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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
For ex-ante costs and charges disclosures in relation to investment services and/or products with non-linear charging structures, are firms allowed to use an assumed investment amount?

ESMA Answer

29-05-2019

Original language

[ESMA 35-43-349 MiFID II Q&As on Investor protection Ch. 9, question 29]

Yes. Whether investment services and/or products have linear or non-linear charging structures (i.e. where the percentage of fees payable for service costs and/or product costs varies depending on the amount invested), firms may base their ex-ante costs and charges disclosures on an assumed amount, as per Recital 78 of the MiFID II Delegated Regulation.

However, any assumed investment amount chosen by the firm should reflect where, in the charging structure, the specific transaction giving rise to the disclosure is assumed to stand. This means that the firm should make an assumption regarding the scale of the amount the client wants to invest. Such assumption may be based, inter alia, on preliminary discussions with the client and/or the client’s past transactions.