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## ESMA Launches a Common Supervisory Action with National Competent Authorities on MiFID II Costs and Charges

### **Background and Scope**

The European Securities and Markets Authority (ESMA), the EU's securities markets regulator, is launching a common supervisory action (CSA) with national competent authorities (NCAs) on the application of MiFID II costs and charges disclosure rules across the European Union (EU). The CSA will be conducted during 2022 and shall form part of the MFSA's Supervisory Priorities for this year.

This action will allow ESMA and the NCAs to assess the application by firms of the MiFID II requirements on costs and charges. The focus of the CSA will be on information provided to retail clients. NCAs, in particular, will review how firms ensure that these disclosures:

- are provided to clients in a timely manner;
- are fair, clear and not misleading;
- are based on accurate data reflecting all explicit and implicit costs and charges; and
- adequately disclose inducements.

ESMA believes this initiative and the related sharing of practices across NCAs, will help ensure consistent implementation and application of EU rules and enhance the protection of investors in line with ESMA's objectives.

The CSA contributes to fulfilling ESMA's mandate on building a common supervisory culture among NCAs to promote sound, efficient, and consistent supervision throughout the EU. ESMA's promotion of supervisory convergence is done in close cooperation with NCAs.

ESMA has published a series of [Q&As](#) on this subject, and these will serve as input to this CSA.

### **Target Audience**

This circular is addressed to Investment Firms and Credit Institutions when providing investment services activities.

## **Next Steps**

The Conduct Supervision Function within the Malta Financial Services Authority (“MFSA”) will be getting in touch with the selected firms with the aim of conducting a number of focused inspections in order to assess the ex-post MiFID II costs and charges disclosures to retail clients who receive investment advice and reception and transmission of orders/execution services.

## **Contacts**

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