

# **Guidelines on the Compilation and Submission of the Financial Instruments Survey**



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# INTRODUCTION

Investment Services Licence Holders ('Company' or 'Entity') carrying out MiFID related activities are required to submit to the MFSA on an annual basis the Financial Instruments Survey. The purpose of this document is to provide guidance on how the different tabs of the Survey should be populated.

The document is structured in the following manner:

- Section 1: General Information;
- Section 2: List of Financial Instruments;
- Section 3: Complex Products;
- Section 4: Sustainable Finance
- Section 5: Concluding remarks.

## SECTION 1: GENERAL INFORMATION

### 1.1 APPLICABILITY

The Financial Instruments Survey should be submitted by Investment Services Licence Holders providing MiFID services to retail, professional and/or eligible counterparties on an annual basis<sup>1</sup>.

Investment Services Licence Holders authorised to act as custodians are currently exempt from such submission.

### 1.2 REPORTING FREQUENCY

The information will be collected on an annual basis, within 42 days of the end of the reporting period. Submission of the FI List to the Authority shall be in line with the reporting dates indicated in the "Investment Services Licence Holder Documentation Timetable" document available [from here](#), under the 'MiFID Firms Reporting Requirements' tab, within the 'Investment Firms' section.

### 1.3 SUBMISSION

The FI Survey is compiled via a Microsoft Excel File. The file has been optimised to work on Microsoft Excel 2010 and later versions. The FI List must be saved in the following format: Microsoft Excel Macro-Enable Worksheet (.xlsm) and it shall be uploaded via the 'Conduct Related Data Investments' on the LH Portal, which can be accessed through the [following link](#).

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<sup>1</sup> Entities previously known as 'Local Firms' are not required to submit the List of Financial Instruments.

The Financial Instruments Survey is to be submitted within 42 days after the end of the applicable reporting period, through the 'Conduct Related Data Investments' project on the LH Portal, using the naming convention: **LHCODE\_MMMYYYY\_FISurvey.zip**.

In such cases where the 'Conduct Related Data Investments' project is not available on the LH Portal, kindly send an email to [investmentfirms@mfsa.mt](mailto:investmentfirms@mfsa.mt).

#### 1.4 COVER SHEET

The first page contains the general information regarding the Investment Services Licence Holder ('Company' or 'Entity').

The entity is required to include all of the following information:

1. Full legal name of the Investment Services Licence Holder;
2. Investment Services Licence Holder Code, meaning the identification code provided by the Authority (which can be found on the Entity page in the [Financial Services Register](#));
3. Reporting period;
4. Confirmation of the accuracy of the information submitted;
5. Name and Surname of the Person confirming the accuracy of the information and his/her role in the Company. The Authority would require such person to be either the Compliance Officer and/or Director.

**IMPORTANT:** Prior to compiling the FI Survey, the Entity must ensure that they compile the latest version, a copy of which can be downloaded [from here](#), under the 'MiFID Firms Reporting Requirements' tab, within the 'Investment Firms' section.

Designation of Person confirming accuracy of information	
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Figure 1 – Cover sheet

## SECTION 2: LIST OF FINANCIAL INSTRUMENTS

The Entity is required to insert all the information regarding the financial Instruments offered to clients during the observed period.

The information required is:

- Financial Instrument name;
- Financial instrument type;
- ISIN;
- Basis on which the investment service was provided to clients (Advisory, Reception and transmission of orders, Execution of orders, Portfolio Management, Placement of instruments without a firm commitment basis);

- Complex or Non-complex Instrument;
- ESG Features.

**IMPORTANT:** *Kindly note that each financial instrument needs to be reported only once, even if the investment services being offered to clients in respect of that financial instruments differs. In such case, all the investment services need to be indicated as explained in Section 2.4 below.*

## 2.1 Financial Instrument name

The Entity is required to include the full name of the financial instrument.

## 2.2 Financial Instrument type

Please note that the financial instrument needs to fall under one of the categories indicated in the drop-down list (for example transferable securities, money market instruments etc).

Financial instrument type	
Transferable securities	<div>✓</div> <div>✗</div>

The validation check on the right turns green if the financial instrument type is correctly inserted. Otherwise, the Company is required to amend accordingly.

Figure 2 - FI List

## 2.3 ISIN

Kindly indicate the ISIN, where applicable, and kindly indicate the full and correct code for the reported financial instrument. Any symbols are to be removed (for example \* before the ISIN code).

The ISIN is a unique and identifying code, which is always structured in a *12-character alphanumeric code*.

In case where the ISIN is not applicable for the relevant financial instrument then such cell needs to be marked as N/A.

If the ISIN is correctly indicated, the validation check on the right will turn green.

## **2.4 Basis on which the investment service was provided to clients (Advisory, Reception and transmission of orders, Execution of orders, Portfolio Management, Placement of instruments without a firm commitment basis)**

In this field, the Entity is required to indicate the investment service provided to the clients in relation to that financial instrument. Kindly note that the only acceptable answers are “Advisory”, “Reception and transmission of orders”, “Execution of orders” and “Portfolio Management” and “Placement of instruments without a firm commitment basis”.

**IMPORTANT:** In case where the different investment services were provided in relation to the same financial instrument, you would need to indicate all the applicable ones. The selection in the dropdown allows multiple choices.

## **2.5 Complex or Non-Complex Instrument**

Company should indicate the classification of the indicated financial instrument. Kindly note that the only acceptable answers are either “*Complex*” or “*Non-Complex*”.

For further guidance on the complexity analysis, one may refer to the ESMA Guidelines on Complex debt instruments and structured deposit, available [on this link](#) as well as to the applicable sections of the Conduct of Business Rulebook.

If the classification is correctly provided, the validation check on the right will turn green.

## **2.6 ESG Features**

The Company should indicate whether the financial instrument contains ESG (Environmental, Social and Governance) Features.

# **SECTION 3: COMPLEX PRODUCTS**

This sheet refers to a focus on the Complex Products that the Company has offered during the reporting period. For further guidance on the complexity analysis, one may refer to the ESMA Guidelines on Complex debt instruments and structured deposit, available [on this link](#) as well as to the applicable sections of the Conduct of Business Rulebook.

In Question 1, the Company should indicate whether it offered complex products to clients during the reporting period. If the Company replies “No”, the rest of the Survey can be left blank.

In the first table of Section A of the Survey, the Company is required to include the relevant information **irrespective of the clients' categorisation**. Please note that the information requested should be reported as at the end of the reporting period.

Number of Complex Products in Licence Holder's product suite		✗
Number of clients in Licence Holder Records that hold the Licence Holder's top 10 Complex Products <u>at the end of the reporting period</u>		✗
Number of clients in Licence Holder Records that hold the Licence Holder's Complex Products <u>at the end of the reporting period</u>		✗
Total Client Holdings (in €) in the top 10 Complex Products <u>at the end of the reporting period</u>		✗
Percentage of business (sales turnover <u>at the end of the reporting period</u> ) of the Licence Holder that is represented by sale of top 10 Complex Products.		✗

**Figure 1 – Complex Products**

In the second table of Section A of the Survey, the Company should indicate the top 10 complex products offered to retail clients as the end of the reporting period. The Authority expects the Company to include the full financial instrument name and the ISIN code (where applicable) in the second table of Section A.

Section B aims to collect information in relation to the application of national product intervention measures in EU Member States. Kindly note that for completeness' sake, we would need that the relevant questions are replied with 'Yes', 'No', 'N/A' as relevant.

## SECTION 4: SUSTAINABLE FINANCE

This Survey aims to collect information on the Sustainable finance related activities of the Company during the reporting period.

In Question 1 the Company should indicate the classification in terms of both the Company's licence and the Sustainable Finance Disclosure Regulation (SFDR 2019/2088). The options available are:

- Financial Market Participant (FMP)
- Financial Advisor (FA)
- Both Financial Advisor and Financial Market Participant
- Financial Advisor exempt under Article 17 SFDR
- Neither a Financial Market Participant and nor a Financial Advisor

In Section A the Company should provide information on whether it had updated its website disclosure in terms of the SFDR Regulation 2019/2088 in Question 2. In Question 3, the Company should indicate additional information depending on the reply provided. In Question 3, the Company should provide the respective links to the website concerning the Company's disclosures and Product's disclosures.

In Section B the Company should indicate in Question 4 if it had carried out any marketing campaigns, promotions or advertising with ESG elements and/or related to ESG products during the reporting period and provide any additional information in Question 4.1, as applicable.

**IMPORTANT:** *Kindly note that Sections A and B should be populated by all Licence Holders, irrespective of their classification in terms of both the Company's licence and the Sustainable Finance Disclosure Regulation (SFDR 2019/2088). Otherwise, these sections can be left blank.*

In Section C the company should include information on the sustainable finance instruments offered during the reporting period in Question 5 and which sustainable preferences criteria retail investors most often opt for in Question 6. The options available are:

- "EU Taxonomy Alignment" i.e. a financial instrument for which the client or potential client determines that a minimum proportion shall be invested in environmentally sustainable investments as defined in Article 2, point (1) of the Regulation (EU) 2020/852 of the European Parliament and of the Council.
- "Sustainable Investment aligned within the meaning of SFDR" i.e. a financial instrument for which the client or potential client determines that a minimum proportion shall be invested in sustainable investments as defined in Article 2, point (17), of Regulation (EU) 2019/2088 of the European Parliament and of the Council.
- "Principle Adverse Impact Consideration" i.e. a financial instrument that considers principal adverse impacts on sustainability factors where qualitative or quantitative elements demonstrating that consideration are determined by the client or potential client.
- None of the above

Furthermore, in Question 7 the Company should indicate how many clients adapted their sustainable preferences within the context of the provision of the investment advice, during the reporting period.

In Section D the Company should include information on the communication methods, that the firm currently uses to inform retail clients about sustainable finance in Question 8 and provide additional information in Question 8.1 if 'Other' was selected.

In section E the Company should indicate whether during the reporting period they provided training to client facing personnel on Sustainable Finance in Question 9. In Question 9.1, they should provide the additional information as requested, depending on the reply provided.

**IMPORTANT:** *Kindly note that Sections C, D and E should be populated by Licence Holders that selected the option "Financial Market Participant" (FMP) or "Financial Advisor" (FA) in Question 1. Otherwise, these sections can be left blank.*



In Section F, the Company should report information on the Voluntary Disclosures in view of Article 18 of the SFDR. In Question 10, the Company should select the relevant threshold in terms of number of employees. In Question 11, the Company should indicate whether it included Entity level disclosures on its website. In question 11.1, they should provide the additional information as requested, depending on the reply provided.

In Question 12, the Company should indicate whether it included Product level disclosures on its website.

In Question 13, with reference to the questions 11 and 12, the Company should outline any Company's best practices in this respect, if any.

**IMPORTANT:** *Kindly note that Sections F should be populated by Licence Holders that selected the option "Financial Market Participant" (FMP) in Question 1. Otherwise, this section can be left blank.*

## **SECTION 5: CONCLUDING REMARKS**

This Guidance Document provides Investment Services Licence Holders with additional guidance on the information to be included in the Financial Instruments Survey. It is very important that the person confirming accuracy ensures that the information submitted to the Authority is correct and complete.

In case of any queries, do not hesitate to contact us via [financialpromotion@mfsa.mt](mailto:financialpromotion@mfsa.mt).