

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

Marco

* Surname

Brera

* Email (this won't be published)

marco.brera@acepi.it

* Organisation name

255 character(s) maximum

Associazione Italiana Certificati e Prodotti di Investimento

* 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
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- Greece
- Greenland

- Grenada
- Guadeloupe

- Guam

- Guatemala
- Guernsey
- Guinea
- Guinea-Bissau

- Guyana

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

- Hungary

- Iceland
- India
- Indonesia
- Iran

- Iraq

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

- Namibia
- Nauru

- Nepal

- Netherlands
- New Caledonia
- New Zealand
- Nicaragua

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- 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
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- Tuvalu

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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 regulatory framework (including notably PRIIPs and MiFID II) provides a comprehensive set of rules which ensure an excellent world-class standards level of protection to investor. It creates notably transparency of the key features of an investment, while product governance requirements ensure that the products are distributed to the proper audience.

As far as the Italian market of structured products is concerned, historically a very low number of investor complaints has been registered.

By way of example, a recent survey on Knock Out products evidenced that, since 2019, the total number of investor complaints received by all ACEPI issuers has been equal to only 25 (in relation to an overall Euro 4,2 billion turnover), which represents the 0.0033% of the total number of trades (764,820) executed from 2019 till 30 April 2021.

Most of these complaints were related to products being “off book”, due to technical/IT issues affecting market making systems (for example bid/ask quotes were not timely shown for issues related to contribution of IT infrastructure or, most commonly, or circuit breaker breached).

In other words, it is extremely rare for such products that investors complain about “investment results not in line with the expectations”.

This fact is ultimately down, in our eyes, to a reasonable and adequate application of relevant rules - including MiFID II rules for the manufacturing for and distribution of these products to retail customers by the financial industry - and that the disclosure documents contain understandable and reliable information.

Yet, the drawback of Prospectus Regulation 3, in addition to MIFID and PRIIPs is that it can lead to an excessive number of documents to be read by retail investors, which can deter investment decisions.

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).

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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.

ACEPI believe that the EU investor protection framework is globally satisfactory and ensures an effective protection to retail investors.

However, this framework could be improved in terms of:

- flexibility to allow retail investors to access to a broader range of investments, and
- simplification and consistency of disclosure requirements.

This would enhance efficiency of the market and facilitate access to higher yields for retail end-investors.

In particular, the existing criteria for the categorisation of investors are too strict and in certain cases, can prevent access to products designed for professional clients and eligible counterparties to sophisticated investors or highly complicate procedures to access to certain investments.

For example, wealth management or private banking clients may have a good (or very good) knowledge of the financial markets and a significant amount of money to invest (to diversify/hedge their portfolios) but do not have access to sophisticated products (such as private equity funds or hedge funds), or certain corporate clients which do not meet the criteria of professional clients carry out a large number of transactions, particularly for hedging purposes (these clients are considered non-professional investors and therefore, investment firms must provide them with a "suitability report" for each transaction, even though the transactions may be very similar, and this is time-consuming and inefficient for both parties).

In fact, retail investor protection rules under MiFID II generally work well for retail clients with low level of knowledge and experience, but they are overly burdensome and restrictive for more sophisticated clients.

ACEPI therefore believe that MiFID II client classification criteria should be improved by:

- 1) reviewing the opt-in procedure, and
- 2) introducing a more flexible definition of professional/professional upon request clients.

Furthermore, MiFID II costs and charges disclosure should be simplified by introducing greater proportionality in the implementation of the relevant disclosure obligations depending on the type of product and its complexity. ACEPI are of the opinion that tariff grids should be used for (simpler) financial instruments that are not packaged products under PRIIPs regulation. Otherwise, a specific disclosure of the products costs and charges in the PRIIPs KID would still be provided to retail investors.

It would also be advisable that the new MiFID II provisions regarding the adoption of an electronic format to provide information to clients (except where retail clients specifically ask for receiving the information in paper form) would be extended to PRIIPs.

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.

The MiFID II product governance regime is a major improvement for the market and has achieved its objectives. However, as already explained in our answer to question 1.2, there are cases where retail clients are prevented from accessing products that are appropriate or suitable to them or the procedures are very complicated without a real justification.

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

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

Please specify what other factor(s) might discourage or prevent retail investors from investing:

5000 character(s) maximum

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

Burdensome investment process

Over information and documentation

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

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

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

Please select as many answers as you like

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

Please explain your answer to question 1.6:

5000 character(s) maximum

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

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 type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Increase their participation in financial markets	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Find objective investment information	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Better understand disclosure documents	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" 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 type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Follow a long-term investment strategy	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input 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.

Financial literacy is the primary key factor of success to protect investor.

In ACEPI's view, it is crucial that personal finance form an integral part of the education system (e.g., in high school) and such actions could prove more efficient than an overload of mandatory disclosure documentation on products.

Far too few students receive any personal finance education during high school; yet they are expected to make big financial decisions as soon as they reach to adulthood.

It has been shown in the USA that financial education given at high school reduces the likelihood of using payday loans among young adults and is positively correlated with asset accumulation by age 25 . While the financial hardships that people suffered during the pandemic crisis could not have all been avoided, it may have been mitigated a little bit with more widespread financial education.

Tutorials for general public would be a possible approach that would allow a better understanding of risks embedded in investment decisions.

Regulators could play a role in their respective market to enhance financial literacy of retail clients, along with trade associations and academic institutions.

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.

ACEPI believe that many regulatory barriers exists in the EU that prevent the entry of new market actors in this field.

In this context, partnerships between the banking actors and market entrants (such as major internet players) could be implemented and new platforms operated by digital economy actors could be used as new distribution channels and offer new distribution opportunities, while clients would have a more direct access to investment products.

The downside of this scenario could be that if there are no clear rules, data protection for retail clients could be decreased. For this reason, the economic utilisation of clients data should be inspired by a set of general rules/principles given at EU level (applying at a general level and not only in certain specific sectors, such as payment services as PSD2), which should be a trade-off between innovation, opportunities for clients and businesses and investors rights protection.

It is worth noting that existing investment firms are very cautious of their clients' data, which are pivotal in their relationship with them. Consequently, it is likely that investment firms favour the development of digital solutions for their exclusive account rather than using standardised existing solutions.

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.

The analysis of open data by giving a comprehensive picture of potential investors' financial situation, needs and expectations, would enable investment firms to predict potential investors' behaviours and offer tailored and appropriate products and investment solutions.

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.

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.

Information/disclosure are targeted to investors, not to machines such as robo-advisors or advisors, hence we should be very careful of taking steps that put investors and machines on the same level of relevance.

In certain cases, however, there may be some benefits of making pre-contractual disclosure documents machine-readable: this could improve comparability and transparency at market level (for example, with PRIIPs KIDs).

A pre-condition to regulatory steps and market investments in this direction is the achievement of full standardisation of the content of the disclosure (relating to investment services and products, as well as to events connected with the holding of financial instruments) in Europe. In fact, even PRIIPs Regulation failed to completely achieve this purpose.

Therefore, before investing on machine readability of pre-contractual information, investment firms should be put in the conditions to provide potential investors with pre-contractual information in an intelligible, standardised, concise, clear and non-misleading format.

Furthermore, it is worth noting that in Italy, the majority of communications between intermediaries and their clients still happen in paper form. This means that the transition towards a massive use of digital channels by investors should first be completed.

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.

National law (gold plating) could implement additional rules that would hamper investment/cross border distribution.

Whilst the EU regulatory framework in place is satisfactory, more convergence at national level is still necessary, so to have a common supervisory approach.

In ACEPI's view, a minimum harmonised set of rules for retail clients should be implemented.

However, standardisation and common rules should be at a high level/in principles in order to not prevent or be in contrast with the technological developments of the industry.

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.).

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.

On both the primary and secondary markets, products are not distributed/sold via advertising but through intermediaries, which assess the appropriateness and/or suitability for end-investors.

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.

ACEPI would welcome coordination and harmonisation on how advertising/marketing materials are made available to the competent national authority in order to allow their supervisory activities.

In fact, as of today different approaches are adopted in this regard at national level, which determine unnecessary complexities and costs (also in terms of technological developments) for manufacturers and investment firms acting in several Member States.

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.

Several investment firms are explicitly targeting social media to advertise their products towards retail investors.

While this is a global phenomenon, the EU could aim at creating a level playing field across the EU and set standards.

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, such as:

- 1) Information risk: the accuracy and reliability of the information should be guaranteed, so to avoid inadequacy of appropriateness checks, lack of understanding by individual investors, lack or inadequate disclosure of costs,
- 2) Security risk: adequate protection from hackers attempting to breach firewalls, passwords and other security measures to compromise the account must be in place,
- 3) Privacy risk: properly manage and protect data to prevent, amongst other problems, leakage of private information and unauthorised/illegitimate use of customer information.
- 4) IT reliability risk: ensure use of adequate IT infrastructure, so to avoid occurrence of system errors, in particular during high market volatility and around market opening and closing, when investors may lose critical market access and trading opportunities.

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.

Retail investors are adequately protected when buying on-line on the secondary market through duly authorised investment firms' digital trading platform, to the extent relevant products fall under the scope of PRIIPs regulation.

Furthermore, the majority of investment firms selling complex products make available on their websites – in addition to the relevant legal documentation – educational materials, where products payouts and key features are further explained for the benefit of potential investors.

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

Very few investment products can be considered out of scope of PRIIPs regulation and, consequently, not requiring a KID.

ACEPI believe that the pre-contractual disclosure documentation provided by intermediaries enables proper understanding of all the key features of financial instruments not covered by a KID according to article 48 of the Delegated (EU) Regulation 2017/565.

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

Question 4.2.1 PRIIPs Key Information Document

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

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

PRIIPs rules currently in place allow retail investors to get adequate and reliable information about the products.

ACEPI note that.

- (i) the product description section achieves the objective to be understandable, reliable and adequate in a clear and concise way;
- (ii) As showed by the ESMA report on retail products dated 14.04.2021, the PRIIPs risk indicator from 1 to 7 has achieved its objective of sufficiently differentiating products.
- (iii) On structured products' scenarios of KIDs, no issues observed as they work well.
- (iv) The two costs and charges tables of the KID achieve the objective to be understandable, reliable and adequate by showing both raw costs in Euro and impact on annual return in percentage.

Question 4.2.2 Insurance Product Information Document

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

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

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

	1 (very low)	2 (rather low)	3 (neutral)	4 (rather high)	5 (very high)	Don't know - No opinion - Not applicable

Insurance Product Information Document (as a whole)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Information about the insurance distributor and its services	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Information on the insurance product (conditions, coverage etc.)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Information on cost and charges	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

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

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

Information on cost and charges	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
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Please explain your answer to question 4.2.2:

5000 character(s) maximum

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

Question 4.2.3 PEPP Key Information Document

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

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

Information on the pay-out phase	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
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Question 4.2.3 b) PEPP: Is the pre-contractual information provided to retail investors for each of the elements below sufficiently reliable so as to help them take retail investment decisions? Please assess the level of reliability:

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

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

	1 (insufficient)	2 (adequate)	3 (excessive)	Don't know - No opinion - Not applicable

PEPP Key Information Document (as a whole)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Information about the PEPP provider and its services	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Information about the safeguarding of investments	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Information on cost and charges	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Information on the pay-out phase	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please explain your answer to question 4.2.3:

5000 character(s) maximum

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

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.

The current EU framework already requires to provide retail investors with information in a comprehensible form to allow them to make a proper and informed decision.

In particular, with reference to PRIIPs KID, one of the main requirements which manufacturers must fulfill, is that this document must be clear and written in a language and a style that facilitate the understandability of the information, pursuant to article 6 par. 4 of the PRIIPs Regulation.

References to clarity and understandability are also made in Delegated Regulation (EU) 2017/653 with specific reference, for example, to the information stating the objectives of the PRIIPs and the means for achieving those objectives in the section entitled 'What is this product?' of the KID or the performance scenarios.

Ultimately these requirements are consistent with the special attention paid by EU legislators to the accuracy, fairness, clarity and not misleading nature of the information on PRIIPs so as the retail investors' need of protection can be met.

In order to reach this goal, EU legislators have explicitly stressed that financial jargon and terminology which is not immediately accessible to retail investors should be avoided when describing how the investment targets are achieved (Recitals 13 and 14 of the PRIIPs regulation).

The KID overall provides concise and clear product information, which can be also considered complete as it covers all crucial ("key") product features.

In fact, even if the product description (nature, object and functioning) is less prescriptive than the other parts, ACEPI are of the opinion that substantial levels of harmonization have been achieved in the description of products' key features, which successfully enhanced product understandability.

Understandability of pre-contractual documentation, like any other documentation, is ultimately not only a matter of clarity of language.

The assumption that understandability of this documentation can always be improved by only tackling financial jargon and designing and writing better, simpler documentation does not hold.

Disclosure/understandability requirements per se are not enough to protect retail investors, no matter how well they are designed. Other features, such as MiFID II product governance regime and appropriateness /suitability requirements, are complementary and essential, as they ensure that retail investors receive the proper assistance, for instance, with investment advice, where relevant.

Financial literacy is also crucial (see answers to section 2 above).

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.

The existing EU framework relating to the provision and timing of pre-contractual disclosure due by investment firms to retail investors works properly and reaches their purpose, so it does not require any further review.

In particular, ACEPI believe that the KID is to be provided to retail investors at a very early stage of the investment decision (i.e., before the transaction is concluded), to allow them to timely compare any alternative investment options on the basis of their investment needs and risk appetite. Therefore, ACEPI deem that this approach is perfectly implemented by the regime currently in force (see articles 6 and 13 of the PRIIPs regulation and article 17 of Delegated Regulation (EU) 2017/653).

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.

With reference to PRIIPs products, comparison is easy at 3 levels in the KID:

- (i) the risk indicator scale of 1 to 7 works well;
- (ii) the performance scenarios for structured products (category 3) are working well;
- (iii) with respect to costs, the reduction in yield showing the impact of costs is annualized, so it makes it easy for investors to compare the impact of costs on return, irrespective of the Recommended Holding Period.

Unfortunately, the new PRIIPs Regulatory Technical Standards (Ref JC 2020 66) published by the ESAs on 3rd February 2021 have changed too significantly the content of the KID, broking concepts that were working well since 2018 and by introducing unnecessary changes, especially, to performance scenarios and cost tables of structured products.

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.

The PRIIPs KID covers both financial investment product and insurance products (IBIP) in order to ensure a clear and fair comparison between different products.

ACEPI consider that it is essential that the KID provides comparability at two levels with a different intensity:

- (i) very strong comparability within a category of PRIIPs, i.e., between 2 funds (PRIIPs category 2) , or 2 structured products (PRIIPs category 3);
- (ii) reasonable comparability between different products, i.e., UCITS, retail AIF, structured products, and insurance based investment products, like unit linked products.

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.

Costs disclosure is part of PRIIPS KIDs, ex-ante costs and charges information under MiFID II, product's final terms under PR3, and other documents to be provided to retail investors.

There are some inconsistencies between the PRIIPs KID and the ex-ante disclosure on costs and charges required by MiFID II to investment firms, especially, regarding:

- (i) the costs of products, due to the fact that according to the ESMA Q&A No 13, third party payments received by investment firms in connection with the investment service provided to a client have to be itemised separately within the aggregated costs and charges and deducted from the relevant product costs. This implies that product costs showed in the ex-ante costs and charges disclosure provided by investment firms are different and lower than those showed in the PRIIPs KID;
- (ii) the ex-ante costs and charges disclosure provided by investment firms shows costs expressed both as a cash amount and as a percentage, while the PRIIPs KID shows costs in terms of Reduction in Yield (RIY).

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.

MiFID II and PRIIPs risk information disclosure regimes are not aligned.

While the calculation and presentation of risk information are prescribed in a very precise manner by PRIIPs regulation through the Summary Risk Indicator (SRI), MiFID II only requires a general disclosure on risk information.

However, the misalignment does not exist when both PRIIPs and MiFID II regimes apply, as market practice shows that financial institutions use the PRIIPs SRI to comply with MiFID II.

This consistency is also due to industry guidelines issued in the context of EMT (European MiFID Template - drafted by FinDatEx) in order to define target markets (which is a MiFID II requirement).

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.

Presentation of performance in PRIIPs KIDs seems relatively well understood and adopted by distributors of products designed for retail investors. For regulatory and legal stability purposes, no substantial changes should be implemented.

For this reason, ACEPI do not agree that RTS V2 changed performance methodologies for structured auto-callable products in a way even less understandable for retail investors.

However, since MiFID II also requires investment firms to provide information on product returns, not in the same prescriptive way than PRIIPs, this redundancy could raise some inconsistencies. Current MiFID II regime could therefore be improved in the perspective to simplify and rationalise the entire system, for example, by contemplating that where PRIIPs regulation applies, all information about product performance is to be provided through the PRIIPs KID also for the purposes of MiFID II.

This is actually the approach used in the EMT (European MiFID Template - drafted by FinDatEx) that relies on PRIIPs SRI in order to define target markets (which is a MiFID II requirement).

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

Please explain your answer to question 4.7 d), specifying what those elements are and indicating which information documents are concerned:

5000 character(s) maximum

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

The target market definition in PRIIPs KIDs and in MiFID II are not the same.

Manufacturers should use target market definitions and information under MiFID II when drafting the PRIIPs KID for simplification and harmonization purposes.

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 checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Guaranteed returns	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Capital protection	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

Forward-looking performance expectation	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Risk	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Ease with which the product can be converted into cash	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please explain your answer to question 4.8:

5000 character(s) maximum

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

ACEPI believe that the three more important elements that determine the comparability of KIDs are the following:

1. risk indicator,
2. costs indicator, and
3. performance scenario (forward looking for structured products).

The other elements, however crucial, find a more thorough description in the legal documentation of the products, rather than in the KID and their comparability is less immediate.

Also in light of the three pages limitation, KIDs comparability should rely more on quantitative and objective data (i.e., these specific and crucial three elements) rather than narrative ones.

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).

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.

ACEPI consider that the current regime is sufficiently strong to ensure transparency of costs and cost impact for retail investors and there is no need to add new disclosure requirements.

Indeed, ACEPI support a lighter regime for the products which do not fall under PRIIPs scope (see above our answer to question 4.2, a)) to allow that information is provided through a tariff grid, rather than on a trade-by-trade basis, would be one way of meeting this requirement for proportionate transparency.

Furthermore, ACEPI are of the opinion that the obligation to provide annual ex-post information on all costs and charges related to both the financial instrument(s) and investment and ancillary service(s) should be limited to investors who have an “ongoing relationship” with the investment firm. Taking into account the feedback on this topic, it seems important to clarify the scope of the “ongoing relationship” to limit it to the provision of truly "ongoing" investment services: ongoing advice that involves providing a periodic assessment of suitability, portfolio management and safekeeping services.

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.

ACEPI believes that the current length of KID is adequate and that:

- “information overload” is an issue relating to other legal documentation, not to KIDs, and
- all EU Member States should strictly abide by the current PRIIPs rules of a maximum length of three pages.

Few more pages in the KID would not only frustrate the objective of conciseness but would also not be enough to provide all information, while discouraging retail investors from reading the PRIIPs KID.

Also, diverging requirements on the maximum length of the KID in the different EU Member States would significantly affect comparability of products across Europe. The EU Commission should monitor those practices which are detrimental to comparability across products and markets.

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 KID format should be the same for all products and the disclosure should be comparable in terms of risk indicator, performance scenarios, costs tables and length of the document.

Long explanations such those in prospectuses for structured products are in practice, counterproductive as they are not read by retail investors.

Therefore a short, concise and prescribed format of three pages is of paramount importance.

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.

We have no evidence that the provision of paper-based information has any impact on the quality of information delivered to clients/investors.

Also, ACEPI believe that the choice of paper as the default option for the provision of information to clients is no longer appropriate. Indeed, it is inconsistent with investment firm's economical requirements of digitalisation and irreconcilable with objectives of sustainable finance (which is among EU's priorities).

However, ACEPI suggest to proceed gradually and give some flexibility to investment firms to deliver paper-based information whenever it is advisable or unfeasible in digital form.

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.

ACEPI believe that translations in local languages improves retail investors' protection and understanding of products.

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.

ACEPI are of the opinion that there is no need to improve the accessibility, readability and intelligibility of pre-contractual disclosure documents.

In particular, no improvements are needed in the PRIIPs KID format. Since the beginning this document is overall working well, as observed by an extremely low number of investor questions and queries.

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 type="radio"/>	<input type="radio"/>	<input checked="" 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 checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Appropriately labeled and relevant hyperlinks are used to provide access to supplementary information?	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input 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 checked="" type="radio"/>	<input 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 type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please explain your answer to question 4.15:

5000 character(s) maximum

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

5. The PRIIPs Regulation

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

Core objectives of the PRIIPs Regulation

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

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

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

Please explain your answer to question 5.1 a):

5000 character(s) maximum

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

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.

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.

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.

Based on ACEPI's experience, retail investors are easily able to find and access PRIIPs KIDs.

Depending on the products and distribution channels the clients will either be provided with the KIDs or given the link to access them for example on a dedicated section of the issuer's/distributor's website.

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

Please explain your answer to question 5.2.1:

5000 character(s) maximum

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

ACEPI do not support the development of an EU data base, as:

(i) it would determine high costs for manufacturers in order to provide the relevant administrator with the KIDs/KIIDs/prospectuses or other documents/information and any updated version. In this case the EU data base would result in a new heavy obligation for manufacturers which overlaps with those already provided for by relevant national regime applicable to KID/KIID/prospectus. It is therefore evident that such approach would not be desirable. Since all these documents are already available online, this data base could be

implemented without any further activity required by Manufacturers;

(ii) it would have limited value for clients considered that the relevant pre-contractual documentation (KID /KIID/prospectus) provides only the maximum admitted costs (which can differ from those concretely applied consistently to the commission brakes applicable by intermediaries), and it does not include the costs of the relevant services provided by intermediaries. Moreover, such a database raises a lot of serious concerns and doubts on its legitimacy and usefulness.

In particular:

1. In practice what data, who and how to upload it into the database?
2. Considering that many data will have to be up-to-date, how to ensure that the information will be accurate and up-to-date?
3. How ensuring the reliability of the data? Who shall update and oversee updating of the data and will they be able to update as fast as needed?
4. Who will endorse such responsibility?
5. At what cost? Financed how? Considering the huge amount of efforts, costs and work done on MiFID II target markets and PRIIPs KID, would be that be reasonable to add even more costs?
6. Considering the large number of products available in the EU, would that be even feasible to have such database?
7. How would we deal with products that are not marketed in all the EU?
8. Would that mean that firms will be required to register their product(s) in the EU database before marketing? That does not seem feasible in practice.

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.

ACEPI reiterate that the content included and displayed in the KIDs, as per the rules currently in force, is fit for the purpose of providing with retail investors a clear and comprehensive set of information.

In light of the above, we would not support a generic exercise of "simplification" of the KID and would rather explore whether specific changes may be helpful, bearing in mind, however, that changing the content and /or format of documents targeted to retail investors too frequently is not in the best interest of investors.

It is crucial to ensure that the market works properly to maintain stability during long enough periods of time. It took about 2 years (2018 and 2019) for structured products investors and distributors to fully understand the structured product KID performance scenarios and reduction in yield concept and changes will have to be implemented in 2022 already due to the coming into force of RTS V2.

However, ACEPI consider that the changes resulting from the implementation of RTS V2 are helpful at two levels:

- They improve clients' understanding in respect of costs (by removing the reduction in yield concept that was complex to understand and not aligned with MiFID II requirements, and adding the possibility to distinguish distribution costs from product costs), and
- They will ease comparability since all products will be governed by the same regulatory framework.

Once the above changes will be implemented, regulatory stability should be the main objective and no further changes should be brought to PRIIPs for as long as possible.

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.

ACEPI underline as the current PRIIPs regulatory framework have generated some discrepancies in the implementation of PRIIPs across the EU Member States creating additional national requirements which represent obstacles to the cross-border commercialisation of products and may generate important additional costs for manufacturers.

ACEPI deem it necessary to promote more uniform implementation of the PRIIPs regulatory framework within each EU Member State.

With reference to Italy, for example, in July 2020, CONSOB introduced new Operating Instructions so as to regulate the modalities by which the Authority may gather PRIIPs KID with additional and burdensome requirement (i.e., to make available to the Authority, by means of automated modalities, not only information included in KID but also additional information used in the process of KID production and other information regarding PRIIPs to which KID refers, which in many cases is not available to intermediaries).

Overall, the fundamental objection raised towards the above-mentioned requirement was that, as a result, it would have de facto frustrated the fundamental objective to reduce the burden for supervised entities and introduced unnecessary operational obstacle for the Italian market, not in line with the CMU objectives and implying a significant competitive disadvantage to the detriment of Italian manufacturers of PRIIPs as well as of foreign manufacturers of PRIIPs willing to distribute their products in Italy.

In consideration of the above, ACEPI wish to stress that such additional national requirements represent obstacles to the cross-border commercialisation of products and may generate important additional costs for

manufacturers and promote more uniform implementation of the PRIIPs regulatory framework within each EU Member State.

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.

Please see answer to question 5.4. above.

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)

10000 €

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.

From Euro 30 up to Euro 10,000 for structured products depending on their languages, level of complexity, IT systems.

The range indicated is quite wide because the cost of a single PRIIPs KID could vary significantly, depending on the characteristics of products and the costs of computing different data and indicators.

The cost displayed in the table above comprises the cost of production of the KID including the implementation cost of the successive regulatory modifications and cost of updating.

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)

10000

 €

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.

Please see answer to question 5.6 a) above.

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.

Any change in the methodologies implies a cost for performing the necessary calculations. In particular, any regulatory change implies costs in IT developments but also for comprehensive training of staff, clients and distributors and internal policies and procedures updates. Furthermore, for structured products, technically the KID generation set-ups under the current RTS are very heavy IT workflows due to much larger volumes than in other industries.

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.

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.

ACEPI consider that a past version of the KID does not add any real value for retail investors.

On the contrary, it entails a risk, as investors are likely to rely on an outdated version of the KID to reach their investment decision.

Furthermore, there are legal and IT costs and impacts relating to accessibility of past versions that are disproportionate to its supposed usefulness (e.g., significant implementation costs, competition law issues, legal questions on the validity of past KIDs).

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.

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.

ACEPI believe that there is no need to change the current regime by having the KID updated more often and by making specific rules dependent on PRIIP's characteristics.

Indeed, the current triggers to update are sufficiently appropriate (i.e., at least every 12 months or upon a change of risk indicator or a change of moderate scenario by more than 5% or in case of significant change) and changing them would create an overly complex framework for retail investors to follow the rationale for KID updates.

Moreover, ACEPI wish to stress the fact that, in practice, there are regularly triggers leading to KID updates before / more frequently than the 12 months minimum.

ACEPI also oppose changes to structured products in that the update rules are well understood by investors and the triggers to update are appropriate (i.e., the change of risk indicator and moderate scenario).

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.

From ACEPI's point of view, the suitability assessment conducted by an investment firm is efficient in serving retail investors needs and effective in ensuring that they are not offered unsuitable products.

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.

ACEPI consider that suitability assessment requirements should be technology-neutral and see no evidence that they are not appropriate or inadequate for online platforms.

Besides, ACEPI believe that the rules on suitability assessments must be the same whoever the professional is and whatever the distribution channel used. Furthermore, ensuring a level playing field between professionals is a priority as well as respecting the statement "same products, same service, same

rules”.

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 is efficient in serving retail investors' needs and is effective in ensuring that they do not purchase products they are not able to understand and more generally not appropriate for their profile.

Thus, the appropriateness test is not the sole element allowing such improvement in the protection of retail investors. Indeed, client targeting is reinforced with the PoG regime, the enlarged disclosure requirements, the introduction of the PRIIPs KID and the strengthened training requirements for financial advisers under MiFID II.

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.

As already stated above, rules on the appropriateness test are well structured and balanced to properly evaluate if retail investors understand the essential characteristics of the financial instruments offered or requested as well as the risks involved therein.

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.

ACEPI do not identify any problems with the appropriateness test, except its length annoying some clients.

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.

ACEPI consider that warnings are an effective way to draw attention - making it far easier for people to understand what the issues at stake are – and, together with other MIFID II and PRIIPS rules, provide a good level of investors protection.

As far as Italian market is concerned, warnings issued to clients are overall effective in ensuring that clients can really benefit from the envisaged protection of the MiFID II appropriateness framework insofar as they are clear and not misleading, and investment firms usually take reasonable steps to ensure that such warnings are correctly received and understood as such and inform clients about the rationale behind their issuance.

Furthermore, investment firms do not downplay the importance of warnings and do not use messages in warnings based on which clients could be encouraged to proceed with the transaction, to take again the appropriateness assessment or to request to be upgraded to professional clients.

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.

From ACEPI's point of view, no appropriateness test should be required in case of the execution of orders or transmission and reception of orders of certain non-complex products, at the initiative of the client.

ACEPI therefore believe that the execution regime does not need any change.

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.

ACEPI do not see any need for further regulations or clarifications in relation to the target market determination process under MiFID II.

ACEPI rather believe that target market requirements for manufacturers should be simplified, as manufacturers only have a theoretical knowledge of (a) end clients, (b) distribution strategies, and (c) solutions applied by distributors.

Manufacturers should only determine basic aspects of target market, while full target markets should be defined by distributors, which adopt peculiar distribution models in respect of clients' level of knowledge and experience, suitability assessment and advisory service, channels and strategy of distribution.

Costs and charges requirements and information obligations should be simplified according to greater proportionality.

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

Please explain your answer to question 6.11:

5000 character(s) maximum

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

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 checked="" type="radio"/>	<input type="radio"/>
Adjusting the definition of professional investors on request	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
No changes to client categorisation (other measures, i.e. increase product access and lower information requirements for all retail investors)	<input 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.

ACEPI do not see benefits in the creation of a new category of semi-professional clients.

ACEPI believe that there already various regulatory tools that allow intermediaries to take in proper consideration the investor's (higher) level of experience and knowledge of financial markets and products and that any change to existing categories must be based on a thorough cost/benefit analysis.

The (unnecessary) introduction of a further level of clients' fragmentation would affect the efficiency of the provision of financial services and of the allocation of resources as the burden of implementation to create an additional client category would be very high, in light of legal/compliance and IT costs.

On the other hand, ACEPI see real benefits in reviewing the opt-up criteria to facilitate the treatment of certain retail clients as professional clients, when they request to be treated as such.

Therefore, ACEPI believe that instead of creating a new client category, it is better to facilitate opt-up mechanisms, and harmonise the professional client regime across all EU jurisdictions, be they elective professionals or professional per se.

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

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

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

Please explain your answer to question 7.2 a):

5000 character(s) maximum

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

ACEPI agrees with:
10 transactions on financial instruments over the last 12 months, on the relevant market
and
Other criteria to measure a client's experience

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.

ACEPI propose to review this criterion to allow transactions to be carried out on other asset classes and, in particular, to give clients access to new products.

ACEPI also propose to adapt the required number of transactions to the specific features (types/category) of each asset class, based on an average frequency per year rather than per quarter.

Lastly, this modified criterion could be combined with or replace a more qualitative approach to substantiate

the client's experience through greater reliance on the client's actual knowledge (whether gained from personal experience or from training delivered by the ISP) and which could then be verified using a special expanded questionnaire.

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.

ACEPI agrees with :

Extend definition to include relevant experience beyond the financial sector (e.g. in a finance department of a company)

and

Adjust the reference to the term 'transactions' in the criteria to instead refer to 'financial instruments'

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

- No change
- Relevant certified education or training that allows to understand financial instruments, markets and their related risks

- An academic degree in the area of finance/business/economics
- Experience as an executive or board member of a company of a significant size
- Experience as a business angel (i.e. evidenced by membership of a business angel association)
- Other criteria to assess a client's ability to make informed investment decisions
- Don't know / no opinion / not applicable

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

5000 character(s) maximum

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

An additional criteria represented by the holding of a highly diversified portfolio should be introduced. As a matter of fact, any criteria just focused on the number of relevant transactions during the last 12 months does not allow to classify as professional clients on request very wealthy retail investors with a diversified portfolio invested in investment funds (UCITS and FIA), insurance based investment funds and other investment products having a medium-long investment horizon, which consequently cannot perform many relevant transactions.

Moreover, this proposed new criterion would make classification of clients more efficient as it would rather consider the quality of the composition of the invested portfolio.

Please explain your answer to question 7.2 d):

5000 character(s) maximum

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

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

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

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

Please specify to what other criteria to allow companies to qualify as professional clients you refer in 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.

ACEPI consider that a reshape of the thresholds should be implemented to qualify large companies having certain requirements, such as NewCo/SPV established by large companies for the purpose of acquiring specific assets or entire companies, without financial statements at the time of the related classification, or companies resulting from extraordinary corporate actions carried out during the year and as such without financial statements.

In such situations, cross-reference to parent company's financial statements should suffice.

Please explain your answer to question 7.3:

5000 character(s) maximum

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

8. Inducements and quality of advice

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

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

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

	1 (not at all effective)	2 (rather not effective)	3 (neutral)	4 (somewhat effective)	5 (very effective)	Don't know - No opinion - Not applicable
Ensuring transparency of inducements for clients	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
An obligation to disclose the amount of inducement paid	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Allowing inducements only under certain conditions, e.g. if they serve the improvement of quality	<input type="radio"/>	<input checked="" 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 type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" 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 checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Introducing a ban on all forms of inducements for every retail investment product across the Union	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please explain your answer to question 8.1:

5000 character(s) maximum

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

ACEPI believe that the three-year market experience from the entry into force of MiFID II / MiFIR shows that the current inducement regime achieves its primary purposes of protection of clients, transparency and fair conduct of firms.

Lacks any evidence of any EU-wide “market failure” and a total EU-wide ban on inducements is not necessary and would be unjustified.

Comprehensive and reasoned consideration shall be given not only to the necessity but also to the efficacy and effects of such a measure and in particular a costs and benefits analysis for both investors and intermediaries.

A negative consequence for investors, would stem out of the need for intermediaries to apply explicit investment advice commissions/fees, which would likely in turn imply the refusal to receive investment advice from the majority of retail clients. This has occurred already in the UK.

Intermediaries focused on mass and affluent market clients would no longer be able to provide the current range of products to their clients because of the costs related to the set-up and proper functioning of the organisation/resources behind such diversified offer, along with the loss of revenues deriving from a ban on inducements.

Inducements cover unavoidable costs of the services that investment firms provide to their clients.

Various economic reasons (e.g. lack of demand, costs) make it impossible for firms to set up a business model where the fees paid by the clients cover the costs of the service provided.

Firms allocate significant resources to set up a wide and diversified offer products, to provide clients, with information added value tools etc.

Also cultural reasons exists that bolster the clients’ unwillingness to pay for such a service. Ignoring such factors would mean that clients would:

- no longer access to qualified investment advice by clients
- be compelled to be self-directed or abstain from investment,
- have access to a more limited range of products or to a few standardized products.

A ban on inducement would not automatically translate into cheaper financial products.

It is fundamentally wrong to assume that an outright ban on inducement would improve the overall cost profile of financial products simply because distribution fees would not be paid.

There is indeed evidence to the contrary, based on the comparison of the Italian Structured Products market to the ones were a total ban on inducement exists. A recent quantitative study on the costs of Structured Investment Products in Italy shows that these costs are (i) very much in line with the one recorded by ESMA in the UK, and (b) below the ones recorded by ESMA in the Netherlands.

Namely the Annual Cost of Ownership (calculated as the total cost divided by the maturity of the product) was 0.95% for 2019, and 0.82% for 2020, broke down as follows:

- a) “capital protected” Structured Products was 0,6% for 2019 and 0,57% for 2020, and
- b) “conditional capital protected” Structured Products was 1,23% for 2019 and 1,27% for 2020.

The higher costs for the latter category is a consequence of the different payoff structures (i.e., higher returns, and higher risk) that triggers higher structuring and hedging costs for the issuer. At the same time these products typically require a more advanced advisory service that implies higher distribution costs.

ACEPI believes that this shows also that where advice is included in the product price (inducements) it leads to cheaper and more accessible advice service for low and medium size portfolios.

ACEPI strongly believe that an inducement ban would not improve the quality of advice.

The updated questions and answers on MiFID II and MiFIR investor protection and intermediaries topics on inducements. no. 8) provides already proper guidance on the application of three important elements contained in Article 11, paragraph 2, letter (a), of Directive (EU) 2017/593.

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.

Please refers to the answer above

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.

As seen above, an outright ban on inducements would reduce the offer of advisors and consequently, it might result in further reduction of the products offered and would imply a higher cost of advice service.

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

5000 character(s) maximum

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

As seen above, an outright ban on inducements would reduce the offer of advisors and consequently, it might result in further reduction of the products offered and would imply a higher cost of advice service.

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.

As seen above, an outright ban on inducements would reduce the offer of advisors and consequently, it might result in further reduction of the products offered and would imply a higher cost of advice service.

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

	Yes	No	Don't know - No opinion - Not applicable
In the case of investment products distributed under the MiFID II framework?	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
In the case of insurance-based investment products distributed under the IDD framework?	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
In the case of inducements paid to providers of online platforms/comparison websites?	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please explain your answer to question 8.3:

5000 character(s) maximum

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

ACEPI strongly believe that the current inducements regime introduced by MiFID II is properly working in order to ensure the fair conduct of intermediaries and the protection of clients interests.

Furthermore, investment firms have implemented a set of calibrated measures which in these three years of MIFID II adoption have adequately ensured that inducements do not affect the obligation to act in the best interests of their clients.

This set of measures is composed of mechanisms operating at many levels and it is properly coordinated with other relevant conduct rules (i.e., conflict of interests, product governance, suitability assessment). We should recall the ESMA Report on Inducement and Cost and Charge Disclosure under MiFID II. MiFID II /MiFIR establishes strict rules for investment firms to accept inducements, in particular as regards the conditions to fulfil the quality enhancement test and as regards disclosures of fees, commissions and non-monetary benefits.

Investment firms have policies on inducements and on conflicts of interest as well. All inducements are

disclosed to clients both in ex-ante and ex-post information. So the provisions included in MiFID II regulation are consistent with the request to act in the best interest of their clients.

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.

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.

In ACEPI opinion, the current MiFID II rules relating to:

- the acceptance of payments from third parties other than the clients in relation to the services provided;
- the disclosure of inducements received/paid to clients both in ex ante and in ex-post information

are characterized by a high degree of clarity, understandability and comprehensiveness.

Therefore, no additional rules are needed.

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

Please explain your answer to question 8.6:

5000 character(s) maximum

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

The rules currently in force established by MiFID II are well suited to avoid that any potential conflict of interest may damage the client.

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.

ACEPI are not in favor of a legislative change to address any best execution issues.

It would rather welcome the issuance of a Q&A to clarify the objective criteria that financial intermediaries need to consider to justify their execution policy.

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.

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

5000 character(s) maximum

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

ACEPI believe that a certification mechanism would certainly be an appropriate answer to ensure consistency through all Member States. But other mechanisms could be appropriate to fulfil the requirement. The most important to improve efficiency is the setting up of a mutual recognition mechanism between Member States by way of European passport like mechanism. Once authorised in one EU Member State, a staff should be authorised in the other Member State without any further knowledge assessment.

The setting of a European certification framework would create additional implementation costs and regulatory changes. Moreover, this would prevent NCAs to focus on local market specificities and preferences which are key to assess. Therefore, each Member State should remain responsible for

determining their own regime to comply with the requirements to assess knowledge and competence of staff providing investment advice and other information.

In any case should the European certification mechanism be adopted; it is crucial to insert a grandfathering mechanism to avoid regulatory burden.

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.

ACEPI believe that regulation should be technology neutral and should not lead to the creation of a specific regime for robo-advisors. The current MiFID II regime should be sufficiently robust to protect retail investors and therefore no reform of the regulation of advisory services is needed.

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.

ACEPI agrees with:
Greater trust in human advice

and
Other

In ACEPI view, the increasing of robo-advisors demonstrates that it can be sources of opportunities for retail investors but it probably, at this stage, cannot fully replace human advisors but can be complementary.

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.

ACEPI do not believe that there are unnecessary barriers hindering the take-up of robo-advice. Moreover, such barriers do not correspond to an economic reality and are not a regulatory issue.

Furthermore, a robo-advice is often just a smart catalog of ETFs choices and does not provide a real advisory service. There is therefore an economic difficulty and a difficulty to formulate an offer.

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.

The overall MiFID II / MiFIR EU legal framework, MiFID II practices and supervisory action has proven to be effective in addressing complexity of products;

Protections offered to retail investors at EU level are already at a very high standard, also because the degree to which products specifically require investor protection is determined cumulatively as a

consequence of their relevant degrees of riskiness, structuring and transparency (understandability).

Compliance standards have not fallen short and MiFiD II requirements have been correctly applied, supervised and enforced.

This is witnessed in particular in Italy - which is a strong retail-oriented market - by the absence of “pathologic” phenomena and of any evidence of noteworthy prejudice caused to retail clients by the distribution of “complex” products, with regard to, and not limited to, significant complaints, losses, litigations.

Further measures would become appropriate or necessary only as consequence of practical and significant indications on the quality of intermediaries MiFiD practices, also in terms of compliance with suitability, appropriateness, disclosure requirements as well as for the quality of organisational/internal controls set up.

The levels of product complexity, sharply decreased in the last decade - by both number and volume - also by virtue of regulation on “complex products” at EU and national level.

In addition, certain asset classes, such as Structured Products, have an almost total standardisation, especially in terms of structures and pay-off formula.

Structured products map was created in 2006/2007 (with negligible amendments since inception) to set up standards and uniform categorization of SPs based on the pay-out and thus helping the understandability of products. Such product categories are now a well-established transparency tool consistently used by market participants which gained familiarity also with investors.

Current requirements regarding complex products do have some drawbacks: the compliance burden associated with these products increases for firms the relevant costs and therefore, limits their supply and overall reduces the product offering for retail clients, even where those products are otherwise appropriate or suitable for them.

Definition and measurement of complexity

There are many misconceptions surrounding complexity of financial products .

In any case complexity of financial products as a trigger of regulatory actions should not be considered by legislators “in isolation”, but along with crucial elements such as the comprehensibility of products, as it factors into the cognitive load that is needed to make decisions.

Some financial products may be complex in structure but not complex in the sense relevant to decisions – e. g. when the investor is able to understand the risk/return profile - the same way as a “smart phone” may be a sophisticated and complex equipment but easy to use and understand by a child.

Transparency, financial literacy of investors and market standardisation therefore play a key role in addressing complexity of financial products.

Finding a workable definition of complexity for financial products is difficult, if not impossible.

The MiFiD II complexity classification is in practice a “product catalogue” reference, and there is no explicit explanation of the rationale behind the relevant legislative choices.

Indeed financial literature on the measurement of complexity offers a quite diverse range of measurement

criteria (both quantitative and qualitative) and it is difficult to find scientific convergence on an undisputed or hardly disputable conclusion.

ACEPI are therefore concerned that new potential measures on “complex” products could be driven by highly discretionary choices, not grounded on scientific basis and not corroborated by empiric evidence (i.e., tests run with a significant sample of investors).

The binary dichotomy of “simple” vs “complex” products cannot do justice of the heterogeneity of financial products and is not an effective tool for investors’ protection.

A legislative approach whereby a product is either “simple” or “complex” is erroneous, “manichean” as it disregards how manifold PRIIPs are, and

All PRIIPs, may entail a degree of complexity, including UCITS and ETFs,

Indeed the “complexity” features set out under art 57 of Commission Delegated Regulation (EU) 2017/565 to identify “simple” products” (liquidity, costs, transparency, changes in risk profile and the derivative character) may be found across the entire spectrum of PRIIPs asset classes.

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.

Investment firms implemented and maintain effective and transparent, policies and procedures required to comply with MiFID II / MiFIR obligations (other than with all other EU obligations aimed at reinforcing retail protection) at all levels. Retail investors are in fact, already well protected from the risk of mis-selling in case of online / digital purchases of complex products.

The introduction of further protections for online / digital trading of complex products would not contribute to increase awareness of retail investors and more informed investment decisions, but would only introduce further burdensome and expensive requirements to be implemented and maintained by firms. It would become counterproductive, limiting de facto the access of retail investors to profitable investment opportunities.

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.

Complexity and riskiness of products are not synonyms.

Generally speaking, complex products do not necessarily have incomprehensible features in terms of structure and embedded risks and as a consequence, are more risky products compared to simpler products. There are many products in the market having "simple" and easily comprehensible payouts (such as, for instance, fixed/variable/mixed rate bonds issued by corporates with a medium-low credit rating) which are, however, riskier than certain highly complex products but are sold to retail investors without all the protections currently in place for complex products.

Furthermore, a ban of specific highly complex products only on the basis of the number of embedded "complex" elements such as derivative components (which is the leading criterion to qualify a product as "complex") would discriminate certain products such as securitised derivatives / certificates compared to other products such as OICR or insurance products which do have an high degree of complexity.

It is also worth noting that certain types of derivative components do not negatively impact the financial instrument's yield but are indeed in favour of the investors (such as, for instance, floor, global floor, memory option, best of option).

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.

Please see answer to question 9.1 above on the difficulties related to the definition and measurement of complexity.

In addition, the creation of labels for supposedly "simple" products would likely provide an arbitrary and simplistic "greenlight" to investment decisions, thus misleading on the risks involved and frustrating the EU Commission/CMU objective to foster investors' education and financial literacy. This would discourage investors' confidence and the strive for informed (i.e., accurate and complete) investment decisions.

As also highlighted by IOSCO (the International Organization of Securities Commissions), any pre-approval process before structured products are sold in the market, including the ones coming from regulators, entail the risk of moral hazard. In particular, there is a risk that retail investors may assume that they have less responsibility in informing themselves about a proposed investment if they believe that the relevant regulator has vetted or 'checked' the product for them. This may lead to less cautious investment behaviours and an increase in the risk of regulatory failure (see IOSCO, Regulation of Retail Structured Products Final Report,

December 2013, pages 21 and 22).

Furthermore, it is worth noting that, always in IOSCO opinion, understanding and predicting the likely effects of regulatory interventions designed in light of retail behavioural insights can be difficult. Interventions motivated by good intentions may nonetheless have perverse effects. In addition, the effectiveness of particular interventions may rely in large part on the context in which that intervention occurs, such that an intervention that produces a particular set of results in one jurisdiction may not necessarily produce the same results in another (see The Application of Behavioural Insights to Retail Investor Protection Final Report, April 2019, page 1).

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.

ACEPI believe that current MiFID II / MiFIR protections for retail investors are appropriate in any context, in respect of complex products and even more, in respect of simple products.

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

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

Please explain your answer to question 9.2 e):

5000 character(s) maximum

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

The introduction of restricting rules for the placement/sale of complex products to retails or certain categories of retails would in principle preclude the access to better investment opportunities in terms of flexibility, yields and diversification, especially in rapidly changing market conditions.

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.

Effective redress is an important topic for both retail investors and investment firms. A good level of trust in the financial market encourages investments, also in a cross-border perspective, and broadens the relevant market for manufacturers and distributors.

Under Italian law, retail investors/consumers already benefit from high levels of protection. A system of contractual clauses aimed at protecting consumers is in place, as well as an efficient and quick alternative disputes resolution (ADR) mechanism, the "Arbitro per le Controversie Finanziarie" (ACF), has been implemented for compensation request not higher than Euro 500,000, aimed at resolving extra-judicial disputes between non-professional investors/non-qualified counterparties, on one side, and financial intermediaries, on the other side. Proceedings before ACF are without charge for retail investors, lawyers assisting the parties are not mandatory and Italian financial intermediaries are obliged to adhere to such mechanism.

Albeit ACF resolutions are not binding for the parties, which can at any time bring their case before an Italian

court, this mediation procedure is mandatory before any judicial proceeding is started and if ACF resolutions are not executed, sanctions in the form of negative advertising vis-à-vis the relevant financial intermediary (on both the ACF and intermediary's websites and through dissemination of press releases which costs are borne by such intermediary) apply. This may very likely cause reputational damages to the relevant financial intermediary and usually works as an effective deterrent.

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.

ACEPI believe that the Italian legal system already address in an efficient and timely way the topic of retail investors complaints.

In particular, financial intermediaries are required to provide clients/retail investors with information on the procedure to be followed for filing complaints and for activating a mediation procedure before, inter alia, the ACF.

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.

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.

Italian legal system provides for several ADRs, each having a different mission and actions, which are mandatory mediation procedures to bring cases before Italian courts.

In particular:

- (i) the ACF is supervised by the Italian Financial Services Authority (CONSOB) and settles disputes on investment services and products as well as collective management services for savings;
- (ii) the "Arbitro Bancario e Finanziario" (ABF) is supervised by the Italian Central Bank (Banca d'Italia) and settles disputes on financial and banking services (including deposits of financial instruments and payment services); and
- (iii) the "Arbitro delle Controversie Assicurative" (AAS) is supervised by the Insurance Supervisory Authority (IVASS) and settles disputes on insurance contracts.

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.

As explained above, Italy has a solid ADR framework, covering any matter relating to activities of financial intermediaries vis-à-vis retail investors. Therefore, no further efforts should be envisaged to improve redress issue.

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.

Access to ADRs by consumers is extremely easy and free of charge.

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.

See answer to Question 11.2 below.

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.

ACEPI propose that if a Member State has implemented national measures equivalent to measures that ESMA has published and recognised, ESMA's measures should cease to apply in that Member State, thereby avoiding the coexistence of divergent measures.

Moreover, given the temporary and exceptional nature of the power of intervention granted to ESMA by Article 40 of MiFIR, it seems indispensable to strengthen consultation requirement (i.e., that ESMA consults the various stakeholders affected by its intervention measures before implementing them or deciding to renew them).

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.

12. Sustainable investing

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

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

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

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

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

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

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

ACEPI believe it is too early to introduce detailed guidelines for advisors, because the EU guidance for ESG product manufacturers is very unclear, with significant delays in the taxonomy, and a lack of data sources for the SFDR regulation Level 2, the latter being a failure that is unlikely to lead to meaningful and implementable guidelines.

ACEPI would rather favour a simple indicator on whether the product has ESG objectives or not.

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.

ESG factors have indubitably value and are more and more taken into account in investment research. However, it does not seem advisable to make ESG research mandatory through MiFID II nor to limit it to SME issuers.

13. Other issues

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

5000 character(s) maximum

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

Additional information

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

The maximum file size is 1 MB.

You can upload several files.

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

Useful links

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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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