

PRESS RELEASE

Trading in *turbo certificates* and *minifuture certificates*

On 30 June 2021 the AFM (the Dutch Authority for the Financial Markets) adopted, pursuant to article 42 of Regulation (EU) No 600/2014 (MiFIR), specific product intervention measures aiming at limiting at national level the distribution to retail clients of the so-called turbo-like products, with effect from 1st October 2021 (<https://www.afm.nl/en/professionals/nieuws/2021/juni/besluit-beperkingen-turbos>).

For some time now, Consob has been specifically monitoring the features of the Italian market of certificates characterised by high risk/complexity, among which the so-called turbo-like products, so as to consider any possible actions for the protection of investors.

In this area, specific attention is dedicated to verifying intermediaries' compliance with the measures they are required to adopt in accordance with provisions stemming from MiFID II.

In the perspective of proportionality that characterises investment services requirements, these measures indeed assume particular relevance for the products concerned, in consideration of their risk and complexity features.

In this context, the product governance requirements calibrate the way of accessing these instruments, in order to direct them to the most adequate target clients.

As a result of their intrinsic complexity and risk features, such products cannot be subject to execution-only regime¹; consequently, transactions undertaken by investors in such products should be subject at least to the assessment of appropriateness by the intermediary.

The intermediary is required to ensure that the client is clearly informed² both before the investment is made and when the client already holds a position, also considering, *inter alia*, what is specifically requested³ for positions including contingent liability transactions/leveraged financial instruments.

Where intermediaries receive any form of third-party benefit/payment (for example from market makers and/or product manufactures) for the distribution/trading of the products concerned, they have to fulfil the requirements concerning inducements, conflict of interests and best execution⁴.

Based on the above, considering the features - also dimensional - of transactions in so-called turbo-like products at domestic level, at present, there are no conditions for adopting on a national basis

¹As highlighted by ESMA in the "Guidelines on complex debt instruments and structured deposits" (see ESMA/2015/1787 of 4 February 2016).

²In accordance with Article 36 of Intermediaries Regulation adopted by CONSOB with Resolution no. 20307, dated 15 February 2018.

³See Article 62, paragraph. 2 of Delegated Regulation (EU) 2017/565.

⁴Also taking into account what is represented by ESMA in the Public Statement published on 13 July 2021 where "ESMA warns firms and investors about risks arising from payment for order flow and from certain practices by 'zero-commission brokers'".



intervention measures similar to those undertaken by the AFM.

In order to detect any potential changes that might require possible intervention actions for the protection of investors, Consob will continue to monitor the market of the mentioned products, as well as, in general, the market of other products characterised by a high risk/complexity profile, also through the sharing of views and experiences in the relevant European fora.

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