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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
How should investment firms identify and disclose mark-ups and structuring costs embedded in the transaction price (Recital 79 of the MiFID II Delegated Regulation)?

ESMA Answer

03-10-2017

Original language

[ESMA 34-43-349 MiFID II Q&As on Investor protection Ch. 9, question 17]

According to Recital 79 of the MiFID II Delegated Regulation, practices where there is ‘netting’ of costs should not be excluded from the obligation to provide information on costs and charges. As a result, mark-ups and structuring costs that are embedded in the transaction price need to be identified and disclosed to clients by the investment firm. Based on Recital 79, investment firms should identify such costs by calculating the difference between the price of the position for the firm and the price for the client. In case of PRIIPs, ESMA would expect the investment firm to apply the calculation methodology in paragraphs 36 to 46 of Annex VI of the PRIIPS RTS.