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01/06/2018

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Additional Information

Level 1 Regulation
Markets in Financial Instruments Regulation (MiFIR) Regulation (EU) No 600/2014 - Investor Protection and Intermediaries

Topic
Product intervention

Additional Legal Reference
ESMA Decision 2018/795; ESMA Decision 2019/796

Subject Matter
Monetary benefits

Question

What is considered a “monetary benefit” in relation to the prohibition made to investment firms providing retail clients with a payment, monetary or non-excluded monetary benefit in relation to CFDs?

ESMA Answer

01-06-2018

Original language

[ESMA 35-36-1262 Q&As on Product intervention, Q&A 5.5]

The CFD Decision prohibits any form of monetary and non-monetary benefits that aim at incentivising retail investors to trade CFDs or to trade larger volumes of CFDs. The scope of the prohibition includes monetary benefits such as, but not limited to, the offering of bonuses in relation to the opening a new account or the offering of rebates on fees, including volume-based rebates, charged by an investment firm to its retail clients.

Monetary benefits that do not constitute an incentive for retail investors to trade CFDs or to trade larger volumes of CFD, such as lower fees, not linked to volumes, for all retail clients (i.e. competition on price), are allowed.