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10/10/2016

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Additional Information

Level 1 Regulation
Markets in Financial Instruments Directive II (MiFID II) Directive 2014/65/EU- Investor Protection and Intermediaries

Topic
Suitability

Subject Matter
Suitability and appropriateness

Question
Shall a suitability report be provided to the client when the advice given is not to buy or sell a financial instrument?

ESMA Answer

10-10-2016

Original language

[ESMA35-43-349 MiFIDII Investor protection Q&As Ch2 question 5]

Yes. Firms providing investment advice are required to always provide the client with a suitability report, irrespective of the specific recommendation given, including the advice not to buy, hold or sell a financial instrument.

In this regard, Recital 87 of the MiFID II Delegated Regulation specifically clarifies that “investment firms should undertake a suitability assessment not only in relation to [when] recommendations to buy a financial instrument are made but for all decisions whether to trade including whether or not to buy, hold or sell an investment”.