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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
Post-sale reporting

Question
How can a firm provide ex-post information on total costs and charges more regularly (e.g. on a quarterly basis)?

ESMA Answer

16-12-2016

Original language

[ESMA 35-43-349 MiFID II Q&As Investor protection Ch 9, question 5]

ESMA notes that based on Article 50(9) of the MiFID II Delegated Regulation, and without prejudice to any other explicit reporting requirements (e.g. Article 60 of the MiFID II Delegated Regulation), there is only a legal obligation to provide ex-post information on costs and charges to clients on an annual basis if there is or has been an ongoing relationship with the client during the year. However, firms can choose to provide this information more regularly, which could improve the clients' insights in the costs and charges of the investment service (based on an ongoing relationship).

If a firm chooses to provide the client with more frequent information, for instance on a quarterly basis, it should ensure the differences between the annual ex-post figures based on actual costs, and the quarterly cost figures are minimized. The firm could for instance do this by applying the same methodology when calculating the annual total costs and charges figures. Further, the firm should – where available – use realised and known ex-post cost figures.

To ensure clients are not confused by such ex-post information on costs and charges in relation to the mandatory annual costs figures, it is important that the firm informs clients on the characteristics of the ex-post information.