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## Common Supervisory Action on MiFID II Appropriateness Rules

### Background and Scope

ESMA is mandated to take an active role in building a common supervisory culture among **national competent authorities ('NCAs') to promote sound, efficient, and** consistent supervision throughout the European Union. In this respect, ESMA is launching a Common Supervisory Action which participant NCAs will carry out simultaneously, in the second half of 2019.

This initiative and the related sharing of practices across NCAs, will help ensure consistent implementation and application of European Union rules and enhance the protection of investors. The MFSA, specifically through the Conduct Supervision, will be participating in this supervisory activity, which will focus on the application of the MiFID II requirements on the assessment of appropriateness carried out by investment firms.

A [MiFID II Supervisory Briefing on Appropriateness and Execution-Only](#) has been published by ESMA to provide guidance to national competent authorities in relation to the MiFID appropriateness rules and to give market participants indications of compliant implementation of the MiFID II appropriateness provisions.

### Applicable legislation

The MiFID II appropriateness requirements are set out in Article 25(3) of MiFID II and in Articles 55 and 56 of the MiFID II Delegated Regulation. Article 25(4) of MiFID II and Article 57 of the **MiFID II Delegated Regulation cover the 'execution-only' element of the appropriateness regime. The aim of the requirements is to increase investor protection in respect of 'non-advised' services.**

### Upcoming Supervisory Focus

**In view of the MFSA's participation in this project, the Conduct Supervision shall be conducting** focused on-site inspections at a number of investment firms in the coming months to assess the application of appropriateness rules adopted by the selected firms.

Target Audience

The content of this circular is addressed to Investment Firms and Credit Institutions when providing investment services other than investment advice and portfolio management.

Contacts

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