

# ESMA to renew restriction on CFDs for a further three months

ESMA has carefully considered the need to extend the intervention measure currently in effect. ESMA considers that a significant investor protection concern related to the offer of CFDs to retail clients continues to exist. It has therefore agreed to renew the restriction from 1 November.

## **Renewal of restriction on CFDs**

The renewal was agreed by ESMA's Board of Supervisors on 26 September 2018 and includes renewing the following:

1. Leverage limits on the opening of a position by a retail client from 30:1 to 2:1, which vary according to the volatility of the underlying:

- 30:1 for major currency pairs;
- 20:1 for non-major currency pairs, gold and major indices;
- 10:1 for commodities other than gold and non-major equity indices;
- 5:1 for individual equities and other reference values;
- 2:1 for cryptocurrencies;

2. A margin close out rule on a per account basis. This will standardise the percentage of margin (at 50% of minimum required margin) at which providers are required to close out one or more retail client's open CFDs;

3. Negative balance protection on a per account basis. This will provide an overall guaranteed limit on retail client losses;

4. A restriction on the incentives offered to trade CFDs; and

5. A standardised risk warning, including the percentage of losses on a CFD provider's retail investor accounts.

During its review of the intervention measure, ESMA obtained information that, in certain cases, CFD providers experienced technical difficulties in using the risk warnings due to the character limitations imposed by third party marketing providers. Therefore, ESMA has agreed to introduce in the renewal an additional reduced character risk warning:

- *[insert percentage per provider]* % of retail CFD accounts lose money.

The new warning will be allowed only in cases where the standard terms of a third party marketing provider have a character limit which is lower than the number of characters comprising the full or the abbreviated risk warning, provided that the advertisement also links to a webpage of the provider on which the full risk warning is disclosed.

## **Next steps**

ESMA intends to adopt the renewal measure in the official languages of the EU in the coming weeks, following which ESMA will publish an official notice on its website. The measure will then be published in the Official Journal of the EU and will start to apply from 1 November 2018 for a period of three months.

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2. A margin close out rule on a per account basis. This will standardise the percentage of margin (at 50% of minimum required margin) at which providers are required to close out one or more retail client's open CFDs;
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4. A restriction on the incentives offered to trade CFDs; and
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## [The European Union proposes additional €40 million for Palestine Refugees to keep schools and health clinics open](#)

During the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) Ministerial meeting in the sidelines of the UN General Assembly in New York, High Representative for Foreign Affairs and Security Policy/Vice-President of the European Commission Federica **Mogherini** said: *“Today we reaffirm the EU’s political and financial support to UNRWA, with an overall contribution from the EU and its Member States of €1.2 billion for the past three years. UNRWA is essential for the perspective of a two-state solution. Supporting the agency means supporting peace and security in the*

*Middle East. And this is in our strategic interest.”*

Also present at the meeting, Commissioner for Neighbourhood Policy and Enlargement Negotiations, Johannes **Hahn**, stated: *“Keeping schools open for Palestine refugees is a key priority for all of us. With this additional funding we reaffirm the European Union’s clear and firm commitment to UNRWA and Palestine refugees. This is an exceptional response to an exceptional crisis. UNRWA needs now to focus on core services to the most vulnerable and to urgently align its activities to available funding. We stand ready to help UNRWA and to work with host governments to manage the process.”*

Commissioner for Humanitarian Aid & Crisis Management, Christos **Stylianides** added: *“Our additional humanitarian assistance will help UNRWA respond to health needs which have increased significantly over the past six months in Gaza. This will strengthen the healthcare system and help UNRWA-run primary healthcare centres in Gaza meet increased demands. We remain committed to assisting the most vulnerable people in Gaza and to strengthening the resilience of the most affected communities.”*

The European Union has long been the largest and most reliable donor to the agency. This additional support for 2018 brings the overall European Commission contribution to UNRWA’s activities in 2018 to €146 million. For the past three years (2016, 2017 and 2018) the total contribution of the EU and its Member States combined has reached approximately €1.2 billion. The EU also works with UNRWA to take forward internal reforms to secure a sound and sustainable financial basis, which includes focusing on core services to the most vulnerable.

## **Background**

Since 1971, the [strategic partnership between the European Union and UNRWA](#) has been based on the shared objective of supporting the human development, humanitarian and protection needs of Palestine refugees and to promoting stability in the Middle East.

In June 2017, the EU and UNRWA signed a [“2017-2020 Joint Declaration”](#), strengthening the political nature of their partnership and reaffirming the European Union’s commitment to promoting the rights of Palestine refugees. The Declaration also confirmed the EU’s support for the long-term financial stability of the Agency in a context of intensified budgetary constraints and operational challenges.

The impact of UNRWA’s funding crisis is particularly acute in the Gaza Strip where the EU’s engagement is strongly focussed on creating better perspectives for the Palestinian people.

In addition to its participation to the UNRWA Ministerial meeting in New York on 27 September, the EU will also be represented by High Representative/Vice-President Mogherini and Commissioner Hahn at the annual autumn meeting of the international donor coordination group in support of the Palestinian economy, the **Ad Hoc Liaison Committee** (AHLC), in New York on the same day. Since 1993 the AHLC has served as a key policy-level coordination mechanism for

financial assistance to the Palestinian people, with a purpose of preserving the vision of a negotiated two-state solution.

**For More Information**

[EU cooperation with Palestine](#)

[EU humanitarian assistance in Palestine](#)

[The Office of the European Union Representative \(West Bank and Gaza Strip, UNRWA\)](#)

[United Nations Relief and Works Agency for Palestine Refugees in the Near East \(UNRWA\)](#)