ESMA_QA_1814

Submission Date
16/12/2016

Status: Answer Published

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
Post-sale reporting

Question
To what extent does the cumulative effect of the costs on the return need to be graphically displayed?

ESMA Answer

16-12-2016

Original language

[ESMA 35-43-349 MiFID II Q&As on Investor protection Ch 9, question 2]

Based on Article 24(4) MiFID II and Article 50(10) of the MiFID II Delegated Regulation, firms have to provide clients with an illustration to show the cumulative effect of the costs on the return. The format of the illustration is not prescribed. This means that the illustration required can take multiple forms, among others a graph, a table or a narrative. However, it is required that (i) the illustration shows the effect of the overall costs and charges on the return of the investment, (ii) the illustration shows any anticipated spikes or fluctuations in the costs (where applicable), (iii) and that the illustration is accompanied by a description of the illustration.