see* direct market access
 dot.coms 225, 229–30
 Douglas, Andrew 213, 215–24
 Dresdner Kleinwort 134
 due diligence 50–2

 EASDAQ 117, 145, 193–5, *see also* Equiduct
 Eastern Europe 120, 186
 eBay 190
 EBBO, *see* European Best Bid Offer
 EBS 175
 EC, *see* European Commission
 ECB TARGET 114, 130, 222–3
 ECNs, *see* electronic communication networks
 EEA, *see* European Economic Area
 electronic communication networks (ECNs) 113–14, 115–16, 118–20, 123–9, 142–4, 152–3, 155–60, 174–5, 178–9, 188–90, 192–200, 229–30
 electronic markets 32–6, 46–52, 65, 81–2, 97, 113–20, 127–32, 134, 144–6, 155–60, 188–90, 192–200
 eligible counterparties, *see also* investment firms
 concepts 2, 19, 37–8, 43–5, 65–73, 80–1, 89–90
 definition 44, 67
 knowledge levels 44, 65–73, 89
 testing provisions 68
 types 44, 67, 80–1
 emerging markets 48, 53–4, 55–6, 112, 193
 eMoney Directive 148
 EMU, *see* European Economic and Monetary Union
 enforcement of rules 14, 16, 87–8, 92
 EP, *see* European Parliament
 Equiduct 97, 117, 130, 134, 144–6, 188–90
 equity markets 4, 15–16, 49–50, 65–6, 112–13, 120–1, 127–32, 138, 154, 157–8, 182–3, 207–8, *see also* financial markets; shares
 algorithmic trading 128–9

- equity markets (*Continued*)
 bond markets 4
 statistics 65–6, 112–13, 120–1,
 127–8, 138, 154, 182–3
- ESC, *see* European Securities Committee
- ETC 230
- EUREX 114–15
- Euro500, 146, 186
- Euroclear 224
- Euronext 116, 120, 137, 144–6, 160–1,
 181
- Europe 1, 13, 14–29, 31–2, 38, 59, 75,
 77, 80–1, 85–8, 91–3, 103, 106,
 125, 137–40, 151, 174, 181–2, 186,
 189, 192–3, 221, 223–4, *see also*
 individual countries
 demographics 11, 29, 65–6
 EMU 138–40
 SEC-type body 99–101
- European Best Bid Offer (EBBO) 125
- European Business School 1
- European Commission (EC) 1, 13,
 14–29, 31–2, 38, 59, 81, 85–8,
 91–3, 103, 106, 137–9, 151, 174,
 182, 192–3, 221, 223–4
- European Economic and Monetary
 Union (EMU) 138–40
- European Economic Area (EEA)
 75, 77, 80–1, 85, 181–2, 186, 189
- European Parliament (EP) 14–15, 16
- European Securities Committee (ESC)
 15, 141–4
- Euros 138
- EuroSetts 97
- evidencing considerations, best
 execution 47–52, 59–63
- Exchanges, *see* Stock Exchanges
- exchange trading 48–9, 97
- execution liquidity, *see also* liquidity
 concepts 187–8
- execution-only services 18, 21–2, 76,
 173–4, 208
 conduct of business rules 18, 21–2
 cost comparisons 208
- explicit trading costs, best execution
 36–40
- FAST 233
- fees 36–40, 57–8, 79, 96, 118–21,
 147–8, 153, 157
- FESCO, *see* Forum of European
 Securities Commissions
- fiduciary controls, transparency balance
 66–7
- Financial Information eXchange
 Protocol (FIX) 46, 56, 143–4,
 147, 163, 216, 218, 219, 227–8, 233
- financial markets, *see also* bond . . . ;
 derivatives; equity . . .
 algorithmic trading 38, 40–2, 52–3,
 127–32
- banks 103–10, 112–17, 154–5,
 174–6, 201–6
- buy-side/sell-side perspectives
 31–42, 47–57, 113–21, 128–9,
 147–8, 195–6, 226–34
- change overhaul 225–34
- concepts 3–11, 13–14, 65–6, 85–6,
 109–10, 111–32, 139–40,
 153–70, 182–90, 207–12,
 218–24
- disintermediation trends 65, 171
- flight of capital 109–10, 153–4, 169,
 210–12
- fragmented markets 218–24
- globalisation 4, 11, 112–13, 218–19
- IBM study 120
- indices 146, 186–8, 195
- influencing factors 114
- major transformation 111–32,
 225–34
- participants 113–14, 218–19
- profit levels 120–1, 153, 173–4, 179
- standards 177–8, 179–80, 187, 213,
 215–24, 230
- statistics 65–6, 112–13, 120–1,
 127–8, 138, 154, 182–3
- technological developments 171–3,
 178–9, 186–90, 225–34
- waste 178–9
- financial promotions 19–20, *see also*
 marketing
- Financial Services Action Plan (FSAP)
 4, 13, 65–6, 105, 109, 140–1, 148
- Financial Services Authority (FSA) 19,
 24, 27, 35, 50, 53–4, 60, 83, 86–96,
 99, 104, 193, 203–4, 208–9
- additional rules 88, 93–4
- benchmarks 90–1, 94–5
- best execution 90–2, 95, 97
- concepts 86–94, 99, 104, 193,
 203–4, 208–9
- conduct of business rules 89–90, 95,
 203–4

- conflicts of interest 88–90, 94–5
 disclosures 89–90, 91–2
 enforcement issues 87, 92
 investor protection 208–9
 principles-based approach 86–92
 treating customers fairly (TCF)
 initiative 91–2
 Financial Services Compensation
 Scheme, UK 208–9
 Finland 105
 first-mover advantages 9–10, 81, 96,
 189, 206
 FIX, *see* Financial Information
 eXchange Protocol
 fixed-income securities 46–7, 57,
 61–3, 125, 159–60, 207–8, 218,
 219, 230, *see also* bond . . .
 flexibility issues, client classification
 43–5, 54–8, 71–2
 flight of capital 109–10, 153–4, 169,
 210–12
 FOA 143–4
 Forum of European Securities
 Commissions (FESCO) 99–101
 forwards 48–9
 fragmented markets, concepts 218–24
 France 58–9, 94–5, 113, 139, 153–4,
 182, 186–7, 193, 207
 Frankfurt Stock Exchange 114, 143
 Frankie Goes to Hollywood 103
 Frequently Asked Questions document,
 MiFID 38–9
 front office, change overhaul 225–8,
 234
 FSA, *see* Financial Services Authority
 FSAP, *see* Financial Services Action
 Plan
 FTSE 196, 100, 146
 All Share 209
 Fuller, Bob 134, 181–90
 futures 49, 182–3, 195
 FX 48–9, 125, 227

 G30 (Group of 30) 217, 218
 gaming 51
 General Electric 172, 177
 geographic markets, fragmentation
 issues 218–19
 Germany 58–9, 103–4, 105,
 114–15, 116, 118, 122, 137,
 138, 139, 144–6, 148, 162,
 181, 186
 Giovannini Report 130, 148, 177, 179,
 216, 217–18, 223
 globalisation, financial markets 4, 11,
 112–13, 218–19
 glossary 235–43
 Goldman Sachs International 103, 107,
 118–19, 122, 138, 144–6, 230
 gold-plating issue, Directives 9, 88,
 93–4, 208
 Google 229
 government bonds 159–60
 Grid Computing 232–3
 Group of 30 (G30) 217, 218
 guidance information, MiFID 11, 38–9

 hedge funds 32, 50–2, 55–7, 67,
 112–17
 concepts 112–17
 LSE 117
 statistics 112–13
 Heinz, Michael 84, 111–32
 high-net-worth clients 208, 209–12
 home states 17–18, 75–7, 202–3
 HSBC 108, 138, 144–6, 230
 Hungary 154

 IBEX 35, 146
 IBM 84, 120–1
 Iceland 75, 93–4
 ICMA 143
 IFRS 106, 114
 IMA, *see* Investment Managers
 Association
 Immediate Or Cancel orders (IOC) 125
 implicit trading costs, best execution
 36–40
 India 109, 112, 117, 193
 indices, financial markets 146, 186–8,
 195
 Individual Savings Accounts (ISAs)
 79, 204–5, 216–17
 inducements, investor protection 6–7,
 8–9
 INET 128
 information asymmetry 48–52, 67
 information provisions 6–7, 14–15, 18,
 20, 23–4, 33, 45, 58–9, 91–2, 96–7,
 119, 228–9, *see also* data . . . ;
 transparency issues
 conduct of business rules 18, 20,
 23–4, 45

- ING 148
- innovations 108–9, 114, 127–32, 231–4
- Instinet 159, *see also* Multilateral Trading Facilities
- institutional investors 41–5, 58, 95–6, 117, *see also* insurance companies; pension funds
- instrument types 15–16, 17–18, 32–3, 46–9, 61, 68–71, 85–6, 125, 184
- insurance companies 44–5, 76, 107–9, *see also* eligible counterparties
- Insurance Mediation Directive 86
- Intel 213, 227
- intellectual property rights (IPR) 52
- intelligent copy-out 52–7, 59–63, 88, *see also* proactive process management
- interest rates 66
- Inter-market Sweep Orders (ISO) 125
- intermediaries 5–6, 33–5, 38–40, 173–4, *see also* broker . . .
- internal audits 16, 17–18, 62, 229
- internal controls/systems 17–18, 26, 54–5
- International Securities Exchange (ISE) 157–8
- International Standardisation Organisation (ISO) 222–4
- Internet 65, 81, 129, 179, 225, 227–30
- investment advice 15–16, 17–18, 68–73, 77–8, 85–6, 91–2
- investment banks 58, 62–3, 96, 113–22, 144–6, 148, 151–5, 160–70, 173–4, 201–6, *see also* banks; systematic internalisers
- benefits 161
- Exchanges 96, 118–22, 144–6, 154–5, 173–4, 201–6
- post-MiFID challenges 151–3, 160–70, 173–4, 184–90, 201–6
- Project Boat 96, 144–6, 154–5, 158–9, 163–6, 175, 230
- investment firms 3–11, 13–29, 31–63, 68–73, 76–8, 80–1, 158, 160, 168–9, 172–80, 181–2, 184–5, *see also* eligible counterparties
- authorisation processes 76–8
- competition 5–6, 174–6, 182
- costs 177
- first-mover advantages 9–10, 81, 95–6, 189
- obligations 3–4, 6–7, 8–9, 15–16, 17–29, 31–63, 68–73, 76–8, 80–1, 158, 160, 168–9, 181–2
- organisational requirements 17–18, 78–82
- pressures to become SIs 184–5
- standards 177–8, 187
- technological developments 172–3, 178–9, 186–90
- Investment Managers Association (IMA) 34, 53, 143–4
- Investment Services Directive 93/22/EEC (ISD) 3, 5, 6, 13, 20, 27–8, 32–3, 75, 85, 115, 137–8, 144, 172, 180
- investor protection 6–7, 14–15, 20, 23–4, 33, 45, 59–63, 65–6, 68–73, 85–92, 183–4, 205–6, 208–12, *see also* best execution
- advice 6–7, 15–16, 17–18, 68–73, 77–8, 85–6, 91–2
- client-classification driver 68–73, 205–6
- conflicts of interest 5–7, 17–18, 78–9, 85–6, 88–90
- information provisions 6–7, 14–15, 20, 23–4, 33, 45, 91–2, 96–7
- MiFID benefits 4, 6–7, 15, 65–6, 81, 85–92, 122–4, 183–4, 205–6, 208–12
- types 6–7
- IOC, *see* Immediate Or Cancel orders
- IOI engines 54–7, 60
- IOSCO 217
- IPOs 114
- IPR, *see* intellectual property rights
- Ireland 205
- IRs 53–4
- ISAs, *see* Individual Savings Accounts
- ISD, *see* Investment Services Directive . . .
- ISDA 143–4
- ISE, *see* International Securities Exchange
- ISIN (instrument identification) 222
- ISO, *see* Inter-market Sweep Orders
- ISO, *see* International Standardisation Organisation
- IT 13–14, 17–18, 32–6, 40–1, 46–52, 65, 81–2, 106, 108, 111–17,

- 123–32, 162, 171–80, 186–90,
192–200, 213, 215–24, 225–34, *see*
also networks; technology
standards 213, 215–24, 230
Italy 58, 113, 120, 153–4, 181, 207
- Japan 65, 117
Jenkins, Alan 2, 75–82
Jiway 81, 195
JP Morgan Chase 129, 148, 201
- Kirby, Anthony 1–2, 31–63
Knight, Angela 135, 207–12
knowledge levels, client classification
42–5, 65–73, 89
know-your-customer requirements,
conduct of business rules
18, 21–2, 68–71, 78–9,
123–4
Korea 117
KYC 54–7, 60
- laissez faire* approaches, *see also*
principles-based approach
best execution 52, 56, 57–63
Lamfalussy process 3, 10, 14–16,
44–5, 68, 100, 140–4, *see also*
Markets in Financial Instruments
Directive
concepts 14–16, 100
Level 1 (legislation and directives)
14–15, 20, 35, 44, 54–6, 67–8,
141–4
Level 2 (technical implementation
and advice) 14–16, 17–18, 20,
23, 39–40, 43–5, 54–6, 68,
88, 93–4
Level 3 (local conduct of business
rules) 14, 16
Level 4 (enforcement of rules) 14,
16
- large orders 119–21
latency concepts 213, 225–34
least-cost options 78–9, *see also* best
execution
legacy systems 131, 231, 234
Leggett, Steve 2, 65–73
legislation 14–16, *see also* regulations
Lehman 119, 230
Level 1 (legislation and directives),
Lamfalussy process 14–15, 20,
35, 44, 54–6, 67–8, 141–4
Level 2 (technical implementation and
advice), Lamfalussy process
3, 10, 14–16, 17–18, 20, 23,
39–40, 43–5, 54–6, 68,
88, 93–4
Level 3 (local conduct of business
rules), Lamfalussy process 14, 16
Level 4 (enforcement of rules),
Lamfalussy process 14, 16
LIBA 143–4
Liechtenstein 75, 95
LIFFE, *see* London International
Financial Futures and Options
Exchange
liquidity
pools 32, 118–21, 128–30, 154–5,
185, 193–6, 220
types 187–8
LiquidityHub 230
liquid markets 4, 6, 8, 32–6, 51–2,
53–4, 57, 77, 90–1, 118–21,
128–30, 167–8, 184–5, 195–6
liquid shares, concepts 25, 146, 160–1
Lisbon Strategy 4, 31–2, 73, 139–40
local authority funds 50–2
London International Financial Futures
and Options Exchange (LIFFE)
145–6
London Stock Exchange (LSE) 13, 97,
112, 116–17, 137, 143–6, 154–5,
159, 166, 193, 196, *see also* Stock
Exchanges
concepts 116–17, 154–5, 159, 166,
196
data vendors 166
hedge funds 117
information services 154–5
statistics 154
takeover bids 116–17, 146, 193
Luxembourg 59
- Maastricht Treaty 138–9
Machiavelli, Niccolo 190
Macquarie Bank of Australia 146
Market Abuse Directive 86
market data system (MDS) 226
market impact costs 36–8
marketing, conduct of business rules
18, 19–20
market makers 10, 41–2, 53–4,
138–40, 156, *see also* systematic
internalisers

- market practices, standards 216–17
- markets and transparency, MiFID 24–9
- Markets in Financial Instruments
 Directive 2004/39/EC (MiFID)
 1–32, 65–7, 73–5, 85–6, 93–7, 103,
 104–5, 111–32, 137–44, 149,
 171–6, 180–4, 189, 191–2, 207–12,
 219–24
- adoption 3–4, 16, 73, 75, 93, 95–6,
 103, 104–10, 111–32, 137–44,
 149, 180
- articles 76–7
- authorisation processes 76–8
- banking business 201–6
- benefits 4–9, 13–16, 29, 66, 73,
 85–6, 92, 122–4, 131–2, 149,
 152–3, 180, 182–90, 207–8, 212
- best execution 1–2, 6–9, 13–16, 17,
 22–3, 31–63, 76–7, 78–81, 85–6,
 90–2, 104–5, 138–45, 152–70,
 176–8, 182, 187–90, 202–3,
 207–8
- challenges 9–11, 31–2, 81–2, 148–9,
 151–70, 173–80, 184–90,
 191–200, 207–12, 225–34
- client classification 2, 14, 18–19,
 31–2, 37–8, 42–5, 54–9, 65–73,
 79–80, 127–8, 207–12
- competition benefits 4, 5–6, 9–10,
 58–9, 73, 81–2, 85–6, 92, 97–8,
 122–4, 129–32, 145–6, 151–70,
 174–6, 182–4, 189, 200–2, 207–8
- conduct of business rules 14, 16,
 18–24, 28–9, 42–5, 56–7, 66–7,
 69–71, 76–7, 90–1, 94–5, 203–4
- conflicts of interest 5–7, 17–18,
 50–2, 78–9, 85–6, 88–90, 94–5
- consistency issues 83, 93–8
- costs of implementation 57–8, 60,
 86, 107, 146–9, 181–2, 183–4,
 201–2, 206, 219–20
- CRD overlaps 18, 54
- critique 31–2, 35–6, 76, 79, 85–92,
 94–5, 97–8, 104–5, 111–12,
 129–30, 140–4, 194–200,
 207–12, 219–24
- data latency 213, 225–34
- deadline 105
- deregulation benefits 4, 8–9, 122–4
- detailed provisions 17–29
- enforcement 16, 92
- first-mover advantages 9–10, 81,
 95–6, 189, 206
- flexibility issues 43–5, 54–8, 71–2
- Frequently Asked Questions
 document 38–9
- FSA contrasts 83, 86–92, 93–4
- guidance information 11, 38–9
- historical background 3–4, 13–14,
 32–3, 75, 103, 104–5, 137–44,
 173–4
- implementation concerns 57–8, 60,
 86, 87–8, 104–5, 107, 146–9,
 181–2, 183–4, 201–2, 206,
 219–20
- investor-protection benefits 4, 6–7,
 15, 65–6, 81, 85–6, 92, 122–4,
 183–4, 205–6, 208–12
- Lamfalussy process 3, 10, 14–16,
 68, 93–4, 100, 140–4
- market makers 138
- markets and transparency 24–9
- metrics' needs 40, 61–2, 97–8
- objectives 4, 13–14, 31–2, 66–7, 75,
 85–6, 96–7, 122–3, 171, 173–6,
 181–4, 189, 191–2, 207–8
- opportunities 9–11, 182–90, 206
- organisational requirements 17–18,
 78–82
- overview 1–2, 13–29, 83–4
- passporting 2, 4, 5–6, 10, 13–14, 15,
 27–8, 32–3, 75–82, 85, 105–6,
 184, 197, 202–3, 209
- post-MiFID world 148–9, 151–70,
 171–80, 181–90, 191–200,
 201–6, 207–12, 215–24, 226–34
- principles-based approach 4, 8–9,
 35, 46–54, 57–63, 68–71, 75, 83,
 85–92
- RegNMS 84, 122–32
- regulatory co-operation benefits 4,
 8–9, 13–14
- scenarios 31–2, 35–6, 76, 79,
 109–10, 129–32, 137, 149,
 189–90, 191–200, 215–16, 234
- scope 14, 20–9, 34–5, 46–52, 75–82,
 94, 124–5, 145–6, 181–2, 191
- technology 213, 215–24, 225–34
- transparency benefits 4, 7–8, 13–17,
 24–9, 50–2, 76–7, 81–2, 104–5,
 122–4, 138–44, 152–70, 194–5,
 224
- value chains 131–2, 133–4, 171–80

- Mason, Ian 83, 85–92
mass markets 208, 209–12
McCreevy, Charlie 88, 103, 105, 123, 145, 151, 171, 173–4, 182–3
McKee, Michael 134, 201–6
MDS, *see* market data system
Mergers and Acquisitions 148, *see also* consolidations
Merrill Lynch 118–19, 122, 138, 144–6, 230
metrics' needs, MiFID 40, 61–2, 97–8
MIB 30, 146
middle office, change overhaul 225, 228, 234
middleware 228
MiFID, *see* Markets in Financial Instruments Directive 2004/39/EC
MiFID Connect 47, 83–4, 93–4, 143–4
MiFID Joint Working Group (MiFID JWG) 1–2, 34, 45–52, 133–4, 143–4, 187
 Best Execution Subject Group (BESG) 46–52
 concepts 45–52, 133–4, 143–4, 187
misconduct issues, FSA 87–8
Mitchell, Brian 1, 34, 40–1
modern portfolio theory 52–3
Money Laundering Sourcebook, FSA 87
money market instruments 32, 48–9, 218–19
Moore's Law 227
Morgan Stanley 118–19, 122, 138, 144–6, 195, 230
Mortgage Credit White Paper 148
MTFs, *see* Multilateral Trading Facilities
MTS Group 168
Multilateral Trading Facilities (MTFs) 5–10, 14–15, 24–6, 35–6, 41–2, 61–2, 77–8, 79–80, 85–6, 97–8, 113, 117, 128–32, 133–4, 142–4, 151–2, 155–70, 174–6, 184–5, 191–7, 202–3
 benefits 156, 195
 best execution 159–60, 192
 concentration rules 156–8
 concepts 5–10, 142–4, 151–2, 155–70, 174–6, 184–5, 191–7, 202–3
 definition 142, 155
 obligations 155–6, 168
 post-MiFID challenges 142–4, 151–2, 155–70, 174–6, 184–5, 191–7
 post-trade transparency 158–9
 pre-trade transparency 158–9
 regulations 158
 statistics 157
 types 156
mutual funds 49
Myners Review 42
NASD 123
NASDAQ, *see* National Securities Dealers Association Quote System
NASDAQ Europe 195
National Best Bid Offer (NBBO) 125
National Securities Dealers Association Quote System (NASDAQ) 115–18, 128, 146, 157, 181, 193
NBBO, *see* National Best Bid Offer
Netherlands 105, 208
networks 65, 81, 113–14, 115–16, 118–21, 123–9, 142–4, 152–3, 155–60, 171–4, 178–80, 225, 227–30
 barriers 178–80
 broadband connections 65, 180
 concepts 171–80, 227–30
 Grid Computing 232–3
 Internet 65, 81, 129, 179, 225, 227–30
 proximity hosting 233–4
 Stock Exchanges 176–9
 telephone networks 178–80
new exchanges 97, 117, 130, 134, 144–6, 188–90, 229–30
New York Stock Exchange (NYSE) 27, 112, 115–18, 123, 181, 229
Nomura Holdings 117
non-advised services, concepts 69–71
non-liquid shares 25
normal trading hours, definition 142–3
Norway 75, 93–4
NYSE, *see* New York Stock Exchange
obligations 3–4, 6–7, 8–9, 15–16, 17–29, 31–63, 68–73, 76–82, 158, 167–70, 181–2, 202–3, *see also* best execution

- obligations (*Continued*)
 Best Execution Subject Group (BESG) 46–52
 systematic internalisers 80–1, 158, 160, 168–9, 202–3
- Ombudsman Service, UK 208
- OMSs, *see* order management systems
- OMX 195
- One Foot in the Grave (BBC situation comedy) 81–2
- open-outcry model 115–16, 131
- open standards 222–4
- operational risks, increasing trends 234
- operations 13–14
- opportunities, MiFID 9–11, 182–90, 206
- opportunity costs 36–7
- opting-up/down re-classifications 43–5, 71–3, 127, 210–2
- options 49, 157–8
- opt-outs 116
- order flow, concepts 118–21, 124–32, 156
- order handling 6–7, 15–16, 23–4, 33, 36, 56, 57, 62, 76–7, 118–21, 124–5, 129, 227–8
 conduct of business rules 23–4
 costs of implementation 57
 investor protection 6–7, 15–16, 23–4, 33
- order management systems (OMSs) 33, 36, 56, 62, 129, 227–8
- organisational requirements, MiFID 17–18, 78–82
- OTC, *see* over the counter . . .
- outsourcing requirements 18, 131
- over the counter (OTC) transactions 5–6, 24–7, 47, 51, 53–9, 61–3, 77, 94–5, 97–8, 125, 137–9, 144–7, 207–8, *see also* transparency issues
 best execution 94–5, 147, 207–8
 internalisation 137–9
 liquidity factors 57
 pricing factors 57
- overview 1–2, 13–29, 83–4
- participants, financial markets 113–14, 218–19
- passive portfolio management 55–6, 121
- passporting 2, 4, 5–6, 10, 13–14, 15, 27–8, 32–3, 75–82, 85, 105–6, 184, 197, 202–3, 209
 challenges 81–2, 105–6, 197
 concepts 27–8, 32–3, 75–82, 85, 105–6, 184, 197, 202–3, 209
 definition 75
 markets and transparency 27–8
 scope 77–9
- Payment Services Directive 140, 148, 174
- PCX 123
- pension funds 11, 34–5, 44, 50–1, 76, 112, 119, 204
- PEPs, *see* Personal Equity Plans
- Personal Equity Plans (PEPs) 216–17
- Pickles, Chris 133–4, 171–80
- placings 77–8
- Poland 187, 209
- policies, best execution 36–8, 42–5, 61–3, 79–80, 92, 155, 159–60
- political debates, pan-European regulations 103–10
- portfolio management 9, 23–4, 35, 44, 52–8, 77–8, 128–9
- portfolio theory 52–4
- portfolio trading 35, 128–9
- Portugal 145–6
- Posit 119
- post-MiFID world 148–9, 151–70, 171–80, 181–90, 191–200, 201–6, 207–12, 215–24, 226–34
- post-trade transparency 7–8, 14–16, 24–6, 53–4, 76–7, 93–4, 152–70, 194–7, 202, *see also* transparency issues
 concepts 7–8, 14–16, 24–6, 152–3, 154–5, 158–9, 161, 163–4, 166, 194–7, 202
 data vendors 166
 MTFs 158–9
 systematic internalisers 161, 163–4, 197
- practices, best execution 36–8
- pre-trade transparency 7–8, 14–16, 24–6, 76–7, 93–4, 158–9, 161, 162–3, 166, 194–7, 202, *see also* transparency issues
 concepts 7–8, 14–16, 24–6, 158–9, 161, 162–3, 166, 194–5, 202
 data vendors 166

- MTFs 158–9
systematic internalisers 161, 162–3, 197
- prices
benchmarks 53–4, 90–1, 94–5, 126
best execution 1–2, 6–9, 22–3, 31–63, 78–81, 90–1, 118, 152–70, 187–94, 202–3, 207–8
- principles-based approach 4, 8–9, 35, 46–54, 57–63, 68–71, 75, 83, 85–92, *see also* self regulation
- Best Execution Subject Group (BESG) 46–52
- FSA 86–92
- MiFID 4, 8–9, 35, 46–54, 57–63, 68–71, 75, 83, 85–92
- private banks 58, 201, 205–6, *see also* banks
- private wealth management 32
- proactive process management, *see also* intelligent copy-out
best execution 52–7, 59–63, 88
- processes
best execution 36–8, 51–2, 54–7, 59–63, 79–80, 126, 129–30
collaborative processes 220, 222–3
competitive processes 220–2
proactive process management 52–7, 59–63, 88
standards 216–17, 220–4
- product markets, fragmentation issues 218–19
- professional clients 2, 19, 20, 21, 34–5, 42–5, 58–9, 65–73, 79–80, 202–3, 210
concepts 2, 19, 37–8, 42–5, 58–9, 65–73, 79–80, 202–3, 210
definition 44, 67
information provisions 20
knowledge levels 44, 65–73
testing provisions 68–71, 210–2
types 44, 67
- Project Boat 96, 144–6, 154–5, 158–9, 163–6, 175, 230
- Project Turquoise 144–6, 163, 230
- protectionism dangers 193
- proximity hosting 233–4
- rebalancing 52–3
- reception/transmission of orders, execution contrasts 77, 78–80
- record-keeping obligations 3, 17–18, 20, 33, 57, 62, 73, 76–7, 79, 93–4, 95–6, 124–5, 126–30, 187–8, 205–6, 228–9
conduct of business rules 18, 20
costs of implementation 57
retention duration 79, 95
- RegNMS 84, 111–32, 155
best execution 123–6, 129–30, 155
concepts 111–32, 155
creation 116, 123
data management 126–30
impact assessment 129–30
MiFID 122–32
orders and quotations 124–5
rules 123–4
- regulated markets (RMs) 24–6, 35–6, 38–42, 61–3, 79–82, 191–200, *see also* Stock Exchanges
- regulations, *see also* Markets in Financial Instruments Directive . . . ; self . . .
anti-gold-plating clause 9, 88, 93–4
arbitrage 7–8, 47–8, 63, 80–1, 95, 101, 234
capital adequacy 14, 18, 54, 109
concepts 3–11, 66–7, 83–4, 93–8, 99–101, 103–10, 113–32, 152–70
consistency issues 83–4, 93–8, 99–101, 103–10
convergence issues 83–4, 99–101, 103–10
costs of implementation 57–8, 60, 86, 107–10, 146–9, 181–2, 183–4, 201–2, 206, 219–20
critique 31–2, 35–6, 76, 79, 85–92, 94–5, 97–8, 104–10, 129–30, 140, 194–200, 207–12, 219–24
debates 103–10
MTFs 158
principles-based approach 4, 8–9, 35, 46–54, 57–63, 68–71, 75, 83, 85–92
RegNMS 84, 111–32, 155
SEC 99–101, 113
- regulatory co-operation, MiFID benefits 4, 8–9, 13–14
- reinvention trends, standards 219–20
- reporting information to clients, *see also* transaction reporting
conduct of business rules 23–4, 228
- request for quote (RFQ) 94–5

- research houses 147–8
- retail banks 14, 58, 66, 201, 204–5, *see also* banks
- retail clients 2, 14, 19, 20–1, 23–4, 43–5, 58–9, 65–73, 79–80, 85–6, 91, 117, 135, 202–3, 205–6, 207–12
- concepts 2, 14, 19, 37–8, 43–5, 58–9, 65–73, 79–80, 85–6, 91, 135, 202–3, 205–6, 207–12
- definition 44, 67
- information provisions 20, 23–4, 45, 91–2
- knowledge levels 44, 65–73
- risk attitudes 209–12
- testing provisions 68–71, 210–2
- types 44, 67
- Retail Financial Services Expert Group 148
- Reuters 83, 97–8, 158, 164–5, *see also* data vendors
- RFQ, *see* request for quote
- risk attitudes, retail clients 209–12
- risk management 5–6, 16, 18, 92, 120–1
- RMs, *see* regulated markets
- robustness needs, benchmarks 53
- Rocky (movie) 109–10
- Romania 75
- Russia 112
- Ryan, Dr John 1, 13–29
- Sarbanes Oxley Act 193
- Savings Directive 140
- scenarios, MiFID 31–2, 35–6, 76, 79, 109–10, 129–32, 137, 149, 189–90, 191–200, 215–16, 234
- Schaub, Alexander 103, 106
- Schüller, Bernhard 84, 111–32
- scope, MiFID 14, 20–9, 34–5, 46–52, 75–82, 94, 124–5, 145–6, 181–2, 191
- SEAQ, *see* Stock Exchange Automated Quotation
- Securities and Exchange Commission (SEC) 99–101, 113, 117, 119–21, 123, *see also* RegNMS
- Securities and Investments Board 87
- securities investment lifecycles, standards 217–24
- Securities Market Practice Group 217
- Self-Regulating Organisations (SROs) 99–100
- self regulation 52, 56, 57–63, 99–100, 106, *see also* principles-based approach
- sell-side/buy-side perspectives 31–42, 47–57, 113–21, 128–9, 147–8, 195–6, 226–34
- SEPA, *see* Single Euro Payments Area
- Service-Oriented Architecture (SOA) 131, 231–2
- services 18, 21–2, 44–5, 66–71, 77–8, 85–6, 113–15, 147–8, 176, 184, 194, 226–34
- ancillary services 77
- bundled services 147–8, 176, 194
- change overhaul 226–34
- core services/activities list 77–8
- reception/transmission of orders 77, 78–80
- settlement impact, MiFID 198–200
- settlement liquidity, *see also* liquidity concepts 187–8
- shares, *see also* equity . . .
- ownership statistics 65–6
- trading competition 5–6
- Shojai, Dr Shahin 151
- Single Euro Payments Area (SEPA) 174, 185–6, 222
- single passport 4, 5–6, 10, 13–14, 15, 32–3, 75–82, 184, *see also* passporting
- Sis, *see* systematic internalisers
- Skinner, Chris 84, 103–10, 133, 137–49
- Smith, David 2, 65–73
- SOA, *see* Service-Oriented Architecture
- Societe Generale 148
- sources of capital 112, *see also* financial markets
- Spain 120, 139, 153–4, 207
- speed of processing 1–2, 6–9, 22–3, 31–63, 78–81, 90–1, 116, 152–70, 187–90, 213, 225–34
- Spitzer, Eliot 108
- spreads 36–8, 127–8
- SROs, *see* Self-Regulating Organisations
- SSOs 58–9
- staff requirements 17–18, 73, 100–1, 186–7
- stakeholder cooperation, MiFID
- development processes 10–11, 173–4, 198–9

- standards
- achievable standards 220–3
 - barriers 220, 223–4
 - collaborative processes 220, 222–3
 - competitive processes 220–2
 - concepts 177–8, 179–80, 187, 213, 215–24, 230
 - definition 216–17
 - evolutionary/revolutionary
 - developments 223–4, 230
 - Initiatives 217–18
 - ISO 222–4
 - needs 222–4
 - open standards 222–4
 - pre/post-trade standards 213, 215–24
 - reinvention trends 219–20
 - roles 217–18
 - Stock Exchanges 177–8, 179–80, 187
 - success issues 223–4
 - technology 213, 215–24
- Stock Exchange Automated Quotation (SEAQ) 82
- Stock Exchanges 5–16, 24–7, 29, 32–40, 79–82, 85–6, 97–8, 100, 112–22, 137–9, 144–6, 151–70, 173–80, 181–90, *see also* concentration rules; venues
- advantages 153
- banks 112–17, 154–5, 173–6, 201–6
- Big Bang 146, 191, 212
- bundled services 147–8, 176, 194
- competition 5–7, 9–10, 13–14, 29, 81–2, 85–6, 97–8, 100, 112–22, 129–32, 144–6, 151–70, 174–6, 182, 192–5, 200
- concentration rules 5, 7–8, 10, 13–15, 29, 32–3, 38–40, 113, 124–5, 137–9, 144, 152–8, 161–2, 165, 167–70, 173–6, 182, 207
- consolidations 112–17, 120, 130–2, 145–6, 167–8, 178, 181–3, 184–5, 192–5, 229–30
- Equiduct 97, 117, 130, 134, 144–6, 188–90
- indices 146, 186–8, 195
- investment banks 96, 118–22, 144–6, 154–5, 173–4, 201–6
- liquidity custodians 195
- networks 176–80
- new exchanges 97, 117, 130, 134, 144–6, 188–90, 229–30
- next-generation approaches 186–90, 229–30
- post-MiFID challenges 144–6, 148–9, 151–70, 173–80, 181–90, 191–7, 207–12
- profit levels 120–1, 153, 173–4, 179
- protectionism dangers 193
- proximity hosting 233–4
- roles 153, 193–5
- standards 177–8, 179–80, 187
- Super Exchanges 192–4
- technological developments 171–3, 178–9, 186–90, 225–34
- value added 173–80
- straight-through processing 52–3
- structured products 46–8, 51–2, 57, 62–3, 121, *see also* CFDs; credit derivatives; swaptions
- types 48
- suitability and know-your-customer requirements 18, 21–2, 44–5, 66–71, 78–9, 123–4, 210–12
- SunGard/TradeTech survey 197
- Sungard Consulting 134, 197
- super equivalent areas, UK 208–9
- Super Exchanges 192–4
- swaps 49, 230
- swaptions 48
- SWIFT 213
- Swiss Exchange 114–15
- Switzerland 114–15, 210
- syntaxes, standards 216–17
- systematic internalisers (SIs) 25–6, 38, 41–2, 61–2, 79–80, 85–6, 97–8, 113–14, 118, 125–6, 133, 137–49, 151–3, 160–70, 182, 184–90, 191–7, 202–3, 226–8, 234
- barriers to entry 162, 234
- benefits 161, 196–7
- best execution 164, 185, 192, 202–3
- change overhaul 226–8
- competition 5–6, 10, 17, 97–8, 113–14, 118, 125–6, 151–3, 160–70, 182
- concentration rules 161–2, 168–9
- costs 133, 137–49, 169, 196–7, 203
- definition 141, 160, 192
- obligations 80–1, 158, 160, 168–9, 197, 202–3

- systematic internalisers (SIs)
(Continued)
 post-MiFID challenges 151–3,
 160–70, 184–90, 191–7,
 226–8
 post-trade transparency 161, 163–4,
 197
 pressures to become SIs 184–5
 pre-trade transparency 161, 162–3,
 197
 SunGard/TradeTech survey 197
 systems renewal 225–34
- Tanenbaum, Andrew 215
 TAO system, JP Morgan Chase 129
 TARGET 114, 130, 222–3
 taxes, explicit costs 36–8
 TCA, *see* transaction cost analysis
 TCF, *see* treating customers fairly FSA
 initiative
 TDM (Trade Data Monitor) 94
 technology 13–18, 32–6, 40–1, 46–52,
 65, 81–2, 106, 108, 111–17,
 123–32, 162, 171–80, 186–90,
 192–200, 213–24, 225–34, *see also*
 networks
 data latency 213, 225–34
 future prospects 234
 Grid Computing 232–3
 proximity hosting 233–4
 readiness issues 231–3
 stack 232–3
 standards 213, 215–24, 230
 telephone networks 178–80, *see also*
 networks
 testing provisions, client classification
 68–71, 210–12
 The Prince (Machiavelli) 190
 Thomson 158, 164–5, *see also* data
 vendors
 Thornton, Richard 134, 191–200
 tied agents 28–9, 75–6
 time weighted average price (TWAP)
 35
 Tiner, John 86
 Tokyo Stock Exchange (TSE) 117
 Tomlinson, Lindsay 33–4
 Trade Data Monitor (TDM) 94
 Tradepoint 81
 TradeTech 197
 trade-through operations 84, 116,
 123–5
- trading
 costs 4, 32–3, 36–40, 58, 79–80, 98,
 113, 118–22, 130–2
 environment 233–4
 hours 142–3
 transaction cost analysis (TCA) 34,
 39–40, 56, 126, 166
 transaction costs 4, 32–3, 34, 39–40,
 56, 58, 79–80, 98, 113, 118–22,
 126, 130–2, 166
 transaction reporting 3, 7–8, 14–18,
 23–7, 53–4, 62, 76–7, 93–8, 106,
 126–30, 152–70, 174–6, 181–2,
 187–8, 194–5, 211–12, 228, *see*
also transparency issues
 concepts 23–4, 26–7, 93–4, 98, 106,
 126–30, 152–70, 174–6, 187–8,
 194–5, 211–12, 228
 markets and transparency 26–7
 transmission of orders, execution
 contrasts 77, 78–9
 Transparency Directive 86, 140
 transparency issues 3–8, 13–17, 24–9,
 50–2, 53–4, 66–7, 76–7, 81–2, 86,
 93–4, 104–5, 113, 118–19, 129–32,
 138–44, 152–70, 194–5, 224, *see*
also information provisions
 concepts 7–8, 13–17, 24–9, 66–7,
 76–7, 81–2, 104–5, 113, 118–19,
 129–30, 138–40, 152–70,
 224
 fiduciary-controls balance 66–7
 MiFID benefits 4, 7–8, 13–17,
 24–9, 50–2, 76–7, 81–2, 104–5,
 122–4, 138–40, 152–70, 194–5,
 224
 post-trade transparency 7–8, 14–16,
 24–6, 53–4, 76–7, 93–4, 152–70,
 194–7, 202
 pre-trade transparency 7–8, 14–16,
 24–6, 76–7, 93–4, 158–9, 161,
 162–3, 166, 194–5, 197, 202
- treating customers fairly (TCF)
 initiative, FSA 91–2
 trust 224
 TSE, *see* Tokyo Stock Exchange
 TWAP, *see* time weighted average price
- UBS 118–19, 122, 138, 144–6, 230
 UCITS 32, 44–5, 49, 204–5, *see also*
 eligible counterparties

- UK 19, 24, 27, 35, 41, 50, 53–4, 60, 79, 83, 85–95, 99, 120, 134–5, 143–6, 160–2, 186, 191–3, 204–9
- Big Bang 146, 191, 212
- Financial Services Compensation Scheme 208–9
- FSA 19, 24, 27, 35, 50, 53–4, 60, 83, 86–96, 99, 104, 193, 203–4, 208–9
- MiFID Connect 47, 83–4, 93–4, 143–4
- Ombudsman Service 208
- super equivalent areas 208–9
- underwriting 77–8
- United Nations 215
- universal banks 202–6, *see also* banks
- USA 65, 84, 99–101, 111–32, 139–40, 157, 182–3, 193, 218–19
- consolidations 115, 229–30
- RegNMS 84, 111–32, 155
- SEC 99–101, 113, 117, 119–21, 123
- value added
- post-MiFID challenges 133–4, 171–80
- Stock Exchanges 173–80
- value chains 131–2, 133–4, 171–80
- value plays, best execution 34–5
- van den Burg, Ieke 103
- venues 6–7, 10, 24–6, 32–63, 79–80, 85–6, 96, 97–8, 112–21, 123–32, 133, 144–6, 151–70, 182, 191–200, 227–34, *see also* Multilateral Trading Facilities; Stock Exchanges; systematic internalisers
- best execution 6–7, 22–3, 31–63, 79–80, 97–8, 152–70, 176–8
- markets and transparency 24–6
- types 24–5, 35, 38–42, 61–2, 79, 85–6, 97–8, 112–18, 123, 133, 144–6, 151–70, 191–200
- virt-x 81, 97, 159
- voice brokers, competition 5–6
- volumes 35–6, 46–7, 189
- volume weighted average price (VWAP) 35, 129
- VWAP, *see* volume weighted average price
- warrants 49, 205
- waste, financial services industry 178–9
- Webb, Steve 133, 151–70
- White, Laurence 1, 3–11
- wholesale investment banks 201–4, 206, 211–12
- Woodward, Nigel 213, 225–34
- Xetra 114

Index compiled by Terry Halliday

