

MiFID II

The recast Markets in Financial Instruments Directive (MiFID II) and the Markets in Financial Instruments Regulation (MiFIR) came into force on 3 January 2018 and, together, form the legal framework governing the requirements applicable to investment firms, trading venues, data reporting service providers and third-country firms providing investment services or activities in the EU.

MiFID II Inducements Regime – Corporate Access

One important change under the legislation is the introduction of a new inducements regime and, in particular, the rules around the way in which firms providing portfolio management and independent investment advice receive corporate access services from third parties. The new regime stipulates that all costs associated with the provision of corporate access to such firms must be subject to a separately identifiable charge (from any dealing commission) or qualify as an acceptable minor non-monetary benefit. Acceptable minor non-monetary benefits must be reasonable and proportionate and of such a scale that they are unlikely to influence an investment firm's behaviour in any way that is detrimental to the interests of its clients.

Quantum International Corp ("**QIC**") is a specialist corporate and financial advisory firm offering various capital market solutions. As part of its services QIC is also a provider of corporate access. QIC is retained or otherwise commissioned by corporate issuer clients to provide corporate access services in respect of buy-side investment firms, including arranging meetings, conferences, corporate days and deal and non-deal roadshows. From time to time, the costs of conferences or corporate days may be partially sponsored by brokers, although the expenses of corporate issuers participating (travel, accommodation and meeting rooms) are covered by the corporates themselves or as part of a client agreement with QIC. Access to such services is made generally available to any buy-side investment firm wishing to receive it.

QIC does not provide research or trading execution services. QIC is therefore structured such that the primary potential conflict of interest or inducement risk is removed as the provision of corporate access services to buy-side investment firms is not linked to or dependant on payment for research or execution services, and we do think this is affected (where relevant) by sponsorship of an event by brokers. Accordingly, buy-side investment firms can receive corporate access services provided by QIC without the need to make any payments or assess whether a service is an acceptable minor non-monetary benefit. We note that it is ultimately for the recipient buy-side investment firm to determine whether or not it can accept a service in compliance with the inducements regime.