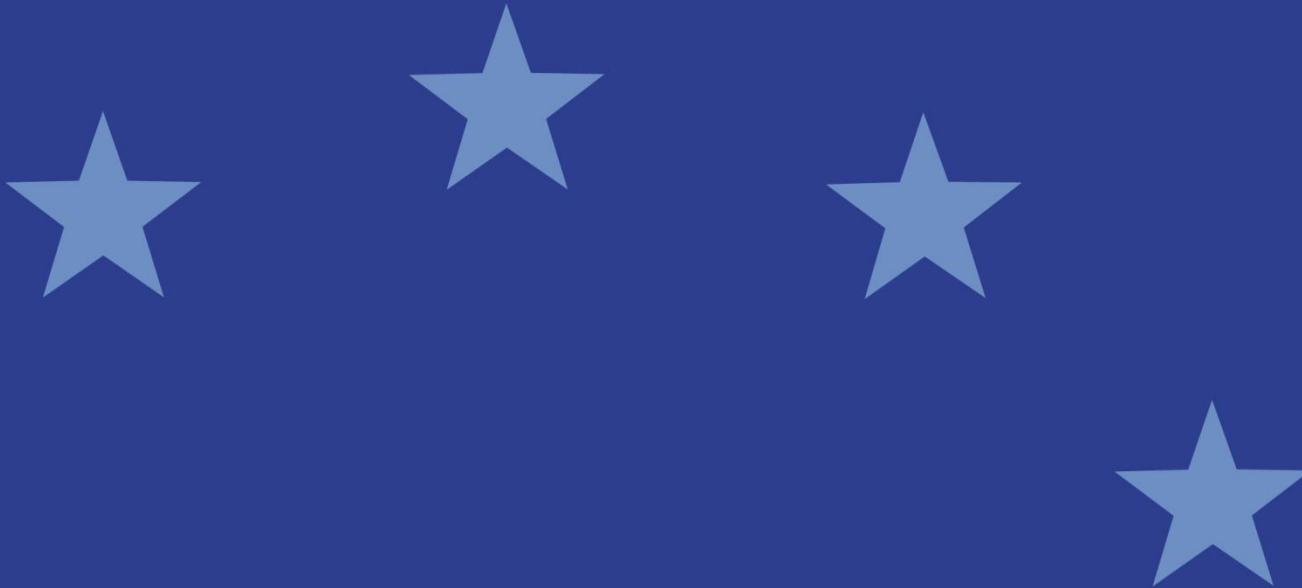




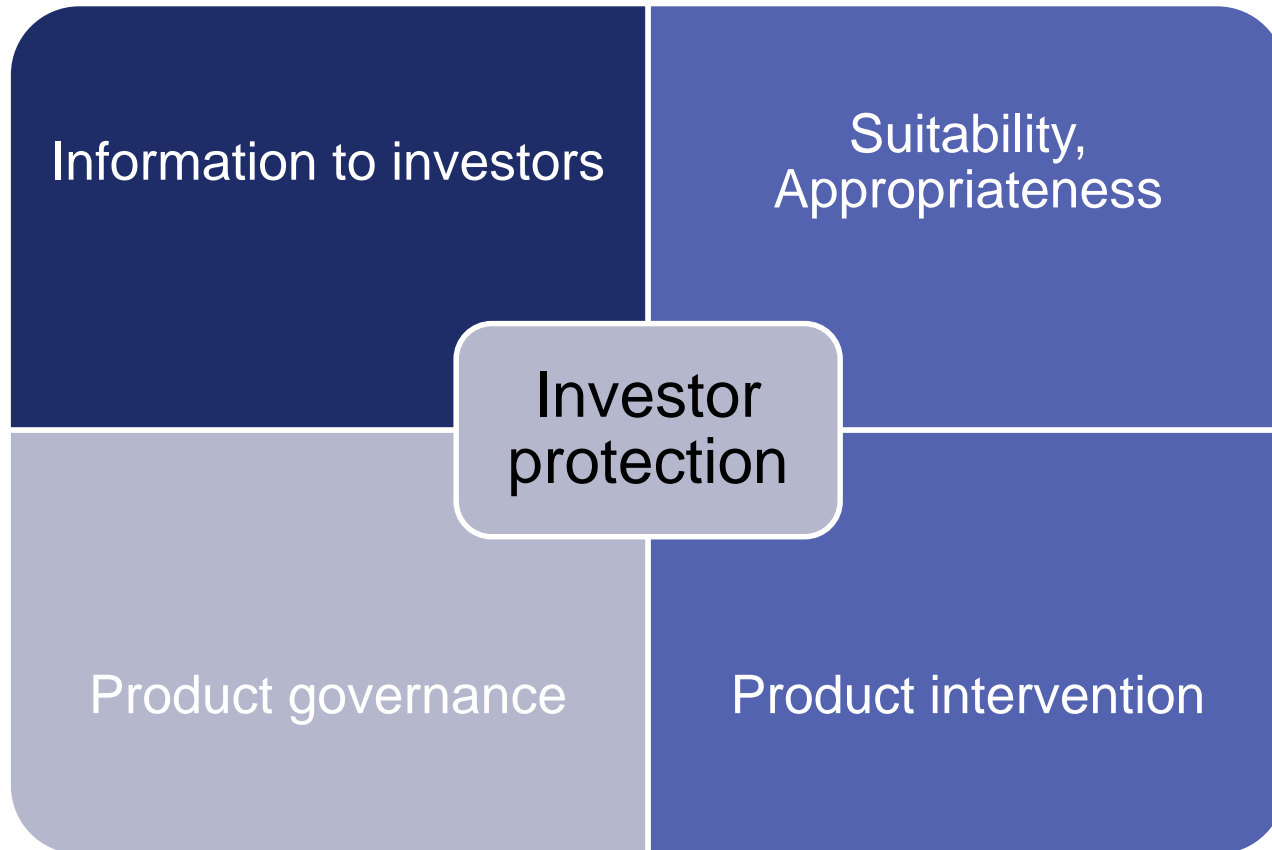
European Securities and  
Markets Authority

# Product Governance MiFID II

## **Evert van Walsum**



# Investor protection measures MiFID - overview





# Product Governance – introduction

- In general: firms should act in the best interest of clients
- Firms should make sure that a financial instrument they manufacture, offer or recommend is in the best interest of clients
- **Manufacturer:**
  - manufactures products, including creation, development, issuance, design of that product,
  - advising corporate issuers on launch of a new product
- **Distributor:**
  - offers, recommends, sells financial instruments



# Product Governance Manufacturer - overview

Product approval process

Conflict of interest procedures

Target market identification

Information to distributors

Review PG/products

Distribution Strategy

Effective control PG process

Expertise staff

Product manufactured meets needs target market

Compliance monitoring PG process

Scenario analysis

Threat to orderly market & stability



# Product Governance Distributor - overview

Obtain  
information from  
manufacturer

Conflict of  
interest  
procedures

Target market  
identification

Information to  
manufacturer

Review  
PG/products

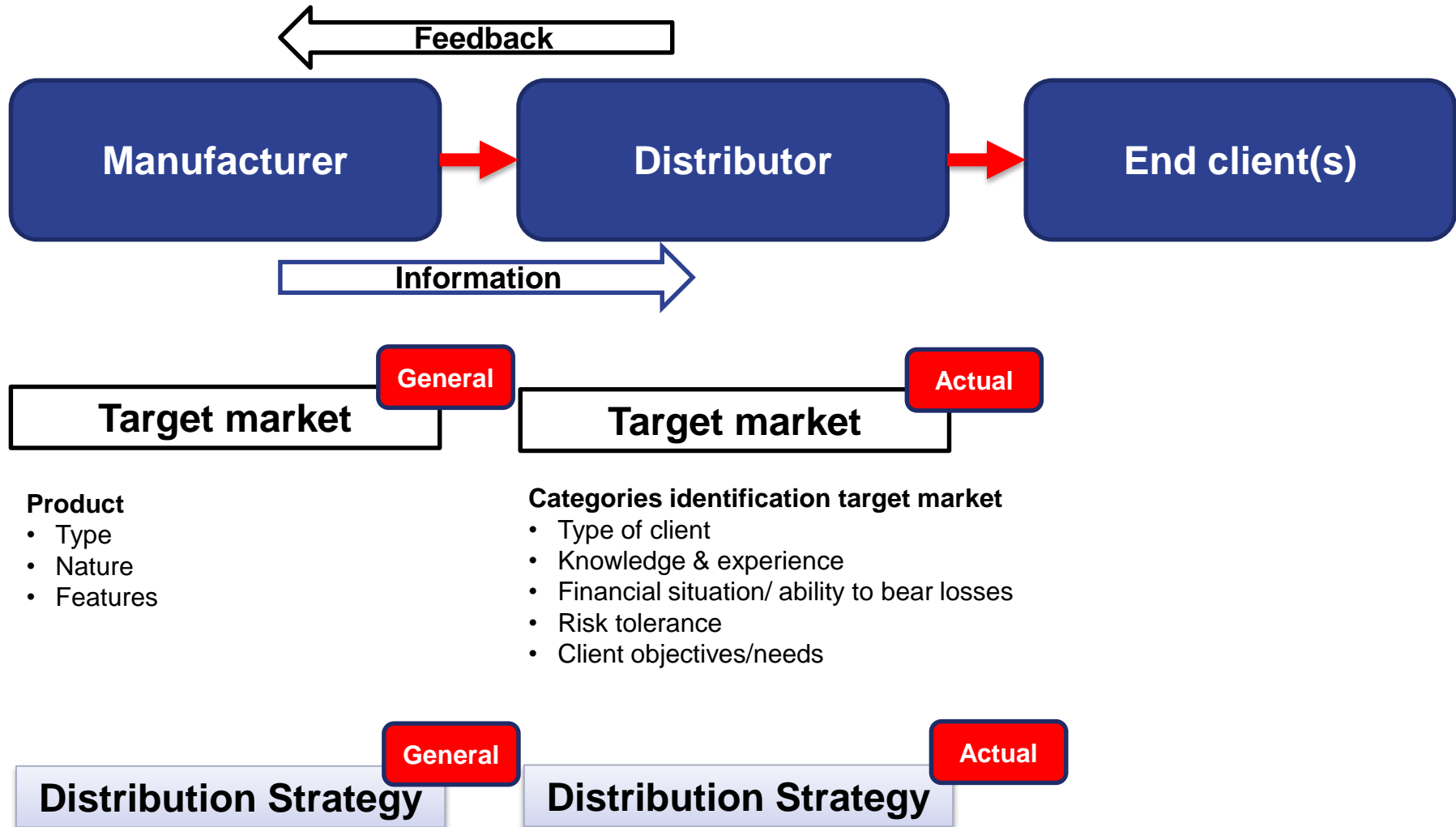
Distribution  
Strategy

End responsibility  
for direct client  
relation

Expertise staff

Product/service it  
offers meets  
needs target  
market

# Target market & distribution strategy - overview



## Product features

- Complex/Simple
- Risk conflict of interest: high/low
- Specific features (e.g. objectives)

- Broad target market
- More refined target market

## Distribution strategy

- Advise/recommend
- Actively market
- Execution only
- Appropriateness

- Level of information on clients
- Level of protection

## Type & information on clients

- Specific information on clients

- Level of refinement target market