

Reporting information to clients (MiFID provisions)

## Chapter 16A

Reporting information to  
clients (MiFID and insurance-  
based investment products  
provisions)

## 16A.4 Periodic reporting

### Provision by a firm and contents: MiFID business

16A.4.1 UK

60(1) Investments firms which provide the service of portfolio management to retail clients or professional clients shall provide each such client with a periodic statement in a durable medium of the portfolio management activities carried out on behalf of that client unless such a statement is provided by another person.

60(2) The periodic statement required under paragraph 1 shall provide a fair and balanced review of the activities undertaken and of the performance of the portfolio during the reporting period and shall include, where relevant, the following information to retail clients:

- (a) the name of the investment firm;
- (b) the name or other designation of the client's account;
- (c) a statement of the contents and the valuation of the portfolio, including details of each financial instrument held, its market value, or fair value if market value is unavailable and the cash balance at the beginning and at the end of the reporting period, and the performance of the portfolio during the reporting period;
- (d) the total amount of fees and charges incurred during the reporting period, itemising at least total management fees and total costs associated with execution, and including, where relevant, a statement that a more detailed breakdown will be provided on request;
- (e) a comparison of performance during the period covered by the statement with the investment performance benchmark (if any) agreed between the investment firm and the client;
- (f) the total amount of dividends, interest and other payments received during the reporting period in relation to the client's portfolio;
- (g) information about other corporate actions giving rights in relation to financial instruments held in the portfolio;
- (h) for each transaction executed during the period, the information referred to in Article 59(4)(c) to (l) where relevant, unless the client elects to receive information about executed transactions on a transaction-by-transaction basis, in which case paragraph 4 of this Article shall apply.

60(3) The periodic statement referred to in paragraph 1 shall be provided to retail clients once every three months, except in the following cases:

- (a) where the investment firm provides its retail clients with access to an online system, which qualifies as a durable medium, where up-to-date valuations of the client's portfolio can be accessed and where the client can easily access the information required by Article 63(2) and the firm has

evidence that the client has accessed a valuation of their portfolio at least once during the relevant quarter;

(b) in cases where paragraph 4 applies, the periodic statement must be provided at least once every 12 months;

(c) where the agreement between an investment firm and a retail client for a portfolio management service authorises a leveraged portfolio, the periodic statement must be provided at least once a month.

The exception provided for in point (b) shall not apply in the case of transactions in financial instruments covered by Article 2(1)(24)(c) of Regulation (EU) No 600/2014 or paragraphs 4 to 11 of Part 1 of Schedule 2 to the Regulated Activities Order.

60(4) Investment firms, in cases where the retail client elects to receive information about executed transactions on a transaction-by-transaction basis, shall provide promptly to the retail client, on the execution of a transaction by the portfolio manager, the essential information concerning that transaction in a durable medium.

The investment firm shall send the retail client a notice confirming the transaction and containing the information referred to in Article 59(4) no later than the first business day following that execution or, where the confirmation is received by the investment firm from a third party, no later than the first business day following receipt of the confirmation from the third party.

The second subparagraph shall not apply where the confirmation would contain the same information as a confirmation that is to be promptly dispatched to the retail client by another person.

[Note: article 60 of the *MiFID Org Regulation*]

**16A.4.2** G In accordance with ■ **COBS 2.4.9R**, a *firm* may dispatch a *periodic statement* (as required by article 60(1) of the *MiFID Org Regulation*, see ■ **COBS 16A.4.1UK**) to an agent, other than the *firm* or an associate of the *firm*, nominated by the *client* in writing.

**Provision by a firm and contents: insurance-based investment products**

**16A.4.2A** R

- (1) Without prejudice to ■ **COBS 13.1.2R**, ■ **COBS 13.3.2R**, ■ **COBS 14.2.11R**, ■ **COBS 14.2.5R**, ■ **COBS 14.2.7R**, ■ **COBS 16.6.3R**, ■ **COBS 16.6.3AR** and ■ **COBS 20.4.7R**, and ■ **COBS 13 Annexes 1 and 2**, in relation to an *insurance-based investment product*, a *firm* must provide the *client* with a periodic report, on a *durable medium*, of the services provided to and transactions undertaken on behalf of the *client*.
- (2) The periodic report required (1) must provide a fair and balanced review of the services provided to and transactions undertaken on behalf of that *client* during the reporting period and must include, where relevant, the total costs associated with these services and transactions, and the value of each underlying investment asset.
- (3) The periodic report required under (1) must be provided at least annually.

[Note: article 18 of the *IDD Regulation*]

**Additional reporting obligations for portfolio management or contingent liability transactions**

16A.4.3 UK

62(1) Investment firms providing the service of portfolio management to a retail client must inform the client where the overall value of the portfolio, as evaluated at the beginning of each reporting period, depreciates by 10% and thereafter at multiples of 10%, no later than the end of the business day in which the threshold is exceeded or, in a case where the threshold is exceeded on a non-business day, the close of the next business day.

62(2) Investment firms that hold a retail client account that includes positions in leveraged financial instruments or contingent liability transactions shall inform the client, where the initial value of each instrument depreciates by 10% and thereafter at multiples of 10%. Reporting under this paragraph should be on an instrument-by-instrument basis, unless otherwise agreed with the client, and shall take place no later than the end of the business day in which the threshold is exceeded or, in a case where the threshold is exceeded on a non-business day, the close of the next business day.

[Note: article 62 of the *MiFID Org Regulation*]

16A.4.4 G

For the purposes of this section, a contingent liability transaction should be understood as being a transaction that involves any actual or potential liability for the client that exceeds the cost of acquiring the instrument.

[Note: recital 96 to the *MiFID Org Regulation*]

**Guidance on contingent liability transactions**

16A.4.5 G

When providing a *periodic statement* to a *retail client*, a *firm* should consider whether to include:

- (1) the *collateral* value in respect of any contingent liability transaction in the *client's* portfolio during the relevant period; and
- (2) *option* account valuations in respect of each open *option* written by the *client* in the *client's* portfolio at the end of the relevant period; stating:
  - (a) the *share, future, index* or other *investment* involved;
  - (b) the trade price and date for the opening transaction, unless the valuation statement follows the statement for the period in which the option was opened;
  - (c) the market price of the contract; and
  - (d) the exercise price of the contract.
- (3) *Option* account valuations may show an average trade price and market price in respect of an *option* series if the *client* buys a number of contracts within the same series.