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On 3rd January, a new financial markets regulation MiFID II came into force

The European Union financial markets regulation MiFID II brought new rules to the securities markets, which aim to enhance protection of the investors. The new rules, which are largely transposed into the Estonian law by the Securities Market Act, impose obligations on the investment service providers. Therefore, MiFID II concerns **banks, investment firms, management companies and exchange operators.**

The main purpose of the amendments is to protect the interests of the investors by creating additional measures to avoid conflicts of interest. The aim is to achieve a situation, where investors are provided with a service in their best interests, and where banks and investment firms offer an independent service to the investor. Investment service providers will be subject to new restrictions and prohibitions on charging fees and benefits that may be obtained from a third party whose investment product or securities are placed at the disposal of the investor.

Investment service providers also need to evaluate the suitability of their marketing strategy for the target investors group. Only the securities that are best suited to the investor profile should be offered.

The conditions for the investment advice regarding voluntary pension funds are also specified and supplemented. If the investor receives personal recommendations regarding voluntary pension funds as an investment advice, the advisor is required to provide the investor with the necessary information and assess the suitability of the pension fund for a potential client.