

Product governance: MiFID

Chapter 3

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3.1 General

[Note: ESMA has also issued guidelines: Guidelines on MiFID II product governance requirements, 05/02/2018, ESMA35-43-620]

Interpretation: financial instruments and structured products

3.1.1 **R** For the purposes of ■ PROD 3, references to *financial instruments* include *structured deposits*.

Proportionate application of rules

3.1.2 **R**

- (1) A *firm* must, when *manufacturing financial instruments* or deciding on the range of *financial instruments* and *investment services* it intends to *distribute to clients*, comply, in a way that is appropriate and proportionate, with the requirements set out in this chapter.
- (2) In complying with these requirements, a *firm* must take into account:
 - (a) the nature of the *financial instrument* or *investment service*; and
 - (b) the target market for the *financial instrument*.

[Note: articles 9(1) and 10(1) of the *MiFID Delegated Directive*]

3.1.3 **G** A proportionate application of the requirements in this chapter may mean that complying with the *rules* could be relatively simple for simple *financial instruments* distributed on an *execution-only transaction* basis where such *financial instruments* would be compatible with the needs and characteristics of the mass retail market.