
TO : **Cyprus Investment Firms**

FROM : **Cyprus Securities and Exchange Commission**

DATE : **April 19, 2022**

CIRCULAR NO. : **C502**

SUBJECT : **ESMA launches a Common Supervisory Approach with NCAs on the application of MiFID II Costs and Charges disclosure rules**

1. The Cyprus Securities and Exchange Commission ('the CySEC') wishes, with this circular, to inform the Cyprus Investment Firms ('CIFs') that the European Securities and Markets Authority ('ESMA') published on February 8, 2022 an announcement regarding the 2022 Common Supervisory Approach ('CSA') on '[MiFID II Costs and Charges](#)'.
2. As per the aforementioned announcement, ESMA is launching the CSA 2022 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.
3. The CSA 2022 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.
4. In the context of the CSA, CySEC is planning to conduct on-site visits and/or desk based reviews on a sample of CIFs that fall within the scope of the said CSA providing investment services to retail clients. This action will allow CySEC to assess how the CIFs apply the MiFID II costs and charges disclosure rules and it will also enhance the protection of investors in line with ESMA's objectives.
5. For the purposes of the CSA 2022, CySEC will consider the following regulatory framework:

- a. Articles 25(4) (a)(C)(iii) and 25(5) of Law 87 (I) / 2017
- b. Articles 50(2), in combination with the cost items listed in Annex II, 50(3), 50(4), 50(9) and 50(10) of MiFID II Delegated Regulation (DR)
- c. Questions 9.4, 9.5., 9.9, 9.11, 9.12, 9.13, 9.16, 9.17, 9.25, 9.26, 9.33 of the [Questions and Answers on MiFID II and MiFIR investor protection and intermediaries topics](#) (ESMA 35-43-349)

Therefore, CySEC expects CIFs to adhere to the content of this Circular as this will form part of CySEC's supervisory review for the purpose of the 2022 CSA.

Sincerely,

George Theocharides
Chairman Cyprus Securities and Exchange Commission