



## Introductory Remarks

Bankhaus Neelmeyer AG (BNAG) welcomes the opportunity to contribute to the consultation paper on 'Draft guidelines on Mifid II product governance requirements' by ESMA. We support the introduction of these guidelines and consider it important to provide a higher customer protection. It should be in every asset managers interest to always act in the clients' best interest during all stages of a life-cycle of products or services.

Bankhaus Neelmeyer holds a full banking licence. We are a retail distributor of financial products and also an asset manager. Our customers choose individually between banking advice or discretionary asset management. As an asset manager we do not see ourselves as a manufacturer or a distributor of financial products. Moreover we are committed to our clients only. Our clients receive an extensive report at least quarterly. We buy financial products under the customers mandate given. We follow a portfolio-based approach, diversification is extremely important to us.

## General Remarks

We have noted, that the product governance requirements proposed in the Mifid II consultation paper do not differentiate between a distributor and an asset manager.

- We like to recommend a statement and/or definition of how to be placed under the Mifid II regime as an asset manager
- We would also like to know how to classify an asset management client within your defined groups of clients ('end-client', 'professional' and 'eligible counterparty')

## Detailed Remarks on Questions

**Q3: Do you agree with the proposed method for the identification of the target market by the distributor?**

Do we have to identify a target market for the financial service "Asset Management"?

- If so, could you please give a practical example.

Do we have to check all transactions within an asset management account against the target market?

- If so, could you please give a practical example.

**Q6: Do you agree with the proposed approach for the identification of the 'negative' target market?**

Within the explanatory part of Question 3 you write: 'In following a diversification purpose, the adviser may come to the conclusion that the product is suitable in the individual case of the client'. You also state that a distribution within the 'negative' target market should be a rare occurrence.

Within a 100% bond mandate it could be useful to buy/sell futures to hedge against interest fluctuations. A 100% bond mandate is considered as 'conservative' while futures are considered



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'speculative'. In the light of a couple of standardized bond mandates there will be a high number of distributions within the negative target market. There will also be a high volume reported to the manufacturer. In our view this contradicts with your 'rare occurrence'. Therefore hedging is no longer possible.

- Could you please verify the statement above and give a practical example.

Thank you for contemplating our recommendations and questions.

Yours faithfully

