

Milan, 13 October 2017

Prot. 54/17

**ESMA**

CS 60747  
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France

**Re: ASSOSIM contribution to ESMA Consultation Paper “*Guidelines on certain aspects of the MiFID II suitability requirements*” (Guidelines)**

Assosim<sup>1</sup> welcomes the opportunity to comment on the ESMA consultation paper in subject and is pleased to provide the following observations.

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*General guideline 2 - Arrangements necessary to understand clients*

**Q2: Do you agree with the suggested approach on the arrangements necessary to understand clients and specifically with how the guideline has been updated to take into account behavioural finance and the development of robo-advice models? Please also state the reasons for your answer.**

*Generally speaking, we agree that the outcome of studies in the area of behavioural finance should be taken into account in order to ensure the collection of reliable information for the purpose of the suitability assessment. Still, in line with paragraph 42 of the Background, we believe that ESMA should better clarify under paragraph 25 of the Guidelines that investment*

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<sup>1</sup> *Associazione Intermediari Mercati Finanziari - ASSOSIM*, the Italian Association of Financial Market Intermediaries, represents the interest of the Italian banks and investment firms as well as of foreign intermediaries active on the Italian primary and secondary markets for equities, bonds and derivatives. In total, ASSOSIM’s members account for some 82% of the Italian total trading volume.

*firms are required to take into account the potential behavioural biases only when designing the questionnaire and not on a client by client basis.*

*General guideline 3 – Extent of information to be collected from client (proportionality)*

*With reference to paragraph 41 of the Guidelines, we believe that obtaining information from clients about their financial instruments held with other firms, especially on an instrument-by-instrument basis, is quite difficult and goes much beyond the relevant legislation. We would thus suggest that investment firms be required to merely collect information about their clients' total assets on a classes by classes basis if any.*

*General guideline 7 – Arrangements necessary to understand investment products*

**Q7: Do you agree with the suggested approach on to the arrangements necessary to understand investment products for the purposes of suitability assessment? Please also state the reasons for your answer.**

*Although we agree with the suggested approach, we think ESMA should provide an explanation in paragraph 72 of the Guidelines about the use of multiple sources of information in order to understand and correctly classify investment products. In particular, we deem important that ESMA clarifies if it intends to recall the product governance process, or, if not, which additional sources should be considered by the firms.*

*General guideline 9 – Costs and complexity of equivalent products*

**Q9: Do you agree with the suggested approach for ensuring that firms assess, while taking into account costs and complexity, whether equivalent products can meet their clients' profile? Please also state the reasons for your answers.**

*We believe that the obligation provided for by ESMA under paragraph 91 goes beyond the relevant legislation and would have de facto a disproportionate impact on investment firms. Accordingly we ask for deleting of such provision.*

General guideline 10 – Costs and benefits of switching investments

**Q10: Do you agree with the suggested approach for conducting a cost-benefit analysis of switching investments in the context of portfolio management or investment advice? Please also state the reasons for your answer.**

*Although we agree with the suggested approach, we think ESMA should provide in paragraph 96 of the Guidelines some examples/guidelines for the identification of “comparable client portfolios” (e.g. Tracking Error Volatility approach).*

General guideline 11 – Qualification of firm staff

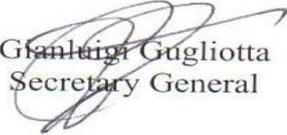
**Q11: Do you believe that further guidance would be needed with regard to the skills, knowledge and expertise that should be possessed by staff not directly facing clients, but still involved in other aspects of the suitability assessment? Please also state the reasons for your answer.**

*No, we do not. On the one hand, this provision would be outside the scope of MiFID II and, on the other one, it would impose significant additional costs. Therefore we strongly recommend ESMA to allow investment firms to assess that the staff not directly facing clients matches the necessary requirements without the burdensome system required under Article 25(1) of MiFID II for the staff directly facing clients.*

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We remain at your disposal for any further information or clarification.

Yours faithfully,



Gianluigi Gugliotta  
Secretary General