

Q1: Do you agree with the suggested approach on providing information about the purpose of the appropriateness assessment? Please also state the reasons for your answer.

Yes.

Q2: Do you agree with the suggested approach on the arrangements necessary to understand or warn clients? Please also state the reasons for your answer.

Yes.

Q3: Do you agree with the suggested approach on the extent of information to be collected from clients? Please also state the reasons for your answer.

We do not agree with the approach suggested by the consultation. In our opinion, asking clients only about their knowledge and experience does not provide us with enough information to determine appropriateness. Details of client's financial situation allow us to gauge their ability to bear any losses associated with trading on leverage. Information about a potential client's financial status is also part of the criteria that defines the target market for CFD providers. Therefore, it would be prudent to include an element of this in the assessment of appropriateness and reject applications where the applicant has indicated that they may not be in a position to bear loss.

We also only partly agree with the consultation with reference to paragraph 23, where examples of bad and good practice are cited. We have considered that Raw 23 now includes ESMA practical examples based on supervisory experience from Questions and Answers relating to the provision of CFDs and other speculative products to retail investors under MiFID: https://www.esma.europa.eu/sites/default/files/library/2016-1165_ga_on_cfds_and_other_speculative_products_mifid.pdf.

Indeed, among the examples of bad practice referred to, the following is included: *"the client having opened a 'demo' or training account without ascertaining whether the demo or training account has ever been used or has actually enhanced their knowledge of the products/services offered"*. In our opinion we should only take into account work experience and professional qualifications to assess the appropriateness of an applicant, but training courses or similar should not be relevant to establish knowledge and experience.

Q4: Do you agree with the suggested approach regarding the appropriateness assessment relating to a service with specific features (paragraph 34 of the Guidelines)? In particular, do you agree with the examples provided (bundled services and short selling), or would you suggest including other examples?

Yes.

Q5: Do you agree with the suggested approach on the reliability of client information? Please also state the reasons for your answer.

Yes.

Q6: Do you agree with the suggested approach on relying on up-to-date client

information? Please also state the reasons for your answer.

Yes.

Q7: Do you agree with the suggested approach on client information for legal entities or groups? Please also state the reasons for your answer.

Yes.

Q8: Do you agree with the suggested approach on the arrangements necessary to understand investment products? Please also state the reasons for your answer.

Yes.

Q9: Do you agree with the suggested approach on the arrangements necessary to assess the appropriateness of an investment or else issue a meaningful warning? Please also state the reasons for your answer.

Yes.

Q10: Do you agree with the suggested approach on the effectiveness of warnings? Please also state the reasons for your answer.

Yes.

Q11: Do you agree with the suggested approach on the qualifications of firm staff? Please also state the reasons for your answer.

Yes.

Q12: Do you agree with the suggested approach on record-keeping? Please also state the reasons for your answer.

Yes.

Q13: Do you see any specific difficulties attached to the requirement to keep records of any warnings issued and any corresponding transactions made by clients?

Yes.

Q14: Do you agree with the suggested approach on determining situations where the appropriateness assessment is needed? Please also state the reasons for your answer.

Yes.

Q15: Do you agree with the suggested approach on controls? Please also state the reasons for your answer.

Yes.

Q16: When providing non-advised services, should a firm also assess the client's knowledge and experience with respect to the envisaged investment product's sustainability factors and risks? If so, how should such sustainability factors and risks be taken into account in the appropriateness assessment?

Please also state the reasons for your answer.

We do not agree: being an execution-only provider, the firm is not involved at any time in the decision of the product on which the client decides to trade. Therefore, even if the firm was to request more details on knowledge and experience with respect to the envisaged investment product's sustainability factors and risks, the client would still be free to decide on the products on which to trade without any possibility for the firm to recommend a product more suitable for the applicant's particular situation.