

Changes to legislation: There are outstanding changes not yet made to Commission Delegated Regulation (EU) 2017/565. Any changes that have already been made to the legislation appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes

ANNEX II

Costs and charges**Identified costs that should form part of the costs to be disclosed to the clients⁽¹⁾**

TABLE 1 — ALL COSTS AND ASSOCIATED CHARGES CHARGED FOR THE INVESTMENT SERVICE(S) AND/OR ANCILLARY SERVICES PROVIDED TO THE CLIENT THAT SHOULD FORM PART OF THE AMOUNT TO BE DISCLOSED

| Cost items to be disclosed | | Examples: |
|--|---|---|
| One-off charges related to the provision of an investment service | All costs and charges paid to the investment firm at the beginning or at the end of the provided investment service(s). | Deposit fees, termination fees and switching costs ^a . |
| Ongoing charges related to the provision of an investment service | All ongoing costs and charges paid to investment firms for their services provided to the client. | Management fees, advisory fees, custodian fees. |
| All costs related to transactions initiated in the course of the provision of an investment service | All costs and charges that are related to transactions performed by the investment firm or other parties. | Broker commissions ^b , entry- and exit-charges paid to the fund manager, platform fees, mark ups (embedded in the transaction price), stamp duty, transactions tax and foreign exchange costs. |
| Any charges that are related to ancillary services | Any costs and charges that are related to ancillary services that are not included in the costs mentioned above. | Research costs. Custody costs. |
| Incidental costs | | Performance fees |
| a Switching costs should be understood as costs (if any) that are incurred by investors by switching from one investment firm to another investment firm. | | |
| b Broker commissions should be understood as costs that are charged by investment firms for the execution of orders. | | |

TABLE 2 — ALL COSTS AND ASSOCIATED CHARGES RELATED TO THE FINANCIAL INSTRUMENT THAT SHOULD FORM PART OF THE AMOUNT TO BE DISCLOSED

| Cost items to be disclosed | | Examples: |
|--|---|---|
| One-off charges | All costs and charges (included in the price or in addition to the price of the financial instrument) paid to product suppliers at the beginning or at the end of the | Front-loaded management fee, structuring fee ^a , distribution fee. |
| a Structuring fees should be understood as fees charged by manufacturers of structured investment products for structuring the products. They may cover a broader range of services provided by the manufacturer. | | |

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| | | |
|--|--|--|
| | investment in the financial instrument. | |
| Ongoing charges | All ongoing costs and charges related to the management of the financial product that are deducted from the value of the financial instrument during the investment in the financial instrument. | Management fees, service costs, swap fees, securities lending costs and taxes, financing costs. |
| All costs related to the transactions | All costs and charges that incurred as a result of the acquisition and disposal of investments. | Broker commissions, entry- and exit-charges paid by the fund, mark ups embedded in the transaction price, stamp duty, transactions tax and foreign exchange costs. |
| Incidental costs | | Performance fees |

a Structuring fees should be understood as fees charged by manufacturers of structured investment products for structuring the products. They may cover a broader range of services provided by the manufacturer.

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- (1) It should be noted that certain cost items appear in both tables but are not duplicative since they respectively refer to costs of the product and costs of the service. Examples are the management fees (in table 1, this refers to management fees charged by an investment firm providing the service of portfolio management to its clients while in Table 2 it refers to management fees charged by an investment fund manager to its investor) and broker commissions (in Table 1, they refer to commissions incurred by the investment firm when trading on behalf of its clients while in Table 2 they refer to commissions paid by investment funds when trading on behalf of the fund).

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Changes and effects yet to be applied to :

- Regulation power to amend or revoke conferred by [2023 c. 29 s. 1517](#)
- Regulation power to modify conferred by [2023 c. 29 s. 3Sch. 1 Pt. 3](#)
- Regulation power to modify conferred by [2023 c. 29 s. 1317](#)
- Regulation revoked by [2023 c. 29 Sch. 1 Pt. 3](#)

Changes and effects yet to be applied to the whole legislation item and associated provisions

- Art. 3(1B) omitted by [S.I. 2022/1297 reg. 2\(3\)](#)
- Art. 3(1ZA) inserted by [S.I. 2022/1297 reg. 2\(2\)\(b\)](#)