Stockholm, 6 September 2019

NSA's response to ESMA's call for evidence on relating to the impact of inducements and cost and charges disclosure requirements in MiFID II

1. General comments

The Nordic Securities Association (NSA) [1] welcomes the opportunity to respond to ESMAs call for evidence relating to the impact of inducements and cost and charges disclosure requirements in MiFID II. In addition to responding to the specific questions below, we would like to make the following general comments.

- Focus should be on establishing a simpler and more proportionate cost disclosure regime which provides relevant and comparable information that is to the clear benefit of end-clients. Increased harmonisation and supervisory convergence are very important, but this should not lead to more complex and overly detailed rules.

- According to the NSA, many retail clients find the cost & charges information provided in accordance with MiFID II very difficult to understand and therefore they do not read the information received. This is evidenced by the fact that investment firms have received very few reactions and questions from clients relating to the new cost & charges reports. Moreover, statistics show that there is almost no traffic on investment firms' webpages where ex-ante cost information is published. In fact, retail clients are more interested in the total cost figures than in granular itemised breakdowns. Based on these considerations, the NSA strongly supports a simpler cost disclosure regime which in our opinion would be more likely to help retail clients to make informed investment decisions.

[1] The Nordic Securities Association (NSA) is a Nordic cooperation that works to promote a sound securities market primarily in the Nordic region. The NSA consists of the Danish Securities Dealers Association, Finance Finland, the Norwegian Securities Dealers Association and the Swedish Securities Dealers Association. NSA's public ID number in the Transparency Register is: 622921012417-15.

- In NSA's opinion, the mandatory cost & charges disclosure regime for eligible counterparties and professional clients is not proportional. Such clients have the knowledge and experience that is needed to look after their own interest when purchasing investment services from investment firms and/or making investment decisions. Also, in the experience of the NSA, many eligible counterparties and professional clients find it unhelpful to receive large volumes of MiFID data on costs which often diverge from the information that is available on the market, accounting principles etc. The NSA is therefore strongly in favour of a more calibrated regime for professional clients and eligible counterparties which includes opt-out (or opt-in) options and increased possibilities to agree on limited application of the rules.

- The NSA notes that ESMA's call for evidence focuses on the *disclosure rules* relating to inducements and have responded to the questions accordingly. However, we would like to underline that many of the implementation challenges relating to inducements concern other areas of the regime such as divergent legal interpretations by competent authorities regarding the quality enhancement regime, the principle of proportionality and application to primary market transactions. Whilst noting that the mandate to ESMA is restricted to disclosure, we would welcome a more extensive study on the impact of the inducement rules in MiFID II.

- The NSA generally supports a closer alignment between MiFID II and PRIIPs e.g. as regards the calculation methodology for product costs. It is confusing for clients to receive different cost information for the same instrument depending if MiFID II or PRIIPs is applied. In the context of a review, it is important to ensure that the characteristics of the financial instrument are taken into account. Moreover, it should be noted that also within the MiFID II framework there is a need for clarifications relating to how the concept of 'cost' e.g. the interaction between the rules on MiFID II cost & charges, best execution and SI quotes).

- The NSA questions whether the illustration of cumulative effects on return has any benefits for the clients or if it only leads to confusion. We therefore support the deletion of this requirement or, at least, that it is limited to investment services where the firm has insight into clients' portfolios through the provision of investment advice or portfolio management <u>and</u> where investments are made in financial instruments with the purpose to generate a performance or return on investment. The requirement of an illustration of cumulative effects on return is not well suited for products where the purpose is hedging and not trading (e.g. FX and interest rate derivatives).

- In addition to the legal requirements relating to disclosure of inducements and cost & charges, many EU investment firms are currently in the process of implementing self-regulatory initiatives such as the pan-European FinDatEx's EMT template (which relate to the exchange of information between manufacturers and distributors and is a direct consequence of the MiFID II rules). When analysing the input from this Call

for Evidence, it should therefore be taken into account that implementation work is still in progress and that it may take some time before the full effects of the new regime can be seen.

- Finally, the NSA would like to underline that the implementation of MiFID II, including cost & charges and inducements, has required significant investments in new infrastructure and procedures (IT systems, staff training etc.) It is therefore very important that an upcoming review process is evidence-based and that it includes rigorous consultations with stakeholders (including FinDatEx) as well as consumer testing activities. Investment firms must also be given a sufficiently long implementation period in order to adapt to any regulatory changes.

2. Specific questions

4.1 MiFID II disclosure requirements for inducements permitted under Article 24(9) of MiFID II

A: What are the issues (if any) that you are encountering when applying the MiFID II disclosure requirements in relation to inducements? What would you change and why?

One issue regarding the inducement disclosure regime relates to the requirement in ESMAs Q & A that inducements included in the product costs should be added to the costs of the investment service and then be deducted from the product costs.[2] In the experience of NSA members, it has proven to be very difficult to explain these additions and deductions to retail clients in a pedagogic way. In our view, a simpler and pragmatic approach would be to disclose inducements as a separate element of the product costs. When looking at this from a retail client perspective it is easier to comprehend that a financial product has a total cost which consist of a number of elements, which is also how the UCITS KIID and PRIIPs KID are designed. To then move the inducements element to the service cost section of the MiFID cost disclosure is simply illogical for many retail clients, as it does not match the product focus of the KIIDs/KIDs. In practice the inducements element could instead be shown as a separate line and displayed as a "whereof" of the total product costs. The NSA proposes that ESMA amends its Q & A accordingly.

In relation to the ex post cost statement, it has been a challenge that inducements are typically paid to the distributor once per month or quarter by the product manufacturer. This means that there is a time delay of up to a quarter between the point when inducements are charged by the manufacturer and the point when the distributor receives the inducements.

For investment funds, there is a challenge regarding the individual client calculation. Inducements are calculated and booked based on principles which are retrospective and done on the basis of the total assets held by all clients in the specific instrument. In these situations, the individual calculation will be theoretical and based on the agreed inducement

[2] ESMA Q&A on investor protection and intermediaries, Q 9.7

fee/fee percentage. We therefore suggest that it should be accepted to calculate inducements based on the agreed inducement fee/fee percentage.

B: Do you use the ex-ante and ex-post costs and charges disclosures as a way to also comply with the inducements disclosure requirements? At which level do you disclose inducements: instrument by instrument, investment service or another level (please specify how)?

Yes, investment firms include disclosure on inducements in the ex-ante and ex post reports. However, “the level” varies between investment firms depending e.g. on the type of instrument and investment service in question. With the principle of proportionality in mind, this flexibility is very important to keep in the framework as it helps firms to present information in a way that is relevant to end-clients.

C: Have you amended your products offer as a result of the new MiFID II disclosure rules on inducements? Please explain.

Implementation of MiFID II has led to changes in many investment firm’s product offer. However, in NSA’s view, this impact is not a direct result of the *disclosure rules* on inducements but rather the new framework as a whole.

Several investment firms report that the complexity of the rules and legal uncertainties has made them more restrictive as regards which financial instruments are offered to retail clients. Some examples are the legal uncertainties regarding “quality enhancement”, “minor non-monetary benefit” and the application of the principle of proportionality.

Another important factor which has had an impact on firm’s product offer is access to necessary data from manufacturers. In cases where manufacturers are not able to provide sufficient data on inducements or cost & charges, some investment firms have decided to temporarily stop the distribution of those manufacturers’ products. Hopefully, such data issues will improve over time e.g. with the use of the FinDatEx EMT template.

On the asset management side, the new MiFID II rules on inducements have also led to the creation of new inducement-free (“clean”) share classes to be used, for instance, in portfolio management services. It should be noted that the development of new share classes in some cases has led to tax implications for retail investors.

D: Has the disclosure regime on inducements had any role/impact in your decision to provide independent investment advice or not?

No, according to NSA’s members the *disclosure regime* on inducements has not played a significant role in the decision to provide independent investment advice or not.

For the Swedish market, a more important factor is that the legislator has gold-plated MiFID II as regards the concept of independent investment advice. According to Chapter 9 Section 20 of the Swedish Securities Market Act, an investment firm which calls itself an independent investment advisor may not offer <u>any</u> products issued by itself or an entity having close links. This definition makes it more difficult for firms to become independent advisors.

E: How do you apply ex-ante and ex-post disclosures obligations under Article 24 (9) of MiFID II in case of investment services provided on a cross-border basis? Do you encounter any specific difficulty to comply with these requirements in a cross-border context? Please explain.

At this point NSA members do not have evidence that the *disclosure rules* relating to inducements have led to difficulties on a cross border basis.

However, as mentioned above, there are other areas of the inducements regime where competent authorities clearly have made different legal interpretations. This creates compliance risks and makes cross-border business more administratively burdensome and costly. Some examples are the applications of "quality enhancement" and "minor non-monetary benefit" as well as legal divergent interpretations e.g. relating to primary market transactions[3] and the maker-taker model.[4]

As regards the "quality enhancement", "minor non-monetary benefit", the examples in the Commissions Directive are non-exhaustive. In order to facilitate cross border activities, the NSA proposes that ESMA or the Commission should keep a public list of which activities the various Member States/competent authorities have decided to be acceptable.

F: If you have experience of the inducement disclosure requirements across several jurisdictions, (e.g. a firm operating in different jurisdictions), do you see a difference in how the disclosure requirements under Article 24(9) of MiFID II and Article 11(5) of the MiFID II Delegated Directive are applied in different jurisdictions?

Those NSA members who operate in multiple jurisdictions, primarily operate in the Nordic countries. So far, members have not experienced different interpretation of the *disclosure rules* relating to inducements. However, this could change as the rules/interpretations mature and national competent authorities start to carry out supervisory activities. As a matter of principle, NSA would like to encourage EU legislators and national competent authorities to strive for harmonization since different interpretation creates compliance risks and makes cross-border business more administratively burdensome and costly.

G: Would you suggest changes to the disclosure regime on inducements so that investors or potential investors, especially retail ones, are better informed about possible conflicts between their interests and those of their investment service provider due to the MiFID II disclosure requirements in relation to inducements?

The NSA considers that current rules on disclosure of conflict of interest are sufficient. We would advise against further complicating the rules on disclosure of inducements to retail investors with requirements to provide more information on conflicts of interest.

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[3] Article 41.1 Commission Delegated Directive (EU) 2017/593

[4] See Article 66 (6) and (7) Commission Delegated Directive (EU) 2017/593
and FCA's guidance (item 56):
file:///C:/Users/sara/AppData/Local/Microsoft/Windows/INetCache/Content.Outlook/J0WCC3L4/fg12-13%20(003).pdf

H: What impact do you consider that the MiFID II disclosure requirements in relation to inducements have had on how investors choose their service provider and/or the investment or ancillary services they use (for instance, between independent investment advice and nonindependent investment advice)?

As mentioned under C, MiFID II has led to changes in firms' offer of products and services. These changes are however often supply driven and not a result of investors choice. In particular, access to data and legal uncertainty have been important factors for investment firms when structuring their offerings, including which manufacturers to liaise with.

In our experience, many retail clients focus on the total cost in general, and not the individual components of the total costs. The same apply to the disclosure of inducements. The benefit for retail clients in receiving this detailed and complex information is questionable.[5]

4.2 Costs and charges disclosure requirements under Article 24(4) of MiFID II

I: What are the issues that you are encountering when applying the MiFID II costs disclosure requirements to professional clients and eligible counterparties, if any? Please explain why. Please describe and explain any one-off or ongoing costs or benefits.

In the experience of NSA's members, many professional investors and eligible counterparties find the detailed and complex information on cost & charges in MiFID II burdensome and have expressed a preference to opt-out of the rules.[6] This can be explained by the fact that professional clients and eligible counterparties have the knowledge and experience necessary to purchase investment services and/or make investment decisions without the type of detailed information on cost & charges provided by MiFID II. In addition, the methodology for calculation of cost in MiFID II does not always reflect market practice or applicable accounting principles which means that the information can have unintended negative consequences. It is a problem that the rules have not been developed with the characteristics of different financial instruments in mind (e.g. hedging products).

As an example, one Swedish investment firm has stated that its ex post report to another investment firm was over 1000 pages long and that, in their opinion, the information was practically useless to the recipient since it consisted mostly of zeros.

A cost/benefit analysis of the rules strongly speaks in favour of a more proportionate and flexible regime for eligible counterparties and professional clients. For eligible counterparties, we think it should be possible to, at the client's initiative, to either opt-in or opt-out of the requirements. For professional clients it should be possible to opt out or

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[5] The same conclusions are drawn in academic studies. See Prof. Dr Stephan Paul, Nicola Schröder, M.Sc., Simon Schumacher, M.Sc.; *MiFID II/MiFIR/PRIIPs Regulation Impact Study: Effectiveness and Efficiency of New Regulations in the Context of Investor and Consumer Protection - A qualitative/empirical analysis*, February 2019

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agree on a more limited application of the rules, e.g. using a table or grid for ex ante disclosure. This is the case both for products and investment services and irrespective of which type of service that is provided. Furthermore, using a table or grid for ex ante disclosure should be possible. In NSA's view, article 50. 1 of the Delegated Regulation and ESMA's Q&A[7] are much too restrictive and should be amended.

In addition to issues relating to scope, the application of the cost & charges rules to wholesale markets could benefit from some clarifications. For instance, it is not always easy to determine which of the counterparties in a transaction is to be considered as a "client" and which of the counterparties is to be considered as "investment firm". It is also unclear to whom/which department a cost & charges report should be sent when dealing with another investment firm.

J: What would you change to the cost disclosure requirements applicable to professional clients and eligible counterparties? For instance, would you allow more flexibility to disapply certain of the costs and charges requirements to such categories of clients? Would you give investment firms' clients the option to switch off the cost disclosure requirements completely or apply a different regime? Would you distinguish between per se professional clients and those treated as professional clients under Section II of Annex II of MiFID II? Would you rather align the costs and charges disclosure regime for professional clients and eligible counterparties to the one for retails?

See response to I.

For eligible counterparties, we think it should be possible to at, the client's initiative, either opt-in or opt-out of the requirements. For professional clients it should be possible to opt-out or agree on a more limited application of the rules, e.g. using a table or grid for ex ante disclosure. This is the case both for products and investment services and irrespective of which type of service that is provided. Furthermore, using a table or grid for ex ante disclosure should be possible. In NSA's view, article 50. 1 of the Delegated Regulation and ESMA's Q&A[8] are much too restrictive and should be amended.

In the opinion of the NSA, per se professionals and professionals under Annex II of MiFID II could be treated the same as regards cost disclosure. We do not support an alignment between the costs and charges disclosure regime for professional clients and eligible counterparties to the one for retail.

K: Do you rely on PRIIPS KIDs and/or UCITS KIIDs for your MiFID II costs disclosures? If not, why? Do you see more possible synergies between the MiFID II regime and the PRIIPS KID and UCITS KIID regimes? Please provide any qualitative and/or quantitative information you may have.

Practice vary across Member States whether investment firms rely on PRIIPs KID for disclosure of product costs or not.

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[7] ESMA Q&A on investor protection and intermediaries, Q 9.19
[8] ESMA Q&A on investor protection and intermediaries, Q 9.19

Generally, NSA's members do not use the PRIIPs KID as such for MiFID II cost disclosure and instead the FinDatEx EMT template is used as a source for individual reports. There are several reasons why the PRIIPs KID is not used. One reason is that the KID cannot be updated as frequently as it needs to be in order to be used as a basis for MiFID II ex ante product cost disclosure. Another reason is that firms also have service costs which need to be calculated and included in the cost disclosure together with the product costs. This makes it difficult to use the figures in PRIIPs KID. The reduction in yield (RIY) concept is problematic. Finally, it should be noted that under MiFID II, costs caused by the occurrence of underlying market risk shall not be included. This is not in line with the PRIP transaction cost methodology in the PRIIPs RTS (arrival price).

However, even though the KID is not used per se, in some cases the calculation methodology used for MiFID ex ante cost disclosure is derived from PRIIPs approach.

The NSA follows the development in the PRIIPs review and is supportive of a closer alignment between MiFID II and PRIIPs e.g. relating to methods for calculation of product costs. However it is always important to take the type of instrument into account.

Also, the mix between theoretical value and direct costs is/can be problematic as sometimes theoretical costs are less than the sum of the other actual costs, which means that the client receives reports with negative total costs. Theoretical costs may never appear in reality and therefore it can be questioned if mixing the types of costs contribute to investor protection or rather the opposite.

Moreover, for packaged products such as embedded derivatives, it should be clarified at what stage in the value chain the costs should be determined (inception point). The interpretation of market fair value is different between investment firms.

L: If you have experience of the MiFID II costs disclosure requirements across several jurisdictions, (e.g. a firm operating in different jurisdictions), do you see a difference in how the costs disclosure requirements are applied in different jurisdictions? In such case, do you see such differences as an obstacle to comparability between products and firms? Please explain your reasons.

Those NSA members who operate in multiple jurisdictions, primarily operate in the Nordic countries. So far, members have not experienced significant differences in how the cost & charges rules are applied in different jurisdictions. However, this could change as the rules/interpretations mature and national competent authorities start to carry out supervisory activities. As a matter of principle, NSA would like to encourage EU legislators and national competent authorities to strive for harmonization since different interpretation creates compliance risks and makes cross-border business more administratively burdensome and costly.

One key area where NSA members have identified different interpretations between EU investment firms (also in the same jurisdiction) concern the calculation of the spread cost for derivatives. These differences make it very difficult for clients to compare costs.

M: Do you think that MiFID II should provide more detailed rules governing the timing, format and presentation of the ex-ante and ex-post disclosures (including the illustration showing the cumulative impact of costs on return)? Please explain why. What would you change?

For level playing field reasons as well as legal certainty, harmonisation is important. However, the complexity and level of detail should not be increased as regards format, timing and presentation of costs.

See response to L.

N: For ex-ante illustrations of the impact of costs on return, which methodology are you using to simulate returns? Or are you using assumptions (if so, how are you choosing the return figures displayed in the disclosures)? Do you provide an illustration without any return figure?

There are different practices in the market. Many firms assume zero (0) return. Others let clients choose an expected return. There are also firms which use a narrative explanation of the impact of costs on return without simulations. This flexibility is important to keep in the framework considering the differences in products and investment services offered.

Based on the feed-back from clients, the NSA questions if the illustration of cumulative effects on return has in fact any benefits. We therefore support the deletion of this requirement or, at least, that it is limited to investment services where the firm has insight into clients' portfolios through the provision of investment advice or portfolio management *and* where investments are made in financial instruments with the purpose to generate a performance or return on investment.

An illustration of cumulative effects on return is not well suited for products where the purpose is hedging and not trading e.g. FX and interest rate derivatives, since there is no real investment amount but rather only a principal amount which is covered by the transaction in question. The purpose of hedging transactions for example is not to generate a return, and without that feature as an element of the transaction there is no possibility to calculate neither a cost percentage amount nor the effect that costs during the contract's lifetime will have on any type of return. The focus for these products should be transaction amount and potential service-related costs as a cash amount, as the costs for e.g. an interest rate swap are taken out of the market value.

O: For ex-post illustrations of the impact of costs on return, which methodology are you using to calculate returns on an ex-post basis (if you are making any calculations)? Do you use assumptions or do you provide an illustraton without any return figure?

Practices vary amongst member firms.

One example of a market practice is that many firms assume that there is no alternative return on the costs incurred by end-client. Therefore the impact of such costs on return is equal to the size of such costs.

P: Do you think that the application of the MiFID II rules governing the timing of the ex-ante costs disclosure requirements should be further clarified in relation to telephone trading? What would you change?

Yes.

In case of telephone trading and other distance communication, it should be possible to provide retail clients with ex ante costs on the same conditions as it is possible to provide a suitability report, i.e. provided that the client consents and is given an option to delay the transaction.[9] The requirement set forth by ESMA in Q & A[10] that the investment firm should *simultaneousl*y provide the same information in a durable medium is difficult to comply with in practice. Furthermore, we see no reason why the rules on cost & charges in case of distance communication should not be the same as for the suitability report and the PRIIPs KID.

Also, it is important to note that for telephone trading, time is often of essence. In NSA member's experience, many clients therefore find this cost disclosure requirement very annoying and burdensome. In order to accommodate client needs, firms should therefore also be allowed to agree on limited application e.g. to provide a standardized generic price grid for telephone trading. This possibility should apply to all client types.

As mentioned under I, eligible counterparties and professional clients should also be able to opt-in or opt-out of the cost disclosure requirements.

The above comments also apply to other means of electronic communication normally used to enter into transactions such as chat functions.

Q: Do you think that the application of Article 50(10) of the MiFID II Delegated Regulation (illustration showing the cumulative impact of costs on return) helps clients further understand the overall costs and their effect on the return of their investment? Which format/presentation do you think the most appropriate to foster clients' understanding in this respect (graph/table, period covered by the illustration, assumed return (on an ex-ante basis), others)?

Based on the feed-back from clients, the NSA questions if the illustration of cumulative effects on return has in fact any benefits. We therefore support the deletion of this requirement or, at least, that it is limited to investment services where the firm has insight into clients' portfolios through the provision of investment advice or portfolio management and where investments are made in financial instruments with the purpose to generate a performance or return on investment.

An illustration of cumulative effects on return is not well suited for products where the purpose is hedging and not trading e.g. FX and interest rate derivatives, since there is no real investment amount but rather only a principal amount which is covered by the transaction in question. The purpose of hedging transactions for example is not to generate a return, and

[9] Article 25.5 third paragraph MiFID II

[10] ESMA Q&A on investor protection and intermediaries, Q 9.28

without that feature as an element of the transaction there is no possibility to calculate neither a cost percentage amount nor the effect that costs during the contract's lifetime will have on any type of return. The focus for these products should be transaction amount and potential service-related costs as a cash amount, as the costs for e.g. an interest rate swap are taken out of the market value.

R: Are there any other aspects of the MiFID II costs disclosure requirements that you believe would need to be amended or further clarified? How? Please explain why.

Use of Percentages

For some services it is very unclear how to calculate the cost as a percentage (%). It does not make sense to calculate the customer's total cost as a percentage of the total "investment amount" on an aggregated level, mixing different types of trades and costs (equity, hedging derivatives, etc.).

For some services it is very unclear how to calculate and present the cost as a percentage (%) concerning the Ex-post cost disclosure. A percentage figure is a number relative to another number, so expressing a cost as a percentage means that the cost must be compared with something, which for the Ex-ante is naturally the investment amount. However, for the Ex-post disclosure, to find a relevant denominator is impossible. Some costs, such as commission costs and entry/exit costs are related to the amount of the transactions (i.e. total turnover during the year for the Ex-post report), whilst other costs, as example ongoing costs for instruments are related to the customer´s holding (i.e. average AUM during the year for the Ex-post report).

As an example, assume the following:

- The customer might have executed many trades per day during the year, resulting in very high commission costs
- The customer has had a very low average AUM during the year
- The customer owned a small amount of a mutual fund during the year (that has ongoing costs)

To find a common denominator for the above example is impossible. If you use the average AUM, the commission cost might be thousands of percent which is a nonsense number, but then the cost in percentage for the fund would be relevant. If you on the other hand include the total turnover in the denominator, the commission will be relevant, but the cost for the fund will be microscopic. You cannot sum percentage with different denominators and present it in the same table, since it is mathematically incorrect.

One solution to this issue could be not to require a percentage for costs on an aggregated level for the Ex-post disclosure, when no relevant denominator can be found. Instead institutes may choose to disclose the costs in percentage, for cost items related to the transactions and cost items related to holding of instruments in two separate tables.

In some situations, there is no investment amount, e.g. in the case of providing investment research or when trading derivatives. Also, it has to be assumed that the idea of calculating a

percentage is to be able to show clients how the performance or return of their investments are affected by the costs applied. Trying to calculate a cost percentage for a financial product which is not designed to generate a return quickly becomes a theoretical exercise with no practical value. From a client perspective the detrimental effect of such a calculation is that the overall cost disclosure will show an erroneous picture, since the disclosure will be distorted when mixing assets like equity and investment funds on one hand and derivatives on the other. The NSA supports an amendment to the rules which only requires disclosure of costs in percentage format "where relevant".

Conversion rate

Another aspect of the cost disclosure requirements that should be made subject to review is the requirement in Article 50 paragraph 3 to include the conversion rate for all transactions in the ex post report. If applied to the letter, this requirement would make the ex post reports very long and provide little benefits to retail clients.

The insistent client

More guidance is needed how an investment firm should behave when a client does not want the information. As mentioned above, for eligible counterparties and professionals the introduction of opt in/opt out solutions should be considered. However, it is also important to provide guidance as regards how firms should handle retail clients who insist on pursuing a transaction without receiving ex ante full cost disclosure. In our opinion, a reasonable solution would be to allow the transaction under the same conditions as apply to insistent clients in relation to suitability.[11]

Alignment with IDD

In addition to PRIIPS, the need for further alignment between MiFID II and other legislations such as Insurance Distribution Directive (IDD) should also be considered. This is important for level playing field reasons and to achieve a more coherent rulebook as regard disclosure of inducements and cost & charges.

As regards IDD, we note that the commission shall carry out a review by 23 February 2021 and that EIOPA shall prepare a report by 23 February 2021, and in this context consult with ESMA. It is important to take into consideration the input provided in this Call for Evidence also in the context of such work.

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[11] ESMA Q&A, 2.6