

CONSOB: new consultation on distribution of complex products to retail clients

This document is delivered for informative purposes only.

It does not constitute a reference for agreements and/or commitments of any nature.

For any further clarifications or research please contact:

Milan

Emanuele Grippo
Tel. +39 02 763741
emgrippo@gop.it

Raffaele Sansone
Tel. +39 02 763741
rsansone@gop.it

Rome

Milan

Bologna

Padua

Turin

Abu Dhabi

Brussels

Hong Kong

London

New York

www.gop.it

On 29 May 2014, CONSOB launched a new public consultation on the distribution of complex financial products *vis-à-vis* retail clients.

The Consultation Paper follows two ESMA Opinions, respectively, “*MiFID practices for firms selling complex products*” published on 7 February 2014 and “*Good practices for product governance arrangements*” published on 27 March 2014.

The consultation document focuses on the definition of “**complexity**” of a financial product (existence of options for clients, terms and conditions and/or mechanisms relating to the underlying performance; transparency of the underlying and other dark side of the product; illiquidity or other concerns regarding liquidation the investment), and recommends that intermediaries adopt specific safeguards when offering these products, to ensure that they are in line with the target client’s profiles and to identify products which are not suitable for certain clients.

CONSOB also recommends that intermediaries avoid distributing certain types of financial products directly to retail clients since, due to their **very high level of complexity**, they may encourage investors to undertake undue risks (*i.e.*, financial products arising from the securitization of receivables or other assets, credit-linked financial products, certain types of derivatives, etc.).

Furthermore, CONSOB recommends that financial consulting services are provided before the distribution of **high complexity** services products.

In conclusion, CONSOB must be informed of intermediaries’ activities in relation to these aspects by means of the periodic reports to be sent pursuant to CONSOB Regulation n. 17297 dated 28 April 2010.

INFORMATION PURSUANT TO ARTICLE 13 OF LEGISLATIVE DECREE NO. 196/2003 (Data Protection Code)

The law firm Gianni, Origoni, Grippo, Cappelli and Partners (hereafter “the Firm”) only processes personal data that is freely provided during the course of professional relations or meetings, events, workshops, etc., which are also processed for informative/divulgate purposes. This newsletter is sent exclusively to those subjects who have expressed an interest in receiving information about the Firm’s activities. If it has been sent you by mistake, or should you have decided that you are no longer interested in receiving the above information, you may request that no further information be sent to you by sending an email to: relazioniesterne@gop.it. The personal data processor is the Firm Gianni, Origoni, Grippo, Cappelli & Partners, whose administrative headquarters are located in Rome, at Via delle Quattro Fontane 20.