

Summary

Providers of investment services are investment firms, investment firms providing investment services in a different member state than in the Czech republic, investment firms providing investment services in the Czech republic, investment intermediaries and tied agent. These subjects are entitled to provide investment services at the czech capital market.

In order to ensure high level of protection of investors and transparency and safety of dealing at capital market, there are plenty of requirements set for such providers. they should secure that investment services are provided by persons with sufficient skills and financial and technical background. Furthermore a supervisory authority, Czech national bank in the Czech republic, supervises over their activities. For this reason Czech national bank grants a permission for investment firms, registers investment intermediaries and enlist tied agents into a list of tied agents. Providers of investment firms are obligated to perform wide information obligation towards Czech national bank.

The Markets in Financial Instruments Directive (MiFID) brought significant changes to czech capital market. Transposition of MiFID into czech law influences majority of rules dedicated to capital market regulation. The key category which affects investment firms first of all is conduct of business requirements. New client classification is established, and so retail client, professional client and eligible counterparty. Another category related to investor protection is suitability and appropriateness test connected with „know your customer“ rule, best execution rule and a lot of others. More detailed and strict requirements than before are set with regard to organisational settlement.

MiFID also brought entirely new category of providers of investment services – tied agent. On the other hand MiFID does not affect investment intermediaries who stay under national regulation.

Primary aim of MiFID is to ease possibilities for providing investment services all over EU without difficult process of licencing of subjects that obtained permission for providing of investment services in their country.