

Title: DEGIRO wut doing?! (DeGiro resells securities orders to customers)

Author: CandyBarsJ

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The online broker FlatexDeGiro resells private securities orders from millions of customers to the German trading platform Tradegate. In the Netherlands it is not allowed to resell private orders with commission: an investment company is not allowed to receive compensation for orders from clients. In Germany you can.

That's what it writes *FD* Monday based on the company's terms and conditions. FlatexDeGiro is the largest online broker in the Netherlands and this practice is prohibited in the Netherlands. Reselling customer data can create a conflict of interest. For example, the broker may not forward the orders to the platform where they get the best price, but to the buyer who pays the highest rate. The Netherlands Authority for the Financial Markets (AFM) may oppose *NRC* not say if DeGiro is breaking any rules.

The German Flatex completed the acquisition of the Dutch trading platform DeGiro last month and announced a week ago that it was collaborating with Tradegate. DeGiro's 650,000 customers therefore had to put their money in a German account. As a result, it is not the Dutch AFM that assesses the working method, but the German regulator Bafin. It interprets the European rules much more broadly than the AFM. In a response, the Dutch regulator states that it cannot "deal with individual cases". DeGiro was not available for questions on Monday morning.

Commission ban

The AFM does observe an 'increasing use of PFOF (*Payment for order flow*, paying for customer orders, ed.) as a trading model in the European financial markets". "The AFM considers this an undesirable development because PFOF conceals costs and the trading model goes against the principle of open and competitive markets," said a spokesperson. He points out that the Netherlands has had a commission ban since the financial crisis, which also includes this practice. The AFM argues in favor of a European 'playing field in which PFOF is prohibited'. According to the regulator, this would be in the interest of "transparent and open markets".

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The AFM had been targeting DeGiro for some time: last year the regulator published a report that showed that the price fighter paid too little attention to the protection of customers. The company had to pay a fine of 300,000 euros for this.

In recent years, DeGiro has grown to become the market leader in the Netherlands. The company became active in seventeen other European countries. Partly due to the corona pandemic, the number of customers increased by more than 217,000 last year. This growth was at the expense of the interests of customers, the AFM noted last year. Unbeknownst to them, they were taking risks that DeGiro was taking. DeGiro did not meet legal requirements in the areas of asset segregation, conflicts of interest and conflicts of interest.

'DeGiro resells securities orders to customers'

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