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Additional Information

Level 1 Regulation
Market Abuse Regulation (MAR) Regulation (EU) No 596/2014 - Market Intergrity

Topic
Investment recommendations and statistics and disclosure of information on the media

Subject Matter
Identification of derivatives in investment recommendations

Question
Where a recommendation relates to a derivative, how should it be determined whether a recommendation has been given on the same financial instrument, for the purposes of complying with Article 4(1)(h) of Commission Delegated Regulation (EU) 2016/958?

ESMA Answer

20-12-2016

Original language

[ESMA70-145-111 MAR Q&A, Q&A 8.8]

Where a unique identifier exists for the concerned derivative, such identifier has to be used to determine whether there has been a change in a previous recommendation given by the producer on the same financial instrument.

For as long as a unique identifier does not exist for a derivative instrument, all reasonable efforts should be made to identify such a financial instrument by other means, so as to comply with Article 4(1)(h) of Commission Delegated Regulation (EU) 2016/958. For example, these efforts may include establishing a proprietary taxonomy. In determining recommendations on the same financial instrument (for the purposes of Article 4(1)(h) of Commission Delegated Regulation (EU) 2016/958), common features of a given derivative contract, including but not limited to strike, underlying or maturity could be identified. Such an approach should allow producers of recommendations to provide meaningful disclosures to recipients and still comply with the requirements.