

Date: 05/10/2022

Re: Feedback on [ESMA Consultation Paper on the Review of the Guidelines on MiFID II product governance requirements](#)

Q4: Do you agree with the suggested guidance on complexity in relation to the target market assessment and the clustering approach? Please also state the reasons for your answer.

With reference to the following statement in paragraph 26 of the revised guidelines “*For certain particularly complex and risky products, such as contracts for difference (CFDs) and other products with similar characteristics, a very careful target market assessment is required resulting in the identification of a very narrow target market with the needs, characteristics and objectives of which such products are compatible, or no compatible target market at all.*” we wish to provide the following feedback:

The Company agrees that for particularly complex and risky products, including CFDs, a very careful target market assessment should be undertaken and that this would result in the identification of a very narrow target market. However, we believe that the possibility that “no target market at all” could be identified is not realistic particularly in the context of the manufacturer’s assessment. In fact, it appears highly unlikely that high-risk seeking clients, including professionals, which would have compatible needs, objectives and knowledge with certain complex products do not exist (i.e. no “potential” compatible target market exists).

Most importantly, we consider that such statement may be more appropriate and indeed lacking in the guidelines applicable to distributors and those applicable to both manufacturers and distributors. In fact, it appears more likely that based on the specific knowledge of their own clients’ base, the type of investment services they provide, the extent of clients’ information collected, their distribution strategy and marketing arrangements etc. distributors may determine that no “actual” compatible target market is identified in the circumstances.

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