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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
Client categorisation

Subject Matter
Client categorisation

Question
How should an investment firm assess whether a private individual client meets the conditions under the first limb in the fifth paragraph of Section II.1 of Annex II of MiFID II where such investor has been trading on the relevant market for less than a year?

ESMA Answer

25-05-2018

Original language

[ESAM 35-43-349 MiFID II Q&As on Investor protection Ch 11, question 5]

Clients who have been trading on the relevant market for less than a year cannot fulfill the conditions imposed by the first limb in the fifth paragraph of Section II.1 of Annex II of MiFID II. This is because, to assess whether a client meets such conditions, investment firms shall review the client’s trading history on the relevant market over the past four quarters. For the avoidance of doubt, a lack of one-year trading history on the relevant market does not prevent clients from meeting the conditions set out in limbs two and three of the fifth paragraph of Section II.1 of Annex II of MiFID II.