

Public consultation on a retail investment strategy for Europe

Fields marked with * are mandatory.

Introduction

This consultation is now available in 23 European Union official languages.

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1. Background for this consultation

The level of retail investor participation in EU capital markets remains very low compared to other economies, despite high individual savings rates in Europe. This means that consumers may currently not fully benefit from the investment opportunities offered by capital markets.

In its September 2020 [new capital markets union \(CMU\) action plan](#), the European Commission announced its intention to publish a strategy for retail investments in Europe in the first half of 2022. Its aim will be to seek to ensure that retail investors can take full advantage of capital markets and that rules are coherent across legal instruments. An individual investor should benefit from

- i. adequate protection
- ii. bias-free advice and fair treatment
- iii. open markets with a variety of competitive and cost-efficient financial services and products, and
- iv. transparent, comparable and understandable product information

EU legislation should be forward-looking and should reflect ongoing developments in digitalisation and sustainability, as well as the increasing need for retirement savings.

In 2020, the Commission also launched an [extensive study](#), focusing on the different disclosure regimes, the extent to which advice given to prospective investors is useful and impartial and the impact of inducements paid to intermediaries. It will involve extensive consumer testing, to ensure that any future changes to the rules will be conceived from the perspective of what is useful and necessary for consumers.

In line with the Commission's stated objective of "an economy that works for people", the Commission is seeking to ensure that a legal framework for retail investments is suitably adapted to the profile and needs of consumers, helps ensure improved market outcomes and enhances their participation in the capital markets.

The Commission is looking to understand how the current framework for retail investments can be improved and is seeking your views on different aspects, including

- the limited comparability of similar investment products that are regulated by different legislation and are hence subject to different disclosure requirements, which prevents individual investors from making informed investment choices
- how to ensure access to fair advice in light of current inducement practices
- how to address the fact that many citizens lack sufficient financial literacy to make good decisions about personal finances
- the impact of increased digitalisation of financial services
- sustainable investing

Responding to this consultation and follow up

In this context and in line with [better regulation principles](#), the Commission is launching this public consultation designed to gather stakeholders' views on possible improvements to the European framework for retail investments.

Views are welcome from all stakeholders, in particular from persons/entities representing

- citizens and households (in their quality as retail investors)
- organisations representing consumer/retail investor interests
- complaint-handling bodies e.g. Alternative Dispute Resolution Bodies and European Consumer Centres
- credit institutions
- investment firms
- insurance companies
- financial intermediaries (investment/insurance brokers, online brokers, etc.)
- national and supranational authorities (e.g. national governments and EU public authorities, mandated authorities and bodies in charge of legislation in the field of retail investments)
- academics and policy think-tanks.
- entities seeking financing on capital markets

Please note: In order to ensure a fair and transparent consultation process **only responses received through our online questionnaire will be taken into account** and included in the report summarising the responses. Should you have a problem completing this questionnaire or if you require particular assistance, please contact fisma-retail-investment@ec.europa.eu.

More information on

- [this consultation](#)
- [the consultation document](#)
- [retail financial services](#)
- [the protection of personal data regime for this consultation](#)

About you

* Language of my contribution

- Bulgarian
- Croatian
- Czech
- Danish
- Dutch
- English
- Estonian
- Finnish
- French
- German
- Greek
- Hungarian
- Irish
- Italian
- Latvian
- Lithuanian
- Maltese
- Polish
- Portuguese
- Romanian
- Slovak
- Slovenian
- Spanish
- Swedish

* I am giving my contribution as

- Academic/research institution
- Business association
- Company/business organisation
- Consumer organisation
- EU citizen
- Environmental organisation
- Non-EU citizen
- Non-governmental organisation (NGO)
- Public authority
- Trade union
- Other

* First name

Arabelle

* Surname

Conte

* Email (this won't be published)

a.conte@afg.asso.fr

* Organisation name

255 character(s) maximum

AFG

* Organisation size

- Micro (1 to 9 employees)
- Small (10 to 49 employees)
- Medium (50 to 249 employees)
- Large (250 or more)

Transparency register number

255 character(s) maximum

Check if your organisation is on the [transparency register](#). It's a voluntary database for organisations seeking to influence EU decision-making.

5975679180-97

* Country of origin

Please add your country of origin, or that of your organisation.

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- Belize
- Benin
- Bermuda
- Bhutan

- Bolivia
- Bonaire Saint Eustatius and Saba
- Bosnia and Herzegovina
- Botswana
- Bouvet Island
- Brazil
- British Indian Ocean Territory
- British Virgin Islands
- Brunei
- Bulgaria

- Burkina Faso
- Burundi

- Cambodia

- Cameroon
- Canada
- Cape Verde
- Cayman Islands

- Central African Republic
- Chad
- Chile
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- Ghana
- Gibraltar
- Greece
- Greenland

- Grenada
- Guadeloupe

- Guam

- Guatemala
- Guernsey
- Guinea
- Guinea-Bissau

- Guyana

- Haiti
- Heard Island and McDonald Islands
- Honduras
- Hong Kong

- Hungary

- Iceland
- India
- Indonesia
- Iran

- Iraq

- Ireland
- Isle of Man
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- Montserrat
- Morocco
- Mozambique
- Myanmar/Burma

- Namibia
- Nauru

- Nepal

- Netherlands
- New Caledonia
- New Zealand
- Nicaragua

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- Nigeria
- Niue
- Norfolk Island
- Northern Mariana Islands
- North Korea
- North Macedonia
- Norway
- Oman
- Pakistan

- Palau

- Palestine
- Panama
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- Sri Lanka
- Sudan
- Suriname
- Svalbard and Jan Mayen
- Sweden
- Switzerland

- Syria

- Taiwan
- Tajikistan
- Tanzania
- Thailand

- The Gambia

- Timor-Leste
- Togo

- Tokelau
- Tonga

- Trinidad and Tobago
- Tunisia
- Turkey
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- Turks and Caicos Islands
- Tuvalu

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- Ukraine
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* Field of activity or sector (if applicable)

- Accounting
- Auditing
- Banking
- Credit rating agencies
- Insurance
- Pension provision
- Investment management (e.g. hedge funds, private equity funds, venture capital funds, money market funds, securities)
-

Market infrastructure operation (e.g. CCPs, CSDs, Stock exchanges)

- Social entrepreneurship
- Other
- Not applicable

The Commission will publish all contributions to this public consultation. You can choose whether you would prefer to have your details published or to remain anonymous when your contribution is published. **For the purpose of transparency, the type of respondent (for example, 'business association, 'consumer association', 'EU citizen') country of origin, organisation name and size, and its transparency register number, are always published. Your e-mail address will never be published.** Opt in to select the privacy option that best suits you. Privacy options default based on the type of respondent selected

* Contribution publication privacy settings

The Commission will publish the responses to this public consultation. You can choose whether you would like your details to be made public or to remain anonymous.

Anonymous

Only organisation details are published: The type of respondent that you responded to this consultation as, the name of the organisation on whose behalf you reply as well as its transparency number, its size, its country of origin and your contribution will be published as received. Your name will not be published. Please do not include any personal data in the contribution itself if you want to remain anonymous.

Public

Organisation details and respondent details are published: The type of respondent that you responded to this consultation as, the name of the organisation on whose behalf you reply as well as its transparency number, its size, its country of origin and your contribution will be published. Your name will also be published.

I agree with the [personal data protection provisions](#)

1. General questions

Current EU rules regarding retail investors (e.g. [UCITS \(undertakings for the collective investment in transferable securities\)](#), [PRIIPs \(packaged retail investment and insurance products\)](#), [MiFID II \(Markets in Financial Instruments Directive\)](#), [IDD \(Insurance Distribution Directive\)](#), [PEPP \(pan european pension product\)](#), or [Solvency II \(Directive on the taking-up and pursuit of the business of insurance and reinsurance\)](#)) aim at empowering investors, in particular by creating transparency of the key features of investment and insurance products but also at protecting them, for example through safeguards against mis-selling.

Question 1.1 Does the EU retail investor protection framework sufficiently empower and protect retail investors when they invest in capital markets?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 1.1 and provide examples:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Yes, thanks to MIFID I, MIFID II, DDA etc, the EU retail investor protection framework sufficiently empowers and protects retail investors when they invest in capital markets (for example: costs transparency, product governance, adequation reporting, conflicts of interest rules).

However, in practice, there are already today so many obligations and information that the investor does not understand (we will elaborate in the questionnaire).

The regulator should not restrict too much the choice of products for the end clients and the choice of services, nor impose too many alerts and warning (anxiety-provoking – to the detriment of the long term investment in economy), but should better encourage the pedagogy and reassuring on the security of products such as UCITS.

Improvements possible options:

- Alignment of disclosure rules between all wrappers (insurance, bank)
- Removing the product governance for UCITS (simple and safe by nature)
- ESG preferences should not be taken at the same level of consideration than the other criteria

While aimed at protecting retail investors, some rules may require specific procedures to be followed (e.g. the need to use investment advice and complete a suitability assessment) or may limit investment by retail investors (e.g. by warning against purchase of certain investment products or even completely prohibiting access).

Question 1.2 Are the existing limitations justified, or might they unduly hinder retail investor participation in capital markets?

- Yes, they are justified
- No, they unduly hinder retail investor participation
- Don't know / no opinion / not applicable

Please explain your answer to question 1.2:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

- The regulatory burden of MIFID is too heavy versus the supposed benefit for the client; except for the transparency on costs, clients don't benefit from the extra burden of MIFID such as the target market process, the reform of the research, the paper work ahead of any investment service, the 10% alert, the reporting on best execution.

- There are too many technical disclosures which are required by EU legislation or national regulators, and cannot be understood by retail investors: such technical disclosures unduly hinder retail investor participation in capital markets. E.g.:

- PRIIPs' Transaction Costs
- Integration of Coco's under PRIIPS
- AMF's requests on integration of Art. 8 SFDR in KIIDs;
- or integration of ancillary investments in Investment Strategies.

So, more limitations are not needed: on the contrary, we need to set clearer the current ones by making them lighter or less detailed for example. Regulations and regulators must keep in mind that the overall objectives.

- The position of ESMA Q&A stating that all AIF being automatically considered complex is a problem. Retail investors should not be prevented from accessing complex products (see more on Q.1.3)

- AFG suggests that retail client that are under portfolio management by an investment firm should be able to access professional financial instruments and products, as it is the case today in the French rules implementing Art. 58 MiFID II Delegation Regulation (EU) 2017/565:

- The current MiFID rules regarding the sales into the negative target market have pushed many distributors into giving too conservative investment advice in order to avoid potential mis-selling accusations. This is especially true for 'negative target market' products which are intended for diversification purposes. We understand that the ESMA guidelines make an exception for such cases. However, this does not give enough comfort to distributors who are understandably concerned that they may be accused of misselling. In many cases, this leads to overly cautious investment recommendations that, in many cases, completely disregard any 'negative target market' recommendations. This can lead to lost returns for investors over the long-run. It is important to remedy this situation by incentivizing distributors to consider a well-diversified portfolio first and before the individual target market of its individual underlying's. This principle should be enshrined in the Level 2 Regulation.

Lastly, the fact that distributors should indicate to the client in the suitability report that they may be the negative target market is another obstacle for diversification as it discourages the investor; this requirement has no added value for the advised client and should be deleted.

Question 1.3 Are there any retail investment products that retail investors are prevented from buying in the EU due to constraints linked to existing existing EU regulation?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 1.3:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Retail investors are not legally prevented from buying.

However, in practice, retail investors are prevented due to excessive and too technical disclosure requirements, e.g. on ancillary investments or integration of SFDR Article 8 into the KIID (see above).

Definition on complex products:

we do not agree on the MiFID II scope of complex products, particularly with the ESMA interpretation of complex products.

MiFID II classifies products as complex, non-complex and complex on a case-by-case basis. UCITS are classified as non-complex while AIFs can be classified as complex or non-complex under certain conditions set out in article 57 of the MiFID II (2017/565) delegated regulation.

However, ESMA, in its Q&A of 8th June 2017, classifies all AIFs as complex products. This is the consequence of a lack of clarity in Article 25.4 of MiFID II.

Indeed, the problem is that complex products cannot be marketed via order execution services or reception /transmission of orders services. In France, a lot of products are similar to UCITS but are classified as AIF. For example, the French FIVG and the French employee saving funds (which are not a UCITS and is therefore an AIF by default) is automatically considered a complex product, even though it is subject to the same operating rules (investments, liquidity, reporting...) as a UCITS.

Consequently, for the sake of a clearer and more harmonized legislation which must not leave room for overinterpretation, we believe it is necessary to amend Article 25.4 of MiFID II, if it cannot be fixed in level 2, as follows: "FIA units or shares should be eligible, on a case-by-case basis, pursuant to Article 57 of the MiFID II delegated regulation, to benefit from the status of "non-complex products".

Indeed, article 57 of the Delegated Regulation sets out conditions regarding liquidity, limits on potential losses and publicity in order to qualify a product as a non-complex product. These conditions are compatible with certain AIFs and must be respected to classify these AIFs as non-complex products.

Question 1.4 What do you consider to be factors which might discourage or prevent retail investors from investing?

	1 (strongly disagree)	2 (rather disagree)	3 (neutral)	4 (rather agree)	5 (strongly agree)	Don't know - No opinion - Not applicable
Lack of understanding by retail investors of products?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Lack of understanding of products by advisers?	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Lack of trust in products?	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
High entry or management costs?	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Lack of access to reliable, independent advice?	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Lack of access to redress?	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Concerns about the risks of investing?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Uncertainties about expected returns?	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Lack of available information about products in other EU Member States?	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Question 1.5 Do you consider that products available to retail investors in the EU are:

	1 (strongly disagree)	2 (rather disagree)	3 (neutral)	4 (rather agree)	5 (strongly agree)	Don't know - No opinion - Not applicable
Sufficiently accessible	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Understandable for retail investors	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Easy for retail investors to compare with other products	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Offered at competitively priced conditions	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Offered alongside a sufficient range of competitive products	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Adapted to modern (e.g. digital) channels	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Adapted to Environmental, Social and Governance (ESG) criteria	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

Question 1.6 Among the areas of retail investment policy covered by this consultation, in which area (or areas) would the main scope for improvement lie in order to increase the protection of investors?

Please select as many answers as you like

- financial literacy
- digital innovation
- disclosure requirements
- suitability and appropriateness assessment
- reviewing the framework for investor categorisation
- inducements and quality of advice
- addressing the complexity of products
- redress
- product intervention powers
- sustainable investing
- other

Please explain your answer to question 1.6:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

See corresponding chapters

2. Financial literacy

For many individuals, financial products and services remain complex. To empower individuals to adequately manage their finances as well as invest, it is of crucial importance that they are able to understand the risks and rewards surrounding retail investing, as well as the different options available. However, as shown by the [OECD/INFE 2020 international survey of adult financial literacy](#), many adults have major gaps in understanding basic financial concepts.

While the main responsibility for financial education lies with the Member States, there is scope for Commission initiatives to support and complement their actions. In line with the [2020 capital markets union action plan](#), Directorate General for Financial Stability, Financial Services and Capital Markets Union (DG FISMA) published a [feasibility assessment report](#) and will, together with the OECD, develop a financial competence framework in the EU. In addition, the need for a legislative proposal to require Member States to promote learning measures that support the financial education of individuals, in particular in relation to investing will be assessed.

Question 2.1 Please indicate whether you agree with the following statement: Increased financial literacy will help retail investors to

	1 (strongly disagree)	2 (rather disagree)	3 (neutral)	4 (rather agree)	5 (strongly agree)	Don't know - No opinion - Not applicable
Improve their understanding of the nature and main features of financial products	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Create realistic expectations about the risk and performance of financial products	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Increase their participation in financial markets	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Find objective investment information	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Better understand disclosure documents	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Better understand professional advice	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Make investment decisions that are in line with their investment needs and objectives	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Follow a long-term investment strategy	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

Question 2.2 Which further measures aimed at increasing financial literacy (e.g. in order to promote the OECD/Commission financial literacy competence framework) might be pursued at EU level?

Please explain your answer, taking into account that the main responsibility for financial education lies with Member States:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

An understanding and know-how of capital markets as well as financial products cannot solely be achieved by increased product transparency. Instead, early education – be it at schools and/or via common electronic platforms – is required to lay the foundation. Established and trending communication means and language should be used to reach teenagers as well as young adults.
We agree the responsibility should stay with the Member States;

3. Digital innovation

Digitalisation and technological innovation and the increasing popularity of investment apps and web-based platforms are having profound impacts on the way people invest, creating new opportunities (e.g. in terms of easier access to investment products and capital markets, easier comparability, lower costs, etc.). However technological change can also carry risks for consumers (e.g. easier access to potentially riskier products). These changes may pose challenges to existing retail investors, while investor protection rules may no longer be fit for purpose.

Open finance, (i.e. giving greater access to customer data held by financial institutions to third party service providers to enable them to offer more personalised services) can, in the field of investment services, lead to better financial products, better targeted advice and improved access for consumers and greater efficiency in business-to-business transactions. In the [September 2020 digital finance strategy](#), the Commission announced its intention to propose legislation on a broader open finance framework.

Question 3.1 What might be the benefits or potential risks of an open finance approach (i.e. similar to that developed in the field of payment services which allowed greater access by third party providers to customer payment account information) in the field of retail investments (e.g. enabling more competition, tailored advice, data privacy, etc.)?

Please explain your answer

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

There might be some benefits (see below) but some questions must be answered upfront;

- the question of cybersecurity must be properly addressed; what is the state of art in that matter ? is it safe enough for the investor ?
- the status of the providers should be regulated. Any providers dealing with personal financial information on investors and in a position of delivering services to clients must abide the same set of rules included in MIFID, rules governing confidentiality, conflicts of interest, investment services, disclosure,

etc...the level of cyber security could be also be one criteria to obtain the status.

- the principle of free competition must be paramount; the European authorities should pay a great deal of attention to the phenomena of concentration that prevails in digital services leading to oligopolies, dominant positions and increasing prices . For example, client information that are given freely by a client could ending up sold ten times its cost to other investment firms that would be left with no alternative to get information from their new clients.
- Standardized format of information designed by a European body should be envisaged.

Having said that, we think that there are benefits in an open finance approach in client relationships. AFG supports the idea of a standardised “client file” that can be onboarded on line, and used by several investment firms with the client’s authorisation (total or partial).

The “client file” could include AML/KYC information, and other information such as occupation, normal business practices, financial history, past investment patterns... .

Another benefit would be to offer seasoned investors the opportunity to subscribe to an investment product and pay for it in one single operation directly from the website of a manufacturer.

Question 3.2 What new tools or services might be enabled through open finance or other technological innovation (e.g. digital identity) in the financial sector ?

Please explain your answer

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

. See Q.3.1

By making the contents of publicly available documentation machine-readable, the data within them can be easily extracted and used for various purposes, such as aggregation, comparison, or analysis. In the field of retail investment, examples would include portfolio management apps, robo advisors, comparison websites, pension dashboards, etc. DG FISMA has already started work in this area in the context of the European Single Access Point. Machine-readability is also required by newly proposed legislation, such as the [Markets in Crypto-Assets Regulation \(MiCA\)](#), whilst legacy legal framework will need adaptation.

In the field of retail investment, applicable EU legislation does not currently require documents to be machine-readable. However, some private initiatives are already demonstrating that there is interest from market actors in more standardisation and machine-readability of the data provided within existing retail investment information documents, such as the PRIIPs KID or MiFID disclosures. Requiring machine readability of disclosure documents from scratch could help to open business opportunities for third parties, for example by catering to the needs of advisers and retail investors who prefer direct access to execution only venues.

Question 3.3 Should the information available in various pre-contractual disclosure documents be machine-readable?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 3.3:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

On the one hand, the format of information accessible through machine-readable tools must be adapted, i.e. too long documentation will not be relevant.

On the other hand, significant amount of pre-contractual documentation has already been developed and is available for retail investors when they are looking for one investment adapted to their profile and when making their investment decision. It should not be asked to transform all existing documentation into a machine readable format as it would represent highly significant amount of work whereas the information is already available. It should be allowed that readable machine tools can make reference to http links that give access to the full documentation available for one specific product.

Rules on marketing and advertising of investment products remain predominantly a national competence, bound up in civil and national consumer protection law, although the [2019 legislative package on cross-border distribution of investment funds](#) does remove some cross-border national barriers.

Question 3.4 Given the increasing use of digital media, would you consider that having different rules on marketing and advertising of investment products constitutes an obstacle for retail investors to access investment products in other EU markets?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 3.4:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

There is substantial divergences regarding distribution throughout the EU (also due to the MiFID and MiFID Delegated Directive being Directives) – marketing follows these divergences.

Yes, fragmentation generates obstacles. BUT we should not differentiate rules for digital media as compared to rules for traditional media: the rules should be the same:

- For all Member States. In particular, NCAs add local complexity through local gold-plating – harming harmonization at EU level. E.g. on reporting and disclaimers : some Member States (e.g. Belgium, Germany) require specific disclaimers. In the case of Belgium, such local disclaimers must be validated by the Belgian regulator FSMA BEFORE distribution. In Germany, the Bafin imposes a presentation of performances

different from the EU and other Member States.

All these local marketing requirements by NCAs are obstacles to the Single Market and easy pan-distribution of funds. In addition, it generates additional costs for fund managers, harming in particular the smallest ones which would like to make their funds accessible to retail investors all over the EU – therefore, it limits ultimately the choice of funds offered to local retail investors, by limiting the cross-border distribution.

- AND for all media (being digital or not): having differentiated rules depending on the media would create legal complexity for the offer of funds – and also for a level playing field among retail investors depending on the media chosen. The same rules must apply for all media.
- For cross-border marketing, it would be useful to clarify where does the marketing act -and therefore the attached consequences- take place : subscription venue ? fiscal residency of the client ? localisation of the investment firm ? etc....

Under MiFID product governance rules, which also regulate marketing communication, firms are prevented from presenting products in ways which might mislead clients (e.g. the information should not disguise, diminish or obscure important items, the information should give a fair and prominent indication of any relevant risks when referencing any potential benefits of a financial instrument, all costs and charges should be disclosed, the nature of the product must be explained, etc.).

Question 3.5 Might there be a need for stricter enforcement of rules on online advertising to protect against possible mis-selling of retail investment products?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 3.5:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Today EU rules on advertising and marketing are the same whatever the distribution channel used by investors, some divergence may occur at national level (as mentioned previously). This technological neutrality should be maintained and consistently applied, and there should not be fewer constraining rules in case of online advertising and marketing.

Question 3.6 Would you see a need for further EU coordination /harmonisation of national rules on online advertising and marketing of investment products?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 3.6, including which rules would require particular attention:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

YES, BUT :

- only at a later stage (once ESMA's Guidelines have been implemented and assessed after some years): ESMA has recently published Guidelines in this area: we shall focus already on the forthcoming implementation of those these Guidelines before assessing their impact, and later on thinking about changing rules or adding new rules.;

What is critical is to harmonise marketing rules at EU level, among Member States, but NOT to differentiate between traditional media and digital media.

In February 2021, in the context of speculative trading of GameStop shares, [ESMA issued a statement](#) urging retail investors to be careful when taking investment decisions based exclusively on information from social media and other unregulated online platforms, if they cannot verify the reliability and quality of that information.

Question 3.7 How important is the role played by social media platforms in influencing retail investment behaviour (e.g. in facilitating communication between retail investors, but also increasing herding behaviour among investors or for large financial players to collect data on interest in certain stocks or financial products)?

- Not at all important
- Rather not important
- Neutral
- Somewhat important
- Very important
- Don't know / no opinion / not applicable

Please explain your answer to question 3.7:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The influence of social media platforms may be significant. It is a new and additional reason why there is a need for keeping – or even amplifying- the importance of investment advisors for the retail mass market: the retail mass market is the one which need advice the most, as they are the less educated and therefore need protection the most. And the point is that if advice has to be paid separately, retail investors are not ready to pay for it – leading them either to invest in plain banking retail saving product (with a very low return) or to take unawaresly inappropriate risks.

Question 3.8 Social media platforms may be used as a vehicle by some users to help disseminate investment related information and may also pose risks for retail investment, e.g. if retail investors rely on unverified information or

on information not appropriate to their individual situation. How high do you consider this risk?

- Not at all significant
- Not so significant
- Neutral
- Somewhat significant
- Very significant
- Don't know / no opinion / not applicable

[MiFID II](#) regulates the provision of investment advice and marketing communication suggesting, explicitly or implicitly, an investment strategy. Information about investment opportunities are increasingly circulating via social media, which can prompt people to decide to invest on the basis of information that is unverified, may be incorrect or unsuited to the individual customer situation. This information may be circulated by individuals without proper qualification or authorisation to do so. The [Market Abuse Regulation \(MAR\)](#) also contains provisions which forbid the dissemination of false information and forbid collaboration between persons (e.g. brokers recommending a trading strategy) to commit market abuse.

Question 3.9 Do the rules need to be reinforced at EU level with respect to dissemination of investment related information via social media platforms?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 3.9:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Once again, we do not need specific regulatory measures on social media. We need harmonised EU rules on marketing:

- Among Member States,
- Among media,

To ensure a level playing across Member States as well as media, and also to facilitate the wide dissemination of a given retail saving product (e.g. fund) to make retail investors benefit of the Single Market and higher competition among product manufacturers, as well as ensure fund managers benefit from economies of scale.

On-line investment brokers, platforms or apps, which offer execution only services to retail investors, are subject to the relevant investor protection rules for such services under the MiFID framework. While such on-line investment platforms may offer advantages for retail investors, including a low level of fees and the ease of access to a large variety of investment products, such platforms may also present risks, e.g. in case of inadequacy of appropriateness checks, lack of understanding of individual investors lack or inadequate disclosure of costs.

Question 3.10 Do you consider that retail investors are adequately protected when purchasing retail investments on-line, or do the current EU rules need to be updated?

- Yes, consumers are adequately protected
- No, the rules need to be updated
- Don't know / no opinion / not applicable

Please explain your answer to question 3.10:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

More pedagogy would help investors, not more protection.
There are already rules protecting investors in MIFID 2 (complex products which require an appropriateness test, advice under IDD which requires in all situations to do an appropriateness test, costs transparency ..)
Rules are equally applicable to these online platforms.
Products access is also limited de facto by the rules of registration and inception (UCITS, AIFM)

Question 3.11 When products are offered online (e.g. on comparison websites, apps, online brokers, etc.) how important is it that lower risk or not overly complex products appear first on listings?

- Not at all important
- Rather not important
- Neutral
- Somewhat important
- Very important
- Don't know / no opinion / not applicable

Please explain your answer to question 3.11:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

We do not agree with this at all. First, we wish to reiterate that complexity itself is not bad (e.g. diversification in investment funds is used to diversify risks, also use of derivatives). Second, only offering low-risk/low-complex products will 'nudge' investors towards these products which may not be suitable for them (i.e. not everyone should invest into a bond fund). This may also be contrary to the goals of the CMU.

The differentiation Complex/non-Complex is not the point: what is important is Investment Advice, through ensuring adequacy between retail client need and fitting product.

4. Disclosure requirements

Rules on pre-contractual and on-going disclosure requirements are set out for different products in [MiFID II](#), the [Insurance Distribution Directive](#), [AIFMD \(Alternative Investment Fund Managers Directive\)](#), [UCITS](#), [PEPP](#) and the [Solvency II](#) framework, as well as in horizontal EU legislation (e.g. [PRIIPs](#) or the [Distance Marketing Directive](#)) and national legislation. The rules can differ from one instrument to another, which may render comparison of different products more difficult.

Question 4.1 Do you consider that pre-contractual disclosure documentation for retail investments, in cases where no Key Information Document is provided, enables adequate understanding of:

	1 (strongly disagree)	2 (rather disagree)	3 (neutral)	4 (rather agree)	5 (strongly agree)	Don't know - No opinion - Not applicable
The nature and functioning of the product	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
The costs associated with the product	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
The expected returns under different market conditions	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
The risks associated with the product	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

Please explain your answer to question 4.1:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

All funds distributed to retail investor, whether UCITS or AIFs, require a PRIIP Key Information Document. That being said, a number of financial instruments do not fall within the scope of the PRIIPs Regulation and no key information is provided on an ex-ante basis. It may, therefore, be beneficial for retail investors to receive high-level information along the lines as suggested above for investment products, not within the scope of PRIIPs.

Question 4.2 Please assess the different elements for each of the following pieces of legislation:

Question 4.2.1 PRIIPs Key Information Document

Question 4.2.1 a) PRIIPS: Is the pre-contractual information provided to retail investors for each of the elements below sufficiently understandable and reliable so as to help them take retail investment decisions? Please assess the level of understandability:

	1 (very low)	2 (rather low)	3 (neutral)	4 (rather high)	5 (very high)	Don't know - No opinion - Not applicable
PRIIPs Key Information Document (as a whole)	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Information about the type, objectives and functioning of the product	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Information on the risk-profile of the product, and the summary risk indicator	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Information about product performance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Information on cost and charges	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Information on sustainability-aspects of the product	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Question 4.2.1 b) PRIIPS: Is the pre-contractual information provided to retail investors for each of the elements below sufficiently reliable so as to help them take retail investment decisions? Please assess the level of reliability:

	1 (very low)	2 (rather low)	3 (neutral)	4 (rather high)	5 (very high)	Don't know - No opinion - Not applicable
PRIIPs Key Information Document (as a whole)	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Information about the type, objectives and functioning of the product	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Information on the risk-profile of the product, and the summary risk indicator	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Information about product performance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Information on cost and charges	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Information on sustainability-aspects of the product	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

Question 4.2.1 c) PRIIPS: Is the amount of information provided for each of the elements below insufficient, adequate, or excessive?

	1 (insufficient)	2 (adequate)	3 (excessive)	Don't know - No opinion - Not applicable
PRIIPs Key Information Document (as a whole)	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Information about the type, objectives and functioning of the product	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Information on the risk-profile of the product, and the summary risk indicator	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Information about product performance	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Information on cost and charges	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Information on sustainability-aspects of the product	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please explain your answer to question 4.2.1:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

UCITS and a very large number of AIFs are currently exempt from producing a PRIIP KID until, most likely 01 July 2022. Thus, our first-hand retail investors' experience with the PRIIP KID is currently very limited.

That being said, we would like to provide some insight into the use of the UCITS KIID among retail investors. While it is also required to provide this two-page document, it is questionable whether it is widely read and properly understood.

AFG, therefore, considers it essential that the future EU retail investment strategy should not solely rely on pre-disclosure documents, but rather see them as a part of the puzzle together with (properly aligned) ex-ante disclosures, high-quality advice and higher levels of investor education. A Key Information Document should not be the sole deciding factor for a retail investor's investment decision.

This being said, we believe that past performance information (for open-ended and non-structured funds) is critical for a retail investor's understanding of our products. AFG believes that future PRIIP KIDs should show this information instead of historical performance scenarios.

Last but not least, AFG also believes that the current static paper-based format of the KID no longer meets investors' needs who increasingly require interactive digital formats with information layered to render it more

accessible rather than overloading them with information. In this respect, we welcome the more interactive approach shown by the PEPP KID.

Question 4.2.2 Insurance Product Information Document

Question 4.2.2 a) IDD: Is the pre-contractual information provided to retail investors for each of the elements below sufficiently understandable and reliable so as to help them take retail investment decisions? Please assess the level of understandability:

	1 (very low)	2 (rather low)	3 (neutral)	4 (rather high)	5 (very high)	Don't know - No opinion - Not applicable
Insurance Product Information Document (as a whole)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Information about the insurance distributor and its services	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Information on the insurance product (conditions, coverage etc.)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Information on cost and charges	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Question 4.2.2 b) IDD: Is the pre-contractual information provided to retail investors for each of the elements below sufficiently reliable so as to help them take retail investment decisions? Please assess the level of reliability:

						Don't know -

	1 (very low)	2 (rather low)	3 (neutral)	4 (rather high)	5 (very high)	No opinion - Not applicable
Insurance Product Information Document (as a whole)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Information about the insurance distributor and its services	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Information on the insurance product (conditions, coverage etc.)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Information on cost and charges	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

Question 4.2.2 c) IDD: Is the amount of information provided for each of the elements below insufficient, adequate, or excessive?

	1 (insufficient)	2 (adequate)	3 (excessive)	Don't know - No opinion - Not applicable
Insurance Product Information Document (as a whole)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Information about the insurance distributor and its services	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

Information on the insurance product (conditions, coverage etc.)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Information on cost and charges	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

Please explain your answer to question 4.2.2:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 4.2.3 PEPP Key Information Document

Question 4.2.3 a) PEPP: Is the pre-contractual information provided to retail investors for each of the elements below sufficiently understandable and reliable so as to help them take retail investment decisions? Please assess the level of understandability:

	1 (very low)	2 (rather low)	3 (neutral)	4 (rather high)	5 (very high)	Don't know - No opinion - Not applicable
PEPP Key Information Document (as a whole)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Information about the PEPP provider and its services	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Information about the	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

safeguarding of investments						
Information on cost and charges	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Information on the pay-out phase	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Question 4.2.3 b) PEPP: Is the pre-contractual information provided to retail investors for each of the elements below sufficiently reliable so as to help them take retail investment decisions? Please assess the level of reliability:

	1 (very low)	2 (rather low)	3 (neutral)	4 (rather high)	5 (very high)	Don't know - No opinion - Not applicable
PEPP Key Information Document (as a whole)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Information about the PEPP provider and its services	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Information about the safeguarding of investments	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Information on cost and charges	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Information on the pay-out phase	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Question 4.2.3 c) PEPP: Is the amount of information provided for each of the elements below insufficient, adequate, or excessive?

	1 (insufficient)	2 (adequate)	3 (excessive)	Don't know No opinion Not applicable
PEPP Key Information Document (as a whole)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Information about the PEPP provider and its services	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Information about the safeguarding of investments	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Information on cost and charges	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Information on the pay-out phase	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please explain your answer to question 4.2.3:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

PEPP Key Information Document : Risk indicator is difficult to understand (risk of not recouping the capital invested)

Performance scenarios over a long period of time could be misleading

Reduction in wealth: The major issue of this presentation is to let savers believe that costs only reduce their accumulated capital without any link with the performance of their investment

The information given through the PEPP KID should remain simple and only include the element required by the level 1 of the PEPP Regulation. We would recommend not overloading the futures savers with unnecessary information.

The general amount of information given through the PEPP KID is substantial to digest for any retail investors.

Question 4.3 Do you consider that the language used in pre-contractual documentation made available to retail investors is at an acceptable level of understandability, in particular in terms of avoiding the use of jargon and sector specific terminology?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 4.3:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

We would like to point out that the level of understandability clearly increases depending on the level of financial education and it is quite difficult to approach any relevant matter without using the sector specific terminology. Undoubtedly pre-contractual documentation cannot be used as a tool to increase the financial education and therefore it should not be required to explain in plain language concept which are specific to the sector. Furthermore, we believe that financial advisor can play a crucial role in helping the retail investors to fully understand all the nuances.

That being said Fund managers are trying to make UCITS KIIDs and PRIIP KIDs are understandable and jargon-free as possible.

However, in practice, there are some room for improvements :

- Character limit for certain sections of the PRIIP KID (and the need to take into considerations that some EU languages require more characters/space than others)
- PRIIP KID already has very long and prescriptive disclaimers. These cannot be adapted by product manufacturers. Also, the large scope of PRIIPs (i.e. breadth of products) make some of these disclaimers very complicated to understand.
- National authorities require to insert all specific instruments that they don't understand very well themselves (cocos, derivatives, ..). the retails don't care about which instruments will deliver the objective and performance at the end. Not sufficiently vanilla. The global risk and label UCITS should be enough.

Question 4.4 At what stage of the retail investor decision making process should the Key Information Document (PRIIPs KID, PEPP KID, Insurance Product Information Document) be provided to the retail investor? Please explain your answer:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Along with the current MIFID regulation, KIDs are given to the client, at latest, at the point of sale.

Question 4.5 Does pre-contractual documentation for retail investments enable a clear comparison between different investment products?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 4.5:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Yes PRIIPs does, as much as possible considering the limits of a comparison between different investment solutions. PRIIPs has achieved a tremendous work on making it possible. But flexibility should always prevail when necessary i.e. allowing for different methodologies when necessary.

Question 4.6 Should pre-contractual documentation for retail investments enable as far as possible a clear comparison between different investment products, including those offered by different financial entities (for example, with one product originating from the insurance sector and another from the investment funds sectors)?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 4.6:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

PRIIP KID should primarily allow for the comparison between the same type of investment products. That being said, the structure of the PRIIP KID can allow for broad comparison between product types and showcase their differences (e.g. insurance cover which is only relevant for insurance products, floors for structured products or certain absolute return funds, etc..).

Question 4.7 a) Are you aware of any overlaps, inconsistencies, redundancies, or gaps in the EU disclosure rules (e.g. PRIIPs, MiFID, IDD, PEPP, etc.) with respect to the way product cost information is calculated and presented?

- Yes
- No
-

Don't know / no opinion / not applicable

Please explain your answer to question 4.7 a), and indicate which information documents are concerned:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

1. Both MiFID II and PRIIPs require the disclosure of transaction costs. Its definition in MiFID (and IDD) explicitly forbids the inclusion of "market movements" as a cost. The PRIIPs RTS, however, have come up with a calculation methodology "arrival price" (also known as "slippage") which considers certain market movements as a transaction cost.

We consider that implicit transactions costs (PRIIPS) are merely of tool of best execution analysis and that they cannot constitute a valid information on costs for retail investors.

2. MIFID presents costs with a TCR approach (total cost ratio) while PRIIPS disclose a RIY (reduction in yield) approach although the revised RTS provides for a TCR approach for the detailed table.

We think that a RIY approach is less understandable for retail investors as it does not show a clear picture of the costs, relies upon a hypothesis of performance and prevent from a clear comparison of two similar products.

3. PEPP regulation present costs with the reduction in wealth (RiW) approach which is different from the TCR or RIY. The major issue with RiW is to let savers believe that costs only reduce their accumulated capital without any link with the performance of their investment.

Question 4.7 b) Are you aware of any overlaps, inconsistencies, redundancies, or gaps in the the EU disclosure rules (e.g. PRIIPS, MiFID, IDD, PEPP, etc.) with respect to the way risk information is calculated and presented?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 4.7 b), and indicate which information documents are concerned:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

PEPP and PRIIPs don't share the same SRI indicator.

PEPP risk represents a calculation between:

(a) the risk of not recouping the inflation-adjusted contributions.

(b) the expected shortfall; and

(c) shall be compared to the expected rewards in terms of reaching a certain level of PEPP benefits, as appropriate, at the start of, or during the decumulation phase.

This has nothing to do with the SRI PRIIPs;

MiFID does not contain a standardised risk measure formula as MiFID is not a product regulation.

It is the responsibility of the investment advisor to determine the level of risk acceptance of a client and to match it with the various risk indicators provided by products 'manufacturers.

Question 4.7 c) Are you aware of any overlaps, inconsistencies, redundancies, or gaps in the the EU disclosure rules (e.g. PRIIPS, MiFID, IDD, PEPP, etc.) with respect to the way performance information is calculated and presented?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 4.7 c), and indicate which information documents are concerned:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

MiFID II and PRIIPs require different types of performance information. MiFID II Delegates Acts consider an investor warning that past performance does not constitute future returns. This is, however, the calculation methodology for the PRIIP KID (revised PRIIP KID allows past performance scenarios based on historical scenarios).

PRIIP KID does not allow the disclosure of past performance – only a hyperlink to the information.

PEPP KID requires information on past performance and future performance. The methodology to calculate the performance scenarios differs from the PRIIP methodology due to the length of the holding period.

Question 4.7 d) Are you aware of any overlaps, inconsistencies, redundancies, or gaps in the the EU disclosure rules (e.g. PRIIPS, MiFID, IDD, PEPP, etc.) with respect to other elements?

- Yes
- No
- Don't know / no opinion / not applicable

Question 4.8 How important are the following types of product information when considering retail investment products?

	1 (not relevant)	2 (relevant, but not crucial)	3 (essential)	Don't know No opinion Not applicable
--	----------------------------	---	-------------------------	--

Product objectives /main product features	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Costs	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Past performance	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Guaranteed returns	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Capital protection	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Forward-looking performance expectation	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Risk	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Ease with which the product can be converted into cash	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please explain your answer to question 4.8:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Above showcases the importance of different product information elements depending on the type of financial products. For linear, open-ended funds, past performance disclosures are essential and forward-looking performance expectation can be misleading (as can be seen in the current PRIIP KID). We understand, however, that forward-looking performance expectation are of crucial importance for structured products with past performance disclosures risking to mislead investors.

MiFID II has established a comprehensive cost disclosure regime that includes requiring that appropriate information on costs in relation to financial products as well as investment and ancillary services is provided in good time to the clients (i.e. before any transaction is concluded and on an annual basis, in certain cases).

Question 4.9 Do you consider that the current regime is sufficiently strong to ensure costs and cost impact transparency for retail investors?

In particular, would an annual ex post information on costs be useful for retail investors in all cases?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 4.9:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Annual ex post information on costs is useful only when there is an ongoing relationship as rightly requested by MIFID.

Studies show that due to the complexity of products and the amount of the aggregate pre-contractual information provided to retail investors, there is a risk that investors are not able to absorb all the necessary information due to information overload. This can lead to suboptimal investment decisions.

Question 4.10 What should be the maximum length of the PRIIPs Key Information Document, or a similar pre-contractual disclosure document, in terms of number of words?

Please explain your answer:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

We understand the Commission's concerns about a maximum length for the PRIIP KID. A KID is meant to provide meaningful and concise pre-disclosure information to retail investors and should not become a full-fledged prospectus. More fundamentally discussion on page length assume that consumers engage with paper-based formats. We strongly believe that consumers would prefer a more interactive digital format in which case the debate should be about how to empower consumers rather than maximum length.

With this in mind, it is rather about the meaningful content (especially when displayed digitally) than the overall length. For example, the UCITS KIID has a maximum length of two A4 pages (three for structured UCITS) which was more than sufficient in providing the information necessary for funds. Due to the larger scope of PRIIPs and the intention to compare different types of products, the length of the PRIIP KID increased to three pages. For example, these three pages do not contain past performance information necessary for open-ended funds. While the ESAs supported its inclusion in the PRIIP KID, it would have not been possible as it would have exceeded the page limit. With this example, we want to highlight that some flexibility (for more space) may be needed to better allow retail investors to understand certain product types and features. The same is exist for upcoming SFDR disclosures which are not yet included in the PRIIP KID.

This is especially important since only a small fraction of retail investors closely study the provided (and legally required) disclosure materials. In some cases, as they consider them too difficult to understand. As stated previously, part of the solution could be to allow for layering of information which will allow it to be less lengthy and thus more accessible. Second, we need to ensure that the information is meaningful and understandable so it is actually read and understood. As stated previously, the focus should therefore not be on comparability but rather meaningfulness to ensure that the information is read and understood. There is no point pushing for comparability if the basic information is not understood in the first place. Please also consider our additional comments in our response to Question 5.1.

From a more operational angle, we notice that a number of National Competent Authorities (NCAs) sometimes require additional content as a result of their own interpretation of the PRIIPs rules (e.g. more detailed narratives on the main investment (or even marginal) strategies). This also increases the overall information content, making it harder for fund managers to provide all necessary information within the three-page limit. We would suggest that such national gold-plating should be prohibited. Please also consider our response to Question 5.4.

This being said, the notion of a maximum number of pages may be less relevant when providing disclosures digitally. As seen with the PEPP KID, certain information can be layered allowing investors to click on a certain section to receive more information. This could provide a good compromise between reducing retail investors' information overload while still providing essential product information.

Question 4.11 How should disclosure requirements for products with more complex structures, such as derivatives and structured products, differ compared to simpler products, for example in terms of additional information to be provided, additional explanations, additional narratives, etc.?

Please explain your answer:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

As mentioned previously, layering of information could be a way to provide more information to investors where necessary, while keeping the key information sections to allow for easier comparison.

Question 4.12 Should distributors of retail financial products be required to make pre-contractual disclosure documents available:

- On paper by default?
- In electronic format by default, but on paper upon request?

- In electronic format only?
- Don't know / no opinion / not applicable

Please explain your answer to question 4.12:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Should be aligned with the MiFID quick fixes. Digital disclosures first, but paper disclosures can be requested (at no additional costs).

Question 4.13 How important is it that information documents be translated into the official language of the place of distribution?

- Not at all important
- Rather not important
- Neutral
- Somewhat important
- Very important
- Don't know / no opinion / not applicable

Please explain your answer to question 4.13:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

- What are considered "information documents", i.e. does this go beyond legally required pre-disclosure documents? Can we assume that documents are generally translated into the official language of the place of distribution?

Local regulation generally impose a language of translation what can be good for us is to have more flexibility in order to adapt the language according to the targeted market considering the local requirement. We need some flexibility here:

- On the one hand, it is important that local retail investors understand the product – but not only from a Regulatory perspective: also from a Marketing perspective;
- But on the other hand, it does not necessarily mean that it should be in all cases the local language of the retail investor.

For instance, in Nordic countries, the very vast majority of retail investors can easily understand and read English – and more generally it is very costly to provide information in local languages in all small Member States by populations (e.g. Swedish, Danish, Finnish, Norwegian). It may ultimately deter foreign Fund Managers to enter such local markets due to that cost – therefore harming a wide offer of products to local retail investors, to the benefit of domestic players and the detriment of cross-border marketing of products, thus harming the Single Market principle and reducing cross-border competition.

More generally, what is critical to understand is that Fund Managers have their own interest in finding the most efficient route to distribute their funds to the widest number of retail investors:

- If fund managers think local language will facilitate the distribution of their funds, they will translate in local languages obviously;
- If they think English might be as efficient, they will use an English version.

That is why, ultimately, the choice of translating in local languages should be left in the hands of Fund Managers – they have a convergence of interest with local investors to make sure their product is sold to the mass market.

Question 4.14 How can access, readability and intelligibility of pre-contractual retail disclosure documents be improved in order to better help retail investors make investment decisions?

Please explain your answer:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

First, we would differentiate between the types of documents. Whereas KI(I)Ds (and their translations) are very important for retail investors, some other documents (such as annual or semi-annual reports) may be of less relevance.

Second, as mentioned previously, the readability and intelligibility of the documents (including the PRIIP KID) are key. That being said, while the access of pre-disclosure documents is essential (and already required by law), the Commission should not forget that appropriate disclosures only work efficiently if complemented by the availability of high-quality financial advice (both independent and non-independent).

Question 4.15 When information is disclosed via digital means, how important is it that:

	1 (not at all important)	2 (rather not important)	3 (neutral)	4 (somewhat important)	5 (very important)	Don't know - No opinion - Not applicable
There are clear rules to prescribe presentation formats (e.g. readable font size, use of designs/colours, etc.)?	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Certain key information (e.g. fees, charges, payment of inducements, information relative to performance, etc.) is displayed in ways which highlight the prominence?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Format of the information is adapted to use on different kinds of device (for example through use of layering)?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Appropriately labeled and relevant hyperlinks are used to provide access to supplementary information?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Use of hyperlinks is limited (e.g. one click only – no cascade of links)?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Contracts cannot be concluded until the consumer has scrolled to the end of the document?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please explain your answer to question 4.15:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

5. The PRIIPs Regulation

In accordance with the [PRIIPs Regulation](#), and as part of the retail investment strategy, the Commission is seeking views on the PRIIPs Regulation. In February 2021, [the ESAs agreed on a draft amending Regulatory Technical Standard](#) aimed at improving the delegated (level 2) regulation. The Commission is now assessing the PRIIPs Regulation level 1 rules, in line with the review clause contained in the Regulation.

Core objectives of the PRIIPs Regulation

Question 5.1 Has the PRIIPs Regulation met the following core objectives:

a) Improving the level of understanding that retail investors have of retail investment products:

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 5.1 a):

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

It is too early to already say yes, as PRIIPs is not yet applicable to UCITS funds – which are the most common retail mass-market funds.

b) Improving the ability of retail investors to compare different retail investment products, both within and among different product types:

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 5.1 b):

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The ability of retail investor to compare different retail investment product both within and among different product types is good but must be done with the contribution of professional advice.
It is too early to already say yes, as PRIIPs is not yet applicable to UCITS funds – which are the most common retail mass-market funds.

c) Reducing the frequency of mis-selling of retail investment products and the number of complaints:

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 5.1 c):

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

It is too early to already say yes, as PRIIPs is not yet applicable to UCITS funds – which are the most common retail mass-market funds.

d) Enabling retail investors to correctly identify and choose the investment products that are suitable for them, based on their individual sustainability preferences, financial situation, investment objectives and needs and risk tolerance:

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 5.1 d):

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

It is too early to already say yes, as PRIIPs is not yet applicable to UCITS funds – which are the most common retail mass-market funds.

Question 5.2 Are retail investors easily able to find and access PRIIPs KIDs and PEPP KIDs?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 5.2:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

It is too early to already say yes regarding PRIIPs KIDs, as PRIIPs is not yet applicable to UCITS funds – which are the most common retail mass-market funds.
Therefore we have to say Not Applicable.

Question 5.2.1 What could be done to improve the access to PRIIPs KIDs and PEPP KIDs?

	Yes	No	Don't know - No opinion - Not applicable
Requiring PRIIPs KIDs and PEPP KIDs to be uploaded onto a searchable EU-wide database	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Requiring PRIIPs KIDs and PEPP KIDs to be uploaded onto a searchable national database	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Requiring PRIIPs KIDs and PEPP KIDs to be made available in a dedicated section on manufacturer and distributor websites	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please explain your answer to question 5.2.1:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

We doubt that retail client will benefit from a too wide database

Retail client will benefit from a public national database that could allow him, among other functionalities, to check if the product is duly agreed and authorized for sale in its country.

KIDs available in a dedicated section on manufacturer and distributor websites is where retail investors will go first to look for it.

The PRIIPs KID

Question 5.3 Should the PRIIPs KID be simplified, and if so, how (while still fulfilling its purpose of providing uniform rules on the content of a KID which shall be accurate, fair, clear, and not misleading)?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 5.3:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

1. Suppress the implicit transactions cost disclosure : We consider that implicit transactions costs (PRIIPS) are merely a tool of best execution analysis and that they cannot constitute a valid information on costs for retail investors
Besides Its definition in MiFID and IDD explicitly forbids the inclusion of "market movements" as a cost. The PRIIPs RTS, however, have come up with a calculation methodology "arrival price" (also known as "slippage") which considers certain market movements as a transaction cost.
2. Suppress the RIY presentation of costs: a RIY approach is less understandable for retail investors, it does not show a clear picture of the costs, it relies upon a hypothesis of performance and lastly prevents from a clear comparison of two similar products.
3. Include past performances of linear products in the PRIIPs KID.
4. Allow for a digital PRIIP KID : for using individualized investment amounts. this would also allow, similar to the PEPP KID, to layer information and ensure that retail investors are not overwhelmed by the disclosures.

Implementation and supervision of the PRIIPs Regulation

Question 5.4 Can you point to any inconsistencies or discrepancies in the actual implementation of the PRIIPs Regulation across PRIIPs manufacturers, distributors, and across Member States?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 5.4:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Not aware of any major inconsistencies.

Too early to say: we have not implemented the PRIIPs KID for UCITS yet.

5.5 In your experience, is the supervision of PRIIPs KIDs consistent across Member States?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 5.5:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question.5.6 What is in your experience as a product manufacturer, the cost of manufacturing:

5.6 a) A single PRIIPs KID (cost in € per individual product)

 €

Please explain your answer to question 5.6 a):

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Not available

5.6 b) A single PEPP KID (cost in € per individual product)

 €

Please explain your answer to question 5.6 b):

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Not available

5.6 c) A single Insurance Product Information Document (cost in € per individual product)

€

Please explain your answer to question 5.6 c):

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Not available

Question 5.7 What is in your experience as a product manufacturer the cost of updating:

5.7 a) A single PRIIPs KID (cost in € per individual product)

€

Please explain your answer to question 5.7 a):

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Not available

5.7 b) A single PEPP KID (cost in € per individual product)

€

Please explain your answer to question 5.7 b):

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Not available

5.7 c) A single Insurance Product Information Document (cost in € per individual product)

€

Please explain your answer to question 5.7 c):

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Not available

Question 5.8 Which factors of preparing, maintaining, and distributing the KID are the most costly?

Please select as many answers as you like

- Collecting product data/inputs
- Performing the necessary calculations
- Updating IT systems
- Quality and content check
- Outsourcing costs
- Other

Please explain your answer to question 5.8:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Not available

Multiple-Option Products

For PRIIPs offering the retail investor a range of options for investments (Multiple Option Products) the PRIIPs Regulation currently provides the manufacturer with two different approaches for how to structure the KID:

- A separate KID can be prepared for each investment option (Article 10(a))

- A generic KID covering in general terms the types of investment options offered and separate information on each underlying investment option (Article 10(b))

According to feedback, both of these options present drawbacks, including challenges for retail investors to compare multiple option products with each other, in particular regarding costs.

An alternative approach would therefore be to require the provision of only one information document for the whole Multiple-Option Product, depending on the underlying investment options that the retail investors would prefer.

Question 5.9 Should distributors and/or manufacturers of Multiple Option Products be required to provide retail investors with a single, tailor-made, KID, reflecting the preferred underlying portfolio of each investor?

What should happen in the case of ex-post switching of the underlying investment options?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 5.9:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Providing a document reflecting the preferred underlying portfolio of EACH investor would be tremendously costly and complicated.

Could only be done through digital tools

Scope

The scope of the PRIIPs Regulation currently excludes certain pension products, despite qualifying under the definition of packaged retail investment products. These include pension products which, under national law, are recognised as having the primary purpose of providing the investor with an income in retirement and which entitle the investor to certain benefits. These also include individual pension products for which a financial contribution from the employer is required by national law and where the employer or the employee has no choice as to the pension product or provider.

Question 5.10 Should the scope of the PRIIPs Regulation include the following products?

a) Pension products which, under national law, are recognised as having the primary purpose of providing the investor with an income in retirement and which entitle the investor to certain benefits:

- Yes
- No

- Don't know / no opinion / not applicable

Please explain your answer to question 5.10 a):

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

At this stage AFG is against any extension of the PRIIPS Regulation to national retirement product. Such an extension could only be considered in the light of the revision of the level 1 text.

PRIIPs methodologies regarding the calculation of costs, risk and performance scenarios are not designed for the long term horizon of a retirement Investment :

Calculation of costs : the RIY (Reduction in Yield) approach is less understandable for savers and does not show a clear figure of the costs. Moreover the disclosure of implicit transaction costs cannot constitute a valid information for retail investors

Risk : The risk measurement for the PRIIPS is not designed for a long term horizon investment.

Performance scenarios : the calculation of performance scenario does not take into account the long term nature of a retirement product. Further thoughts must be given to determine how to calculate the performance scenario.

Moreover, for company pension plan (which does not fall under the IORP regime) pre-contractual

Not all PRIIPS rules are suitable for long-term products

b) Individual pension products for which a financial contribution from the employer is required by national law and where the employer or the employee has no choice as to the pension product or provider:

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 5.10 b):

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Not all PRIIPS rules are suitable for long-term products

The ability to access past versions of PRIIPS KIDs from a manufacturer is useful in showing how its product portfolio has evolved (e.g. evolution of risk indicators, costs, investment strategies, performance scenarios, etc.) that cannot be understood from simply looking at the latest versions of PRIIPS disclosure documents of currently marketed products.

Question 5.11 Should retail investors be granted access to past versions of PRIIPs KIDs?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 5.11:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Not sure how helpful past KID versions are for retail investors.

It would be tremendously costly to have to provide past versions of PRIIPs KIDs, as we have to change our production system contents and formats each time the PRIIPs KID is updated.

Question 5.12 The PRIIPs KIDs should be reviewed at least every 12 months and if the review concludes that there is a significant change, also updated.

Question 5.12.1 Should the review and update occur more regularly?

- Yes
- No
- Don't know / no opinion / not applicable

Question 5.12.2 Should this depend on the characteristics of the PRIIPs?

- Yes
- No
- Don't know / no opinion / not applicable

Question 5.12.3 What should trigger the update of PRIIP KIDs?

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

12 months is sufficiently frequent to provide information to clients, and a higher frequency would generate ongoing costs for producers – knowing that in any case the KID has to be reviewed each time a significant change occurs.

Please explain your answer to question 5.12:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

12 months is sufficiently frequent to provide information to clients, and a higher frequency would generate ongoing costs for producers – knowing that in any case the KID has to be reviewed each time a significant change occurs.

6. Suitability and appropriateness assessment

Under current EU rules, an investment firm providing advice or portfolio management to a retail investor must collect information about the client and make an assessment that a given investment product is suitable for them before it can recommend a product to a client or invest in it on the client's behalf. Similar rules exist for the sale of insurance-based investment products and of Pan-European Pension Products. The objective of these rules is to protect retail investors and ensure that they are not advised to buy products that may not be suitable for them. The suitability assessment process may however sometimes be perceived as lengthy and ineffective.

Question 6.1 To what extent do you agree that the suitability assessment conducted by an investment firm or by a seller of insurance-based investment products serves retail investor needs and is effective in ensuring that they are not offered unsuitable products?

- Strongly disagree
- Disagree
- Neutral
- Agree
- Strongly agree
- Don't know / no opinion / not applicable

Please explain your answer to question 6.1:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Yes, these tests clearly reduce the cases of mis-selling. It is a positive legacy of MIFID 1.

Furthermore, it works today due to the role played by the investment firm advisor vis-à-vis the client. This is particularly key for retail investors – and that is why the possibility of inducements must be kept, as otherwise retail investors will not be ready to pay for a service and therefore will make their own choices and take wrong and inappropriate investment decisions.

Question 6.2 Can you identify any problems with the suitability assessment?

- Yes
- No
- Don't know / no opinion / not applicable

Question 6.3 Are the rules on suitability assessments sufficiently adapted to the increasing use of online platforms or brokers when they are providing advice?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 6.3:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The tests are fully transferable to the platforms.

Where investment firms do not provide advice or portfolio management, they are still required to request information on the knowledge and experience of clients to assess whether the investment service or product is appropriate, and to issue a warning in case it is deemed inappropriate. Similar rules apply to sales of insurance-based investment products where in specific cases the customer has made use of a right provided under national law to opt out of a full suitability assessment.

Question 6.4 To what extent do you agree that the appropriateness test serves retail investor needs and is effective in ensuring that they do not purchase products they are not able to understand or that are too risky for their client profile?

- Strongly disagree
- Disagree
- Neutral
- Agree
- Strongly agree
- Don't know / no opinion / not applicable

Please explain your answer to question 6.4:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

These tests are an effective minimum to ensure the knowledge/experience of the clients.

Question 6.5 Can you identify any problems with the test and if so, how might they be addressed (e.g. is the appropriateness test adequate in view of the risk of investors purchasing products that may not be appropriate for them)?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 6.5:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

If a test is negative, the client is alerted and receives all the necessary information to enable him to make an informed investment.

Question 6.6 Are the rules on appropriateness tests sufficiently adapted to the increasing use of online platforms or brokers?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 6.6:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 6.7 Do you consider that providing a warning about the fact that a product is inappropriate is sufficient protection for retail investors?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 6.7:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Yes. Investors should be allowed to be continued access to all types of products after sufficient warnings.

In case of the execution of orders or transmission and reception of orders of certain non-complex products, at the initiative of the client, no appropriateness test is required. The investment firm must only inform the client that the appropriateness of the service or product has not been assessed and that he/she does not benefit from the protection of the relevant rules on conduct of business.

Question 6.8 Do you agree that no appropriateness test should be required in such situations?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 6.8:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

MiFID II requires that when investment firms manufacture financial instruments for sale to clients, they must make sure that:

- those instruments are designed to meet the needs of an identified target market of end clients
- the strategy for distribution of the financial instruments is compatible with the identified target market
- and they must take reasonable steps to ensure that the financial instrument is distributed to the identified target market

The investment firms that offer or recommend such financial instruments (the distributors) must be able to understand them, assess their compatibility with the needs of their clients and take into account the identified target market of end clients.

Question 6.9 Does the target market determination process (at the level of both manufacturers and distributors) need to be improved or clarified?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 6.9:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

This system complements the distributor suitability testing system by making manufacturers responsible. AFG previous answer According to the principle of proportionality linked to the product governance rules (cf. article 10.1 delegated directive 2017/593), AFG recommends that the product governance process focuses on complex products. Investment firms should also be given the choice to include other products where they or their distributors feel it necessary (e.g. innovative products, illiquid products, coco bonds, long/short ucits funds, ...) .

The current MiFID rules regarding the sales into the negative target market have pushed many distributors into giving too conservative investment advice in order to avoid potential mis-selling accusations. This is especially true for 'negative target market' products which are intended for diversification purposes. We understand that the ESMA guidelines make an exception for such cases. However, this does not give enough comfort to distributors who are understandably concerned that they may be accused of misselling. In many cases, this leads to overly cautious investment recommendations that, in many cases, completely disregard any 'negative target market' recommendations. This can lead to lost returns for investors over the long-run. It is important to remedy this situation by incentivizing distributors to consider a well-diversified portfolio first and before the individual target market of its individual underlyings. This principle should be enshrined in the Level 2 Regulation.

Lastly, the fact that distributors should indicate to the client in the suitability report that they may be the negative target market is another obstacle for diversification as it discourages the investor; this requirement has no added value for the advised client and should be deleted.

Demands and needs test (specific to the Insurance Distribution Directive (IDD))

Before selling an insurance product or insurance-based investment product, insurance distributors are obliged to have a dialogue with their customers to determine their demands and needs so that they are able to propose products offering adequate characteristics and coverage for the specific situation of the customer. Any products proposed must be consistent with the customer's demands and needs. In the case of insurance-based investment products, this requirement comes in addition to the suitability assessment.

Question 6.10 To what extent do you agree that, in its current form, the demands and needs test is effective in avoiding mis-selling of insurance products and in ensuring that products distributed correspond to the individual situation of the customer?

- Strongly disagree
- Disagree
- Neutral
- Agree
- Strongly agree
- Don't know / no opinion / not applicable

Please explain your answer to question 6.10:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 6.11 Can you identify any problems with the demands and needs test, in particular its application in combination with the suitability assessment in the case of insurance-based investment products?

- Yes
- No
- Don't know / no opinion / not applicable

The IDD does not contain detailed rules on the demands and needs test and leaves it to Member States to decide on the details of how the test is applied in practice. This results in differences between Member States.

Question 6.12 Are more detailed rules needed in EU law regarding the demands and needs test to make sure that it is applied in the same manner throughout the internal market?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 6.12:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 6.13.1 Is the demands and needs test sufficiently adapted to the online distribution of insurance products?

- Yes
- No
- Don't know / no opinion / not applicable

Question 6.13.2 Are procedural improvements or additional rules or guidance needed to ensure the correct and efficient application of the test in cases of online distribution?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 6.13:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

7. Reviewing the framework for investor categorisation

As announced under Action 8 of the [capital markets union action plan](#), the Commission intends to assess the appropriateness of the existing investor categorisation framework and, if appropriate, adopt a legislative proposal aimed at reducing the administrative burden and information requirements for a subset of retail investors. This will involve the review of the existing investor categorisation (namely the criteria required to qualify as a professional investor) or the introduction of a new category of *qualified* investor in [MiFID II](#).

Currently, under MiFID II, retail investors are defined as those that do not qualify to be professional investors. Where investors choose to opt into the professional category, the intermediary must warn the investor of the level of protection they will cease to have and the investor must comply with at least two of the three following criteria

- the client has carried out transactions, in significant size, on the relevant market for the financial instrument or for similar instruments with an average frequency of at least 10 transactions per quarter over the previous four quarters
- the size of the client's financial instrument portfolio composed of cash deposits and financial instruments must be larger than €500,000
- the client currently holds or has held for at least one year a professional position in the financial sector which requires knowledge of the envisaged financial transactions or services

Retail investors are currently subject to a number of additional investment protection measures, such as prohibition to acquire certain products as well as additional disclosure information. Some stakeholders have argued that for certain investors that currently fall under the retail investor category, these protections are not necessary. The creation of a new client category or the modification of the existing requirements for professional clients on request could thus give a subset of investors a broader and more comprehensive access to the capital markets and would bring additional sources of funding to the EU economy.

A well-developed set-up could allow the preservation of the necessary investor protection while improving the engagement in the capital markets.

The [2020 consultation on MiFID](#) already addressed the question of a possible new category of semi professional investor, and the following questions follow-up on the main findings.

Question 7.1 What would you consider the most appropriate approach for ensuring more appropriate client categorisation?

	Yes	No	Don't know - No opinion - Not applicable
Introduction of an additional client category (semi-professional) of investors	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Adjusting the definition of professional investors on request	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
No changes to client categorisation (other measures, i.e. increase product access and lower information requirements for all retail investors)	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

Please explain your answer to question 7.1:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

AFG supports the idea of easing the conditions for a non-professional client to be classified professional which we find more practical than creating a new category of client and lowering the threshold is not necessarily the first priority.

In addition to the condition that “an adequate assessment of the expertise, experience and knowledge of the client, undertaken by the investment firm, gives reasonable assurance, in light of the nature of the transactions or services envisaged, that the client is capable of making investment decisions and understanding the risks involved.” (dir 2014/65 annex II.I), AFG suggests to ease all the criteria for allowing some retail clients to access professional status more easily. The threshold of the portfolio is one of them.

Here are our proposals on all of them:

- I-the client has carried out <new> 10 transactions over the previous year on any financial market, or 2 transactions in illiquid financial instruments or funds,

explanation: the current criteria of 40 transactions a year is a lot for a retail person , especially when it comes to funds, and tends to target trading-like players rather than investors; besides it sends a wrong signal to the public that trading actively is a professional conduct. We should rather encourage long-term investment that doesn't need almost weekly transactions. Numerous transactions doesn't add up either with the control of costs.

- II- The size of the client's financial instrument portfolio, defined as including cash deposits , financial instruments, exceeds EUR 500 000 and <new> should encompass the employee saving schemes,

explanation: employee saving schemes (epargne salariale in France) is representing € 125BN out of which

50% is free of disposal.

- III-the client works or has worked in the financial sector or in fields that involve financial expertise for at least one year in a professional position, which requires knowledge of the transactions or services envisaged <new> or is holding a diploma in economics or finance at a minimum level of 7 (master), or has managed a portfolio of more than EUR 500,000 over the last five years,

explanation: we suggest to extend the field of qualified persons with either a high level of academic knowledge or a high level of experience on the ground.

- A fourth criteria would complete the regime of opting up:

IV- the client is carrying out a transaction of €100 000 on a financial instrument.

Explanation: generalizing the possibility, granted by some Member States, for retail investors to access financial instruments dedicated to professional clients as soon as they invest at least 100,000 EUR would allow better harmonization and the deletion of current competitive distortions”.

In addition

1. Investment firms should be allowed to propose an opting up to their client:

we suggest to add in Annex II a new case in the § II-2 : « they must state in writing to the investment firm that they wish or accept the investment firm’s proposal to be treated as a professional client, either generally or in respect of a particular investment service or transaction, or type of transaction or product,”

2. Lastly, retail client that are under portfolio management by an investment firm should be able to access professional financial instruments and products as it is the case today in the French regulation. AMF Position 2019-12, point 6, in application of DR 2017-565 art. 58.

Question 7.2 How might the following criteria be amended for professional investors upon request?

a) The client has carried out transactions, in significant size, on the relevant market at an average frequency of 10 per quarter over the previous four quarters.

- No change
- 30 transactions on financial instruments over the last 12 months, on the relevant market
- 10 transactions on financial instruments over the last 12 months, on the relevant market
- Other criteria to measure a client’s experience
- Don’t know / no opinion / not applicable

Please explain your answer to question 7.2 a):

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The client has carried out 10 transactions over the previous year on any financial market, or 2 transactions in illiquid financial instruments or funds,

Explanation: the current criteria of 40 transactions a year is a lot for a retail person, especially when it comes to funds, and tends to target trading-like players rather than investors; besides it sends a wrong signal to the public that trading actively is a professional conduct. We should rather encourage long-term investment that doesn't need almost weekly transactions. Numerous transactions don't add up either with the control of costs.

There needs to be a certain differentiation what type of financial instruments were bought in this period. A self-managed portfolio may easily reach the proposed threshold. However, if the same transactions are achieved by buying one diversified fund, it makes reaching this transaction threshold almost impossible (also taking into account illiquid instruments).

b) The size of the client's financial instrument portfolio, defined as including cash deposits and financial instruments exceeds EUR 500,000.

- No change
- Exceeds EUR 250,000
- Exceeds EUR 100,000
- Exceeds EUR 100,000 and a minimum annual income of EUR 100,000
- Other criteria to measure a client's capacity to bear loss
- Don't know / no opinion / not applicable

Please explain your answer to question 7.2 b):

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

II- The size of the client's financial instrument portfolio, defined as including cash deposits, financial instruments, exceeds EUR 500 000 and should encompass the employee saving schemes, pension product (e.g. French PER) or life insurance.

Explanation: employee saving schemes (epargne salariale in France) is representing € 125BN out of which 50% is free of disposal. Life insurance is 1 500 BN€ and the new PER 8 BN€.

c) The client works or has worked in the financial sector for at least one year in a professional position, which requires knowledge of the transactions or services envisaged.

- No change
- Extend definition to include relevant experience beyond the financial sector (e.g. in a finance department of a company)
- Adjust the reference to the term 'transactions' in the criteria to instead refer to 'financial instruments'
-

Other criteria to measure a client's financial knowledge

- Don't know / no opinion / not applicable

Please specify to what other criteria to measure a client's financial knowledge you refer in your answer to question 7.2 c):

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

III-the client works or has worked in the financial sector or in fields that involve financial expertise for at least one year in a professional position, which requires knowledge of the transactions or services envisaged <new> or is holding a diploma in economics or finance at a minimum level of 7 (master), or has managed a portfolio of more than EUR 500,000 over the last five years,

Explanation: we suggest to extend the field of qualified persons with either a high level of academic knowledge or a high level of experience on the ground.

Please explain your answer to question 7.2 c):

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

d) Clients need to qualify for 2 out of the existing 3 criteria to qualify as professional investors. Should there be an additional fourth criterion, and if so, which one?

- No change
- Relevant certified education or training that allows to understand financial instruments, markets and their related risks
- An academic degree in the area of finance/business/economics
- Experience as an executive or board member of a company of a significant size
- Experience as a business angel (i.e. evidenced by membership of a business angel association)
- Other criteria to assess a client's ability to make informed investment decisions
- Don't know / no opinion / not applicable

Please specify to what other criteria to assess a client's ability to make informed investment decisions you refer in your answer to question 7.2 d):

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

- A fourth criteria would complete the regime of opting up:
IV- the client is carrying out a transaction of €100 000 on a financial instrument.

Explanation: generalizing the possibility, granted by some Member States, for retail investors to access financial instruments dedicated to professional clients as soon as they invest at least 100,000 EUR would allow better harmonization and the deletion of current competitive distortions”.

Please explain your answer to question 7.2 d):

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Companies below the thresholds currently set out in MiFID II (2 of 3: turnover of €40 mln, balance sheet of €20 mln and own funds of €2 mln) would also qualify as retail investors.

Question 7.3 Would you see merit in reducing these thresholds in order to make it easier for companies to carry out transactions as professional clients?

- No change
- Reduce thresholds by half
- Other criteria to allow companies to qualify as professional clients
- Don't know / no opinion / not applicable

Please explain your answer to question 7.3:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

8. Inducements and quality of advice

EU legislation sets out requirements on the provision of investment advice and around the payment of commissions and other forms of inducements to sellers of financial products. In the case of investment services and activities,

investment firms must, for example, inform the prospective client whether any advice provided is on an independent basis, about the range of products being offered and any conflicts of interest that may impair independence. Use of inducements is restricted (i.e. any payment must be designed to enhance the quality of the relevant service to the client and it must not impair compliance with the investment firm's duty to act honestly, fairly and professionally in accordance with the best interest of its clients). Any payments to investment firms for the distribution of investment products must also be clearly disclosed. The rules slightly differ for the sale of insurance-based investment products: inducements may only be received if they do not have a detrimental impact on the quality of the service to the customer. However, there is no general prohibition on the payment of inducements if the seller declares that advice is given independently. Under [UCITS](#) and [AIFMD](#), asset managers are also subject to rules on conflict of interests and inducements.

However despite these rules, concerns have been expressed that the payment of inducements may lead to conflicts of interest and biased advice, since salespersons may be tempted to recommend products that pay the highest inducements, irrespective of whether or not it is the best product for the client. For this reason, the Netherlands has banned the payment of inducements. On the other hand, other stakeholders have argued that the consequence of banning inducements might be that certain retail investors would be unable or unwilling to obtain advice, for which they would need to pay. Questions on inducements have also been asked in the [MiFID/R consultation](#) which was conducted at the beginning of 2020.

Question 8.1 How effective do you consider the following measures to/would be in protecting retail investors against receiving biased advice due to potential conflicts of interest?

	1 (not at all effective)	2 (rather not effective)	3 (neutral)	4 (somewhat effective)	5 (very effective)	Don't know - No opinion - Not applicable
Ensuring transparency of inducements for clients	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
An obligation to disclose the amount of inducement paid	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Allowing inducements only under certain conditions, e.g. if they serve the improvement of quality	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Obliging distributors to assess the investment products they recommend against similar products available on the market in terms of overall cost and expected performance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Introducing specific record-keeping and reporting requirements for distributors of retail investment products to provide a breakdown of products distributed, thus allowing for supervisory scrutiny and better enforcement of the existing rules on inducements	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Introducing a ban on all forms of inducements for every retail investment product across the Union	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please explain your answer to question 8.1:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

These answers are given in the context of the MIFID II only, where such request are already in place and are working fine. Same comments apply to our answer to Q.8.5

Question 8.2 If all forms of inducement were banned for every retail investment product across the Union:

a) what impacts would this have on the availability of advice for retail investors? Please explain your answer:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

We disagree with an outright ban on inducements. While access to independent investment advice is important, one must consider that non-independent advice is the prevalent form of distribution throughout Europe.

Banning inducements would have substantial and far-reaching consequences in terms of overall access to investment advice for all European citizens. Experiences in other countries, which have chosen to ban inducements, have shown that certain demographics, in particular mass retail investors, are left with no possibility to access advice as distributors had put in place minimum investment amounts.

In the UK (FCA, Evaluation of the impact of the RDR and FMAR, Dec 2020), it can be observed that the introduction of the commission ban has resulted in retail investors being excluded from investment advice or not wanting or being able to use fee-based advice or automated services. Retail investors are thus cut off from an individual investments in the capital market.

- Large sections of the population do not use or receive any investment advice, otherwise on the other hand in the affluent population. (See Figure 22, page 10).
- The unwillingness and inability to pay for independent advice continues to increase. Just 51% of UK adults said they were willing to pay for advice "when the cost was reasonable". Of these, the vast majority of 64% are willing to pay up to a fee of up to £ 100 for an investment volume of up to £ 10,000. (See Figure 3.1, page 47)
- Minimum investment volumes of financial service providers are for large sections of the population a barrier to have access for independent investment advice: 40% of service providers offering investment advice have formal minimum investment volumes of £ 50k for new customers; 10% of this only for new customers from £ 1 million. (See Figure 2.5, page 39 and text page 33)
- The quality of advice has not improved: The number of complaints after the introduction of the commission ban in UK has gone up considerably. (See Figure 44, page 55)
- Automated services do not fill the advice gap at all. The volume of assets in automated investment advice remains low despite growth and is still a niche market. Assets under Advice in automated advice services grow slowly but according to estimations just comprise 0,5% of the retail investment market. (See Figure 2.9, page 42 and text page 42)
- Only a very few retail investors use automated services: In 2020 19% of adults have heard of provider

of automated online investment and pension services but only 0,9% of the adults have used provider of automated online investments and pensions (See Figure 2.6, Page 40

As the cost of advice still has to be paid, it also does not necessarily decrease the total cost of ownership. Given that fee-based investment advice incurs certain fixed costs (e.g. per hour of the investment adviser's time), this again favours rather large investments compared to smaller investment amounts.

We have an ongoing study on the actual total cost of ownership bear by retail investors in a fee-based model compared to the one in a retrocession-based or commission-based model; the two models are comparable and similar in terms of price but the fee-based model has led to the exclusion of retail investors from advice in UK and NL, exclusion that would be even worst in France considering the average wealth. The study will be published in September 2021.

b) what impacts would this have on the quality of advice for retail investors?

Please explain your answer:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

We do not believe that investment advice are of poor quality due to inducements nor do we believe that a ban on inducements would have an automatic positive effect on the quality of advice.

For example, see a recent study in UK: the Evaluation of the Retail Distribution Review and the Financial Advice Market Review, performed by Ignition, for the account of the FCA, December 2020.

<https://www.fca.org.uk/publication/research/ignition-house-consumer-research-report.pdf>

Figure 5.4 Attitudes to financial advisers held by adults who have not had advice in the last 12 months but might need support, 2020 (page 66)

51% of adults that have not had advice don't believe that financial advisors are unbiased, 64% don't believe that financial advisers act in the best interest of their clients.

Banning inducements would not improve access to independent advice especially for the mass retail that need it the most. Besides, banning inducements would:

- Not prevent or solve any mis-selling cases as those rather result from improper or lack of information on the financial instrument, its risks or its fees, misconducts that relate to other parts of the regulation, cf. <https://www.thepriceofbadadvice.eu/static-map/>
- Not improve long-term investments nor equity and corporate debt investments; indeed, if sales were linked to the level of retrocessions, more equity and corporate debt products would be sold to retail clients, as these products usually have higher management fees, hence higher retrocessions; this is by far not the case in France
- Not develop the open architecture as it would rather encourage in house product sales especially in France where there is a high number of asset managers compare to other countries (630 asset managements in France)

We, therefore, caution the Commission against any hasty decision to dismantle the existing EU distribution model without any robust alternatives to take its place.

c) what impacts would this have on the way in which retail investors would invest in financial instruments? Please explain your answer:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

As mentioned above, an inducement ban would lead to a clear reduction in the availability of advice for retail investors throughout the EU. This would lead to retail clients investing less (than they already do) keeping even more of their cash in savings deposits.

As stated in the FCA, Evaluation of the impact of the RDR and FMAR, Dec 2020

High-chance investments in the capital market are due to lack of support in the investment process; people without advice “invest” mostly in cash: People not receiving support “invest” 49% of their investable assets “All in Cash”, and only 12% “Most/all in investments (0%-25% in cash)”. So participation in Capital markets is very low. On the contrary, people receiving advice, invest 41% of their investable assets in the category “Most/all in investments (0%-25% in cash)” (See Figure. 2,7, page 14)

In consequence it turns out, that an ban of inducements in UK runs counter to the goal of better participation of retail investors in capital markets and, on top, it has not improved retail investor protection.

Those investors who still choosing to invest will do so as execution-only services, thus having access only to non-complex financial products (at least under the current MiFID framework). It is also highly likely that investors (with only small amounts to invest) will not find it economically prudent to pay their distributor for investment advice. Thus, their investment decisions will be based solely on existing pre-disclosure documents and potentially other factors (e.g. social media, family, etc.). Due to the lack of professional advice, there is a chance that the chosen products are not fully suitable for the investor also leading to short-termism with regards to their set investment horizon.

d) what impacts would this have on how much retail investors would invest in financial instruments? Please explain your answer:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

We would assume that a ban of inducements could lead to a decrease in retail investment in the EU. The more important issue, though, is how such a ban would affect the manner in which retail investors in the EU choose to invest if financial advice is no longer easily accessible. Taking the UK, for example, we note that a system of financial guidance (sitting in between financial advice and execution-only) was introduced to (partly) mitigate the effects of the inducement ban. Its take-up has, unfortunately, been disappointing.

Question 8.3 Do the current rules on advice and inducements ensure sufficient protection for retail investors from receiving poor advice due to potential conflicts of interest:

	Yes	No	Don't know - No opinion - Not applicable

In the case of investment products distributed under the MiFID II framework?	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
In the case of insurance-based investment products distributed under the IDD framework?	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
In the case of inducements paid to providers of online platforms/comparison websites?	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please explain your answer to question 8.3:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

- We think that the rules put in place by MIFID II in 2018 are sufficient; we have no knowledge of any scandal or complaints regarding advice and inducements.
- The sole fact that some consumers' association points out that ETF are not enough sold to retail should not be enough to dismantle an effective distribution model; the pressure on costs will naturally and progressively lead to more ETFS' in a portfolio allocation.

Question 8.4 Should the rules on the payment of inducements paid to distributors of products sold to retail investors be aligned across MiFID and IDD?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 8.4:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

While we think that some alignment would be beneficial for the retail investor, we would recommend to be selective and cautious on which regulation should prevail and rather converge on the best rules. For example, cost disclosure that exists in MIFID would have some merit to be extended to IDD; a client should always have the same level of information whatever the channel of distribution; on the other hand, regarding the service of portfolio management, the client should be offered the choice of paying advice and management services through retrocessions included in the funds or through management fees at the portfolio level, as the choice exists in IDD; as long as transparency is provided, a client should be able to choose the best cost model for him.

Question 8.5 How should inducements be regulated?

Please select as many answers as you like

- Ensuring transparency of inducements for clients

- Ensuring transparency of inducements for clients, including an obligation to disclose the amount of inducement paid
- Allowing inducements only under certain conditions, e.g. if they serve the improvement of quality
- Obliging distributors to assess the investment products they recommend against similar products available on the market
- Introducing specific record-keeping and reporting requirements for distributors of retail investment products to provide a breakdown of products distributed, thus allowing for supervisory scrutiny and better enforcement of the existing rules on inducements
- Introducing a ban on all forms of inducements for every retail investment product across the Union
- Other

Please explain your answer to question 8.5:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The use of payments for order flow (PFOF), where a broker (or an investment firm) directs the orders of its clients to a single third party for execution against remuneration, appears to be increasingly popular as a business model, in particular in the context of on-line brokerage. This practice is raising concerns in terms of potential conflicts of interest due to payment of inducements and possible breach of the obligations surrounding best execution of the client's orders (i.e. an obligation to execute orders on terms that are most favourable to the client).

Question 8.6 Do you see a need for legislative changes (or other measures) to address conflicts of interest, receipt of inducements and/or best execution issues surrounding the compensation of brokers (or firms) based on payment for order flow from third parties?

- Yes
- No
- Don't know / no opinion / not applicable

Question 8.7 Do you see a need to improve the best execution regime in order to ensure that retail investors always get the best possible terms for the execution of their orders?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 8.7:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Financial advisors play a critical role in the distribution of retail investment products, however standards (levels of qualifications, knowledge, skills, etc.) differ across Member States. In order to reduce the risk of mis-selling, increase individual investors' confidence in advice and create a level playing field for market operators offering advice in different Member States, the [2020 CMU action plan](#) proposed that certain professional standards for advisors should be set or further improved.

Question 8.8 Would you see merit in developing a voluntary pan-EU label for financial advisors to promote high-level common standards across the EU?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 8.8 and indicate what would be the main advantages and disadvantages:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

YES, it can only increase retail investor confidence and make sure that best practices are share.

We see no disadvantages

If you would see merit in developing that voluntary pan-EU label, what would you consider the essential characteristics of such a label and how should it be similar to or different from those that already exist in the market?

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

It should be based on an exam and/or diploma. (in France we have a "certification" process plus an annual obligation of several hours of training for staying updated);

Robo-advisors, i.e. online platforms providing automated investment advice (and in many cases also portfolio management) are in principle subject to the same investor protection rules as traditional “human” advisors under the MiFID and IDD frameworks. While robo-advisors may offer advantages for retail investors, in particular lower fees, accessible investment thresholds and in principle often impartial advice (unbiased by payment of inducements), robo-advisors may also present risks resulting from, e.g. simplistic non-dynamic algorithms which may not create efficient investment portfolios.

Question 8.9 Are robo-advisors (or hybrid advisors) regulated in a manner sufficient to protect retail investors?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 8.9:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Our assumption is that robo-adviser should follow the same rules as ‘regular’ advice

- we recommend to carefully monitor and evaluate if the access to advice for the retail and whether the on-line platforms are fully adequate.

The latest info show that consumers have not adopted yet the robo-advisor’s channels and some large actors closed down their on-line platform as well as heir online bank (in France, ING just closed its online bank).

It would also be worthy to evaluate the range of products offered on line and the access to innovative products, the clearness of the services offered between advice and execution only, the cost transparency, the robustness of the suitability test and the black-box algorithms.

Lastly, there is such an increasing number of on-line offers that turned out to be scams and frauds that the French regulator needs to monitor them and alert the public on a regular basis. <https://www.amf-france.org/fr/actualitespublications/communiqués/communiqués-de-lamf/lamf-et-lacpr-mettent-en-garde-le-public-contre-lesactivites-de-plusieurs-sites-internet-et-entites>.

We are not against the development of digital solutions but wish to warn against any hasty decision to exclusively rely on a robo-advisors’ advice model..

Lastly, most often these robo-advisors propose index funds (trackers) with limited diversity. Without any disclaimer that the underlying funds are mainly passive funds with a pure correlation to the market (no protection against the fluctuations of the market)

Question 8.10 The use of robo-advisors, while increasing, has not taken off as might have been expected and remains limited in the EU.

What do you consider to be the main reason for this?

- Lack of awareness about the existence of robo-advisors
- Greater trust in human advice
- Other
- Don't know / no opinion / not applicable

Please specify to what other reason(s) you refer in your answer to question 8.10:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Lack of awareness about the existence of robo-advisors Yes
Greater trust in human advice Yes
Other yes

Robo-advisors request that the retail client has a good financial knowledge and be self-confident in its decision. Financial education in France is low, so robo-advisors don't match yet investors' needs for a personalized dialogue, an overall approach on the global wealth (not only investment products) and an ongoing relationship.

Please explain your answer to question 8.10:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 8.11 Are there any unnecessary barriers hindering the take-up of robo-advice?

- Yes
- No
- Don't know / no opinion / not applicable

9. Addressing the complexity of products

Financial products, including those targeted at retail investors, are often highly complex and often not properly understood by retail investors. Consumer representatives have therefore been regularly calling for simple, transparent and cost-efficient products. Less complex products suitable for retail investors exist in different areas, such as UCITS and certain Exchange Traded Funds (ETFs), and have been set as the default option of PEPP.

Question 9.1 Do you consider that further measures should be taken at EU level to facilitate access of retail investors to simpler investment products?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 9.1:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

AFG is not in the view that retail investors have difficulties to access “simple” or “simpler” investments products. Outside the current definition of “simple products” under MiFID regulation, we consider that any further attempt to create new categories of products, aiming to extract so called “simpler products” from the existing perimeter, would add confusion for the retail investors when assessing their investment decision. Indeed, it should be reminded that the notion of simplicity not only is by nature subject to different interpretations – as it is already the case under the current regulatory framework (see the development below) – but also can be mistakenly associated to a low level of risk, thus potentially leading to “mis-purchasing” issues.

Secondly, investors should not be discouraged from investing in so-called complex products; e.g. should the investor want a product with a capital protection, or a downside protection, he should have an equal access to a structured product , the same if an investor want a product that invest in real estate, he should have an equal access to real estate AIF.

We don't find any rationale that demonstrate that retail investors should be encourage to buy simpler products (whatever the definition of “simple”).

In addition, we recall our proposal quoted in Q1.3.

Question 9.2 If further measures were to be taken by the EU to address the complexity of products:

a) Should they aim to reinforce or adapt execution of orders rules to better suit digital and online purchases of complex products by retail investors?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 9.2 a):

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

b) Should they aim to make more explicit the rules which prohibit excess complexity of products that are sold to retail investors?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 9.2 b):

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

c) Should they aim to develop a new label for simple products?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 9.2 c):

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

d) Should they aim to define and regulate simple, products (e.g. similar to PEPP)?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 9.2 d):

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

But see our proposal in Q1.3 on the definition of complex products

e) Should they aim to tighten the rules restricting the sale of very complex products to certain categories of investors?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 9.2 e):

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

f) Should they have another aim?

- Yes
- No
- Don't know / no opinion / not applicable

10. Redress

There will be occasions when things go wrong with an investment, e.g. if products have been mis-sold to the retail investor. Retail investors have the possibility to address their complaint directly to the firm: MiFID, for example, requires investment firms to establish, implement and maintain effective and transparent complaints management policies and procedures for the prompt handling of clients' complaints and similar provisions are contained in the recent [Crowdfunding Regulation](#). Redress can also be sought through non-judicial dispute resolution procedures or can be obtained in national courts. In certain cases, where large numbers of consumers have suffered harm, collective redress can also be obtained.

Question 10.1 How important is it for retail investors when taking an investment decision (in particular when investing in another Member State),

that they will have access to rapid and effective redress should something go wrong?

- Not at all important
- Rather not important
- Neutral
- Somewhat important
- Very important
- Don't know / no opinion / not applicable

Please explain your answer to question 10.1:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 10.2 According to MIFID II, investment firms must publish the details of the process to be followed when handling a complaint. Such information must be provided to the client on request or when acknowledging a complaint and the firm must enable the client to submit their complaint free of charge.

Is the MiFID II requirement sufficient to ensure an efficient and timely treatment of the clients' complaints?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 10.2:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 10.3 As a retail investor, would you know where to turn in case you needed to obtain redress through an out of court (alternative dispute resolution) procedure?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 10.3:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

In France, the rules and processes to obtain redress are easily accessible on the regulator's website as well as on the distributors' website.

Question 10.4 How effective are existing out of court/alternative dispute resolution procedures at addressing consumer complaints related to retail investments/insurance based investments?

- Not at all effective
- Rather not effective
- Neutral
- Somewhat effective
- Very effective
- Don't know / no opinion / not applicable

Please explain your answer to question 10.4:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

There is an ombudsman in every French bank plus there is an active and effective ombudsman at the level of the regulator (French AMF)

Question 10.5 Are further efforts needed to improve redress in the context of retail investment products:

Please select as many answers as you like

- Domestically?

- In a cross border context?

Please explain your answer to question 10.5:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

No comments

Certain groups of consumers (e.g. the elderly, over-indebted or those with disabilities) can be particularly vulnerable and may need specific safeguards. If the process of obtaining redress is too complex and burdensome for such consumers and lacks a specially adapted process (e.g. assistance on the phone), redress may not be an effective option for them.

10.6 To what extent do you think that consumer redress in retail investment products is accessible to vulnerable consumers (e.g. over-indebted, elderly, those with disabilities)?

- Not accessible at all
- Rather not accessible
- Neutral
- Somewhat accessible
- Very accessible
- Don't know / no opinion / not applicable

Please explain your answer to question 10.6:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

No comments

11. Product intervention powers

ESMA has been given the power to temporarily prohibit or restrict the marketing, distribution or sale of financial instruments with certain specified features or a type of financial activity or practice (these are known as 'product intervention powers'). EIOPA has similar powers with regard to insurance-based investment products. These powers have been used by ESMA in the past for certain types of high risk product e.g. binary options and contracts for differences (CFDs).

Question 11.1 Are the European Supervisory Authorities and/or national supervisory authorities making sufficiently effective use of their existing product intervention powers?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 11.1:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

ESMA's intervention powers seem to be effective as the European supervisor was able to prohibit the marketing and sales of binary options in 2018 and contracts for difference in 2019 to retail clients in light of investor protection concerns. National supervisors are, however, better placed than the asset management industry to assess whether ESMA should more actively use these powers to target fraudulent financial products.

Question 11.2 Does the application of product intervention powers available to national supervisory authorities need to be further converged?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 11.2:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

No comments

Question 11.3 Do the product intervention powers of the European Supervisory Authorities need to be reinforced?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 11.3:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

No comments

12. Sustainable investing

Citizens are today increasingly aware of the serious economic, environmental and social risks arising from climate change. As retail investors, they are also becoming conscious of the potential contribution they might make towards mitigating those risks by making more sustainable choices when investing and managing their savings. The [2018 European Commission's action plan on financing sustainable growth](#) set the basis for increasing the level of transparency on sustainability investments, through disclosure rules (e.g. Sustainable Finance Disclosure Regulation) and labels (e.g. EU Ecolabel), thereby substantially reducing the risk of greenwashing. In addition, the integration of retail investors' sustainability preferences as a top-up to the suitability assessment and financial advice in IDD and MIFID II delegated acts will ensure that clients are offered financial products and instruments that meet their sustainability preferences.

Question 12.1 What is most important to you when investing your savings?

	1 (most important)	2	3 (least important)
An investment that contributes positively to the environment and society	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
An investment that reduces the harm on the environment and society (e.g. environmental pollution, child labour etc.)	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Financial returns	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

Question 12.2 What would help you most to take an informed decision as regards a sustainable investment?

	1 (not at all helpful)	2 (rather not helpful)	3 (neutral)	4 (somewhat helpful)	5 (very helpful)	Don't know - No opinion - Not applicable
Measurements demonstrating positive sustainability impacts of investments	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Measurements demonstrating negative or low sustainability impacts of investments	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Information on financial returns of sustainable investments compared to those of mainstream investments	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Information on the share of financial institutions' activities that are sustainable	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Require all financial products and instruments to inform about their sustainability ambition	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Obligation for financial advisers to offer at least one financial product with minimum sustainability ambition	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
All financial products offered should have a minimum of sustainability ambition	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Question 12.3 What are the main factors preventing more sustainable investment?

	1 (not at all important)	2 (rather not important)	3 (neutral)	4 (somewhat important)	5 (very important)	Don't know - No opinion - Not applicable
Poor financial advice on sustainable investment opportunities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Lack of sustainability-related information in pre-contractual disclosure	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Lack of EU label on sustainability related information	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Lack of financial products that would meet sustainability preferences	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Financial products, although containing some sustainability ambition, focus primarily on financial performance	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Fear of greenwashing (i.e. where the deceptive appearance is given that investment products are environmentally, socially or from a governance point of view, friendly)	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Question 12.4 Do you consider that detailed guidance for financial advisers would be useful to ensure simple, adequate and sufficiently granular implementation of sustainable investment measures?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 12.4:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

MiFID II regulates the way investment firms produce or arrange for the production of investment research to be disseminated to their clients or to the public. This concerns investment research i.e. research or other information recommending or suggesting an investment strategy, explicitly or implicitly, concerning one or several financial instruments or the issuer of financial instruments. In the context of the COVID-19 pandemic, the research regime has been reviewed in order to facilitate the production of research on the small and medium enterprises and encourage more funding from the capital markets. In order to also encourage more sustainable investments, it is fundamental that investment research consider the E (environmental,) S (social) and G (corporate governance) factors of the Issuers and financial instruments covered by that research.

Question 12.5 Would you see any need to reinforce the current research regime in order to ensure that ESG criteria are always considered?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 12.5:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

AFG doesn't think that additional rules are necessary; the actors will provide for themselves along with the law of supply and demand.

13. Other issues

Question 13. Are there any other issues that have not been raised in this questionnaire that you think would be relevant to the future retail investments strategy? Please explain your answer:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Additional information

Should you wish to provide additional information (e.g. a position paper, report) or raise specific points not covered by the questionnaire, you can upload your additional document(s) below. **Please make sure you do not include any personal data in the file you upload if you want to remain anonymous.**

The maximum file size is 1 MB.

You can upload several files.

Only files of the type pdf,txt,doc,docx,odt,rtf are allowed

Useful links

[More on this consultation \(https://ec.europa.eu/info/publications/finance-consultations-2021-retail-investment-strategy_en\)](https://ec.europa.eu/info/publications/finance-consultations-2021-retail-investment-strategy_en)

[Consultation document \(https://ec.europa.eu/info/files/2021-retail-investment-strategy-consultation-document_en\)](https://ec.europa.eu/info/files/2021-retail-investment-strategy-consultation-document_en)

[More on retail financial services \(https://ec.europa.eu/info/business-economy-euro/banking-and-finance/consume-finance-and-payments/retail-financial-services_en\)](https://ec.europa.eu/info/business-economy-euro/banking-and-finance/consume-finance-and-payments/retail-financial-services_en)

[Specific privacy statement \(https://ec.europa.eu/info/law/better-regulation/specific-privacy-statement_en\)](https://ec.europa.eu/info/law/better-regulation/specific-privacy-statement_en)

[More on the Transparency register \(http://ec.europa.eu/transparencyregister/public/homePage.do?locale=en\)](http://ec.europa.eu/transparencyregister/public/homePage.do?locale=en)

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