


**BNP PARIBAS**

 The bank  
for a changing  
world

## Cost & Charges disclosed to the client

### Background

MiFID II comprises a recast directive (MiFID II) and a related regulation (MiFIR) which together amend and enhance the current MiFID I rules. The primary focus is strengthening investor protection, reducing systemic risks in market structures and increasing the transparency and efficiency of financial markets. The MiFID II obligations will apply as from 3 January 2018.

This factsheet is focusing on Costs & Charges disclosed to the client

## MIFID II Cost & Charges obligation

### 1. What are the MiFID II requirements for costs and charges?

As part of the enhanced investor protection rules, MiFID II requires investment firms to disclose expected costs and charges in good time before providing services to a client.

MiFID II also requires investment firms to provide an annual summary of actual trade costs to eligible clients defined by article 50.9 of the MiFID II delegated regulation.

### 2. When did MiFID II come into effect?

MiFID II came into force on the 3rd January, 2018.

### 3. From when do BNP Paribas's reporting obligations start?

MiFID II went live on the 3rd January 2018, therefore our obligations to report costs and charges started then. The implications of this start date are:

- We will only provide pre-trade costs from 3rd January, 2018
- The reporting period for ad-hoc requests will start from 3rd January, 2018, and will not include any 2017 costs and charges
- MiFID II also requires investment firms to provide an annual summary of actual trade costs to eligible clients defined by article 50.9 of the MiFID II delegated regulation.

Regulation **MiFID II**  
January 2019

### Key Dates

#### 20 October 2011

The European Commission adopted a legislative proposal for the revision of MiFID in the form of a revised Directive (Recast MiFID) and a new Regulation (MiFIR), together MiFID II.

#### 15 April 2014

MiFID II was adopted by the European Parliament.

#### 12 June 2014

MiFID II was published in the EU Official Journal – level 1 publication.

#### 3 July 2017

Deadline for transposition of MiFID II into national law by member states.

#### 3 January 2018

Application of MiFID II within all Member States. Voluntary SI opt-in.


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## Pre-trade / Ex-ante information

### 4. How will I be told about my pre-trade costs

How you are informed of your expected costs will depend on the product and your client classification. If you are:

- Classified as a Professional or an Eligible Counterparty (as defined in MiFID II) and;
- Have received the 'Costs and Charges' letter from us

Then for products shown on this website, a cost grid is available. Please follow the instructions on the website to find the maximum expected cost for that product; note that the actual cost may be lower than this.

If your contact at BNP Paribas considers that the maximum expected cost grid is not an accurate representation of the expected cost, then a separate pre-trade cost will be provided to you.

For all other products not found in the 'Search' function, your BNPP representative will provide you with the expected cost, in good time prior to trading, in a separate communication.

### 5. I haven't received a Costs and Charges letter for the Cost and Charges Website?

We sent a notification email to all of clients that will be affected by these changes in December 2017. If you think you should have received one, but did not, then please contact your normal BNPP representative as soon as possible.

### 6. I am a retail client; do the grids on the Costs and Charges Website apply to me?

No, the maximum cost grids do not apply to you. The website is only applicable for our clients that have been classified as a Professional or an Eligible counterparty. As a client that has been classified as "Retail", you should have received a KID ("Key Information Document") under the PRIIPs ("Packaged Retail and Insurance-based Investment Products") regulation. The KID contains pre-trade costs.

### 7. How far in advance should I receive my expected costs?

The regulation specifies that the expected costs should be provided to the client in good time, before committing to the transaction.

### 8. How have the maximum costs grids been prepared?

The maximum cost grids have been prepared based on an analysis of historical costs. Where this has not been possible, a reasonable estimate of expected costs has been made.

### 9. How often are the maximum costs grids updated?

The maximum costs grids will be constantly monitored for accuracy and updated as appropriate. If, for example, there were significant market events that meant the grids were no longer accurate, then your normal BNP Paribas representative would provide you with a separate communication on your expected costs.

### 10. How can I find older versions of the maximum cost grids?

Older versions will be kept on the website for a limited time, if you require older ones please contact your usual BNP Paribas representative.

### 11. Why can't I find my pre-trade costs on the website?

The maximum costs grids cover liquid, relatively standardised, products only. Even if you are trading a similar product, there may be certain features that cannot be captured by the grid, for example a very long-dated trade, or infrequently traded currencies. In these situations, your normal BNP Paribas representative will send you, pre-trade, the expected costs for that particular trade.

### 12. What happens if my actual costs are higher than the expected pre-trade costs?

If you consider that your actual costs were higher than those disclosed (whether on the website or in a separate communication), please contact your normal BNPP representative as soon as possible.

### 13. I have not received my pre-trade costs

If you have not received any communication from your BNPP representative, please check whether the product that are you about to trade is covered by the maximum costs grids on the Costs and Charges website. If they are not, and you haven't received a separate communication, please contact your BNPP representative as soon as possible prior to completion of the transaction.

## Post-trade / Ex-post information

### 1. Will I receive an ex-post report?

Ex-post cost reports are available for certain clients. Under MiFID II, clients could receive an annual report of the actual costs and charges incurred. This could happen if BNPP Global Markets has either recommended or marketed a financial instrument, or provided a Key Investor Document (KID) **AND** BNPP CIB Global Markets have had an ongoing relationship with you during the relevant year. Based on the discussion within the industry (e.g. AFME, AMAFI etc.) and considering the type of service GM provides, ongoing relationship applies to 2 categories of clients within BNPP GM:

- Retail clients
- Distributors

### 2. BNPP Responsibility towards the Distributors?

The Costs and Charges information is passed to the distributors using the EURID and KID documents. EURID stands for European Regulatory Information Document and it displays the product data, the target market, the risk analysis and the MiFID II Ex-Ante costs disclosure using the EMT (see the EMT definition below).

In addition to these 2 disclosures (KID and EURID), data is passed to RegXchange. RegXchange is a free industry utility platform providing metadata, and facilitating the exchange of MiFID II information between sell-side and buy-side institutions. RegXchange features a wide range of manufacturers, enabling distributors to see which KIDs are available at any given time.

### 3. What is an EMT definition?

Firms that manufacture financial instruments need to provide a functional description of the minimum set of data to distributors to help them fulfil the new regulatory requirements. This information includes defining a financial instrument's target market and disclosing its costs and charges. The European MiFID Template (EMT), as agreed within the



European Working Group, allows accurate information of the target market and the costs by the manufacturers to be provided consistently and shared.

#### 4. If I am eligible for an ex-post report, what period of time will it cover?

The annual report will capture all activity conducted with BNPP CIB Global Markets from the 3rd January, 2018, through to 31st December, 2018. Subsequent reports will also be prepared on a calendar basis, through to the 31st December of that year.

#### 5. What trading activity is captured in this annual report?

EEA based trading activity conducted for MIFID II instruments with BNPP CIB Global Markets will be captured on this report. If you have transactions that are conducted with another BNPP legal entity inside the EEA then you will receive a separate report. If you have transactions that are conducted with another BNPP legal entity outside the EEA then you will NOT receive a report.

#### 6. What will the ex-post report contain?

The ex-post report will aggregate all your costs and charges into the following categories:

- Financial Instrument Costs (one-off costs, on-going costs, distribution costs)
- Investment Services and / or Ancillary Services (brokerage, clearing fees, execution costs, new issue fees)
- Third Party Payments (if received by BNP Paribas)

#### FURTHER QUESTIONS

If you have any other comments or questions, please contact the BNP Paribas European Regulatory Reform Team (regreform.eu@uk.bnpparibas.com) or your usual relationship or sales contact.

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