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## CFDs and binary options: the AMF reminds investors that the purpose of the restriction measures agreed on by ESMA is to protect them

**The European Securities and Markets Authority (ESMA) has decided to prohibit the sale of binary options to retail investors in Europe and to restrict access to CFDs due to their complexity and the risk of loss. The AMF reiterates that the purpose of these measures is to achieve the legitimate objective of investor protection and encourages investors to resist certain online trading platforms' efforts to circumvent and remove the protections put in place by the regulators.**

The Autorité des Marchés Financiers (AMF) recently learned that certain investment services providers have been suggesting that investors open accounts at their subsidiaries located outside the European Union in order to evade the safeguards implemented by ESMA for the general public. The AMF has also found that retail investors may be encouraged or asked to request that they be categorised as professional clients in order to avoid the restrictions agreed on by ESMA.

The AMF specifies that a retail investor may only be recategorised as a professional client if several criteria are met. What will be the interest? Retail clients opting for professional client status would lose the benefit of the rules implemented by the regulators to better protect investors: for example, for a CFD, professional clients can lose more than the balance of their account and do not benefit from leverage limits, unlike retail investors who now benefit from specific account balance protections and leverage limits, thereby reducing the likelihood that they will suffer losses. By opting for professional client status, the investor declares customer's knowledge and experience equivalent to a professional client's one: in case of dispute, that would weaken the position of the customer.

**Robert Ophèle**, chairman of the *Autorité des Marchés Financiers*, would like to stress that *"The goal of the regulators was not to allow only a select few to trade CFDs and binary options but rather to better protect investors against an identified risk of loss"*.

According to the figures cited by ESMA in March, the percentage of accounts invested in CFDs with a negative balance was 74% to 89% for the different countries in Europe. On a per client basis, the amount of the loss ranged from EUR 1,600 to EUR 29,000.

**Do you have any questions? For all information, go to the following websites:**

Assurance-Banque-Épargne Info Service : <https://www.abe-infoservice.fr/> or call 0811 901 801, Mondays to Fridays from 8am to 6pm.

AMF : <https://www.amf-france.org/> or call 01 53 45 62 00, Mondays to Fridays from 9am to 5pm.

ACPR : <https://acpr.banque-france.fr/>

**□ About the AMF**

The AMF is an independent public authority responsible for ensuring that savings invested in financial products are protected, that investors are provided with adequate information and supervising the orderly operation of markets.

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