

ESMA to launch Common Supervisory Action on MiFID II conflicts of interest requirements

INVESTOR PROTECTION

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The European Securities and Markets Authority (ESMA), the EU's financial markets regulator and supervisor, will launch a Common Supervisory Action (CSA) with National Competent Authorities (NCAs) on conflicts of interest in the distribution of financial instruments.

The CSA will assess how firms comply with their obligations under MiFID II to identify, prevent, and manage conflicts of interest when offering investment products to retail clients.

The CSA will focus on:

- The possible impact of staff remuneration and inducements on what products are offered to investors.

- The role of digital platforms in directing investors towards certain products, and whether this serves their best interests.

- The ways firms manage potential conflicts between their own profits and the needs of retail investors.

ESMA expects that this initiative, together with the exchange of practices among NCAs, will contribute to the consistent application of EU rules and strengthen investor protection in line with its objectives.

Next steps

ESMA and the NCAs will carry out the CSA during 2026.