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Additional Information

Level 1 Regulation
Markets in Financial Instruments Directive II (MiFID II) Directive 2014/65/EU- Investor Protection and Intermediaries

Topic
Information to clients on costs and charges

Subject Matter
Information on cost and charges

Question
When a firm provides both investment advice and RTO/execution services to a client relating to the same transaction(s), when should the firm provide ex-ante information on costs and charges?

ESMA Answer

28-05-2021

Original language

[ESMA35-43-439 Investor protection Cost and charges Q&A 34]

Pursuant to Article 24(4) of MiFID II and Article 50(5) of the MiFID II Delegated Regulation, firms shall inform clients in good time before the provision of the service of all costs and associated charges relating to the investment and/or ancillary service and the financial instrument.

To enable the client to take an informed investment decision based on the recommendation provided by the firm, the client should be informed of all ex-ante costs and associated charges when the investment advice is provided.[1] Accordingly, where a firm provides both investment advice and RTO/execution services related to the same transaction(s), the ex-ante cost and charges information should cover the costs and charges associated with (i) the service, including the transaction costs to be incurred by the client if the recommended transaction were carried out, and (ii) the financial instrument(s).

The requirement to inform the client about all costs and associated charges in good time before the provision of investment advice applies irrespective of whether the client is subsequently provided with an RTO or execution service relating to the same transaction(s).

In ESMA's view, ex-ante cost and charges information disclosed to the client when the investment advice is provided would not need to be provided a second time in the context of the subsequent RTO or execution service if the following conditions are met:

- **both services relate to the same transaction(s);**
- **both services are provided within a reasonably short time period; and**
- **the ex-ante cost and charges information is still accurate and complete at the time of the provision of the RTO or execution service.**

[1] Additionally, in case the advice would take the form of on an ongoing advice (if foreseen in national legislation) charged through ongoing fees, information on the expected overall costs should also have been provided in good time before the advice in the form detailed under Q&A 9.14.