



PRESS RELEASE

Binary options and Contracts for Difference: Consob adopts prohibition and restriction measures

Consob introduced in Italy on a permanent basis - pursuant to Article 42 of the EU Regulation on financial instruments markets (MiFIR) and of art. 7-bis of the Consolidated Law on Finance - intervention measures to protect retail investors similar to those already adopted by the ESMA, the European Authority for Financial Instruments and Markets, concerning the offer of binary options and contracts for difference (CFD).

The measures (resolution n. [20975](#) and [20976](#) of 20 June 2019) include:

- (i) the ban on the marketing, distribution or sale, in Italy or from Italy, of binary options to retail investors;
- (ii) certain limitations concerning the marketing, distribution or sale, in Italy or Italy, of CFDs to retail investors: the setting of leverage limits on the opening of positions; automatic closing when the margin is reached based on the account; protection from negative balance based on the account; the failure to pay incentives by a CFD provider; a warning on the specific risks of the investment, to be prepared according to a standardized format.

The adoption of the measures follows the confirmation of the existence of significant fears for the protection of retail investors in CFDs and binary options. This is due to the complexity and lack of transparency of these products, their peculiar characteristics - which entail, inter alia, disparity between expected return and risk of loss - as well as the methods with which they are marketed and distributed.

The intervention measures will come into force the day after their publication in the Official Journal and will apply, for binary options, from 2 July 2019 and, in relation to CFDs, from 1 August 2019, until their eventual revocation, which will be prepared to apply the conditions set forth in art. 42, par. 6, of the MIFIR regulation.

Rome, 20th June 2019