

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

Maria

* Surname

Birkvad

* Email (this won't be published)

mbi@fida.dk

* Organisation name

255 character(s) maximum

Finance Denmark

* 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.

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* 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

- Niger

- 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
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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.

The answer and answers in general in this consultation must be read in the context of MiFID II. As MiFID II and IDD are not aligned a general yes or no cannot be provided covering both. Investor protection rules are misaligned between MiFID II and IDD. While certain differences make sense due to the diverging nature of the products, less stringent disclosure and inducement rules for insurance-based investment products creates an unlevel playing field. Retail investors should be able to trust that they get the same high level of investor protection regardless of under which legislative act an investment product or service is regulated.

The level of investor protection in MiFID II is sufficient. The question that perhaps should be asked is rather whether the framework is so extensive that it results in less wealthy and/or less knowledgeable retail investors finding it difficult to find (quality) service providers.

Through many years EU investor protection regulation has focused on protecting retail investors from mis-selling, but in a way which has promoted severe administrative burdens and costs which are partly paid for by the clients, and disclosure of all potentially relevant information to all investors under the perception that if retail investors are given all information, they will read and understand the information before making their investment decisions. Adding to the complexity, different products and distribution channels are regulated by different EU-legislative acts, and processes governing especially advisory service have grown in complexity due to MiFID II and are expected to grow even more in complexity when ESG is integrated into the framework. These facts have led to a very complex and not always consistent landscape of regulatory acts with the overall effect that investors receive too much information, which is not always consistent and leading to information overload.

A significant part of the investor protection rules within MiFID II is functioning well and meets the aim of the regulation, but there are also parts of the regulation that have shown not to work as intended.

Some of the material requirements (suitability test and appropriateness test) are burdensome and require clients to provide a lot of information and spend relatively much time compared to the investment that they wish to make, which may discourage clients from investing. Furthermore, the requirements may make it difficult for a retail investor to get access to the services if, from an economic perspective, it becomes too expensive to provide the service in relation to the amount that the client wishes to invest and how much the client is willing to pay for the service. It is important to ensure that retail investors with smaller investment amounts and a limited knowledge on investing have access to e.g. advice and other services and are not let to invest on their own.

The regulation allows for proportionality and flexibility in the interpretation of the rules and should keep doing so. The retail investor category covers a wide range of retail investors from the unexperienced retail investor Investing their first EUR 100 to the experienced and knowledgeable almost semiprofessional retail investor.

We recommend that the reform of investor protection in the EU is based on three key elements:

- 1) Horizontal alignment between legislation to ensure transparency and comparability, especially uniform information for similar investment products and services
 - There is a gap between IDD and MIFID II investor protection requirements. A process to level out this gap providing level playing field and providing consistent disclosures across sectors should be addressed.
 - Ensure better horizontal alignment between legislation regulating investment products (e.g. UCITS, PRIIPs and AIFMD).
- 2) Tailored information and investor protection towards client types and simplifying disclosures where relevant
 - amending opt-out (of disclosures) possibilities and opt-up (as professional) flexibility or under careful consideration of the cost and burdens that come along with it introduce a new client category. There is an information overload for both less experienced and knowledgeable and experienced retail clients.
 - With regards to the costs and charges disclosures there should be a greater distinction between the different client categories, leaving out the professional and eligible counterparties of the ex-ante disclosure requirements altogether.
 - The suitability assessment could also be fine-tuned when it comes to experienced and knowledgeable retail clients.
 - Product governance requirements should be simplified so that simple products are not in scope and the concept of negative markets should be re-evaluated.
- 3) Consumer testing: Base future regulatory action on consumer testing to ensure that any amendments or new legislation benefits retail investors' financial wellbeing.

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.

Limitations and investor protection are without question important. It is important to maintain a high level of investor protection. The question, however, is whether the requirements may discourage retail investors with smaller investment amounts/AuM and also make it economically difficult to provide sound and personal services to these investors. Providing a high level of investor protection and disclosures to retail investors may not support retail investors participation in the capital markets.

Investor protection is not only about protecting investors when investing, but also ensuring that the public has access to quality investment services.

MiFID II has aimed to prevent mis-selling to retail investors but in a way which has promoted severe administrative burdens and costs. In addition, investors are being directed towards simple investment

products due to the provisions and some clients are consequently not able to fulfill their investment objectives and might decide to withdraw from capital markets, due to a lengthy and complex process which is disproportionate to the amount the client is seeking to invest.

Barriers, that hinder retail investors participation, can be found in the product governance rules, the inducement rules, the complex and administrative burdensome advisory processes which reject certain client types from advisory services and in the client classification which is very wide. In addition, the PRIIPs regulation has created barriers in different ways.

There are several areas within the MiFID II framework which add very little value compared to the costs:

- The product governance regime which covers all financial instruments (except for bonds with no other embedded derivative than a make-whole clause) and client types
- The best ex reporting regime which covers too wide an area of instruments and does not add much value from a client perspective
- The cost and charges regime which has the same methodology no matter what kind of instrument type and no matter which kind of investment service
- The advisory services processes which are now much more complex across client types as well as the amount of information delivered to the client in this regard.

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.

Currently, there is difficulty in being able to invest in corporate bonds.

More importantly, it may be difficult for retail investors to gain access to index ETFs, as these are predominately AIFs. It could be that this is especially an issue for some geographical markets, where the language is not one of the major European languages. ETFs and similar listed products are regulated by prospectus rules, MiFID II, AIFMD, PRIIPs, etc.

The rules on product governance have also had a counter-productive effect on simple financial instruments. It should not be necessary to conduct product governance on simple instruments issued with the purpose of raising capital (e.g. simple bonds and shares). In connection to these instruments, it should be sufficient that the investment firm conducts a type of product governance on the investment services it renders to its customers. It should also be considered to exempt UCITS due to the high level of investor protection in the UCITS regulation.

A manner to increase access to simple financial instruments could be to have the assessment of simplicity done as part of the listing.

Product governance rules are preventing retail investors from accessing a broader range of financial

instruments. Furthermore, the continued uncertainty in the interpretation of parts of the rules on product governance may also lead to unintended consequences.

The product governance rules are a great tool in the investor protection toolbox, but it should not and cannot substitute advice and it should be viewed collectively together with the rules on the suitability test. It is important that the rules are proportional with the relevant financial instrument or service as well as the amount that the retail investor wishes to invest and does not become too burdensome.

The PRIIPs regulation has limited access to products for retail clients. Partly by the scope uncertainty effecting the issuers that are scoping out retail clients from all corporate bonds and secondly by third country PRIIPs producers not delivering PRIIPs KIDS for products. The second barrier is particularly relevant in smaller jurisdictions such as Denmark where local NCAs demand that PRIIPs KIDs are available in the local language. This is also relevant in relation to PRIIPs produced in other Member States with another official language.

The existing limitations may restrict the range of investment instruments that can be offered to the most experienced retail investors. The target market stated in prospectuses for primary issuance of bonds has in many cases been professionals only, even though the bonds lack features that would make them not suitable for retail investors. Issuers are free to choose which market they would like to distribute their notes to, and the main market is in most cases the wholesale market (i.e. with denominations above EUR 100,000), but it is unfortunate that this restriction in the primary market has an effect on especially the higher end segments of retail investors in the secondary market. If the funding base for corporates is intended to be broadened to retail investors and retail investors are to be able to access this product category, then there is a need to adjust this. The practice has also been driven to some extent by a fear to come into PRIIPs territory due to the uncertainties regarding the boundaries of that legislation.

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 checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Lack of understanding of products by advisers?	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Lack of trust in products?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" 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 checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Concerns about the risks of investing?	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Uncertainties about expected returns?	<input type="radio"/>	<input checked="" type="radio"/>	<input 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 type="radio"/>	<input checked="" 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 checked="" 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 checked="" type="radio"/>	<input 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 checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Offered at competitively priced conditions	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Offered alongside a sufficient range of competitive products	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" 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 checked="" type="radio"/>	<input 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 specify to what other area(s) you refer in 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.

It should be examined how more proportionality and flexibility can be created in order to ensure that knowledgeable retail investors have easier access to a wider range of instruments, and at the same time ensuring that the requirements do not unintendedly leave less wealthy / knowledgeable retail investors behind.

It should be examined how to ensure an easy process for investing smaller amounts, so the burden for retail investors and investment firms is proportionate with the invested amount. Otherwise, there is a risk that this group (whom it may be most important to protect) will be left without advice/guidance or seek unregulated advice/guidance.

It is important with good governance when financial instruments are complex, but at the same time it is important that regulation reflects that a complex product is not necessarily is risky just because it is complex.

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.

The retail category is very wide as it covers from the retail investor making his/her first investment of maybe EUR 100 to the experienced and knowledgeable "semi-professional" retail investor, and at the same time the rules cover too many situations of different nature.

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 type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Create realistic expectations about the risk and performance of financial products	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input 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 checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Better understand disclosure documents	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input 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.

We support the development of an EU-wide competence framework. A more coordinated effort at Member state level to improve financial education should involve an active role of the financial service industry.

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.

We are, generally speaking, in favour of “open finance” initiatives in the field of (retail) investments. We see benefits in the currently long onboarding processes for new clients that could be simplified by having access to such information in form of a digital investment ID.

Any open finance approaches must be based on the client’s explicit approval to access and use of his/her data.

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.

Technological innovation such as a digital identity could help increase retail participation in the capital market.

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.

We would like to address the importance of keeping disclosure requirements technology neutral – meaning that all the required information must be able to be shown and read on a mobile phone or other tablet. Therefore, we are generally in favour of machine-readable precontractual disclosures.

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.

The same level of investor protection should apply for “digital” sales as all other sales, but the rules must be adapted to fit the existing format constraints.

There is a number of existing differences in terms of marketing and distributing financial instruments throughout the EU. It must be noted that relevant parts of the MiFID implementing acts regarding distribution are a Delegated Directive which requires national implementation and increases the risk of national gold plating.

There are different interpretations of what is “marketed” across jurisdictions. It would be beneficial to define several terms of “marketed” or similar words used across different legislation. In the current rules the following terms are used “sell”, “marketed”, and “offered”, (and “recommended”). It would be beneficial if these terms were clearly defined, and that it would be outlined what the difference is between the terms. Furthermore, there are different national interpretations of what is reverse solicitation, and to what extent it is allowed.

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.

The problems recently arisen have not been from financial products or financial intermediaries not properly regulated or licensed under the existing EU framework. Focus should be on ensuring that the rules are applied equally, and that providers of the services / products that are clearly marketed to retail investors in EU cannot hide behind being digital. The Commission should instead of increasing the existing distribution rules focus on making sure that all financial actors are properly regulated and licensed.

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.

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.

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.

With the restrictions placed on investment firms, a void may have developed , which is used by unregulated (or unauthorized) service providers.

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.

There should be a greater supervisory focus on online distributors and marketing (SoMe campaigns etc.)

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.

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 checked="" type="radio"/>	<input type="radio"/>
The costs associated with the product	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
The expected returns under different market conditions	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The risks associated with the product	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input 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.

The information that clients receive especially when receiving investment advice is too much for the vast majority of clients to grasp. Simple retail investors should be offered much simpler and to the point information in order to avoid information overload. Retail investors should receive the relevant information in a way that makes it easy to understand and to make an informed decision. If retail investors are given all information (without asking for it themselves) they might be overwhelmed and discouraged from reading any of the information at all.

The cost disclosures should be simplified for retail clients. Our members deal with a lot of confused clients and almost no retail clients ask for greater detail in the cost disclosures as they are entitled to according to MiFID II. A single cost figure is enough for the vast majority of all retail clients. Hence the minimum legally required granularity should be minimized to fewer, and perhaps just one cost figure with supplementary information on the amount of inducements received by the investment firm.

The strengthened requirements on disclosing information about costs and charges to clients introduced with MiFID II has shown to be interpreted in a variety of ways resulting in the fact that the shown costs are not comparable across different distributors. For that reason, we see a need for more guidance on the interpretation of the regulation. The amount of disclosure requirements has increased. It should be kept in mind that these are additional to disclosure requirements under other regulations (cookie, personal data etc.). The information disclosed to retail investors may be perceived by the retail investors as overwhelming and discouraging.

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 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 checked="" 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 type="radio"/>	<input type="radio"/>	<input checked="" 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 checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Information on sustainability-aspects of the product	<input checked="" type="radio"/>	<input 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 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 type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Information about product performance	<input type="radio"/>	<input type="radio"/>	<input checked="" 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"/>	<input type="radio"/>	<input type="radio"/>
Information on sustainability-aspects of the product	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input 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 type="radio"/>	<input checked="" type="radio"/>
Information about the type, objectives and functioning of the product	<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"/>
Information about product performance	<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 checked="" type="radio"/>	<input type="radio"/>
Information on sustainability-aspects of the product	<input checked="" 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.

In the PRIIPs document an ambiguity is created in regard to what is costs, and what is market prices and execution effectiveness.

The scope of PRIIPs need to be addressed in order to clarify products which should be deemed out of scope. The clearest example here is OTC derivatives without an investment purpose. They should be scoped out of PRIIPs.

Re. "Information about product performance": The focus on performance does not fit products which do not have an investment purpose, and performance figures should be removed for hedging products used to secure another transaction flow. There is a need to move away from a one-size fits all approach and to recognize that there are fundamental differences between different instrument types and that comparability is only a legitimate purpose for regulators for de-facto comparable products. The performance scenarios do not fit for products which have short holding periods, as, by their nature, they are not buy and hold products. Performance scenarios predicting the future based on historical performance do not put clients in a materially better position as these numbers can produce negative figures under a positive scenario.

Re. "Information on costs and charges": Retail clients main focus is on the total price and/or the total cost. Displaying cost components based on complex underlying methodologies rather confuse clients than help them. This is an issue we see with both PRIIPs and MiFID II. When buying any other retail service or

product, a retail client does not have to face the complexity of going into detail of the supply chain or distribution chain or how different components of a product or service is priced. Simply focusing on total cost-plus potential inducements would go a long way of solving the retail client needs and investor protection.

Re. "Information on sustainability-aspects of the product": We are questioning how future implementation of sustainability disclosure requirements will be able to fit into the current max limit for a KID to be 3 pages.

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 checked="" type="radio"/>
Information about the insurance distributor and its services	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" 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 checked="" type="radio"/>
Information on cost and charges	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" 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:

	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 checked="" type="radio"/>
Information about the insurance distributor and its services	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" 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 checked="" type="radio"/>
Information on cost and charges	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" 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 checked="" type="radio"/>

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

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

Information on the pay-out phase	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
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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 checked="" type="radio"/>
Information about the PEPP provider and its services	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Information about the safeguarding of investments	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Information on cost and charges	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Information on the pay-out phase	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" 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.

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.

Generally, the KID offers too little information to knowledgeable investors who see no added value in the document. Whereas less knowledgeable investors find the document difficult to read and understand and perhaps even discouraging as the amount of information is comprised in a few overwhelming pages.

Furthermore, the intention to enable retail investors to compare products, which are not similar and thereby comparable, creates less transparency (despite the intention being notable). In general, it might not be possible to make a standardized one-size-fits-all document to compare products, which are not in fact comparable, without the document becoming very technical and difficult to read.

In the delegated regulation for PRIIPs and the Q&As there are specific text fragments that are to be used in the KIDs. Some of these text fragments have proven to be difficult to understand and not very intuitive, in particular in some of the official translations. It should also be noted that the way KIDs are drafted differs substantially between different manufacturers, including the use of jargon. It does seem that investors read KIDs to a larger extent than they read for example prospectus documentation which indicates that the KIDs generally are understandable. The prohibition to refer to marketing material in the KID is unfortunate from an investor protection perspective as graphs and other illustrations in many cases are beneficial for the retail investor as a way to explain a product or give further details on how the product works that isn't possible to fit within the three pages limitation.

It should also be kept in mind, and be accepted, that certain sector terminology and jargon is needed if one wants to achieve a degree of comparability between similar instruments. If firms in the industry would not use sector specific terms, there is a good chance that clients will face different terminologies based on which firm they interact with in the provision or services as well as when looking at product documentation produced by different product providers.

In conclusion we recommend more freedom with regards to use of terminology in the KID since the markets have already terminology in place for different comparable product types and clients already investing in these products are aware of the terms used.

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.

It is important that the pre-contractual disclosure requirements under EU-law is technology neutral, i.e. work for the various channels where an investment firm provides services to a client.

Trading in financial instruments takes place in various ways such as online or over the phone as well as in more traditional face-to-face meetings. It is therefore important that requirements such as the provision of information “in good time” is interpreted in a proportionate and flexible manner taking the type of investment service/product into account.

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.

For similar products the document can be used – when disregarding the general issues as outlined in 4.3 – to compare similar investment products. However, for investment products which are not similar the opposite seems to be the case.

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.

Though the intention is good, there are indications from the current experience that the attempt to squeeze all types of investment products into the same document provides less transparency.

Trying to define requirements which apply in the same way to all types of products in the name of comparability leads to unintended consequences with the outcome that certain information is not understood and/or that the information does not fit with the nature and characteristics of the product in question. One

example where this works to the detriment of retail clients is in a situation where one would try to compare performance scenarios for a long term investment fund and a 4 month warrant.

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.

An alignment of costs needs to be ensured as it is confusing for investors to receive different cost information on the same financial instrument depending on if MiFID II or PRIIPs is applied.

In particular, the Commission should look into:

- Transaction costs ("market value" vs "arrival price")
- Inducements (product cost rather than service cost)
- The redundancy related to showing cost components which are zero

Even if some of the practical implications of these differences have been solved in ESMA's Q&A on level 3, it is important that the problems are addressed in a forthcoming review of level 1 and 2 in order to avoid legal uncertainty.

Please also note that the prospectus rules have a different regime which effectively creates a third layer of information requirements.

It should be studied what is actually costs. For instance, the PRIIPs KID currently include as a cost what should rather be seen as a measure of execution quality due to the arrival price methodology.

Furthermore, it should be ensured that costs cannot be negative, as this does not create confidence in market participants. Consumers do not believe – and for good reason – that costs can be negative. When costs are negative it is because the regulation has become too theoretical.

It would also be beneficial to study and define the handling of shares lending and selling of transaction flow.

There is also a discrepancy between the handling of inducements under costs disclosure in MiFID and KID /KIID. When this cost is labelled as a service cost under MiFID II, the consumer is no longer able to compare the cost labelled as product costs under MiFID II to the costs in the KID/KIID.

It is also needed to discuss costs where these are not known upfront as they are not calculated/defined until after the customer has placed an order (e.g. entry fees and swing prices in funds).

At Level 1 and Level 2 the costs and charges rules have some clear differences in-between MiFID II and

PRIIPs, primarily in the sense that MiFID II outlines general principles whereas PRIIPS sets out detailed methodologies and calculations models. Based on unclarities on how to approach the MiFID II rules during and after the implementation of PRIIPs, ESMA has attempted to bridge differences and inconsistencies by incorporating references to PRIIPs and its methodologies through MiFID II Q&As. To some extent this has worked to create more alignment between MiFID and PRIIPs, for example when it comes to the treatment of transaction costs. However, there are still differences in regards to the use of RYI in PRIIPs and the way costs are presented through the MiFID II cost disclosures and the cumulative effect of costs on return.

Specifically within MiFID II we see a redundancy stemming from one of the ESMA Q&As. In Q20 of Esma35-43-349 it is stated that firms should explicitly show a “zero” for individual cost figures because it is for comparability reasons important that clients are informed about every cost item. When displaying itemised cost breakdowns as required this creates a situation where clients are shown a cost table with a lot of “zeros” if a client for example trades a single equity. We would argue that the principle of providing clear and understandable information to the clients trumps the ambition of comparability and that clients would benefit more from seeing the costs that actually apply to the relevant service or transaction.

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.

In MiFID there is no prescribed manner of calculating or disclosing risk. However, this is not an issue as it should be remembered that MiFID address risk seen from the client's perspective taking into account the client's preferences etc., and allowing for a portfolio approach, whereas the PRIIPs/UCITS address risk from a product/instrument perspective.

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.

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 checked="" type="radio"/>	<input 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 checked="" type="radio"/>	<input type="radio"/>	<input 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 checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" 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.

It is important to remember that MiFID II approaches investments from a customer perspective, whereas PRIIPs is a product labelling / disclosure regime.

Within the MiFID II framework there is a need for clarifications relating to the concept of “cost” e.g. the interaction between the rules in MiFID II cost & charges, best execution and SI quotes.

There is some uncertainty as regards to the treatment of FX contracts which are considered as “means of payment” under MiFID II (article 10 delegated regulation) but can still be considered as an investment product under PRIIPs.

We wish that the language requirements be revised so that they are the same in the respective EU disclosure rules.

The relevance of the type of information also depends on the investment product in question.

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.

Question 4.9 cannot be simplified to a yes or no answer especially because it consists of two different questions. We do not consider the current regime sufficiently strong to ensure costs and cost impact transparency for retail investors, but we do consider annual ex post information on cost to be useful for retail investors.

We have stated “don’t know” as a way to point to the fact that the regime is strong in the sense that the combined effect of MIFID II, IDD and PRIIPs is that it entails a very detailed level of cost transparency for retail investors. However, at the same time these regulations have gone to such lengths of highlighting what is “under the hood” of each service and product that retail investors get lost when being exposed to all the cost components required. Retail clients’ main focus is on the total price and/or the total cost. Displaying cost components based on complex underlying methodologies rather confuse clients than help them. Therefore, simply focusing on total cost-plus potential inducements would go a long way of solving the retail client’s needs and investor protection.

Investment firms provide annual ex-post cost information documents to clients based on the requirements of MiFID. The current annual ex-post cost information requirements have one fundamental issue. For some services it is very unclear how to calculate and present the cost as a percentage (%) concerning the ex-post cost disclosure. A percentage figure is a number relative to another number, so expressing a cost as a percentage means that the cost must be compared with something, which for the ex-ante is naturally the investment amount. However, for the ex-post disclosure to find a relevant denominator is impossible. Some costs, such as commission costs and entry/exit costs, are related to the amount of the transactions (i.e. total turnover during the year for the ex-post report), whilst other costs, e.g. ongoing costs for instruments are related to the customer’s holding (i.e. average AUM during the year for the ex post report).

As an example, assume the following:

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

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

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

In some situations, there is no investment amount, e.g. in the case of providing investment research or when trading derivatives. Also, it has to be assumed that the idea of calculating a percentage is to be able to show clients how the performance or return of their investments are affected by the costs applied. Trying to calculate a cost percentage for a financial product which is not designed to generate a return quickly becomes a theoretical exercise with no practical value. From a client perspective the detrimental effect of such a calculation is that the overall cost disclosure will show an erroneous picture, since the disclosure will be distorted when mixing assets like equity and investment funds on one hand and derivatives on the other. We would support an amendment to the rules which only requires disclosure of costs in percentage format “where relevant”.

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.

The number of words seems to be an inappropriate measure, because it is dependent on the language used. On the other hand, number of pages does not work either. Instead, it is more useful to define the main headings and the content of the different sections without limiting the words. If a measure is needed, then number of characters instead. It is basically a choice between more flexibility and longer documents or making the document simpler.

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.

The number of words seems to be an inappropriate measure, because it is dependent on the language used. On the other hand, number of pages does not work either. Instead, it is more useful to define the main headings and the content of the different sections without limiting the words. If a measure is needed, then number of characters instead. It is basically a choice between more flexibility and longer documents or making the document simpler.

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.

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.

Generally speaking, retail investors should be able to receive pre-contractual information in their own language. If an investment firm generally communicates with a client in English and this not being the official language of the place of distribution, it should be possible to provide the PRIIPs KID in English.

It should be possible to provide pre-contractual information in another language than the official language to retail investors, if the retail investor has declared that they are comfortable with receiving the information in a non-native language.

It should also be kept in mind that some of the Member states have a small population and maybe only one official language which makes the Member state a small and thereby maybe an unattractive market not worth the while translating and updating a KID for.

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.

Given that the amount of information is vast, the pre-contractual information should be focused only to the most important information of the product. As mentioned in 4.7 and 4.9 above for example, focus should be on removing features like “zero” costs, acknowledging differences between different types of products when it comes to content in disclosures and limit the ambition of comparability to products which share similar features. The amount of information should be reduced e.g. by cross-checking the different requirements due to the different relevant legislation that apply to the investment products.

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 checked="" type="radio"/>	<input 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 checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Contracts cannot be concluded until the consumer has scrolled to the end of the document?	<input checked="" type="radio"/>	<input 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 checked="" 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.

It should be considered how to minimize information as the media preferred by many retail investors (mobile devices) do not cater to large quantities of information. This could be counterbalanced by stronger product intervention rules.

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.

We generally support the overarching aim of the PRIIPs KID as a single pre-disclosure document for all types of investment products. However, the last couple of years with the PRIIPs KID have shown that one size does not fit all resulting in misleading information.

It seems to be impossible to provide clear, fair and not misleading information and at the same time comparability between widely different types of investment products. Focusing on the broad comparability has come with the cost of misleading information resulting in the fact that the PRIIPs KID has not sufficiently contributed to the aim of increasing retail investors' understanding of the products.

The PRIIPs regulation has primarily limited access to products for retail clients. Partly by the scope uncertainty affecting the issuers that are scoping out retail clients from all corporate bonds and secondly by

third country PRIIPs producers not delivering PRIIPs KIDs for products. The second barrier is particularly relevant in smaller jurisdictions such as Denmark where local NCAs demand that PRIIPs KIDs are available in the local language.

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 products in scope for PRIIPS are not in general comparable. Some products just cannot be compared 1:
1.

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.

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.

PRIIPs do not have a specific sustainability focus.

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.

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 type="radio"/>	<input checked="" 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 type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input checked="" 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.

Public searchable databases would be overwhelming, and could it entail a risk of all product providers struggling with giving names that bring their products to the front of the database.

A national database may perhaps not be as large. But it is likely to have the same issues as an EU wide database.

At the moment the PRIIPs KID is not in a machine-readable form, but usually a simple PDF-document, which makes it difficult to upload to a database. However, the availability of the PRIIPs KID is good and it is easy to find them on websites.

In some member states PRIIPS KIDs must be sent to the competent authority. If any centralized publication of KIDs is considered, it should be the obligation of such authorities. Product manufacturers should not face multiple requirements. However, it should be considered that a central repository would consist of many thousands KIIDs which might make it difficult for the retail investors to find relevant information.

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.

It should be studied if this could be achieved by providing information at a more general / higher level, while referring investors who need more in-depth information to read further in other documentation. Perhaps consider more layers of information.

Performance scenarios and cost tables might be difficult to understand.

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.

There does seem to be discrepancies in how to handle securities lending of underlying assets.

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.

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.

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.

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.

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.

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.

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.

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.

We do not have any MOPs in Denmark.

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

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

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.

Access to past versions would create an overload of information to retail investors and a retail investor would need analytical skills to reach any meaningful conclusions when comparing the past and current PRIIPs KIDs. Offering access to past versions would also increase costs which might be borne by the investors in the end.

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.

It is important that there is some flexibility as regards the interpretation of what is a "significant change" as this may differ depending on the type of financial instrument. Changes to risk profile or expected return of the investment would typically qualify.

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.

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.

In general, the suitability rules serve the purpose, and the suitability assessment is an appropriate tool for ensuring that investment firms provide investors with suitable investment products. Some very knowledgeable investors might find the requirements to extensive and time consuming. We welcome that ESMA has been so clear regarding the use of proportionality when interpreting and applying the rules.

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.

Given the principle of proportionality, which is embedded in the suitability rules, we believe that the suitability regime can be adapted to various types of investment advice, ranging from advice covering a client's entire wealth and portfolio to limited advisory services focusing on a specific investment purpose or a defined part of the client's assets. It is important to safeguard the proportionality principle in order for more simple and automated advice to develop further in the market and to become even better at reaching a wider audience of retail investors

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.

The appropriateness test serves the retail investor's needs. If a retail investor wishes to be protected, the appropriateness test entails good investor protection. However, perhaps it should be considered if the rules are overly protective not allowing investors to make decisions on their own without providing extensive information to service providers, as the appropriateness test over the years has become a "mini suitability assessment". Allowing for a less strict approach should be counterbalanced by not pushing investors to be encouraged to disregard / accepting not being protected by an appropriateness test.

We are concerned with the approach taken by ESMA in their proposed new Guidelines on appropriateness which seem to align the appropriateness test with the suitability assessment without any regards to the differences between advised services and non-advised execution services.

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.

Education is not necessarily a good measurement for knowledge of financial instruments. Furthermore, an extensive history of transactions is also not necessarily a good indication of experience and understanding of financial instruments. In some cases, an extensive trading pattern could reflect a lack of understanding.

We generally think that the current regime has worked rather well. Therefore, we want the Commission to be mindful of ESMA's suggested new Guidelines, which look to move the appropriateness regime closer to the

suitability regime for no good reason. From the aspect of retail participation, it is important that clients' access to execution services are not limited by overly burdensome restrictions which set the bar higher than what Level 1 and Level 2 set out.

Also, we consider that AIFs should not be considered as complex instruments, if they are in compliance with requirements in article 57 of the delegated act under MiFID II allowing retail investors easy access to these types of products.

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.

The rules should be technology agnostic to ensure the same level of investor protection. It is important that there are not introduced any un-level playing field. Any softening or stricter requirements should be equally adopted.

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.

We believe that the current rules are working as intended. Investors should be allowed to make informed decisions and be allowed to access all types of investment products after sufficient warning that these are not be appropriate for them.

However, the current requirements result in warnings that may be too long. It should be sought to allow a warning that is short and precise, especially to support the development in use of mobile devices, where even rather short warnings are perceived as long.

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.

Under MiFID II, execution-only services are only available for non-complex products. Such products are considered as easy instruments for a retail investor to understand. Therefore, the EU-regulator has considered that it should be possible for clients to purchase this kind of products without a lengthy testing process to make the customer experience smooth and non-complicated. Considering the general ambition to increase the retail clients' participation in the EU capital market, it is important to keep this regime unchanged.

However, attention needs to be put on unregulated markets, partly because retail clients make use of it as a viable option to the heavily regulated traditional investment products and services and partly because it puts market integrity into question. Here we see a potential issue with for example communities where clients interact through social media platforms where "mass opinions" are created and which retail investors use to act upon. In itself this could create an issue with bypassing safeguards.

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.

The process seems clear in general. However, perhaps it should be investigated whether simple products issued for raising capital (e.g. shares and bonds) should be exempt from the product governance arrangements, and let it be handled solely by the distributors' product governance arrangements surrounding the services offered.

Despite it having been emphasized by ESMA there seems to be a need to clarify that a negative target market should only be defined when necessary.

Given the outcome of the MiFID II Level II rules and that ESMA has taken the meaning of the Level II rules quite far in their Guidelines, the target market rules have created a situation where a massive amount of data must be processed between manufacturers and distributors. In this context it is important that regulators acknowledge and support the developments that have been made by the industry through e.g. FinDatEx's EMT.

Furthermore, we believe that the Commission should address how the product governance rules are applied in the primary market. It is not proportionate or relevant that an investment firm advising a non-MiFID manufacturer issuing e.g. an equity or a bond should be seen as a manufacturer of the instrument.

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 type="radio"/>	<input type="radio"/>	<input checked="" 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 checked="" type="radio"/>	<input 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.

The retail category in the current MiFID regime covers a large group of retail investors with very different starting points and prerequisites. The category covers from the unexperienced investor without any knowledge on investing to the “semi-professional” investor who has been investing for many years and has a very different understanding of the products and services.

In the short run, amending the criteria for opting up to being a retail investor treated as a professional is likely to be the best solution. We have concerns regarding the introduction of a new retail category. In the long run, a new category of retail investor / semiprofessional could be considered, but it is important to make clear that dividing the retail investor category into two or more groups would be very costly and a huge burden for investment firms as this is a large group of investors that would need to be recategorized as well as the costs in connection with the changing of both processes and it-systems. Therefore, it should only be carried out after careful consideration and with a long implementation deadline.

Under the retail investor category, it should also be investigated how to increase and make services more readily accessible to retail investors only seeking to invest a minor amount or a relatively small monthly saving.

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 specify to what other criteria to measure a client's experience you refer in 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.

Transactions are not always a good measure. In some cases, holding or being exposed over a longer period is a better measure.

We suggest that it be considered to redraft the first criteria in a more general manner:

The client has carried out transactions in significant size and frequency relevant to the specific service, transaction and financial instrument over a time period that is relevant for the specific service, transaction, and financial instrument,

This could be combined with a mandate to ESMA to calibrate the trade frequency for different asset classes on level 2.

It should be noted that for some types of illiquid instruments, such as corporate bonds, a requirement to trade in significant size more than "10 per quarter over the previous four quarters" or even "10 transactions for the past 12 months" could be difficult to fulfil.

For the avoidance of doubt, it should be confirmed that both external and internal transactions count, i.e., also transactions carried out by other investment firms than the one making the assessment.

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.

A large number of transactions may in some cases be counter intuitive. A large number of transactions in certain derivatives and REPOs could indicate you are using the instruments in a non-professional manner.

The opt-up criterion concerning trading frequency does not work in practice, given that it treats all instruments in the same manner and causing several situations where the criterion cannot even be used in practice. Looking at bond transactions or illiquid products for example, these are not in general traded at the level of frequency indicated in the opt-up criterion. Furthermore, a criterion related to trading frequency carries a risk of creating incentives to increase the number of transactions so that the customer can be reclassified. It is important that this type of criterion is not set up as a one size fits all approach, and trade

frequency should rather be based on a division between instruments or instrument types and considering their categorization as non-complex or complex instruments. As a general pointer, equity is more frequently traded than fixed income.

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 specify to what other criteria to measure a client's capacity to bear loss you refer in 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.

A better measure could be a combination of annual surplus in income and size of portfolio.

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.

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 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 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.

All of the suggestion in question 7.2 d) could be considered as an additional fourth criterion.

A thorough and documented assessment of the customer's understanding of financial instruments and risk /reward could be a criterion which says more about the customer's ability to make informed decisions on a "professional" level.

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.

As much of the investor protection regime has been extended to also protect professionals, it could be beneficial to investigate whether the thresholds for being considered a professional undertaking could be lowered.

We strongly favour this idea to reduce the thresholds as it would help institutional clients who have their main business of investing in financial instruments. Furthermore, it would help institutional clients like universities, foundations, and other professional organizations.

When considering amending the professional investor category, it should also be considered to revise the approach to highly professional investors, which may be categorized as eligible counterparties for some services (e.g. conducting loss ability assessment for a large financial investor as an insurance company regulated by solvency II does not add any protection, but rather push insurance companies to provide data of a competitive nature to services providers).

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 checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input 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 checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input 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 type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Introducing a ban on all forms of inducements for every retail investment product across the Union	<input type="radio"/>	<input type="radio"/>	<input checked="" 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.

The questions in 8.1 can be understood differently depending on who reads the questions. Our answers are based on a MiFID II perspective. We find the MiFID II requirements to already be effective in protecting retail investors against receiving biased advice due to potential conflicts of interests. It should be considered to extend these measures to all types of advice to avoid legal arbitrage. The rules should be aligned for investment products and insurance-based investment products.

We are opposed to the introduction of an outright ban on inducements as we do not see that a total ban would improve retail clients' position and access to advice. A ban would have severe implications on the distribution of different financial instruments by investment firms and would cut off the access to advice for retail investors investing smaller amounts. In markets with a total ban, investors investing amounts under EUR 200,000 are typically not able to get advice or are unwilling to pay the price of advice upfront as an upfront payment is typically not proportional with the invested amount.

As mentioned in the consultation paper in countries in which a ban has been set, the ban has limited the availability of investment advice only to wealthier client segments. The lower client segment, which might benefit more from the advice, would not seek advice due the cost. This development would not benefit the society on a long term. Inducements are the best basis for ensuring investment services and advice to retail investors investing smaller amounts.

The current regime of quality enhancing services has given rise to many uncertainties in the interpretation of the rules. The conflict of interests should merely be addressed by a disclosure requirement. Quality enhancing services is legislative intervention in service levels where it should be a decision for the individual investor to decide how much the customer is willing to pay (directly and indirectly) for his customer relationship with the service provider and the service provided.

Inducements are beneficial for consumer choice in the sense that it promotes the use of external products. A ban on inducements would lower the product supply, since there would be fewer incentives for distributors to include products from external product manufacturers in their product offering, if they are not able to utilise inducements in the form of distribution fees. In this context, an inducement ban would have a negative impact leading to diminishing product diversity and fewer products for the clients to choose from. It would also create barriers for smaller manufacturers to get a foothold in the market. Where only one distribution model would be available on the market, we could also foresee negative impacts from a competition perspective. An inducement ban would in fact dictate a specific pricing methodology which could impact the functioning of the market. Hence, the pricing models, including distribution fees, should be based on market conditions in order to not harm the competitiveness in the market.

From a product manufacturer perspective, it should be kept in mind that internal product manufacturing pricing models should be set based on market conditions. Therefore, it is important to consider that the product price may not be directly impacted by the level of the distribution fee embedded in the total product price.

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.

As mentioned above we fundamentally disagree with an outright ban on inducements. It would have substantial and far-reaching consequences and it is a great concern that it would lead to customers with smaller invested savings being left with a poor or non-existing choice of services and no advice. By removing inducements, we foresee that the threshold for access to personal investment advice would increase significantly. Additionally, this would lead to a situation where regular retail clients would not be in a position to pay separately for advisory services.

The general understanding in the industry is that the ban in UK and the Netherlands have given rise to orphaned customers. The experience from the UK and the Netherlands has shown an increase in passives, discretionary and sub-advised mandates while the threshold to access traditional personal investment advice was increased (i.e. smaller retail clients lost access). Costs did not go down overall, and one can question whether this is in the best interests of the very retail clients which the regime is set out to protect.

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.

While a total ban of inducements may theoretically lower the potential conflicts of interest it has to be measured against the loss of access to financial advice by retail investors. It is a concern that the access to quality advice would shrink.

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.

A ban on inducements would most likely, based on experiences from countries having introduced a ban, lead to a reduction in the access to advice which might lead to retail investors investing less keeping more of their cash in saving deposits. And as mentioned above, it would in our view also limit the choice of financial instruments for retail investors.

If customers are left to make investment decisions on their own without advice, it is a concern that unregulated providers may offer unregulated services or offer services in an unauthorized manner (e.g. ICO and CFDs advertised via social media).

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.

It could be a concern that retail investors will invest less or less controlled and less diversified.

As a general reflection there are quite a lot of retail clients who are not very interested in financial matters and/or investments. Easy access to investment advice can then act as the trigger which actually get regular retail clients to start investing their assets in a sensible way. Furthermore, advisory services provide a sense of security for retail clients to get assistance with how to handle their savings. Considering these aspects, we believe it is fair to conclude that investment advisory services are not a commodity which retail clients in lower segments in general would just go out and buy. If inducements were to be removed it would entail that retail investors will invest less in financial instruments because of unwillingness to pay for the advice upfront.

Clients who are interested and active participants on the market would naturally continue to be active but increasingly be left to invest on their own and would be affected by the decreased incentive for firms to include external products in the product offering.

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 type="radio"/>	<input type="radio"/>	<input checked="" 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.

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.

There is no argument for not aligning the rules. If the rules are not aligned, it can give rise to an un-level playing field, especially as long as an indirect payment via inducements is more effective from a tax/VAT perspective in many jurisdictions.

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.

We find that the current MiFID II rules on receipt of inducements are workable to some degree. It has given rise to many uncertainties in the interpretation of the rules, and it is burdensome and complex to handle.

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

If you do see a need for legislative changes, please detail the changes you would consider relevant:

5000 character(s) maximum

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

If there is uncertainty as to whether reception of payment for trade flow is possible without compromising best execution, then it should be addressed legislatively. If it is accepted to sell trade flow under the current best execution regime (including obligation to reception and transmission), then it must be emphasized that it is an inducement to be disclosed upfront in percentage and amount and in connection with every trade.

Furthermore, if the arrangement of selling trade flow is accepted, then supervisory authorities should be provided clear evidence that it has not conflicted with the obligation to provide best execution (including reception and transmission arrangements).

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.

We find that the RTS 27 report has no value for clients and that it should be deleted from MiFID II.

If kept, we take the strong view that the Commission should make necessary amendments to the RTS 27 to ensure that it only applies to products where adequate and meaningful data is available.

- For non-standardized or bespoke products, the information required under RTS 27, have only little or no comparative value for clients. This fact is problematic considering that other parts of MiFID II in fact require firms to take the RTS 27 report into account. The Commission should make necessary amendments to the RTS 27 in order to ensure that it only applies to products where adequate and meaningful data is

available, such as instruments traded on a trading venue (“ToTV”).

- For SI trading we find that several of the fields in the annex to RTS 27 are not relevant.

There are still a number of legal uncertainties as to the application of certain terms and definitions in RTS 27 such as “other liquidity provider”, the definition of “cost” and “price” compared to other parts of the MiFID II framework and the use of an SSTI concept limited to instruments without a liquid market. Clarifications are also needed as regards the application of RTS 27 for negotiated/processed trades (art 4 and 9).

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.

We do not support a pan-EU label for financial advisors. It should rather be defined at Member State level due to national differences in product universe, use of investment product, taxation rules, education systems etc.

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.

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 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

Please explain your answer to question 8.11:

5000 character(s) maximum

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

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.

There is no need for further rules to facilitate retail investors' access to simpler products. Instead, legislative measures should be focused on simplifying the current regime to ensure that EU legislation is well adapted to technological developments such as online banking and automated advice.

It is important to recognize the difference between a complex product and a risky product. In our view, too many standard products are considered as complex under MiFID II. For instance, in our opinion, units in non-UCITS (AIFs) should not be considered as complex instruments if the requirements in article 57 MiFID II delegated regulation are complied with.

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.

The rules for complex products are adequate and we do not support additional investor protection requirements for complex products. In some circumstances and especially for some investment products and some retail clients the protection seems too restrictive, however, this is more a question of recalibrating how products and clients are categorized.

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.

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.

Our answers in this chapter must be read in the light of the Danish traditions with The Danish Financial Complaint Board (now regulated under Directive on Consumer ADR) and Consumer Ombudsman which have resulted in great confidence in the industry when handling complaints and consumers' trust that market participants will follow the rulings.

It is our assessment that retail investors do not pay attention or are not interested whether there is easy access redress when making an investment decision. If a retail investor is concerned about the access to rapid and effective redress, should it be necessary, the potential investor is more likely to refrain from investing.

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.

As mentioned above in Denmark there is a long tradition for obtaining redress through an out of court procedure (The Danish Financial Complaint Board).

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.

Consumers are aware of the alternative dispute resolution possibility in Denmark. The industry puts high value in the ADR, and, for this reason, there is a large respect and acceptance of the rulings.

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.

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.

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.

It is too early to determine whether the ESAs will make sufficient use of product intervention rules. However, the intervention in regard to CFDs and binary options are good examples

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.

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.

The requirements provide adequate protection for retail clients regarding complex products. The product intervention measures have shown a strengthened effort towards retail clients by limiting distribution of speculative products such as binary options and CFDs to this category of clients.

Unit in non-UCITS (AIFs) should not be considered as complex instruments if they are in compliance with requirements in article 57 of the delegated act under MiFID II.

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 type="radio"/>
An investment that reduces the harm on the environment and society (e.g. environmental pollution, child labour etc.)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Financial returns	<input 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 type="radio"/>	<input type="radio"/>	<input type="radio"/>
Measurements demonstrating negative or low sustainability impacts of investments	<input type="radio"/>	<input 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 type="radio"/>	<input type="radio"/>	<input type="radio"/>
Obligation for financial advisers to offer at least one financial product with minimum sustainability ambition	<input 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 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 type="radio"/>	<input type="radio"/>	<input type="radio"/>
Lack of sustainability-related information in pre-contractual disclosure	<input type="radio"/>	<input 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 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 type="radio"/>	<input type="radio"/>	<input type="radio"/>
Financial products, although containing some sustainability ambition, focus primarily on financial performance	<input type="radio"/>	<input 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 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.

It could however be helpful with high-level guidance as a tool to support investment firms in identifying which topics to cover, when asking retail investors about their sustainability preferences. The guidance should, however, not be prescriptive by formulating a list of questions that as a minimum should be discussed with clients on sustainability preferences. It is important to maintain full flexibility in terms of what questions should be asked and topics to be discussed to ensure a proper discussion with individual clients about their preferences and main preoccupations, when it comes to sustainability.

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.

There are a number of actions being taken in order to improve transparency and informing of the level of sustainability for a specific product. As reporting requirements become more thorough based on the requirements in the SFDR, the Taxonomy regulation, CSRD and the updating of the delegated act on product governance, reinforcing the current research regime may not necessarily add value.

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.

If the process of assessing sustainability preferences in MiFID becomes too complex or time consuming, there is a risk that the rules may be counterproductive. For the mass retail investors, it is more likely that an easily recognizable ESG label would be beneficial similar to the Eco-label on consumer goods. The balance in the Ecolabel on financial products, which is on its way, unfortunately seems to have struck out due to too the strict requirements for products in order to gain the label and thereby insufficient potential market share of the label. We fear that the label will not “take-off”.

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

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[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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