

MFSA

MALTA FINANCIAL SERVICES AUTHORITY

MFSA WARNING

Circular addressed to the general public, namely to retail investors regarding the sale of speculative products [Contracts for Difference; Binary options; and other speculative products] and the associated risks.

The Malta Financial Services Authority (“MFSA”) wishes to alert the general public, in particular retail investors regarding the sale of contracts for differences, binary options and other speculative products and the various risks associated with such products.

ESMA notes that these type of products give rise to investor protection concerns mainly due to the marketing strategies of the firms selling these products and the manner in which they are presented to retail investors who do not understand the highly risky, complex and speculative nature of these products. In particular, ESMA is concerned that these products are being advertised via online platforms and are being sold without investment advice, this has resulted into significant detriment and unexpected losses to a number of retail investors. Some of these products are also being offered by unauthorised entities which further-adds to the concern of investor protection.

This [warning](#) highlights ESMA’s ongoing policy work in this area and forms part of ESMA’s supervisory convergence programme as well as the promotion of common supervisory practices across the EU.

The MFSA reminds investors and potential investors to be very attentive and vigilant when seeking to invest in these speculative products and ensure that the provider is duly authorised to offer services in relation to these products. Consumers should ensure that they have thoroughly understood the risks involved prior to investing in these complex instruments.

**Communications Unit
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