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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
What terminology should firms use in costs and charges disclosure material?

ESMA Answer

28-03-2019

Original language

[ESMA 35-43-349 MiFID II Q&AS on Investor protection Ch. 9 , question 25]

To take an informed decision, investors should be able to compare information on costs and charges provided by different investment firms or by the same investment firm regarding different services or products. In addition, as required under Article 24(3) of MiFID II, any information must be fair, clear and not misleading. Therefore, ESMA is of the view that firms should be expected to use the same terminology as used in MiFID II, as transposed in national legislation, and in Annex II of the MiFID II Delegated Regulation. For example, third-party payments should be named as such rather than using other terms that may not describe clearly and in simple terms the nature of such payments. Alongside the MiFID II terminology, firms may add their own “commercial” terminology, but those “commercial terms” should be clearly defined with reference to the MiFID II terminology.