



MiFID II to cost financial industry \$2bn

Preparations for MiFID II, the biggest regulatory challenge facing the financial services industry, are estimated to cost firms a total of \$2.1bn in 2017, says a new report by Expand (a Boston Consulting Group company) and IHS Markit.

LONDON (September 29th) – IHS Markit (Nasdaq: INFO), a world leader in critical information, analytics and solutions, today announced that it has partnered with Expand, a Boston Consulting Group company, to release a new report revealing the forecast MiFID II-related IT costs to the financial services industry in 2017.

The implementation of the second Markets in Financial Instruments Directive (MiFID II) in January 2018 means that firms will have to spend much of next year readying themselves for the new regulatory landscape. While there has been much discussion around what firms need to do to comply with the impending regulations, there has so far been little tangible information around the expected costs of complying with MiFID II. To help firms across the buy side and sell side prepare to meet these upcoming cost implications, Expand and IHS Markit have collaborated to release a new study analysing the forecast IT costs in 2017.

Michael Aldridge, global head of Trading Services at IHS Markit, said: “By revealing how peers across the marketplace are planning to budget for upcoming MiFID II costs, this research will help firms benchmark their plans to a transparent industry standard. Detailed information on the size of investment plans across a tiered spectrum of investment banks and asset managers allows firms to compare their own plans and preparation to those of their peers.”

Raza Hussain, managing partner at Expand, said: “We are delighted to have received an impressive response to our survey – highlighting that MiFID II compliance remains at the top of the industry’s agenda. Across investment banks and asset managers, firms are currently solidifying budgets for 2017 and all will be determined to ensure they do not fall behind the preparation curve.”

The pace of preparation at investment banks and asset managers has so far been inconsistent, with some firms implementing changes while their peers are still in planning mode. Most Investment Banks (IBs), for example, are planning to implement the majority of their MiFID II preparations in 2017.

Asset Managers (AMs), on the other hand, vary considerably in terms of preparedness. Some are opting to apply the original 2017 deadline internally, while others are still at a preliminary planning stage.

The study reveals that the top 40 global IBs and top 400 global AMs are forecast to spend \$2.1bn in total to meet MiFID II's guidelines in 2017, with each side of the industry expected to spend in excess of \$1bn.

MiFID II is set to transform all aspects of the financial services industry, focusing on improving investor protection, trade reporting and transparency, and market structure. However, the focus of budgets around these three areas differs notably between IBs and AMs. Over half of the average MiFID II budget of the former is allocated towards enhancing trade reporting and transparency, whereas the increased emphasis on best execution means that AMs' budgets are primarily targeted at allocating resources towards improving investor protection.

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About IHS Markit (www.ihsmarkit.com)

IHS Markit (Nasdaq: INFO) is a world leader in critical information, analytics and expertise to forge solutions for the major industries and markets that drive economies worldwide. The company delivers next-generation information, analytics and solutions to customers in business, finance and government, improving their operational efficiency and providing deep insights that lead to well-informed, confident decisions. IHS Markit has more than 50,000 key business and government customers, including 85 percent of the Fortune Global 500 and the world's leading financial institutions. Headquartered in London, IHS Markit is committed to sustainable, profitable growth.

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About Expand (www.expandresearch.com)

Expand was founded in 2001, and is now a fully-owned subsidiary of the Boston Consulting Group.

Expand has established its credibility as a trusted adviser to CEOs, CIOs and their executive teams, offering research and syndicated benchmarking for the world's leading financial institutions.

Through its unique decision-support and research services Expand enables the development, validation and execution of better business, operations and technology strategies, helping organizations grow, compete and operate more effectively.

Each delivery team provides unrivaled levels of industry experience in financial markets, operations and technology services and a unique perspective on solving problems associated with researching, sourcing and implementing new and innovative solutions for financial markets.

Expand has its headquarters in London and regional offices in New York and Singapore.

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