

**Submission Date**

19/03/2024

# **ESMA\_QA\_2137**

Status: Question Rejected

## **Additional Information**

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### **Level 1 Regulation**

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

### **Level 2 Regulation**

Regulation 2017/565 - MiFID II Delegated Regulation

### **Level 3 Regulation**

ESMA/2015/1783 - Guidelines - Complex debt instruments and structured deposits (MiFID)

### **Topic**

Appropriateness

## **Subject Matter**

Non-complex structured deposits

## **Question**

If a structured deposit has only one variable affecting the return received on maturity (the agreed term), and has an exit fee that is either a fixed sum, a fixed sum for each month

remaining until maturity (the agreed term) or a percentage of the original sum invested, would it still be considered a non-complex financial instrument, in accordance with point (v) of Article 25(4)(a) of MiFID II, if the client is entitled to receive the positive market value of the underlying option, if any, if the client exits prematurely, e.g. in the event of unforeseen liquidity requirement? If the structured deposit is exited prematurely, and not on the agreed upon maturity date, the market value of the underlying option will depend on more than one variable, i.e. the underlying index, the volatility of the index, time to maturity.