ESMA_QA_2557

Submission Date
03/06/2025

Status: Answer Published

Additional Information

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

Topic
Inducements

Additional Legal Reference
Article 39a, Paragraph 1

Subject Matter
Investment firms' use of rebates and discounts to lower fees for clients under the payment for order flow (PFOF) prohibition

Question

Under Article 39a of Regulation (EU) 2014/600/EU (MIFIR), are investment firms allowed to use rebates and discounts on the transaction fees of execution venues to lower fees for clients?

ESMA Answer

03-03-2026

Original language

Answer provided by the European Commission

Yes, investment firms are allowed to use rebates and discounts to lower fees for clients but only where they comply and are able to demonstrate their compliance with all of the following conditions set out in Article 39a(1) of MiFIR:

(a) the rebate or discount on the transaction fees of execution venues is permitted under the approved and public tariff structure of the relevant trading venue in the Union or of the relevant third-country trading venue;
(b) the rebate or the discount exclusively benefits the client and not the firm;
(c) they do not result in a monetary benefit to the investment firm

Disclaimer:

The answers clarify provisions already contained in the applicable legislation. They do not extend in any way the rights and obligations deriving from such legislation nor do they introduce any additional requirements for the concerned operators and competent authorities. The answers are merely intended to assist natural or legal persons, including competent authorities and Union institutions and bodies in clarifying the application or implementation of the relevant legal provisions. Only the Court of Justice of the European Union is competent to authoritatively interpret Union law. The views expressed in the internal Commission Decision cannot prejudge the position that the European Commission might take before the Union and national courts.