



MiFID II

Advisory Services & Research Payment Solution

Your MiFID II partner for planning, implementation and software

November 2017

Global Commission Systems LLC

GLOCOMM'S PURPOSE

Global Commission Systems LLC started as a software company. In early 2016, the term MiFID II was becoming wide-spread in the financial services industry. It was well known that the regulation would re-write the playbook in the European Union. What wasn't well known was to what extent. The hype started with "unbundling." This is the separation of commissions paid to brokers in to their execution and research portions. GloComm's founders saw an opportunity to help solve the issues of unbundling and they built the Research Payment Solution. It is part unbundling engine, part commission accounting, part research valuation and everything a buy-side firm needs to manage commissions and research in the MiFID II-world.

Over the last two years, we at GloComm have submerged ourselves in MiFID II. What we have learned is that, yes, everyone with an EU Fund needs an RPS. However, buy-side firms the world over need more than just software. The unknowns of MiFID II are as large and complex as we have come to expect from new regulation. Therefore, in 2017, GloComm launched a new service. MiFID II Advisory Services. This is a vehicle with which we can share what we know about the regulation to help make our customers comfortable with the unknowns of MiFID II.

2018 is now upon us. As the regulation goes live, GloComm is stepping up to help with the 10 pillars of MiFID II compliance. This is our organizational structure to make sense of the regulation and how to effectively manage the changes it forces upon us. Of course, we still have the RPS. Two years later, MiFID II's most talked about aspect is still unbundling. That we can handle. Plus we can now help in all the other aspects of MiFID II as well. Our goal is to help you with an effective, efficient path towards compliance. Contact us and we will get there together.

HOW AM I AFFECTED BY MIFID II

At GloComm our goal is to make compliance easier. We have crafted the 10 pillars of MiFID II to help organize the regulation and into somewhat manageable chunks. Also, we have built a series of diagrams to help illustrate what needs to be done. Below please find our highest-level illustration. It asks, “What kind of business do you run?” It lists the 10 pillars and it indicates if you will be affected by each aspect of the regulation. Hopefully, this helps to give direction on where to focus your MiFID II efforts.

**Applies to
Non-EU
Buy-Side
Firms which**

	<i>Know Your Customer</i>	<i>Distribution</i>	<i>Cost and Budgeting of Research/Services</i>	<i>Pre-Trade Transparency</i>	<i>Post-Trade Transparency</i>	<i>Commission Accounting/ Transaction Reporting</i>	<i>MiFID II Best Execution</i>	<i>Algorithmic / High Frequency Trading</i>	<i>Dark Pools</i>	<i>Record-Keeping</i>
Trade in EU Securities with no EU clients	Yes	No	Maybe	Yes	Yes	Maybe	No	Yes	Yes	Yes
Trade in EU Securities with EU domiciled clients	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Do not trade in EU Securities and have no EU clients	Maybe	No	Maybe	No	No	No	No	No	No	Maybe
Do not trade in EU Securities and have EU domiciled clients	Yes	Yes	Yes	No	No	Yes	Yes	No	No	Maybe
Which have a European Branch with Institutional Clients	Yes	Maybe	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Which have a European Branch with Retail Clients	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Note that these pictures are using a stop-light methodology. Green means the aspect of the regulation will affect you. Red means it will not. And yellow means it may, more analysis is needed.

**Applies to
EU Buy-Side
Firms which**

	<i>Know Your Customer</i>	<i>Distribution</i>	<i>Cost and Budgeting of Research/Services</i>	<i>Pre-Trade Transparency</i>	<i>Post-Trade Transparency/ Transaction Reporting</i>	<i>Commission Accounting/Research Payments</i>	<i>MiFID II Best Execution</i>	<i>Algorithmic / High Frequency Trading</i>	<i>Dark Pools</i>	<i>Record-Keeping</i>
Trade in EU Securities with no EU clients	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Trade in EU Securities with EU domiciled clients	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Do not trade in EU Securities with no EU clients	Yes	Maybe	Yes	Maybe	Maybe	Yes	Yes	Yes	Yes	Yes
Do not trade in EU Securities with EU domiciled clients	Yes	Yes	Yes	Maybe	Maybe	Yes	Yes	Yes	Yes	Yes

Visit GloComm’s web site at www.glocommsys.com for a recording of the IMDAA webinar where we explain these 10 pillars and their effects in detail.

MIFID II QUESTIONS AND ACTION ITEMS

Here is a concise list of the questions you should be asking and actions you should be taking.

Topic	Questions / Action Items
Know Your Customer	Do you have retail clients in the EU?
	Have you performed the ESMA registration?
	Have you registered for LEI's for your firm and each client?
	Investigate whether you need to modify any of your buy/sell side agreements.
Distribution	Determine research charge policies; amounts to be paid by the Firm; MiFID II compliant order execution policy; and related disclosures.
	Review your marketing materials for compliance.
	Setup procedures for reviewing third party marketing materials.
Commission Accounting	Will you be budgeting, though not explicitly required, per client or per strategy?
	Do you have a system for managing commissions today?
	How are you ensuring that EU clients are paying execution-only commissions?
	Have your US clients asked for research transparency?
Research Payments	Are you planning to adapt your broker vote?
	Have you seen requests from your mutual fund board of directors for more MiFID-II-type transparency?

	Are you paying out of P&L for EU clients and using soft dollars for others?
	Are you aware of the requirement for EU brokers to be paid explicitly for material research and services even from US managers?
	Have you been receiving price sheets from your broker counterparties?
	How can you prevent cross-subsidizing payments between clients?
Pre-trade Transparency	Do you collect the necessary reference data for pre-trade reporting?
	Do your trading systems keep the various states of the order?
	Establish Trading Desk Policies and Procedures for all asset classes. (i.e. <i>Enhanced need for two sided market information.</i>)
	No matter your individual requirements, check to see if your OMS will gather the necessary data.
Post-trade Transparency	What are the National Competent Authorities to which you will report?
	Will you report directly or utilize an approved publication arrangement?
	Where are your affiliates domiciled?
	What security types do you trade on behalf of EU clients?
	Determine which entity (yourself or your counterparty) is going to be responsible for the reporting by asset type and trading venue.
	Should you use any counterparties for reporting, ensure that they will be in compliance for reporting, otherwise it will be your responsibility.
Record Keeping	Do you have an immutable storage capability?
	Do you have / need voice recording hardware?
Transaction Reporting	Do you feel you are collecting the correct data during the order's lifetime and post execution?
	Are you willing to modify your counterparty list to account for transaction reporting?

	Do your trading systems have the capabilities either to self-report or pass information to brokers?
	Do your systems have time synchronization facilities?
	Are you capturing the timestamps on all order and trade statuses?
Best Execution	Create Order Execution Plans (OEP's) per asset type.
	Can you produce, for example, the RTS 28 Top 5 Publication – an annual list of the top five locations at which client orders were executed including a summary of the quality and quantity of execution?
	Ensure your existing Best Execution policy meets the MiFID II requirements.
	Update annual reporting compliance reviews ensuring the aforementioned requirements are being complied with.
	Potential disclosure requirements arise for those Firms with both Non-EU and EU clients with different Best Execution Policies.
	Negotiate in advance with your counterparties execution costs by asset type including commissions and ticket charges.
Costing of Research and Services	Do you have a method of projecting future costs and allocating to a cross-section of clients?
	Can your current systems protect against mis-spending, i.e., paying for research from the wrong account?
	How do you plan to prevent one client paying for another client's research and services?
Dark Pools	Methods of continuing to trade in the dark: blocking, the auction markets or trade with an SI.
	Have discussions with your PM / Trading Desk on how dark pool volume limits may affect your liquidity and execution.
HFT and Algo Surveillance	Ensure your documentation and procedures are in compliance.
	Establish an annual review process for trading algorithms.
	If using Algo's in EU markets must register with ESMA.

IMPORTANT REGULATORY DOCUMENTS

In order to educate those who would like to read the original and important text of the regulations, GloComm is publishing parts of its regulatory library to make it easier to find these documents.

The documents below are in time order starting with the newest publications. If you do not see something you would like to see, please feel free to contact us and we will help you to find it.



Questions and Answers

On MiFID II and MiFIR investor protection topics

6 June 2017 | ESMA35-43-349

European Commissions - Questions and Answers Nov 2017

The purpose of this document is to promote common supervisory approaches and practices in the application of MiFID II and

MiFIR in relation to investor protection topics. It provides responses to questions posed by the general public, market participants and competent authorities in relation to the practical application of MiFID II and MiFIR.

READ

https://www.esma.europa.eu/sites/default/files/library/esma35-43-349_mifid_ii_qas_on_investor_protection_topics.pdf



MiFID II: INTERACTION WITH THIRD COUNTRY BROKER-DEALERS

This Commission's FAQ represents the view of the Commission and does not prejudice further decision by the Court of Justice of the European Union. Only the Court of Justice of the European Union is competent to authoritatively interpret Union law.

The Commission is aware of industry concerns related to the application of MiFID II on third country broker-dealers' provision of research and execution services to European Union (EU) investment firms that provide portfolio management or other investment or ancillary services in the EU (MiFID II Portfolio Managers) and

European Commission - FAQ October 2017

The Commission is aware of industry concerns related to the application of MiFID II on third country broker-dealers' provision of research and execution

services to European Union (EU) investment firms that provide portfolio management or other investment or ancillary services in the EU (MiFID II Portfolio Managers) and

the MiFID II Portfolio Managers' third country sub-advisors that are contractually obliged to comply with MiFID II (Third Country Sub-Advisors).

READ

https://ec.europa.eu/info/files/mifid-ii-faqs-obtaining-brokerage-and-research-services-non-eu-brokers_en



U.S. Securities and Exchange Commission
Investment Company Act of 1940 and Rule 17d-1 thereunder, and
Section 206 of the Investment Advisers Act of 1940
Investment Company Institute

October 26, 2017

RESPONSE OF THE CHIEF COUNSEL'S OFFICE
DIVISION OF INVESTMENT MANAGEMENT

Your letter dated October 20, 2017 requests our assurance that the staff of the Division of Investment Management would not recommend enforcement action to the Securities and Exchange Commission ("Commission") under Section 17(d) of the Investment Company Act of 1940 (the "1940 Act") and Rule 17d-1 thereunder, or Section 206 of the Investment Advisers Act of 1940 (the "Advisers Act") against an investment adviser that aggregates orders for the sale or purchase of securities on behalf of its clients...

recommen enforcement action to the Securities and Exchange Commission ("Commission") under Section 17(d) of the Investment Company Act of 1940 (the "1940 Act") and Rule 17d-1 thereunder, or Section 206 of the Investment Advisers Act of 1940 (the "Advisers Act") against an investment adviser that aggregates orders for the sale or purchase of securities on behalf of its clients...

SEC - No Action Response to ICI

Your letter dated October 20, 2017 requests our assurance that the staff of the Division of Investment Management would not

READ

<https://www.sec.gov/divisions/investment/noaction/2017/ici-102617-17d1.htm>



UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

October 26, 2017

Timothy W. Cameron
Lindsey Weber Keljo
Asset Management Group
Securities Industry and Financial Markets Association
1101 New York Avenue, NW, 8th Floor
Washington, DC 20005

Re: Section 28(e) of the Securities Exchange Act of 1934 and MiFID II

Dear Mr. Cameron and Ms. Keljo,

In your letter dated October 25, 2017, you seek assurances from the staff of the Division of Trading and Markets ("Staff") that it will not recommend enforcement action to the Securities and Exchange Commission ("Commission") if a money manager pays for research through the use of research payment accounts ("RPAs"), as described in your letter, in reliance on the safe harbor of Section 28(e) of the Securities Exchange Act of 1934 ("Exchange Act").

SEC - No Action Response to SIFMA AMG

In your letter dated October 25, 2017, you seek assurances from the staff of the Division of Trading and Markets ("Staff") that it will not recommend enforcement

READ

<https://www.sec.gov/divisions/marketreg/mr-noaction/2017/sifma-amg-102617-28e.pdf>



U.S. Securities and Exchange Commission

Investment Advisers Act of 1940 - Section 202(a)(11)
Securities Industry and Financial Markets Association

October 26, 2017

RESPONSE OF THE CHIEF COUNSEL'S OFFICE
DIVISION OF INVESTMENT MANAGEMENT

Your letter dated October 17, 2017 requests our assurance that we would not recommend that the Securities and Exchange Commission ("SEC") take enforcement action under the Investment Advisers Act of 1940 ("Advisers Act") against a broker-dealer that provides research services that constitute investment advice under section 202(a)(11) of the Advisers Act to an investment manager that is required under Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments...

SEC - No Action Response to SIFMA

Your letter dated October 17, 2017 requests our assurance that we would not

recommend that the Securities and Exchange Commission ("SEC") take enforcement action under the Investment Advisers Act of 1940 ("Advisers Act") against a broker-dealer that provides research services that constitute investment advice under section 202(a)(11) of the Advisers Act to an investment manager that is required under Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments...

READ

<https://www.sec.gov/divisions/investment/noaction/2017/sifma-102617-202a.htm>



FCA - MiFID II Implementation CP VI July 2017

We have finalised our rules implementing MiFID II. Following on from PS17/5 published in March, PS17/14 is being published alongside this consultation paper (CP). This

sixth CP on issues related to the implementation of MiFID II covers a small number of Handbook changes which we have not previously been able to consult upon.

READ

<https://www.fca.org.uk/publications/consultation-papers/cp17-19-mifid-ii-implementation>

FCA - MiFID II Implementation PS II July 2017

The rules in this PS are final. We have also finalised the near-final rules we published in PS17/5 taking account of some technical changes arising from the finalisation of the



Treasury's implementing legislation and the rules in this PS. All our rules implementing MiFID II are included in Appendix 1. In CP15/43 and CP16/19 we published Handbook guides on, respectively, the implementation of the markets provisions in MiFID II and the organisational requirements in MiFID II. We will publish final versions of these guides in due course, taking account of comments in response to the consultations.

READ

<https://www.fca.org.uk/publications/policy-statements/ps17-14-mifid-ii-implementation>



The screenshot shows the FCA logo and the title "FCA - MiFID II Implementation PS I March 2017". Below the title, it says "Policy Statement PS17/5" and "Markets in Financial Instruments Directive II Implementation – Policy Statement I" dated "31 March 2017". The main text of the screenshot reads: "We have published four consultation papers (CPs) on the implementation of MiFID II since December 2015 and today publish a fifth, CP17/82 alongside this policy statement (PS). We will split our feedback to those CPs between this PS and a second PS at the end of June. Our aim is to provide clarity on certain issues as early as we can, and to make the process of publishing the feedback relating to several hundred pages of rules more manageable."

READ

<https://www.fca.org.uk/publications/policy-statements/ps17-5-mifid-ii-implementation>



The screenshot shows the SEC logo and the title "SEC - Answers to Questions on the Custody Rule February 2017". Below the title, it says "Updated as of February 21, 2017" and "Staff Responses to Questions About the Custody Rule". The main text of the screenshot reads: "The staff of the Division of Investment Management has prepared the following responses to questions about the rule 206(4)-2, the 'custody rule' under the Investment Advisers Act of 1940 and expects to update from time to time our responses to additional questions. These responses supersede the previously posted responses to questions regarding the 2003 amendments to the rule."

The staff of the Division of Investment Management has prepared the following responses to questions about the rule 206(4)-2, the "custody rule" under the Investment Advisers Act of 1940 and expects to update from time to time our responses to additional questions. These responses supersede the previously posted responses to questions regarding the 2003 amendments to the rule.

READ

https://www.sec.gov/divisions/investment/custody_faq_030510.htm

Financial Conduct Authority



FCA - MiFID II Implementation CP III September 2016

Consultation Paper

CP16/29***

Markets in Financial Instruments Directive II Implementation – Consultation Paper III

Following on from Consultation Paper (CP) 15/43 and CP16/19, we are now publishing a third consultation paper on the UK implementation of the Markets in Financial

Instruments Directive (MiFID) II. MiFID II is a package of EU legislation which regulates both retail and wholesale investment business. As with our previous proposals on the implementation of MiFID II we have developed the policy in this CP in the context of the existing UK and EU regulatory framework.

READ

<https://www.fca.org.uk/news/press-releases/fca-publishes-third-mifid-ii-consultation-paper>



Brussels, 7.4.2016
C(2016) 2031 final

COMMISSION DELEGATED DIRECTIVE (EU) ...

of 7.4.2016

supplementing Directive 2014/65/EU of the European Parliament and of the Council with regard to safeguarding of financial instruments and funds belonging to clients, product governance obligations and the rules applicable to the provision or reception of fees, commissions or any monetary or non-monetary benefits

European Commission - Delegated Directive 2016

Directive 2014/65/EU (commonly referred to as 'MiFID II') is due to become applicable on 3 January 2017 and, together with Regulation (EU) No 600/2014 (MiFIR), replace Directive 2004/39/EC (MiFID I).

MiFID II/MiFIR provide an updated harmonised legal framework governing the requirements applicable to investment firms, regulated markets, data reporting services providers and third country firms providing investment services or activities in the Union.

READ

<http://ec.europa.eu/transparency/regdoc/rep/3/2016/EN/C-2016-2031-F1-EN-MAIN-PART-1.PDF>

12.6.2014  Official Journal of the European Union L 171/549

DIRECTIVE 2014/65/EU OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL
of 15 May 2014
on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/83/EU
(text with EEA relevance)
(Text with EEA relevance)

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 55(1) thereof,

Having regard to the proposal from the European Commission,

After transmission of the draft legislative act to the national parliaments,

Having regard to the opinion of the European Central Bank (1),

Having regard to the opinion of the European Economic and Social Committee (2),

European Commission - MiFID II

MiFID II extends MiFID in several important ways. One, the regulation now pertains to all asset classes, not just equities. Two, it focuses on improving investor transparency. MiFID II is made up of 10 fundamental pillars. GloComm's presentation "MiFID II - Global Game Changer" covers these 10 items and is

available on this site.

READ

https://ec.europa.eu/info/law/markets-financial-instruments-mifid-ii-directive-2014-65-eu_en

L 171/84  Official Journal of the European Union 12.6.2014

REGULATION (EU) No 600/2014 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL
of 15 May 2014
on markets in financial instruments and amending Regulation (EU) No 648/2012
(Text with EEA relevance)

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 114 thereof,

Having regard to the proposal from the European Commission,

After transmission of the draft legislative act to the national parliaments,

European Commission - MiFIR

The Markets in Financial Instruments - Regulation. On 20 October 2011, the European Commission adopted a legislative proposal for the revision of MiFID which took the form of a revised Directive and a

new Regulation. After more than two years of vigorous debate, the Directive on Markets in Financial Instruments repealing Directive 2004/39/EC and the Regulation on Markets in Financial Instruments, commonly referred to as MiFID II and MiFIR, were adopted by the European Parliament and the Council of the European Union, and published in the EU Official Journal on 12 June 2014.

READ

https://ec.europa.eu/info/law/markets-financial-instruments-mifir-regulation-eu-no-600-2014_en

Shaping the future in asset management



Keynote speech by Martin Wheatley, Chief Executive of the FCA, at the FCA Asset Management Conference, London. This is the text of the speech as drafted, which may differ from the delivered version.

It is a pleasure to welcome you all here today to talk to you about UK asset management – about the leading international role of our sector. A leading role achieved through an ability to adapt, grow and perform through a challenging past decade. A leading role that strives to attract a global consumer base founded on confidence that investments are managed safely.

This is a critical period for the industry. A renaissance of you like with international competition placing increasing pressure on London and

FCA - Speech by Martin Wheatley, Chief Executive Oct 2013

"It is a pleasure to welcome you all here today to talk to you about UK asset management – about the leading international role of our sector. A leading role achieved through an ability to adapt, grow and perform through a challenging past decade. A leading role that strives to attract a global consumer base founded on confidence that investments are managed safely."

READ

<https://www.fca.org.uk/news/speeches/accountability-debate-reality>

SECURITIES AND EXCHANGE COMMISSION

17 CFR Part 241

[Release No. 34-54165; File No. S7-13-06]

Commission Guidance Regarding Client Commission Practices Under Section 28(e) of the Securities Exchange Act of 1934

AGENCY: Securities and Exchange Commission.

SEC - 28(e) Interpretation 2006

Section 28(e) of the Exchange Act establishes a safe harbor that allows money managers to use client funds to purchase “brokerage and research services” for their managed accounts under certain circumstances without breaching their fiduciary duties to clients. In this release, the Commission is issuing interpretive guidance with respect to the safe harbor, with the particular goal of clarifying the scope of “brokerage and research services” in the light of evolving technologies and industry practices.

READ

<https://www.sec.gov/rules/interp/2006/34-54165.pdf>

FSA - Bundled Brokerage PS 05/9 July 2005

In Consultation Paper 05/5 'Bundled brokerage and soft commission arrangements: proposed rules' (CP05/5, March 2005) we set out our proposed rules for addressing concerns with soft commission and bundled brokerage arrangements. Our basic analysis was that a market failure exists in relation to bundled brokerage and soft commission arrangements. Respondents to Consultation Paper 176 'Bundled brokerage and soft commission arrangements' (CP176, April 2003) expressed widely divergent opinions on the materiality of the market failure and the appropriate means of dealing with it.



READ

http://www.fsa.gov.uk/pages/library/policy/policy/2005/05_09.shtml



European Commission - MiFID I

MiFID is the Markets in Financial Instruments Directive (2004/39/EC). It has been applicable across the European Union since November 2007. It is a cornerstone of

the EU's regulation of financial markets seeking to improve the competitiveness of EU financial markets by creating a single market for investment services and activities and to ensure a high degree of harmonised protection for investors in financial instruments.

READ

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2004:145:0001:0044:EN:PDF>



SEC - Amendments to the Custody Rule 2003

The Commission is adopting amendments to the custody rule under the Investment

Adviser Act of 1940. The amendments modernize the rule by confirming the rule to modern custodial practices and requiring advisers that have custody of client funds or securities to maintain those assets with broker-dealers, banks, or other qualified custodians.

READ

<https://www.sec.gov/rules/final/ia-2176.htm>

Institutional Investment in the United Kingdom: A Review

Contents

Foreword and Acknowledgements	<i>yours sincerely</i>
Summary	<i>Paul Myners</i>
Recommendations	
Chapter 1 Institutional Investment	

UK - Myners' Report 2001

The Myners Report is called, by some, the beginning of the MiFID regulation.

"Institutional investors – in particular, pension and life funds – now manage the

savings of millions of people. They also 'own' and control most of British industry. They have come to play a central – if low-key – part in our national economic life. Unlike some, I do not see these trends as sinister or unhealthy." - Paul Myners

READ

<http://webarchive.nationalarchives.gov.uk/+http://www.hm-treasury.gov.uk/media/1/6/31.pdf>



SEC - 28(e) Interpretation 2001

We are publishing interpretive guidance on the application of Section 28(e) of the Securities Exchange Act of 1934 ("Exchange Act"). This section provides a safe harbor to money managers who use the commission

dollars of their advised accounts to obtain research and brokerage services. The guidance we are publishing today clarifies that the term "commission" for purposes of the Section 28(e) safe harbor encompasses, among other things, certain transaction costs, even if not denominated a "commission."

READ

<https://www.sec.gov/rules/interp/34-45194.htm>

SEC - No Action Response to SMC Capital September 1995

By letter dated July 11, 1995, you request our assurance that we would not recommend enforcement action to the Commission under section 17(d) of the Investment Company Act of 1940 ("Investment Company Act") or rule 17d-1 thereunder, or section 206 of the Investment Advisers Act of 1940 ("Advisers Act"), if SMC Capital, Inc. ("SMC"), a registered investment adviser, aggregates orders for the purchase or sale of securities on behalf of its clients, as more fully described in your letter.



READ

<https://www.sec.gov/divisions/investment/noaction/smccapital090595.htm>



Financial Services Act 1986

1986 CHAPTER 60

An Act to regulate the carrying on of investment business; to make related provision with respect to insurance business and business carried on by friendly societies; to make new provision with respect to the official listing of securities, offers of unlisted securities, takeover offers and insider dealing; to make provision as to the disclosure of information obtained under enactments relating to fair trading, banking, companies and insurance; to make provision for securing reciprocity with other countries in respect of facilities for the provision of financial services; and for connected purposes. [7th November 1986]

UK Financial Services Act of 1986

An Act to regulate the carrying on of investment business; to make related provision with respect to insurance business and business carried on by friendly societies; to make new provision with respect to the official listing of

securities, offers of unlisted securities, takeover offers and insider dealing; to make provision as to the disclosure of information obtained under enactments relating to fair trading, banking, companies and insurance; to make provision for securing reciprocity

with other countries in respect of facilities for the provision of financial services; and for connected purposes.

READ

<https://www.legislation.gov.uk/ukpga/1986/60/contents>

SECURITIES AND EXCHANGE COMMISSION

17 CFR Part 241

[Release No. 34-23170]

AGENCY: Securities and Exchange Commission.

ACTION: Interpretive Release Concerning the Scope of Section 28(e) of the Securities Exchange Act of 1934 and Related Matters.

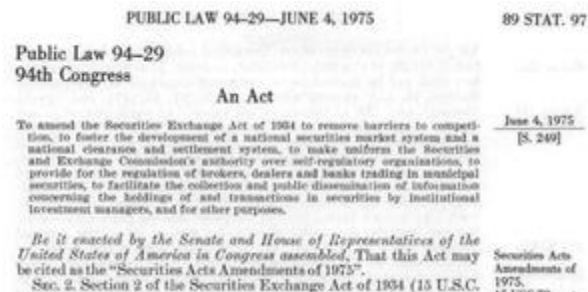
SEC - 28(e) Interpretation 1986

One of several clarifying interpretations of 28e.

In the release, the Commission has clarified its interpretation of the phrase "brokerage and research services" in Section 28(e)(3) and has reiterated the disclosure obligations of money managers under the federal securities laws concerning brokerage allocation practices and the use of commission dollars.

READ

<https://www.sec.gov/rules/interp/34-23170.pdf>



SEC - 1975 Amendment to the Securities Exchange Act of 1934

No person using the mails, or any means or instrumentality of interstate commerce, in the exercise of investment discretion with

respect to an account shall be deemed to have acted unlawfully or to have breached a fiduciary duty under State or Federal law unless expressly provided to the contrary by a law enacted by the Congress or any State subsequent to June 4, 1975, solely by reason of his having caused the account to pay a member of an exchange, broker, or dealer an amount of commission for effecting a securities transaction in excess of the amount of commission another member of an exchange, broker, or dealer would have charged for effecting that transaction... (See page 65)

READ

<https://www.gpo.gov/fdsys/pkg/STATUTE-89/pdf/STATUTE-89-Pg97.pdf>

TITLE I—REGULATION OF SECURITIES EXCHANGES	Securities Exchange Act of 1934
SHORT TITLE	Short title.
SECTION 1. This Act may be cited as the "Securities Exchange Act of 1934."	
NECESSITY FOR REGULATION AS PROVIDED IN THIS TITLE	Necessity for regulation.
SEC. 2. For the reasons hereinafter enumerated, transactions in securities as commonly conducted upon securities exchanges and over-the-counter markets are affected with a national public interest which makes it necessary to provide for regulation and control of such transactions and of practices and matters related thereto, including transactions by officers, directors, and principal security holders, to require appropriate reports, and to impose requirements necessary to make such regulation and control reasonably complete and effective, in order to protect interstate commerce, the national credit, the Federal taxing power, to protect and make more effective	Declaration of purpose and objects.

SEC - The Securities Exchange Act of 1934 (original)

For the reasons hereinafter enumerated, transactions in securities as commonly conducted upon securities exchanges and over-the-counter markets are affected with

a national public interest which makes it necessary to provide for regulation and control of such transactions and of practices and matters related thereto, including transactions by officers, directors, and principal security holders, to require appropriate reports, and to impose requirements necessary to make such regulation and control reasonably complete and effective...

READ

<https://www.sec.gov/about/laws/sea34.pdf>

SEC - The Securities Exchange Act of 1934 (2012 revision)

This version contains the new approved text. The footnotes of the document indicate what has been changed and when the changes were effective.

READ

<https://www.sec.gov/about/laws/sea34.pdf>

SECURITIES EXCHANGE ACT OF 1934
[AS AMENDED THROUGH P.L. 112-158, APPROVED AUGUST 10, 2012]
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Mr. Rubin has extensive experience developing, implementing and managing all aspects of technology for financial services firms. During the past 13 years he served as CTO and a member of the operating committee for Trilogy Global Advisors in New York City.



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