

## PRESS RELEASE

### ESMA finds room for improvement in national supervision of investment advice to retail clients

The European Securities and Markets Authority (ESMA) has today published a [peer review](#) on how national regulators assess compliance with MiFID's suitability requirements when firms provide investment advice to retail clients. These requirements are designed to ensure that firms only recommend suitable investment products, based on the investor's profile.

Overall, ESMA found that while most national regulators have a good understanding of the investment advice market in their jurisdictions and regularly review the distribution methods and business models of investment firms, there is scope to adopt more proactive supervisory approaches and strengthen enforcement activities.

Steven Maijor, ESMA Chair, said:

“The MiFID suitability requirements are a key component of Europe's investor protection framework and ESMA expects national competent authorities to be vigilant in ensuring firms comply with these important requirements.

“Supervisory convergence is high on ESMA's agenda, as we stated in our [2016-2020 strategy](#), and the findings from this review show the importance of this work.”

### Main findings

ESMA found that:

- National regulators have a good understanding of the types of distribution methods used in their jurisdictions and where the boundary between investment advice and information lies. However, limited supervision was performed to verify whether clients are receiving investment advice in practice or have the perception that they are receiving advice.

- Most regulators do not perform supervision which is targeted at the particular behaviour of a firm or group of firms as part of a specific suitability project.
- Most regulators stated they used a wide range of tools to monitor the main aspects of advice suitability but only a limited number of regulators provided specific information on the tools they use to supervise compliance with the suitability requirements;
- Enforcement action, such as imposing fines or placing restrictions on firms' activities, was rarely taken. Many regulators considered their supervisory approach alone was sufficient to address issues; and
- In many cases, regulators could improve how they publicly communicate with stakeholders on their supervision and enforcement activities and findings.

### **Next steps**

The findings of this peer review will help ESMA identify those areas where there is a need for further supervisory convergence among regulators.



## Notes for editors

- [MiFID Suitability Requirements Peer Review Report](#)
- [MiFID Suitability Requirements Peer Review Report Annex](#)
- [ESMA Guidelines on certain aspects of the MiFID suitability requirements](#)
- [ESMA MiFID Supervisory Briefing on Suitability](#)
- [CESR Q&A on Understanding of advice under MiFID](#)
- ESMA's mission is to enhance investor protection and promote stable and orderly financial markets.

It achieves these objectives through four activities:

- assessing risks to investors, markets and financial stability;
- completing a single rulebook for EU financial markets;
- promoting supervisory convergence; and
- directly supervising specific financial entities.

ESMA achieves its mission within the European System of Financial Supervision (ESFS) through active cooperation with the European Banking Authority (EBA), the European Insurance and Occupational Pensions Authority (EIOPA), the European Systemic Risk Board, and with national authorities with competencies in securities markets (NCAs).

In the peer review ESMA reviewed how regulators in the European Economic Area (31 in total) supervised and enforced the MiFID suitability requirements, and communicated the relevant findings to stakeholders over the period 1 January 2013 to 31 December 2014. As part of the review, ESMA conducted on-site visits in Belgium, Bulgaria, Croatia, Finland, France, Spain and the UK.

Further information:

**Catherine Sutcliffe**

Senior Communications Officer

Tel: +33 (0)1 58 36 51 80

Email: [press@esma.europa.eu](mailto:press@esma.europa.eu)