

# ESMA AND NCAS TO LOOK AT MARKETING OF FINANCIAL PRODUCTS

16 January 2023

MIFID - INVESTOR PROTECTION

SUPERVISORY CONVERGENCE

The European Securities and Markets Authority (ESMA), the EU's financial markets regulator and supervisor, is launching a common supervisory action (CSA) with national competent authorities (NCAs) on the application of MiFID II disclosure rules with regard to marketing communications across the European Union (EU). The CSA will be conducted over the course of 2023.

ESMA is aware of the key role that marketing communications and advertisements can play in determining consumer behaviour and influencing investment decisions and is therefore launching this exercise to assess the application by investment firms and credit institutions of the MiFID II requirements on marketing communications.

As part of the CSA, NCAs will review whether marketing communications (including advertisements) are fair, clear and non-misleading and how firms select the target audience for the marketing communications, especially in the case of riskier and more complex investment products.

ESMA is also aware that younger, less experienced investors, are particularly vulnerable when they operate online. For this reason, the CSA will also closely consider marketing and advertising by firms through distribution channels including apps, websites, social media and collaborations with affiliates such as influencers.

Finally, the 2023 CSA will also be an opportunity collect information about possible 'greenwashing practices' observed in marketing communications and advertisements.

ESMA believes this initiative and the related sharing of practices across NCAs, will help ensure consistent implementation and application of EU rules and enhance the protection of investors in line with ESMA's objectives.

The CSA contributes to fulfilling ESMA's mandate on building a common supervisory culture among NCAs to promote sound, efficient, and consistent supervision throughout the EU. ESMA's promotion of supervisory convergence is done in close cooperation with NCAs

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