

8 April 2020

Final Report: **ESMA's Technical** Advice to the Commission on the impact of the inducements and costs and charges disclosure requirements under MiFID II

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Introduction

Reference is being made to the [call for evidence](#) published by the European Securities and Markets Authority ("ESMA"), in July 2019, seeking input from market participants on the impact of the inducement disclosure requirements under the revised Markets in Financial Instruments Directive.

Following the assessment of contribution by market participants, ESMA has on the 31st of March 2020 published its [advice](#) to the European Commission ("EC") on inducements and costs and charges disclosures under MiFID II.

Summary of advice

The report summarises the feedback received to the call for evidence published by ESMA on 17th July 2019 and the rationale behind ESMA's final proposals.

ESMA encourages the EC to conduct further analysis on the topic of inducements, which is key for the protection of investors and proposes some changes to the regime mainly aimed at improving the clients' understanding of inducements.

In relation to costs and charges disclosure, ESMA has found that the MiFID II disclosure regime generally works well and that it helps investors make informed investment decisions. However, ESMA advises that some disclosure obligations vis-à-vis eligible counterparties and professional investors are scaled back.

Other elements of the report relate to trading by telephone, the provision of information to clients in a durable medium and to the possibility to create new categories of clients.

Next Step

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 certain aspects of the functioning of MiFID II and of Regulation (EU) No 600/2014 ("MiFIR").

Kindly reach out to offsiteinv@mfsa.mt should you require any clarifications.