

17 February 2021

Common Supervisory Action in relation to MiFID II Product Governance Rules

Background and Scope

ESMA is required to play an active role in building a common supervisory culture by promoting common supervisory approaches and practices. In this regard, ESMA is launching a Common Supervisory Action ([CSA](#)) with national competent authorities on the application of MiFID II Product Governance Rules across the European Union (EU). ESMA believes that this initiative will help ensure consistent implementation and application of EU rules and enhance the protection of investors.

This CSA will help ESMA and NCAs to assess the progress made by manufacturers and distributors of financial products in the application of key requirements including: [i] how manufacturers ensure that financial products' costs and charges are compatible with the needs, objectives and characteristics of their target market and do not undermine the financial instrument's return expectations; [ii] how manufacturers and distributors identify and periodically review the target market and distribution strategy of financial products; and [iii] what information is exchanged between manufacturers and distributors and how frequently this is done.

Supervisory Focus

The Conduct Supervision Function within the Malta Financial Services Authority is currently conducting a number of focused on-site inspections at investment firms to assess the application of product governance rules adopted by the selected firms.

Target Audience

This circular is addressed to Investment Firms and Credit Institutions when providing investment services activities.

Contacts

Should you have any queries regarding the above, please do not hesitate to contact Conduct Supervision Officials on offsiteinv@mfsa.mt.