

ESMA updates Q&A on inducements

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 one new Q&A concerning one of the conditions specifying when an inducement can be considered as designed to enhance the quality of the relevant service to the client.

In particular, the new Q&A provides guidance on the application of three important elements contained in Article 11(2)(a) of the MiFID II Delegated Directive, notably the condition that the inducement is justified by the provision of:

1. an additional or higher-level service,
2. to the relevant client,
3. proportional to the level of inducements received.

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.