

ESMA publishes new Q&A on product governance

The European Securities and Markets Authority (ESMA), the EU's securities markets regulator, has today updated its [Questions and Answers](#) on the implementation of investor protection topics under the Market in Financial Instruments Directive and Regulation (MiFID II/ MiFIR).

The Q&As on MiFID II and MiFIR investor protection and intermediaries' topics includes three new Q&As on 'product governance' that aim to give guidance on how firms manufacturing financial instruments should ensure that:

- financial instruments' costs and charges are compatible with the needs, objectives and characteristics of the target market;
- costs and charges do not undermine the financial instrument's return expectations;
- the charging structure of the financial instrument is appropriately transparent for the target market, ensuring that it does not disguise charges or is too complex to understand.

The purpose of the MiFID II/MiFIR investor protection Q&As is to promote common supervisory approaches and practices in the application of MiFID II and MiFIR.

ESMA will continue to develop this Q&A document on investor protection topics under MiFID II and MiFIR, both adding questions and answers to the topics already covered and introducing new sections for other MiFID II investor protection areas not yet addressed in this Q&A document.