

PRESS RELEASE

ESMA issues good practices for structured retail product governance

The European Securities and Markets Authority (ESMA) has published an [opinion](#) on structured retail products, setting out good practices for firms when manufacturing and distributing these products.

These good practices that product providers could put in place to improve their ability to deliver on investor protection in particular focus on:

- the complexity of the structured retail products they manufacture and distribute;
- the nature and range of investment services and activities undertaken in the course of business; and
- the type of investors they target.

ESMA expects national competent authorities to embed these good practices in their supervisory approaches to structured retail product providers.

Steven Maijoor, ESMA chair, said:

“The good practices published today provide a roadmap for both firms and national competent authorities on the practices they should embed, as manufacturers, distributors and supervisors, to ensure the existence of sound product governance arrangements and consistent supervisory practices needed for adequate investor protection across the European Union.”

Structured Retail Products – Good practices for product governance arrangements

ESMA considers these good practices will bridge the gap until the MiFID II product governance requirements are further developed and in place. The good practices cover the following areas:

- general organisation of product governance arrangements;
- product design;
- product testing;
- target market;
- distributing strategy;
- value at the date of issuance and transparency of costs;
- secondary market and redemption; and
- review process.

Although the good practices focus on structured products designed for retail customers, they may also be a relevant reference for other types of financial instruments such as asset-backed securities, or contingent convertible bonds, as well as when financial instruments are being sold to professional clients.



Notes for editors

1. [2014/332 ESMA Opinion Structured Retail Products – Good practices for product governance arrangements.](#)
2. ESMA is an independent EU Authority that was established on 1 January 2011 and works closely with the other European Supervisory Authorities responsible for banking (EBA), and insurance and occupational pensions (EIOPA), and the European Systemic Risk Board (ESRB).
3. ESMA's mission is to enhance the protection of investors and promote stable and well-functioning financial markets in the European Union (EU). As an independent institution, ESMA achieves this aim by building a single rule book for EU financial markets and ensuring its consistent application across the EU. ESMA contributes to the regulation of financial services firms with a pan-European reach, either through direct supervision or through the active co-ordination of national supervisory activity.

Further information:

Livia Vosman

Communications Officer

Tel: +33 (0)1 58 36 65 27

Mob: +33 6 78 38 12 56

Email: press@esma.europa.eu