

CNMV TO ADOPT ESMA GUIDELINES ON CROSS-SELLING PRACTICES.

13 September 2016

On 22 December 2015, the "Guidelines on cross-selling practices" were published on the website of the European Securities and Markets Authority, hereinafter ESMA, which will apply from 3 January 2018, according to the Spanish translation of the Guidelines published on ESMA's website on 11 July 2016.

These Guidelines set out principles on how companies that provide investment services should act when they offer their clients an investment service together with another service or product as part of a package or as a condition for the same agreement or package.

In particular, the guidelines set out principles to improve the information provided to the customer in relation to the price, costs, characteristics and risks of the package and its components, as well as on the possibility of buying the products included in the package separately. In addition, to improve investor protection, principles are established to reduce the risk of the remuneration structures of sales personnel impairing the entity's duty to act in the best interests of the customer. Other issues addressed include staff training and early cancellation fees.

The Guidelines have been issued under Article 16 of Regulation No. 1095/2010 of the European Parliament and of the Council, of 24 November 2010, regulating the establishment of ESMA, which states that the competent authorities and financial market participants will make every possible effort to adhere to these guidelines. In addition, the ESMA Regulation also establishes the obligation of the competent authorities to confirm if they intend to comply with the guidelines published by ESMA.

In this regard, the National Securities Market Commission (CNMV) notified ESMA on 12 September 2016 of its intention to comply with the Guidelines. Therefore, CNMV is going to take these Guidelines into account and pay attention, within the scope of its supervisory powers, to the application of these principles when companies that provide investment services market product packages when one of them is a financial instrument within the scope of MiFID.

Finally, it should be noted that for this reason a letter has been addressed to the associations in the sector requesting them to advise their associates of CNMV's decision to adopt the Guidelines.