# ESMA_QA_1834

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28/03/2019

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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**
Do the MiFID II requirements expect that the ex-ante disclosure of information on costs and charges is provided on the basis of the specific transaction or is it sufficient for investment firms to disclose information in a more generic way?

## ESMA Answer

28-03-2019

Original language

[EMA 35-43-349 MiFID II Q&As on Investor protection Ch. 9, question 22]

According to Article 24(4) of MiFID II and Article 50(2) of the MiFID II Delegated Regulation, investment firms shall provide ex-ante information on costs and charges in a fully individualized, transaction-based manner, i.e. in relation to the specific financial instrument (ISIN-based) and in relation to the specific investment service or ancillary service provided.

This is in line with the objective of the MiFID II costs and charges provisions. Recital 78 of the MiFID II Delegated Regulation clearly states that the MiFID II costs and charges provisions have the objective of ensuring clients' awareness of all applicable costs and charges as well as enabling a comparison of different financial instruments and investment services. ESMA is of the view that this is only achievable if the costs and charges disclosures are specific to the transaction (especially ISIN-based). The only relief to this principle can be found in Recital 78 which allows firms to provide costs and charges disclosures on the basis of an assumed investment amount. Nevertheless, the costs and charges disclosed must reflect the costs the client would actually incur on the basis of the assumed investment amount (Recital 78 sentence 3).

For how to apply this general principle where the service of portfolio management is provided, please refer to Q&A 24. [Q&A1836]