

ESMA Launches a Common Supervisory Action with NCAs on MiFID II suitability rules

The European Securities and Markets Authority (ESMA), the EU's securities markets regulator, is launching a common supervisory action (CSA) with national competent authorities (NCAs) on the application of MiFID II suitability rules across the European Union (EU). The CSA will be conducted during 2020.

The CSA will focus on the application of the MiFID II requirements on the assessment of suitability. This action will allow ESMA and the NCAs to gauge the progress made by intermediaries in the application of this key requirement. It will also help in the analysis of whether, and how, the costs of investment products are taken into account by firms when recommending an investment product to a client. ESMA has updated its [guidelines](#) on the topic in 2018 and has also recently published a [supervisory briefing](#) on suitability, both of which will be considered for this 2020 CSA.

ESMA believes this initiative, and the related sharing of practices across NCAs, will help ensure consistent implementation and application of EU rules and enhance the protection of investors as well as improve NCA's understanding of supervisory approaches in line with ESMA objectives.

The CSA contributes to fulfilling ESMA's mandate on building a common supervisory culture among NCAs to promote sound, efficient, and consistent supervision throughout the EU. ESMA's promotion of supervisory convergence is done in close cooperation with NCAs.