

05 August 2019

## Call for evidence - Impact of the inducements and costs and charges disclosure requirements under MiFID II

### Background and Scope

The Markets in Financial Instruments Directive II ("**MiFID II**") has inter alia clarified, strengthened and expanded the scope of the costs and charges disclosure requirements. In essence, MiFID II restricts the payment or receipt of all fees, commissions and non-monetary benefits unless these enhance the quality of service provided to a client and do not impair a firm's duty to act in the best interests of its client. Firms are obliged to disclose to each client all inducements received, in connection with any investment service provided to the client.

In line with the provision of Article 90 of MiFID II, the European Commission is required to submit a report to the European Parliament and the Council of the European Union on the impact of the inducement disclosure requirements under the revised Markets in Financial Instruments Directive.

Within this scope, the European Commission has requested advice from the European Securities and Markets Authority ("**ESMA**"), which in turn has published a [call for evidence](#), to seek input from market participants.

Market participants are able to assist ESMA in preparing advice to the European Commission through the provision of comments on this call of evidence and in particular on the specific questions summarized in Section 4. Questions within this section relate to disclosure requirements for inducements permitted under Article 24(9) and costs and charges disclosure requirements under Article 24(4) of MiFID II.

The call for evidence concerns the impact of inducements and costs and charges disclosure requirements under MiFID II on professional and retail clients, including collecting information on whether and how the application of the rules varies across Member States.

## Target Audience

All interested stakeholders are invited to respond to this call for evidence.

This call for evidence is primarily of interest to:

- i. Firms which are subject to Article 24(4) and (9) of MiFID II<sup>1</sup> when providing investment services and/or ancillary services, including investment firms (as defined in Article 4(1)(1) of MiFID II), credit institutions when providing investment services and activities, external Alternative Investment Fund Managers (AIFMs) (as defined in Article 5(1)(a) of the AIFMD<sup>2</sup>) and UCITS management (as defined in Article 2(1)(b) of the UCITS Directive<sup>3</sup>) when providing investment services (in accordance with Article 6(4) of the AIFMD and Article 6(3) of the UCITS Directive, respectively).
- ii. Consumer groups and investors.

## Responding to the Consultation Paper

Respondents are invited to submit responses to the list of questions summarized in Chapter 4, by 6 September 2019.

Comments are most helpful if they:

- respond to the question stated;
- indicate the specific question to which the comment relates;
- contain a clear rationale; and
- describe any alternatives ESMA should consider.

All contributions should be submitted online by opening this [link](#). Kindly also send your contributions to the under-mentioned email addresses.

## Contacts

Should you have any queries regarding the above, please do not hesitate to contact: [offsiteinv@mfsa.com.mt](mailto:offsiteinv@mfsa.com.mt).