

Application of MiFID on the czech capital market

In this work we describe and analyze evolution of Czech capital market and crucial changes which are caused by implementation of Markets in Financial Instruments Directive (MiFID) to the Czech legal system. We use the interdisciplinary (legal and economic) approach when studying this subject. Firstly, we discuss the relation and difference between definitions “capital market” and “financial market”. The interest is also focused on use of this terms in legal system. Then we describe basic changes in the historical evolution of the Czech capital market. In this section, we focus our interest on the institutions which represent supervisory authority of the capital market. This historical chapter is structured on three basic periods: evolution of the capital market from its beginning to the restoration in 1993, period of coupon privatization and the period of creation of different institutions which supervised the Czech capital market. Further, the development of Czech legal system concerning the capital market is described. This section is divided in two separate parts – evolution of Czech and EC law. Lastly, we target our interest on the implementation of the Directive in the Czech legal system which constitute the base of this work. This chapter contains the scope of the Directive application and then the key topics of the MiFID: client categorisation, dealing with client, best execution policy, infrastructure of the market (e.g. multilateral trading facility – MTS). Lastly we discuss the some opinions of professionals on the implementation of the directive and the effects and changes which this Directive brings to the Czech capital market.