

**Submission Date**

29/05/2019

## **ESMA\_QA\_1843**

Status: Answer Published

### **Additional Information**

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#### **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, are firms allowed to disclose the relevant costs and charges that would be incurred by a client by way of a range (between X€ and Y€ and between X% and Y%) or as a maximum amount/percentage?

## ESMA Answer

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29-05-2019

Original language

[ESMA 35-43-349 MiFID II Q&As on Investor protection Ch.9, question 30]

No. According to Article 50(8) of the MiFID II Delegated Regulation, where calculating costs and charges on an ex-ante basis, firms shall use actually incurred costs as a proxy for the expected costs and charges. In addition, 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 (especially ISIN-based) and in relation to the specific investment service or ancillary service provided.

On the basis of the foregoing, ESMA is of the view that the cash amount and percentage firms should disclose to their clients as the expected costs and charges should be the firm's best estimate. Disclosures made in the form of a range or maximum amount of fees that the client may incur would not give the client a sufficiently good idea of the fees such client may incur.