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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
Reporting to clients

Subject Matter
Post-sale reporting

Question
When fulfilling the obligation to report on a portfolio depreciating by the 10% threshold, on what basis should a firm calculate the 10% threshold? Should a firm continue to refer to the value of the portfolio at the beginning of the reporting period or refer to the portfolio value at the previous value that triggered the reporting obligation?

ESMA Answer

06-06-2017

Original language

[ESMA 35-43-349 MiFID II Q&As on Investor protection Ch. 8, question 7]

Firms should continue to refer to the value of the portfolio at the beginning of the reporting period to calculate the multiples of 10%.

For example, if a portfolio is valued at 100,000 at the beginning of the period, it first reports if the portfolio falls to 90,000. A second reporting requirement would occur at 80,000 and a third at 70,000 (i.e. multiples of 10% of the value at the beginning of the reporting period). If the value of the portfolio is 70 000 at the beginning of the next reporting period, a first report for that reporting period would occur at 63 000.