



MARCH 2023

**PROPOSALS TO IMPROVE THE
READABILITY OF FINANCIAL
PRODUCT FEES
IN EUROPEAN LAW**

PROPOSAL ON THE PRESENTATION OF FEES PRIOR TO ANY INVESTMENT: AN ALTERNATIVE PROPOSAL TO CONTRIBUTE TO THE EUROPEAN COMMISSION'S REFLECTION ON THE RETAIL INVESTMENT STRATEGY

At the request of the AMF, Financial Sector Consultative Committee (FSCC) has drawn up a table summarising all the costs and charges, that could be given to investors before they decide to invest. This is an alternative proposal to the current required display.

The fee table is standardized and includes the PRIIPs KID classification of costs (one-off costs, ongoing costs, incidental costs). This classification allows investors to better identify the frequency with which they will be charged for these costs.

AN ALTERNATIVE PRESENTATION OF COSTS PRIOR TO ANY INVESTMENT (GENERIC TABLE)

Investment: €1,000

		First year costs	
One-off costs		%	€
Service-related fees	Advisory fees		
	Account opening fees		
	Execution fees		
Product-related fees	Entry fees		
Subtotal			
Ongoing costs		%	€
Service-related fees	Ongoing advice fees		
	Custodian fees		
	Account management fees		
Product-related fees	Total annual fees		
Subtotal			
Incidental charges levied under certain conditions		%	€
Charged directly on the mandate or products	Performance fees		
Grand total		%	€

For your information, regarding product-related costs

The first year: the distributor receives a commission (inducement) of €x.xx representing x.xx% of your investment.

Subsequent years: the distributor receives a commission (inducement) of €x.xx, representing x.xx% of your investment.

Change in costs over the recommended holding period*

Year 1	Year 1	Year 3	Year 4	Year 5 **
€__	€__	€__	€__	€__
__%	__%	__%	__%	__%

* Assumptions of zero return, stable pricing and resale after 5 years.

** The exit fees is x.xx% of your investment.

The structure of the table can be adapted to the different financial instruments and investment services provided. Thus, only the relevant lines could be used by the distributor (see examples below).

EXAMPLE OF APPLICATION TO THE CASE OF INVESTMENT ADVISORY SERVICES FOR INVESTMENTS IN UCIs

Investment: €1,000

		First year costs	
One-off costs			
Service-related fees	Advisory fees	0%	€0
	Account opening fees	0%	€0
Product-related fees	Entry fees	2%	€20
Subtotal		2%	€20.00
Ongoing costs			
Service-related fees	Ongoing advice fees	0%	€0
	Custodian fees	0.40%	€3.92
	Account management fees	0%	€0
Product-related fees	Total annual fees	2%	€19.60
Subtotal		2.40%	€23.52
Incidental charges levied under certain conditions			
Charged directly on the mandate or products	Performance fees	0%	€0
Grand total		4.35%	€43.52

For your information, regarding product-related costs

The first year: the distributor receives a commission (inducement) of €19.80, representing 1.98% of your investment.
Subsequent years: the distributor receives a commission (inducement) of €9.18, representing 0.99% of your investment.

Change in costs over the recommended holding period*

Year 1	Year 2	Year 3	Year 4	Year 5**
€43.52	€19.13	€18.75	€18.37	€22.42
4.35%	3.08%	2.64%	2.41%	2.33%

* Assumptions of zero return, stable pricing and resale after 5 years.

** The exit fee is 0.5% of your investment.

EXAMPLE OF APPLICATION TO THE CASE OF PROVIDING AN RTO SERVICE ON A LISTED SHARE

Investment: €1,000

		First year costs	
One-off costs		%	€
Service-related fees	Account opening fees	0%	€0
	Order execution fees	0.50%	€5
Subtotal		0.50%	€5
Ongoing costs		%	€
Service-related fees	Custodian fee	0.80%	€7.99
	Account management fees	1.51%	€15.00
Subtotal		2.31%	€0
Incidental charges levied under certain conditions		%	€
Charged directly on the mandate or products	Performance fees	NA	NA
Grand total		2.80%	€27.99

NA: not applicable for this service.

Change in costs over the recommended holding period*

Year 1	Year 2	Year 3	Year 4	Year 5 **
€27.99	€22.80	€22.62	€22.44	€26.67
2.80%	2.51%	2.39%	2.31%	2.34%

* Assumptions of zero return, stable pricing and resale after 5 years.

** The exit fee is 0.5% of your investment.

THE TABLE IS ACCOMPANIED BY A GLOSSARY OF FINANCIAL INVESTMENT FEES

The FSAC also proposed that a glossary of financial investment fees (excluding life insurance) be provided to investors to accompany the table so that they can understand it properly.

This glossary can also be made available to investors separately from the table, since it is based on the types of fees currently presented in the documents produced by investment services providers (fee brochures, prospectuses, PRIIPs KIDs, etc.) and is not conditional on changes in regulation, as would be the case with the table.

Investor understanding of the draft glossary was tested in a qualitative readability study conducted in September 2022, the results of which were taken into account.