

ESMA reminds firms of conduct of business obligations under MiFID II

Several National Competent Authorities (NCAs) have recently noticed a significant increase in retail clients' trading activity. The financial market turmoil following the COVID-19 pandemic has led to high market volatility and an increase in market, credit and liquidity risks. ESMA today highlights the risks to retail investors when trading under these unprecedented market circumstances.

In the current environment, ESMA believes that firms have even greater duties when providing investment or ancillary services to investors, especially when these investors are new to the market, or have limited investment knowledge or experience. ESMA therefore reminds firms of their obligation to act in accordance with the best interests of their clients, and points to the most relevant conduct of business obligations under MiFID II, namely product governance, information disclosure, suitability and appropriateness.

ESMA, in coordination with NCAs, will continue to monitor retail clients' involvement in the financial markets, and firms' compliance with the conduct of business requirements. ESMA remains prepared to use its powers to ensure financial stability, orderly functioning of EU markets and investor protection