



# MIFID II - HOW WILL IT IMPACT YOU?



## *For Trusts, Corporates and Charities*

From 3rd January 2018, the services we provide you will become subject to regulatory changes brought about by the Markets in Financial Instruments Directive II (MiFID II), an overhaul of European legislation that governs firms providing investment services within the European Union (EU) and more widely in the European Economic Area.

Although the UK has decided to leave the EU, MiFID II will come into force before the UK's withdrawal and in all likelihood will be maintained on the statute book.

The new rules are designed to improve the functioning of financial markets, reduce market abuse through improved information and improve the information that you receive on the costs and charges of financial products and services.

### **Transaction Reporting**

As part of the global push by regulators to reduce market abuse, MiFID II will require us to use unique codes to identify and track anyone associated with financial transactions. Broadly, for an individual we need a 'Natural Person Identifier' (NPI). The NPI code is based on the person's nationality, and a specific set of identifiers. For UK nationals, the NPI will be derived from a person's National Insurance number. We will also require an individual's first and last name, as well as date of birth. For other nationalities, we will also require details such as a passport number, or a tax identifier, together with name and country of residence. We hold the required data for most clients, however we may get in touch if we are missing any information. There is no charge for an NPI.

### **Legal Entity Identifier**

For other entities, such as trusts, corporates or charities, we need a Legal Entity Identifier (LEI).

An LEI will be required for charities, corporates (public and private), trusts (but not bare trusts), pension funds (but not self-invested personal pensions) and unincorporated bodies. Financial services firms will be required to quote the LEI on almost every security transaction they undertake on behalf of these entities. Without an LEI, the entity will not be permitted to deal or transact on stockmarkets. It is essential therefore that LEIs are put in place where applicable.



*As part of the global push by regulators to reduce market abuse, MiFID II will require us to use unique codes to identify and track anyone associated with financial transactions.”*



## How to obtain a LEI

LEIs must be applied for from an approved issuer. Quilter Cheviot will be working with the approved UK issuer UnaVista, a third-party reporting subsidiary of the London Stock Exchange (LSE). LEIs carry an initial application fee and an annual renewal fee, charged by UnaVista. You can either apply directly to UnaVista and the LSE, or we can apply for you on your behalf. The cost of an LEI will be cheaper for you if you allow us to apply on your behalf, as we will benefit from cheaper pricing as we'll be buying in bulk.

If you would like us to apply for an LEI on your behalf, please complete a Quilter Cheviot LEI Request form.

## LEIs for third parties

Companies who have authority to give dealing instructions on behalf of entities associated with the charity, trust and corporate clients (e.g. solicitors and accountants) will also require an LEI. Quilter Cheviot cannot take investment instructions from third parties without one. Unfortunately, in the case of third parties, Quilter Cheviot will not be able to obtain an LEI on their behalf. However the information required for them to be able to obtain one themselves can be found at [www.lseg.com/LEI](http://www.lseg.com/LEI).

## NPIs for third parties

On some occasions, an NPI will also be required for people associated with our charity, trust or corporate clients, who have authority to give dealing instructions on their behalf. Typically, they are a family friend or acquaintance, who is not acting in a professional capacity.

## Obtaining NPIs for 'natural persons'

Although we have collected the information needed for an NPI in our application process, we may need to get in touch with clients or associated third parties where we are missing any information.

## Other changes

While the impact of the above is largely behind the scenes, and hugely significant to financial services organisations, there are also changes that will be more evident to you.

## Frequency of valuations and 10% depreciation notifications

From 3rd January 2018, we will provide you with a portfolio valuation every quarter. Some clients already receive quarterly reporting, and for them there is no change. For other clients, however, this is now a requirement under MiFID II, from which there is no opt out.

Additionally, MiFID II now imposes a requirement to notify you in the event that the value (performance) of your portfolio decreases by 10% or more between reporting periods. This decrease notification is not triggered by capital withdrawals from your account.

## Effects of charges on returns

Your valuation pack will clearly show annual details of all costs and charges incurred in managing your portfolio, including underlying fund charges levied by fund managers within pooled or collective investments and the effect on portfolio returns.

## Changes to our Terms and Conditions and other communications

Given the breadth of the various regulatory changes, we will be making changes to a range of documents, particularly our Terms and Conditions, Order Execution Policy, information held within our fees and charges brochure and information displayed on our website.

### QUILTER CHEVIOT

One Kingsway  
London WC2B 6AN

t: **+44 (0) 20 7150 4200**  
e: **charities@quiltercheviot.com**  
w: **quiltercheviot.com**

**This document has been prepared by Quilter Cheviot Limited based on information available at the time of publication and is for general information purposes only. It is not intended to be comprehensive nor to provide specific financial, legal or regulatory advice so should not be relied upon as doing so. Professional advice appropriate to your specific situation should always be obtained.**

Quilter Cheviot Limited is a private limited company registered in England with number 01923571, registered office at One Kingsway, London, WC2B 6AN. Quilter Cheviot Limited has established a brand in Dublin, Ireland with number 904906, is a member of the London Stock Exchange, is authorised and regulated by the UK Financial Conduct Authority and regulated by the Central Bank of Ireland for conduct of business rules. Accordingly, in some respects of the regulatory system that applies will be different from that of the United Kingdom. This document is intended solely for the addressee and may contain privileged information. If you have received this document in error, please permanently destroy it and do not use, copy or disclose it.



**QUILTER CHEVIOT**  
INVESTMENT MANAGEMENT