

### 1. What is MiFID II?

MiFID II is the latest version of the “Markets in Financial Instruments Directive, a European directive being implemented to make European financial markets more transparent and investor friendly.

MiFID II came into force on 3 January 2018. The key aims of it are to:

- Strengthen investor protection
- Reduce the risks of a disorderly market
- Reduce systemic risks
- Increase the efficiency of financial markets and reduce unnecessary costs for participants

Regardless of the fact that the UK voted to leave the European Union, the Financial Conduct Authority has confirmed that the regulations of MiFID II must be adhered to by UK financial institutions.

A key MiFID II change is about investment management reports to clients.

### 2. Quarterly Reporting

Investment managers are required to send clients a portfolio valuation every quarter. Quarterly reporting dates will be 31st March, 30th June, 30th September and 31st December. Reports will be sent within 25 business days of these dates.

#### 2.1 Who is responsible for the quarterly reporting?

For all investments held directly with Whitechurch, within our nominee company/account, we will be responsible for providing quarterly reports (as we used to do on a six monthly basis).

#### 2.2 If your investments are on a platform

Where investments are managed on a platform, we may not currently have access to the client information needed to provide reports. This varies from platform to platform and the table below shows who will issue quarterly reports to clients.

QUARTERLY REPORTING PROCESS	
	Platform Action
<b>Aviva</b>	Issues direct to client and uploads to client portal
<b>Elevate</b>	Issues direct to client
<b>James Hay</b>	Issues direct to client
<b>Standard Life</b>	Issues direct to client
<b>Transact</b>	Issues to client or uploads to portal and notifies client of upload
<b>Zurich</b>	Issues direct to client

### 3. 10% Depreciation Reports

In extreme market environments, if the performance of a client's investment portfolio decreases by 10% or more since the last valuation point, investment firms are required to notify the client by the end of the business day during which it occurred (or next business day if it falls on a non-business day).

#### 3.1 Who is responsible for reporting the 10% depreciation?

For client investments held directly with Whitechurch, within our nominee company/account, we will be responsible for providing the Depreciation Reports directly to clients.

#### 3.2 Who is responsible for reporting 10% depreciation on

platforms? Where investments are managed on a platform, we may not currently have access to the client information needed to provide 10% Depreciation Reports. This varies from platform to platform; clients will be informed by either the platform, Whitechurch or the financial adviser. The table below shows who will be reporting this to clients.

10% DEPRECIATION REPORTING PROCESS		
	Platform Action	Other Action
<b>Aviva</b>	Informs adviser and Whitechurch	Adviser informs client
<b>Elevate</b>	Informs adviser and Whitechurch	Whitechurch informs client (via post or email)
<b>James Hay</b>	Informs client and adviser	
<b>Standard Life</b>	Informs adviser and Whitechurch	Adviser informs client
<b>Transact</b>	Informs adviser and Whitechurch	Whitechurch informs client (via post or email)
<b>Zurich</b>	Informs client and adviser	

### 4. Cost and Charges

MiFID II requires firms to provide information on all related costs and associated charges with respect to the provision of MiFID services. The information must be available as a percentage and in pounds and pence.

#### 4.1 Reporting our charges

At Whitechurch we have always strived to ensure that our charges are fully transparent, so nothing will change in this regard. Clients will still receive a full breakdown of fees in the quarterly valuations we will send.

However, MiFID II does bring new requirements with regards to reporting charges. These are to do with the provision of:

##### 4.1.1 Ex-ante costs and charges

This is a pre-sale illustrative account of likely costs and charges and the cumulative effect on return. We will provide this information by way of an **Illustration** on request by the adviser, prior to the making of an investment.

##### 4.1.2 Ex-post costs and charges

This refers to the actual costs of an account (existing investments). We will provide an aggregated total of costs (including underlying funds) annually.

It is the responsibility of your adviser to aggregate their charges to you, pre and post sale as well as annually.

#### 4.2 Wrapper charges

If a client's investment is held in an external wrapper (e.g. SIPP, SSAS, onshore or offshore bond) advisers will obtain ex-ante cost illustrations from the [SIPP, SSAS, Bond] provider as they do now, and all relevant costs and charges information should be incorporated.

#### 4.3 Reporting our charges for clients on platforms

We will furnish platforms with the information about our cost and charges. Advisers will then need to combine these with their fees when disclosing costs to clients prior to investment. The majority of platforms that we work with are geared up to facilitate this.

## 5. Client Identification

As part of MiFID II we are required to formally report transactions in certain financial instruments such as ETFs, shares and investment trusts. It is quite likely this requirement will extend to collectives in the future.

In order to carry out our reporting responsibilities we need to have client "Identifiers". For individual private clients these are known as Personal Identifiers, for the majority of UK investors this will be their National Insurance Number (NINO), for non-UK investors the identifier will depend on the country of residence.

### 5.1 Personal Identifiers

This is already required for clients holding pension and ISA investments. We have written to all clients for whom we do not hold National Insurance Numbers requesting this information. Non-UK nationals are also being contacted for national personal identifier details.

## 6. Telephone Recording

From the 3rd of January 2018 investment firms are required to record telephone conversations with clients. Investment firms will need to ensure they have telephone recording policies in place and comprehensive procedures for storing these.

At Whitechurch we will record all calls as part of our procedures and will retain the recording where there is the intent to carry out a transaction.

## 7. Brochures, Applications and Agreements

We have updated all relevant brochures, client agreement and application forms. These can be viewed in the Literature Library at: [www.whitechurch.co.uk](http://www.whitechurch.co.uk)

Please contact us if you have any questions regarding these details:

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