

DDV Response On The European Commission's Public Consultation On „Strategy For Retail Investors In Europe“

3 August 2021

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](#)

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.

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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.

Since 2018, the EU retail investor protection framework has brought benefits, particularly through product governance requirements that ensure that products are better targeted to investors, as well as the transparency of the key features of investments.

The very low number of complaints, which is a meaningful indicator according to the IOSCO Retail Market Conduct Task Force's recent work, illustrates the compatibility of clients' expectations and the investments they are offered.

However, the empowerment of investors should not be limited solely to their protection. Many more aspects should be taken into account to increase, enlarge, and improve their participation in capital markets, such as:

- Improving investor experience:

In order to make the investment experience more user friendly and more in line with investors' aspirations (which cannot be strictly limited to the amount of return, although this remains a crucial element), the documentation that accompanies the investment should be optimal. Today, the amount and occasional irrelevance of the documentation provided are still some of the most common feedback received by the financial advisors who are the clients' contact point. Being empowered would mean that the investor is able to determine to which extent and which kind of information they would actually need to receive in order to improve the efficiency and the comfort of their experience. A further degree of flexibility, legal clarification, and practical simplification would be beneficial for clients. The requirements that should be improved and harmonised include different product costs according to MiFID and PRIIPs, electronic provision of information through the MiFID quick fix and paper-based provision according to the PRIIPs Regulation, and the different definitions of sustainability according to MiFID and the Disclosure Regulation.

- Fostering engagement through a deeper securities culture:

A successful CMU is more urgently needed now than ever due to the reshuffle of the financial environment in Europe, and the ongoing aggressive competition from other jurisdictions outside the EU. In addition, structured securities are one of the few responses currently available to generate returns on investment, as acknowledged by the High-Level Forum on CMU. This implies the necessary development of a profound and lively securities culture to empower investors. Further to the public initiatives, particularly in the area of financial education, the private sector has a significant role to play.

By way of illustration, DDV members, through their wide offer of financial products to savers and investors, aim to contribute to a more vibrant ecosystem of investors active on the market. Through the "open architecture", which is a specific feature of the German structured products market, investors have access to a broad range of products across different product manufacturers. Usually, the investors active on the structured securities markets are also active on other trading areas, which generates a virtuous circle in terms of activity on capital markets.

The automation of processes is another important aspect of fostering capital markets activity. In order to comply with certain requirements and to continue to offer a broad range of products, automation is a necessary element, for example, of the target market process and the PRIIPs products. Part of this is exchange of information between the product manufacturer and the distributor. Compliance with regulatory requirements can only be ensured if respective IT interfaces are in place. Irrespective of whether these IT interfaces are provided by third party providers or between individual market participants, any additional

levels of complexity created by new regulation make open architecture and investor access to products more difficult. However, investor access to products may be limited where overly prescriptive regulation makes automation of processes more difficult.

- Promoting products' diversification:

Investor empowerment goes hand in hand with the capacity to choose between a wide range of products tailor made to investor needs and designed to generate sufficient income for future personalised goals. Extreme standardisation that limits product selection to plain vanilla products without consideration of the specific expectations of each investor (or at least to a category of investor) would reflect neither the personal objectives of investors nor their increasing maturity over time. DDV endeavors for such diversification as explained in more detail in the "Additional Information" section.

- Other avenues:

Retail participation in capital markets cannot be usefully addressed without mentioning the need for reflection followed by action by Member States in the form of stronger tax incentives.

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

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

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

Please explain your answer to question 1.2:

5000 character(s) maximum

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

As a complement to the aforementioned shortcomings with regards to the EU retail investor framework, we would like to point out the following hurdles that make it more difficult to foster retail investor participation:

- Deficits of the current investor protection framework

Following an analysis of the MiFID II/MiFIR framework, a number of deficits have been identified in the current investor protection framework, for instance, in the study carried out by Prof. Paul Stephan, MiFID II/MiFIR/PRIPs Regulatory Impact Study, Effectiveness and Efficiency of new Regulation in the Context of Investor and Consumer Protection, Ruhr University Bochum, February 2019. These findings are in keeping with the practical experience of DDV members, and have a two-fold impact: i) setting up of IT systems, both software and hardware, which do not always bring the expected increased investor protection; ii) constant monitoring and requests by supervisory authorities, which increase the complexity of processes and the need for resources, as well as the necessity to increase staff training.

- High level of regulation

The high level of regulation is not only a problem for the supervised institutions. It is also clear from the feedback from clients that the requirements imposed by MiFID II are often perceived as too prescriptive. On the whole, they fail to achieve the goal of enabling the client to make independent decisions and also lead to "information overload", as described in the response to question 4.2. The perceived high level of regulation may have unintended consequences and have the opposite of the intended outcome by disincentivising consumers from investing on capital markets.

- Supervision and enforcement

The same level of investor protection across the EU irrespective of the location of the firm can only be

achieved through consistent and proactive supervision, as well as efficient enforcement. At the same time, supervision that ensures harmonised application of the rules in a manner proportionate to risk is essential. Another limitation to an efficient supervision process is linked to the suboptimal use of the supervisory tool of the Questions & Answers (Q&As). These level 3 measures should indeed be improved, as the new process fails to be as inclusive as possible with respect to relevant stakeholder and market situations, which is key to ensuring that the supervisor and the supervised entities share the same understanding of the legislation. This is made all the worse by some NCAs applying them very strictly, and there being currently no impact analysis and no recourse in the case of inconsistency with the market practices effective in some markets. For these reasons, the DDV is of the firm opinion that the longstanding industry request that it should be consulted should materialise, at least for the Q&As that have a material, operational or compliance impact on market participants. This is a crucial element towards greater harmonisation of market practices across the EU, which can ultimately only benefit the investor protection framework. Furthermore, the lack of correlation between the regulatory options and their impact on the market also supports the idea of an upstream cost benefit analysis, which should be done at least to support the most material policy recommendations. It appears suboptimal to expect that a detailed cost benefit analysis would be undertaken as part of a subsequent EC legislative review, when the detailed technical consultation has already been held.

Another factor of importance is that many customers complain about the high level of bureaucracy in the securities business. In particular, the amount of information requirements, some of which applied automatically due to automated processes, lead to customers feeling inconvenienced by too much information and reacting dismissively even to meaningful and appropriate information.

Therefore, it appears very important that the securities business is subject to less bureaucracy. Especially under MiFID II, a number of obligations have been imposed on the distributors, which have led to the execution of the desired transactions taking considerably longer than before. This is criticised by investors in particular, who would like to see orders placed more quickly. For example, the obligation to provide ex-ante cost information for sell orders should be dropped.

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.

Few products exist that clients cannot access that may be appropriate or suitable for them. In practice, however, some regulations hamper the purchase of some products. For instance, bonds with a make-whole clause have thus far been qualified as PRIIPs by the supervisory authorities, which is why they cannot be sold without a Key Information Document (KID). Since issuers from the real economy do not usually issue such a sheet, the products are currently practically unavailable to private clients (although the products are described in the MiFID quick fix as simple and easy to understand, and are privileged accordingly; this assessment should be urgently followed up in the PRIIPs Regulation).

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

	1 (strongly disagree)	2 (rather disagree)	3 (neutral)	4 (rather agree)	5 (strongly agree)	Don't know - No opinion - Not applicable
Lack of understanding by retail investors of products?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Lack of understanding of products by advisers?	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Lack of trust in products?	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
High entry or management costs?	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Lack of access to reliable, independent advice?	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Lack of access to redress?	<input type="radio"/>	<input type="radio"/>	<input checked="" 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 checked="" type="radio"/>	<input 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 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 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 checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Easy for retail investors to compare with other products	<input type="radio"/>	<input checked="" 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 checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Adapted to modern (e.g. digital) channels	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Adapted to Environmental, Social and Governance (ESG) criteria	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

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

Please select as many answers as you like

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

Please 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 checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Create realistic expectations about the risk and performance of financial products	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Increase their participation in financial markets	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Find objective investment information	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Better understand disclosure documents	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Better understand professional advice	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Make investment decisions that are in line with their investment needs and objectives	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Follow a long-term investment strategy	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

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

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

5000 character(s) maximum

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

Although it is not a panacea for increasing the participation of retail investors in capital markets, financial education plays a crucial role in the capacity and willingness of the public to become investors. This lifelong learning has several entry points and combined efforts from the public and the private sectors.

The following measures and initiatives would contribute to fostering financial education:

- Inclusion of financial education in school curricula

From a broad perspective, the first entry point for financial education is schools. Management of finances impacts so many dimensions of life that such competence should not be absent from the basic education of the younger generation. The education system should include at an early stage (e.g., high school) classes on finance and money management, which would form a solid basis on which future investors could build further technical knowledge. This would give much greater resonance to existing initiatives as potential investors would have a better grasp of the economic and financial basics.

As schools are not a competence exerted at the EU level, the European Commission could work together with the Member States to support the development of key competences and basic skills in the area of finance in order to make sure that personal finance is not absent from school curricula in Member States.

- Promotion of existing educational material

Educational material should be more systematically delivered to potential retail investors with the objective of explaining what capital markets can deliver to people – not only as investors, but also as individuals who need to plan for their pensions. Public and private actors offer a lot of informative material that should be promoted further.

In Germany, for instance, many initiatives already exist, as indicated by the survey performed by BaFin on adult financial literacy competencies in Germany in 2019. The BaFin website addresses directly the consumers where it features information about certain financial products as well as warnings about dubious providers. Brochures are provided in plain language, and seniors are particularly taken care of via “digital meet-ups” to inform them about safe travel, direct investments, and digitalisation. Specific financial products, such as recently factor certificates, are explained with regards to their opportunities and risks.

Private market participants also provide ample material. By way of illustration, the DDV offers a broad toolkit: product classification (system of product classification for structured products on which DDV members agreed, setting a new market standard); checklists (developed in cooperation with the Deutsche Schutzvereinigung für Wertpapierbesitz), 18 questions and explanatory notes that investors can use to clarify the most important issues before purchasing a structured product; standardised terminology for the extensive range of investment and leverage products; and the Kompass Strukturierte Produkte guide which presents an overview of the world of structured products. Further DDV initiatives are explained in more detail in the “Additional Information” section of this consultation.

- Tools and players for a decisive cultural change

A powerful impact on retail investor participation in capital markets could be achieved by providing comprehensive financial education programmes, which could be developed and led jointly by public institutions and the private sector. Such wider educational outreach would serve the ambition of achieving a decisive cultural change.

As transparency and understanding are a cornerstone of investor financial education/understanding, there

should be a way of enlarging the knowledge about the existing material (as described above) through, for instance, information put on the ESMA website without commercial purposes. ESMA (like other ESAs) should indeed take an active role (foreseen in Article 9 of ESMAR) to review and coordinate financial literacy and education initiatives by the national competent authorities (NCAs). ESMA could, in particular, promote informed discussion with NCAs to assess whether additional actions (further to financial education days, publications of warnings, and material addressed to retail clients) are needed. IOSCO is also another powerful vehicle for the promotion of financial literacy at the international level. As a member of its consultative committee (AMCC), the DDV spreads this message at its World Investor Week and fully supports its strong ambitions in this area.

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.

It is acknowledged that open finance might bring advantages, such as:

- making the financial situation of customer transparent and allowing products to be shaped accordingly;
- tailoring financial products according to the data;
- building ecosystems that offer a broader range of products (financial and non-financial) than traditional banks; and
- establishing blockchains that will allow trustless (without trustees/intermediaries) transactions by the use of smart contracts; the technology allows transactions without intermediaries.

Accordingly, the following potential benefits may be expected from an open finance approach: competitive pricing; cost reductions; comparability of products; standardisation of products; enhanced and targeted investment advice through the use of client data and algorithms; clients able to design their risk profile and manage their entire investments (securities, FX, funds, etc.); and greater liquidity through more customers entering the same market/interoperability of open finance.

However, these benefits need to be balanced against the risks involved in open finance as a whole. This is

particularly true in respect of securities investments. These types of investments differ considerably from payment transactions. In contrast to securities investments, payment transactions usually involve the payment of a service for which the customer is generally indifferent as to how it is carried out. A payment service is also a single product compared to millions of securities. Furthermore securities transactions involve investment decisions and the achievement of a return. Hence, the open payment approach cannot be compared with open finance as a whole (and securities investments in particular). It should be noted that, with securities transactions in particular, it is not as simple as creating an API and then third party service providers are able to offer suitable investment products. The distribution of securities requires knowledge of the investment profile and the risk appetite of investors as well as knowledge of the entire range of securities products. The range of products is broader than simply providing a payment service. Opening the API will not address the complexity of securities, their investment, or distribution.

Hence, the following risks need to be highlighted: fast and easy investment decisions without considering the risks; long term investments made quickly without the possibility of an easy get out; because of standardisation, the possibility of losing niche products and diversity of the market; frictions between platforms; data security; and bank compliance across all offerings and market participants.

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 new digital ID framework proposed by the European Commission could indeed be a new tool brought to the financial services. It would provide a standard-based and interoperable identity solution that could be applied across different data controllers and sectors, both public and private.

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.

Machine readability of disclosure documents is a natural evolution that is already happening in the private sector. One might contemplate that, in the future, markets participants should get full access to this information and the ultimate goal should be to provide retail investors with a single access point. Only machine-readable documents allow the collection of structured data and the use of AI or other data-driven technologies. In a pre-contractual context, machine-readable documents allow for easy translation, summary of data, and running risk filters that take into account clients' risk appetites. However, the use of a standardised format that is machine readable (as already developed by online banking firms in particular) is not optimal from the investor perspective, as this format comes at the cost of its readability by human users. In addition, from a practical perspective, this machine-readable information is far from fully exploited. Machine readability may appear more convenient (particularly for crypto-securities), but for the time being the priority should be to deliver the information to the client in electronic form. Therefore, what matters most is that the content of the disclosure documents should be designed in a way that increases comprehensibility for the investor and not its machine readability. The retail investor should remain the prime recipient of the information and, as such, receive intelligible, concise, clear, and non-misleading information, while the machines should be used as a support to the general orientation of the investors. In conclusion, the DDV is supportive of this evolution in principle, however technology would need to develop first so a lengthy lead time would be needed. Hence the contents of existing disclosures should currently be the focus.

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

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

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

Please explain your answer to question 3.4:

5000 character(s) maximum

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

The diversity of rules, or at least their application by the supervisors in some Member States regarding marketing and advertising of investment products, can result in different levels of information being provided and different standards being applied to disclosures, which could negatively impact retail clients, and ultimately make investment products less accessible. In particular, the pre-authorisation regime for marketing material as implemented by some national competent authorities (NCAs) can be seen as an obstacle due to the restrictions that it imposes on prospectuses.

It should be noted that marketing will be pursued via social media (e.g., Twitter, Instagram, and Facebook) in the future. Furthermore, the use of chats, blogs, and other social forums are driving investment decisions as well as marketing communication. The current framework does not properly cater for these kinds of channels.

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

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

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

Please explain your answer to question 3.5:

5000 character(s) maximum

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

The existing rules on online advertising are already diligently enforced for the products that are already in scope of the Prospectus Regulation and the PRIIPs Regulation. Further strictness would not bring additional benefits. Where such advertisements are provided by investment firms, the current framework and powers granted to competent authorities are sufficient. In addition, where advertising is provided by unregulated entities, unfair competition rules apply, and where investment recommendations are provided by non-investment firms, certain provisions as regards conflicts of interest and organisation requirements apply. In other words, it should be ensured that all marketing channels should be subject to the existing regulatory framework in order not to disadvantage existing channels. There should be a level playing field in the marketing of financial products. This does not mean stricter rules or stricter enforcement.

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.

Overall, the current rules on online advertising and marketing of investment products serve their purpose. Nonetheless, these rules would benefit from more harmonised supervisory practices, as this would contribute to the readability of the offers to retail investors. In particular, a regular review of the implementation of individual requirements by the NCAs would be desirable, also from a level playing field perspective.

Such harmonisation should be principles based in order to leave enough room for innovation in this area as well. What matters is vigilant oversight, accompanied by the exchange of information amongst the EU supervisors as soon as mis-selling practices are detected.

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.

Social media platforms are already a prominent reality in retail investment, including for issuers who integrate them in their business models. For instance, social media platforms are used as channels through which content is delivered on products, and trades are sometimes performed via apps. Some brokers also have their own social media platforms.

They open up a lot of opportunities, and their diversity enables a broad range of individuals to be reached out to who would not have engaged in markets otherwise. However, as illustrated by the GameStop case, observation and oversight should be exercised without stopping this innovative method of incentivising individuals to become retail investors. Frictions in the market by herd investments should be tackled, as they may reflect artificial pricing and misguide the market. Regulators may need to adapt MAR to include these

scenarios in the future. In other words, the provisions foreseen by MiFID II and MAR should fully apply to any distribution of financial products/advice, irrespective of the platform and channel used.

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.

The same rules should apply if social media platforms are used as a channel or if social media platforms themselves disseminate such relevant information.

Recent experiences (in particular about GameStop) plead in favour of the creation of a more structured process, accompanied with warnings for clients. Indeed, brokers were criticised for their decisions regarding offering the products. A clearly defined process would help these situations to be dealt with in an orderly and consistent manner.

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.

We are of the strong view that no additional regulation for online trading is required. For online trading platforms, the appropriateness requirements under MiFID II apply equally. Exemptions only apply to limited non-complex financial instruments. ESMA has published specific guidelines (ESMA/2015/1787) in relation to debt instruments. Online trading platforms are particularly wide-spread in the German market, including platforms that allow the trading of structured products and derivative securities. Over the years, standards have been established that allow a high degree of transparency (for example, as regards cost disclosure) and a high level of compliance with the conduct of business obligations.

As mentioned above, what matters most is a harmonised enforcement, with the capacity to react swiftly and consistently in different jurisdictions if laws are breached. The other crucial element that guarantees investor protection is the application of the principle "same business, same rules", which should ensure that markets participants (including the online-investment platforms) that interact directly or indirectly with retail investors do not escape from the protective regulatory framework. Investor protection rules apply to fintechs and other new market participants. A level playing field is needed, irrespective of the offering of financial products or the distribution channel (i.e., in-person investment advice, online advice, or execution only).

In particular, if third-party providers such as comparison websites encourage clients to purchase certain products, consideration should be given to subjecting these providers (at least partially) to the requirements for investment services companies. It would be conceivable, for example, to apply the general requirements for information duties according to Article 24(3) of MiFID II, so that investors also receive honest, clear, and non-misleading information from third-party providers.

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.

For products offered online in non-advisory business, the idea that lower risk or not overly complex products appear first on listings does not seem well designed to serving the non-advisory business. In addition, such an idea would introduce a misleading categorisation of products. A grouping of the products based on the typology of clients and salient characteristics may make more sense. This is already the current practice where product groups based on target market are defined. Additional information about risks, accompanied by a checklist, are also sometimes foreseen for some categories of products, based on investors' approval. The starting point should indeed be the risk appetite of investors rather than a risk allocation by information provider/social media platforms. Furthermore, focus should be drawn on the opportunities of a financial product coupled with a disclosure of the related risk in order for customers to make an informed investment decision. Lower risk products also present lower returns. There should be a balanced approach in that respect.

We believe in the ability of investors to make decisions on their own as long as this is on an informed basis. More and more investors are so called "self-directed" investors, who have a specific investment purpose and are willing to accept a certain risk-reward profile. They should be provided with the respective information, but the choice of products should not be restricted.

4. Disclosure requirements

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

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

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

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

Question 4.2.1 PRIIPs Key Information Document

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

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

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

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

Question 4.2.1 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 checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Information on cost and charges	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Information on sustainability-aspects of the product	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please explain your answer to question 4.2.1:

5000 character(s) maximum

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

As a general consideration, the Key Information Document (KID) is highly needed but at the moment it exists different information documents which correspond to different products. For instance, if an investor would like to invest in a structured bond, he/she would receive information through the PRIIPs KID, whereas this would not be the case for the purchase of a normal bond (in the latter case, a national product information document would be provided). An alignment at least between the structure and the format of these documents (not necessarily between the methodologies themselves) would be desirable.

a) The general approach for product-related information should be that it is as clear and easy to understand for clients/investors as possible, so that clients/investors can easily find the relevant information. To the extent possible, there should also be consistent language and a consistent publication regime, typically on the website for each product.

Should a proposal to regroup product-related information on a more general level prevail, the focus should be on the highest degree of understandability for clients/investors, whilst avoiding parallel information provided in different formats. Where information is partially provided through more than one channel (for example, cost information is currently prescribed in parallel both by PRIIPs and MiFID rules), only the most far-reaching and appropriate information regime should prevail (in this example, the MiFID regime).

b) Retail investors do not seem to heavily rely on the information provided by the PRIIPs KIDs. This may be an indication of a lack of comprehensibility of such pre-contractual information. In order to fulfil its purpose, pre-contractual information should be presented in a clear and concise manner, so as to contain only the minimum information necessary to enable an informed investment decision and to avoid any duplication of

information equally available through other channels. In our view, cost disclosure could be removed from PRIIPs KIDs as this information is already made available by investment firms distributing financial instruments as required by MiFID II.

c) Studies such as the one performed by Prof. Stephan Paul from Bochum University in February 2019 under the title “MiFID II/MiFIR/PRIIPs Regulation Impact Study: Effectiveness and Efficiency of New Regulations in the Context of Investor and Consumer Protection – A qualitative/empirical analysis” show that, due to 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.

According to a DDV survey, more than a quarter of customers feel that investment in securities is so tedious and the flood of information so annoying that they will be less likely to be involved in the capital market in future. The exit of investors from the capital markets is deeply worrying and represents exactly the opposite of what the retail investment strategy has set as its goal.

Practical experience shows that many clients, including and in particular retail clients, have no interest in information on costs within the meaning of Article 50(1) subparagraphs 2 and 3 of the MiFID II Delegated Regulation (EU) 2017/565. On the contrary, the information overload may be detrimental to effective access to the relevant information.

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?

				Don't know -
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	1 (insufficient)	2 (adequate)	3 (excessive)	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"/>

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"/>

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 language used in pre-contractual documentation seems to be at an acceptable level of understandability. There is, however, room for improvement. A more harmonised approach regarding the language used would be desirable, and a reduction of the level of detail in the information provided – where possible – could lead to better understandability.

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 KID should be provided before the investment decision is made, as required by the PRIIPs Regulation.

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.

Generally, one of the major aims of the PRIIPs Regulation is to establish the comparability of investment products. The underlying question is, however, to what extent comparability should be prioritised, especially if it is detrimental to understandability. PRIIPs KIDs in their current standard seem to contain too many and too detailed elements, such as performance scenarios and cost tables that even hinder comparability rather than facilitating it.

As long as the requirements for the presentation of performance scenarios and cost tables in the PRIIPs Regulation are not differentiated for products with different features, the results - and that is what retail investors ultimately look for in the document - are rather confusing and (in the absence of further explanations) incomprehensible to the retail investor. Consequently, the statement of the performance scenarios and cost tables do not contribute to a better understanding of the product, since the comparability is only theoretical in the current context. In fact, performance scenarios and costs of products with different features - as provided for in the PRIIPs Regulation thus far - are not suitable for comparison. In our view, potential retail investors are merely being led to believe that they can make comparisons.

Therefore, the assessment of the comparability of investment products should be aligned with the comprehensibility of these products. A more flexible approach to comparability (e.g., by accepting the comparability of products within specific product categories only) would promote comprehensibility, the latter being of higher importance. Comparison of different products can only be meaningful insofar as these products have comparable features. Otherwise, it may result in potentially misleading information.

The new PRIIPs Regulatory Technical Standards published by the ESAs on 3 February 2021 have changed significantly the content of the KID by amending the requirements on performance scenarios and cost tables of structured products. It is questionable whether these changes will have a positive effect on comparability.

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.

Greater value should be accorded to understandability than to comparability between different products alone. Comparability matters most within the same product category and should not be expanded artificially to different categories of products that, by their nature, cannot be compared due to their different features. In other words, "strong comparability" should be the ultimate goal within a product category, while "reasonable comparability" and a level playing field would make more sense between product categories.

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.

A specific challenge of the MiFID framework, which is linked to its scope and regulatory density, stems from the overlap with other EU rules applicable to the same business or activities. This is particularly the case for the diverging cost disclosure regime under PRIIPs and MiFID. Furthermore, the Prospectus Regulation equally provides for the disclosure of costs in the summaries. In this case, either the costs according to the PRIIPs Regulation or according to MiFID II must be disclosed. From the investor's point of view, this is not ideal, as it means that different costs are mentioned in different disclosure documents. This obstructs the understanding of financial products by retail investors and contributes to information overload.

With regard to the calculation methods of costs or cost components to be disclosed, there are inconsistencies between the two sets of regulations that hinder the comprehensibility of cost disclosure information provided to the client. This synchronisation of the MiFID II requirements (entry costs – upfront, ongoing costs – running fees per annum, and exit costs) with the requirements of the PRIIPs Regulation (Reduction in Yield, i.e., the impact of raw costs on annualised return) is also being sought by ESMA. In connection with the harmonisation of the calculation methods, a uniform model for cost disclosure would also be desirable. This would eliminate the current legal uncertainties, improve comprehensibility, and increase cross-product comparability for investors.

The DDV considers the alignment of the calculation methods and the reporting of costs to be a high priority. Since the reporting of costs under MiFID II is more comprehensive and includes not only the costs of the financial instrument but also the costs of the service, the MiFID II cost information should form the basis for an alignment. It should also be evaluated whether the MiFID cost information should be the only source in order to avoid misunderstanding for the client and reducing unnecessary duplication.

MiFID II has also established a comprehensive cost disclosure regime, including a requirement to provide clients with appropriate information on costs in relation to financial products as well as investment and ancillary services in a timely manner (i.e., before any transaction is concluded and on an annual basis, in certain cases).

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 does not foresee a special risk indicator, and the PRIIPs risk indicator is based on the PRIIPs RTS and computed in a consistent way. However, the introduction of discretionary elements in relation to the risk assessment (e.g., the summary risk indicator) creates a significant source for potential divergences of PRIIPs KIDs due to subjective views and assessments of different manufacturers. It also renders products – potentially even within the same product category - less comparable and creates an additional source of inconsistency.

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.

Generally, the requirement to provide further information under the performance scenarios with the aim of enhancing the comprehensibility of KIDs seems counterproductive as more explanation (particularly if the explanatory notes allow discretion on the part of the manufacturer) will result in more confusion for retail investors and hence even less transparency. This, in turn, will have a negative impact on comprehensibility – contrary to the intention - and diminish investors' confidence in these products.

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

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

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

	1 (not relevant)	2 (relevant, but not crucial)	3 (essential)	Don't know No opinion Not applicable
Product objectives /main product features	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Costs	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Past performance	<input type="radio"/>	<input type="radio"/>	<input 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.

The most crucial elements are risk indicators and performance scenarios (in particular forward-looking for structured products). The other elements, such as product features, objectives, guaranteed return, and capital protection mechanisms, are better addressed in the factsheet of the funds, or term sheet/marketing material of structured products, rather than in the KID. The KID is primarily a regulatory document, very prescriptive, and given the three-page limitation should focus on quantitative and objective data only (i.e., the two crucial elements mentioned above).

Other – albeit less crucial, but still informative and helpful - elements for retail investors include product objectives/main product features, guaranteed returns, capital protection, and ease with which the product

can be converted into cash. If the aforementioned information is disclosed in documents for which the legal requirements are less prescriptive, in particular only in marketing material, there is the risk that information that is less attractive to the investor (e.g., restricted liquidity) will not be presented on an equal footing with the product benefits.

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.

As outlined above, it is desirable to harmonise and even synchronise the presentation of costs under the PRIIPs Regulation and MiFID II. The alignment should be based on the MiFID II approach, or only MiFID II information should be given. Only MiFID II contains a requirement to provide ex post information on costs. Furthermore, the PRIIPs requirements on costs are not consistent and it is questionable whether cost disclosure should remain an item in the PRIIPs KID.

Under the current PRIIPs Regulation, the disclosure on costs might be confusing to retail investors, particularly for (leverage) products with a maturity/recommended holding period of less than one year. In a worst case scenario, the presentation of costs for these products can lead to the impression that the costs exceed the possible income in any case and that a profit is therefore not possible. In fact, however, no products are issued for which the probability of a profit is only slight or does not exist at all. In this respect, from our point of view, it is currently not ensured that the costs and their effects are presented in a meaningful way for the retail investor.

Excursus: DDV members aim to offer financial products that are competitive and distributed through cost-effective distribution systems to retail investors.

As an illustration, the study performed in 2017 (which is currently updated) on "Total costs and cost components of investment in retail structured products" by academics including Prof. Dr Koziol (University of Tübingen), Prof. Dr Johanning (WHU Otto Beisheim School of Management), and Prof Dr Müller (Humboldt University of Berlin) gave insightful information on structured product costs.

This study, based on 24,830 structured products with an issuance volume of 8.169 billion euros, aimed to investigate the total costs of investment in structured products. Based on this academic assessment, the conclusion (which might surprise some people) was arrived at that the annual cost of investing in structured products amounts to 0.71 percent on average. This amount entails three components: 0.3 percent for the expected issuer margin, 0.32 percent for the sales commission, and 0.09 percent for the front-end load. Even with the hedging costs included (the transaction costs for the purchasing product components) the costs do not exceed one percent.

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.

Three pages are a good standard, however, not always easy to adhere to in practice. Deviations, such as the gold plating witnessed in Belgium due to the NCA requirement of non-prescribed wording, should be avoided.

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 disclosure regime should generally apply to all financial instruments in the same way. There are no convincing arguments for exempting or tightening the requirements for certain products, based on a product's alleged "simplicity" or "complexity". While it may be arguable that the presentation of performance scenarios is preferable for more complex products only, this would ultimately lead to another level of differentiation, which would render comparability even more difficult. Furthermore, it will be difficult to define clear criteria for an objective assessment of the complexity of a product.

It should also be kept in mind that regulatory requirements introduced by MiFID II, such as those relating to product governance and cost disclosure, have been justified exactly with regard to "packaged" products. Introducing a distinction based on a notion of "simplicity" of products would run contrary to the underlying legislative objectives.

In any case, the question of whether products classify as "complex" or "non-complex" does not provide an appropriate basis for deciding about potential additional requirements for a subset of products. This topic will be addressed in more detail in section 9 "Addressing the complexity of products".

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.

A phase-out of paper-based information makes sense for pre-contractual disclosure documents. MiFID II has a preference for information to be provided on paper rather than electronically (via pdf or an Internet link). The latter is only allowed if further conditions are met. However, in light of the ongoing digitisation, the preference for paper-based information is antiquated.

Furthermore, providing information on paper consumes many resources (such as energy and paper) and therefore runs counter the ambitious targets of the EU with regard to sustainability. As a consequence, paper-based information should be the exception and should be maintained only upon the client's request. In addition, it is of the utmost importance that there is an alignment in the way pre-contractual disclosure documents are put at the disposal of the investors. The fact that the MiFID II information (e.g., suitability report and ex-ante cost information) can be sent electronically to the investor, whereas the PRIIPs KID still needs to be provided to the investor in paper poses a difficulty. Therefore, the PRIIPs Regulation should be aligned with the MiFID II in this respect.

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.

Information documents should always be drafted in the language that the contracting parties have agreed to use for communication (according to Article 47(1) point (b) of the MiFID II Delegated Regulation, the investment services firm must inform the client of this language). In many cases, this will be the language of the country in which the distributor distributes the products.

However, bilateral agreements on communication between distributor and client should always be possible and should be given priority.

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.

The challenges regarding the retail disclosure documents have been touched upon in the previous responses, namely the scope, the regulatory density, and the imperfect correlation between the EU rule sets, the latter arising from diverging legal or technical concepts applying to the same business areas.

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

	1 (not at all important)	2 (rather not important)	3 (neutral)	4 (somewhat important)	5 (very important)	Don't know - No opinion - Not applicable
There are clear rules to prescribe presentation formats (e.g. readable font size, use of designs/colours, etc.)?	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Certain key information (e.g. fees, charges, payment of inducements, information relative to performance, etc.) is displayed in ways which highlight the prominence?	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input 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 checked="" type="radio"/>	<input 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 type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Use of hyperlinks is limited (e.g. one click only – no cascade of links)?	<input type="radio"/>	<input 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 checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input 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.

We believe that the PRIIPs Regulation was a good starting point to generally improve the understanding of retail investors of investment products. However, too much emphasis was placed on the comparability of investment products to the detriment of understandability.

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.

Comparability has certainly improved. As pointed out above, this goal should nonetheless not be pursued at all cost. Comparability of products within pre-defined product categories is certainly helpful, whereas comparing products across different product categories may give rise to confusion. Elements such as performance scenarios and cost disclosure hinder comparability in products that are addressed to completely different kinds of clients.

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.

Overall complaints are low but, given that PRIIPs KIDs are not read in practice, it is difficult to attribute this to the merits of the PRIIPs KID.

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.

Yes, with respect to PRIIPs KIDs.

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

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

- If the KIDS were available on an EU website, it would be difficult to limit an offer of financial instruments to certain investors or certain Member States. An offer in all EU Member States would possibly require the publication of further documents/the conducting of further authorisation procedures for the products.

- If the KIDS were available on a national website, it would be difficult to limit an offer of financial instruments to certain investors. If the issuer/offeror decides to market a product to any retail investor, any such investor can go to the website of the issuers/offerors and find the KID by navigating to the product-specific website (e. g., by entering the specific ISIN in the search field on the website of the issuers/offerors).

- The current practice that all information on a particular product (e.g., for structured products, the KID, the (base) prospectus/final terms, and other legally required information) is published on a single product-specific website is sufficient.

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.

In our view, there is a need to revise the requirements imposed by the PRIIPs Regulation on KIDs, as the regulatory requirements lead to information sheets that are not comprehensible for investors in a satisfactory manner. The consequence is that many clients do not read the KIDs at all because they do not offer them any added value. A recent survey conducted by the DDV shows that the majority of investors rely on product information from sources other than the PRIIPs KID (e.g., media reports and marketing material). Only 15.3 percent of investors use the PRIIPs KID as a basis for their investment decision.

The problem described concerns, in particular, the performance scenarios as well as the costs. In this respect, the comprehensive review set out in Article 33(1) of the PRIIPs Regulation is absolutely necessary, as the requirements must be improved. This is particularly important against the background of the major objective of the PRIIPs Regulation, which was and remains to improve investor protection and, in particular, to increase the transparency and comprehensibility of financial products.

We would like to describe the following point in more detail:

- Correction of incomprehensible presentations of scenarios for performance and cost information in KIDs

The presentation of different scenarios currently provided for the illustration of the performance within the scope of the KID does not fulfil its purpose in any respect and thus represents one of the biggest problems in connection with the implementation of the PRIIPs Regulation. Both the presentation and, above all, the prescribed calculation methodology lead to results that can be absurd and are not comprehensible for retail investors. The market watchdog team of the consumer centres has also used practical examples to show that much of the content of the information sheets is highly problematic from the consumer's point of view and has called on the European legislator to remedy the deficiencies.

It has been shown that the methodology specified down to the last detail across different products in the scope of application of the PRIIPs Regulation is not practice oriented. In particular, the fact that the scenarios are to be determined on the basis of the historical performance of the underlying leads to improper results in practice for some products.

Therefore, a more purposeful approach is to put the calculations back into the issuers' area of responsibility, as was the case with the German product information sheet. Here, there was greater freedom to choose different meaningful scenarios, which led to real added value for the investor. The client could see what amount they would receive if the underlying asset performed under different market conditions. With such an approach, the product-specific peculiarities could and should also be taken into account, and the investor will

be able to understand potential performance and the functioning of the product in a comprehensible and balanced way.

If the EU legislator is of the opinion that there should be no fundamental departure from the presentation and calculation currently required by the PRIIPs Regulation, we believe that at least the requirement for the calculation of interim scenarios should be waived. In addition, the ESAs correctly identified the growth rate within the performance scenario calculations as root cause for biased and meaningless figures, and included this topic in the consultation. However, nothing was changed, at least not for category III products. A theoretically founded, practically implementable, and consistent approach would greatly assist the performance scenarios providing value.

The calculation and presentation of costs are also not purposeful. The divergence between the calculation of costs according to MiFID II and the prescribed methodology according to the PRIIPs Regulation is a particular problem that leads to incomprehensibility for retail investors. A synchronisation of both sets of regulations is urgently necessary so that, for example, the ex-ante cost statement according to MiFID II can correspond to the cost statement in the KID.

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.

As mentioned in our response to question 4.10, the Belgian regulator requires that manufacturers insert specific wording that increase the size of the KID. Such discrepancies and gold plating should be avoided as it goes against the purpose of the PRIIPs Regulation.

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.

The supervision of PRIIPs KIDs is not always consistent across Member States. National obstacles can be observed, for instance, in the form of the checks performed on marketing material.

The supervision of PRIIPs KIDs should benefit from a consistent approach of the provisions that are foreseen in the EU regulation. However, national regulators should sort out at the national level the best way of complying with the EU regulations, based on national markets' specificities.

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

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

€

Please explain your answer to question 5.6 a):

5000 character(s) maximum

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

The number indicated above is meant per issuer and it is the upper number of a range estimated between 3 and 5 million.

The manufacturing costs for PRIIPs KIDs are very difficult to estimate, as a difference has to be made between the initial costs of setting up the machines and systems and the costs of running them. Any changes stemming from the introduction of new products or changes that need to be made to running systems have an impact on costs.

Large issuers estimate, however, costs of between three to five million euros (per issuer) for setting up the processes.

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)

1000000

 €

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.

Running costs are estimated at over one million euros per year (per issuer).

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 specify to what other factor(s) you refer in 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.

All of the factors above have a huge impact on costs. In addition, the storage of previous KID versions as well as search functions for up-to-date KIDs increase the costs.

Please explain your answer to question 5.8:

5000 character(s) maximum

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

Multiple-Option Products

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

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

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

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

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

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

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

Please explain your answer to question 5.9:

5000 character(s) maximum

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

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.

As elaborated above, the KID in its current format is not consulted by the majority of investors before their investment decision. Against this background, it is highly unlikely that previous versions will benefit from more attention. Storing and making available previous versions of the KID will also involve more costs for issuers. The question is whether the advantages of providing them outweighs the increased cost factor.

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.

The current prescription of a review at least every 12 months and a further review if there are significant changes has proved feasible and generally acceptable. However, it would be helpful if the requirements that trigger a review before the expiry of 12 months were further specified. Also, the exemption from an update during the initial subscription period should apply without exceptions.

Please explain your answer to question 5.12:

5000 character(s) maximum

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

6. Suitability and appropriateness assessment

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

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

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

Please explain your answer to question 6.1:

5000 character(s) maximum

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

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.

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 an important safety net to ensure investors are made aware of product features, including risk levels.

Non-advised services of investment firms have found comprehensive and balanced regulation in MiFID II as well as in the European and national provisions for their specification and implementation, which does justice to this special sales situation. Here, investment firms ensure client protection with respect to non-advised services mainly by providing information that meets the requirements of Article 24(5) of MiFID II. Clients or potential clients must be provided with information that “reasonably” enables them “to understand the nature and risks of the investment service and of the specific type of financial instrument that is being offered and, consequently, to take investment decisions on an informed basis.” This information-based client protection is supported – excluding cases of execution-only services– by the appropriateness assessment of Article 25(3) of MiFID II, which requires investment firms to verify, on the basis of client knowledge and experience, whether a client can adequately assess the risks of the type of investment service or product they are requesting. A key principle of the appropriateness assessment is that investment firms may fundamentally rely on the information provided by clients on their knowledge and experience. Another characteristic feature of the appropriateness concept is that a negative result of the appropriateness assessment does not prevent the execution of a transaction.

The conceptual difference between appropriateness and suitability is not indicative of a protection deficit in the appropriateness concept. Rather, the design of the appropriateness assessment and its consequences in the MiFID II regulations reflect the needs of the client groups that typically use investment services that do not require advice. These are self-directed investors who make a conscious decision not to seek out the support of third parties, whether in the form of investment advice or asset management, but rather make their own investment decisions. This group of investors, whose guiding principle is “informed investment decisions”, needs and wants investor protection through proper, correct, and comprehensible information. It is proper that MiFID II also obliges investment firms to check the appropriateness of the transactions in question against the benchmark of informed investment decisions, and to clearly warn non-advised clients about inappropriate transactions. This additional protective mechanism does nothing other for non-advised services than concretise the general obligation of investment firms to act in the client’s best interest; the concept of the statutory regulation does not include any further protective mechanisms. In particular, the concept of the appropriateness assessment also respects the freedom of the non-advised client to disregard warnings on an informed basis, and to decide to carry out potentially inappropriate transactions.

For these reasons, the suitability assessment requirements are not one to one transferable to non-advised services. The latter are tailored to the needs and preferences of investors who act on their own initiative and make their own investment decisions (“self-directed investors”). This will hopefully be taken into account by the ESMA Guidelines on certain aspects of the MiFID II appropriateness and execution-only requirements.

The design of the appropriateness should always be weighed against the capacity to access the products for clients who prefer non-advised services. In other words, the right balance should be kept between a high level of investor protection and the availability of products for clients who buy on their own initiative.

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.

We are of the firm opinion that the added value of financial service providers is the diligent delivery of personal advice when needed. The expertise ultimately lies with them. That said, when the investor voluntarily turns to non-advised business, the appropriateness test is a very valid instrument. Based on our practical experience, the existing appropriateness test works properly and there is no need for fixing a mechanism that is satisfactory. It should be noted that this test is performed almost systematically by German financial institutions, which use the possibility of "execution only" in very rare cases only. This is deemed to constitute a further layer of investor protection.

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

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

Please explain your answer to question 6.6:

5000 character(s) maximum

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

The rules on appropriateness tests have also proved to be adapted to online banking.

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.

The legal consequence of a negative appropriateness assessment or an appropriateness assessment that could not be conducted is limited to an obligation to warn. This presupposes the permissibility of executing even inappropriate transactions at the request of the client following corresponding warnings.

Given the nature of the relationship firms have with clients when offering non-advised services, a strictly prescriptive approach (e.g., limiting the number of attempts or imposing a cooling off period in the case of assessment retakes; updating client information without a consistent motivation) would not provide added value. This implies though that prominent, effective, and intelligible warnings are issued as a way of preventing possible harmful transactions.

Although warnings must not be ambiguous and imprecise, they should be allowed to be fairly generic. Every year, there are hundreds of thousands of new and different individual products with their own ISIN, so a granular analysis per product would be impossible in a fairly automated process. Certain firms have policies and procedures which would imply that a client may not be allowed to proceed with a transaction after having received a warning (although such restriction does not follow from the rules in themselves). German banks often take this into account with non-advised services for higher-risk leveraged products by providing clients interested in such transactions with a separate risk explanation and warning before the clients conclude such transactions for the first time. In this regard, it might be advisable to refer to “leveraged financial instruments” pursuant to Article 62(2) of the MiFID II Delegated Regulation.

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.

The appropriateness test is a further level of protection that prevents investors from buying products whose risks are not fully understood. For these reasons, in Germany, almost all banks pursue an appropriateness test for all products. This is not perceived as an obstacle and ensures a certain level of investor protection, as self-evident with regards to, for instance, a penny stock or a high-yield bond, which can bear huge risks and which certainly should not be bought easily by every investor.

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

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

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

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

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

Please explain your answer to question 6.9:

5000 character(s) maximum

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

The legal requirements for target market identification and review, which were further specified by ESMA in its guidelines on product governance, are sufficient - especially since the requirements will be supplemented next year by sustainability preferences, which will be taken into account both in target market identification and in target market review. Further substantial requirements are not necessary, all the more as the level 2 requirements already go far beyond the level 1 provisions.

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

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

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

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

Please explain your answer to question 6.10:

5000 character(s) maximum

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

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

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

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

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

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

Please explain your answer to question 6.12:

5000 character(s) maximum

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

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

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

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

- Yes
-

No

Don't know / no opinion / not applicable

Please explain your answer to question 6.13:

5000 character(s) maximum

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

7. Reviewing the framework for investor categorisation

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

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

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

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

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

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

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

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

Please explain your answer to question 7.1:

5000 character(s) maximum

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

We should not lose sight of the ultimate objective of client categorisation - facilitating the access of retail investors to financial products that are appropriate to their needs and expectations. This means that appropriate facilitation is part of the efficiency of the framework and that overstretch (in terms in particular of consumer protection and of provision of information) should be avoided.

Based on the facts, there is a clear need for improvement in this respect, as illustrated, for instance, by the number of investors switching from the retail to the professional category, which occurs far too rarely: the share of investors taking advantage of this possibility is below one percent in some financial institutions. It cannot be ignored that the current definition of professional investors is too narrow.

Investor associations have stressed that individual investors would be ready to invest in financial products that are now only open to professionals (70 percent of the respondents to a Finnish survey would be in this case). This illustrates the appetite of some retail investors to venture in full awareness outside a very limited area of investment.

Having established the need and the appetite for such facilitation, two avenues may be discussed:

- o Improvement of the existing framework:

MiFID II already provides the possibility for experienced retail clients to be treated as professional clients (by opting up for the professional category) and waive some of their protections (upon request and if they fulfil the conditions of Section II of Annex II of MiFID II). Consequently, and in conjunction with the information overload described above, several avenues may be explored. We share with ESMA the opinion that the calibration of such possibility could be made more flexible, and that the hurdles to be qualified as a professional investor should be adjusted. In other words, easements for retail clients should be contemplated while using the possibilities offered by the existing regulatory toolkit. It is indeed worth analysing whether these conditions for "opting-up" (from retail to professional) should be changed. In our opinion, knowledge and experience should be the priority criteria for this purpose. It should be noted that experience and knowledge are stable criteria, contrary to wealth and number of financial transactions, which need to be monitored, for instance, on an annual basis. As far as the size of the client's financial instrument portfolio is concerned, we are of the opinion that this criterion should not matter and no threshold should be applied. In any case, we would like to highlight that it is of importance that, with respect to the assessment whether a client possesses the necessary qualifications, investment firms can rely on the information provided by the client as stipulated in Article 55(3) of the MiFID II Delegated Regulation and that no further manual reviews are necessary. This principle matters particularly in highly automated environments with little personal

contact with end clients (e.g., in the case of online brokerage), where the reliability of client data should not be questioned.

o The creation of a new category or sub-category:

In Germany, another client category between private investors and professional clients was created in the German Investment Code (Kapitalanlagegesetzbuch, KAGB), adding a “semi-professional investor” category (Section 1(19) no. 33 of the KAGB). This was intended to remedy grievances from institutional investors such as foundations or associations, who could not meet the high requirements to achieve the status of a designated professional investor, but who, as institutional investors, incidentally had the experience, expertise, and knowledge of a professional investor and had a correspondingly lower need for protection, but nevertheless had to be assigned to the unsuitable category of private investor. However, these efforts were not helpful in practice as the criteria were too high, which is an argument that should be taken into account in the current discussion. If the contemplated opt-up and the recently agreed upon opt-out (through the MiFID II quick fix) regimes do not bring the expected results, the option of a new category of clients might be explored further, provided that this concept is looked at on a voluntary basis so that financial institutions have the option of applying it depending on their specific client situation. In addition, the current client segmentation should be maintained (i.e., this new category should be a sub-category of retail clients or professional clients) and all clients should be treated according to the stricter standards of the broader segment (e.g., retail clients). This would also imply adapting retail business-linked IT systems and point of sale processes (on customer verification and documentation).

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

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

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

Please specify to what other criteria to measure a client’s experience you refer in your answer to question 7.2 a):

5000 character(s) maximum

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

A qualitative approach to justify the investor’s experience by relying more on their actual knowledge (whether acquired by themselves or on the basis of training that the financial institution could provide) or experience should be the guiding principle, and not only the number of transactions.

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.

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.

As a matter of principle, the level of wealth is not seen as a relevant factor in Germany, in particular as too high criteria do not correspond to the reality of what is invested.

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.

Broadening the scope of accepted functions, for example, to include people with higher education in finance and/or professional functions in industry that require financial skills.
The experience and knowledge criteria is fundamental, and presents the advantage of not requiring annual monitoring (as the number of transactions and the size of the portfolio do).

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

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

Please explain your answer to question 7.2 d):

5000 character(s) maximum

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

Criteria that prove experience and knowledge as investors should be welcomed as a matter of principle. Further to the criterion ticked above, an academic degree, experience as executive or board member, and as business angel, may also be relevant.

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

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

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

Please explain your answer to question 7.3:

5000 character(s) maximum

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

8. Inducements and quality of advice

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

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

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

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

In our view, the existing MiFID II requirements on the provision of investment advice and around the payment of commissions and other forms of inducements to distributors of financial products already ensure the effective protection of retail investors against receiving biased advice due to potential conflicts of interest. In particular, the restrictions on the use of inducements are highly effective measures in practice. Most importantly, any payment must be designed to enhance the quality of the relevant service to the client and 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, and the general obligation that any payments to investment firms for the distribution of investment products must also be clearly disclosed. In fact, the existing inducement regime has, in our view, turned out to be highly useful and effective for ensuring adequate retail investor protection. From our German market perspective, the European framework on inducements is established in the European system and in the practice of investment firms. The current regulatory framework on inducements is, in our view, sufficiently robust to effectively protect retail investors against receiving biased advice due to potential conflicts of interest. From a German industry perspective, it thereby strikes an appropriate balance between the crucial need of retail investors for protection on the one hand and the resulting need of investment firms for financing any quality enhancing services on the other hand. In summary, we do not see any need to amend the current European legislation on the provision of investment advice and around the payment of commissions and other forms of inducements to distributors of financial products. In fact, we have so far not become aware of any reliable objective evidence showing that the current regulatory framework would be ineffective, harm investor interests in any form, or otherwise jeopardise investor protection.

In our view, the concept of transparency implied by the regulatory framework on inducements is in fact key to protecting retail investors: From an investor perspective, the transparency on inducements paid or due is the most important aspect; it allows investors to make an informed investment decision. We strongly agree with ESMA that the use of costs and charges disclosure is an effective means to comply with the inducement disclosure obligations of investment firms in accordance to Article 11(5) paragraph 2 of the MiFID II Delegated Directive (see ESMA Technical Advice, p. 16).

Against this background – and rather than amending the existing effective regulatory framework on inducements – regulatory focus should be strictly on ensuring the compliance of market participants with the existing inducement disclosure rules.

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.

It would contribute to an "advice gap" or a "service gap" for the important share of the retail segment where firms rely on inducements to maintain/ enhance the quality of the relevant service to the clients.

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.

The abovementioned gaps (i.e., less available/quality advice for retail investors) will then, in our view, pervert the intended investor protection, and will in fact result in less investor protection.

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

5000 character(s) maximum

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

A recent survey performed by Kantar in Germany (in the form of interviews of more than 2,000 people aged 14 and over) indicates that 25 percent consider personal investment advice as extremely important and 28 percent as very important. Some 74 percent are not willing to pay for counselling on an hourly rate basis and, if there were a fee to be charged for advice, 38 percent would seek advice less frequently.

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.

An outright inducement ban would challenge the level playing field between different investment products, such as funds, insurance-based investment products, and debt instruments. This may have detrimental consequences on the amount of products offered, therefore on the amounts of products invested in by retail investors.

From a more global perspective, an outright ban on inducements for every retail investment product across the Union would further weaken the relative weight of the EU's financial sector on the world stage, putting retail and private banking at a disadvantage against other large jurisdictions where no inducement bans exist.

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

	Yes	No	Don't know - No opinion - Not applicable
In the case of investment products distributed under the MiFID II framework?	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

In the case of insurance-based investment products distributed under the IDD framework?	<input type="radio"/>	<input checked="" 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.

As previously explained in our response to 8.1, in our view, the existing MiFID II requirements on the provision of investment advice and around inducements already ensure the effective protection of retail investors, particularly from receiving poor advice due to potential conflicts of interest. In our view, the existing framework has proven to be highly effective for ensuring adequate retail investor protection, whilst striking, from a German industry perspective, an appropriate balance between the crucial need of retail investors for protection on the one hand and the resulting need of investment firms for financing any quality enhancing services on the other hand.

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

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

Please explain your answer to question 8.4:

5000 character(s) maximum

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

There are indeed differences between the MiFID II and IDD inducements regime that need to be addressed and aligned before considering changing the MiFID rules. This would ensure a level playing field of investment products (such as stocks, bonds, UCITS funds, ETFs, structured products, and insurance-based unit linked products) irrespective of the wrapper in which they are held. From a retail investor perspective, there is, in terms of inducements and conflicts of interest, no difference between a structured product in the scope of MiFID II and an insurance-based unit linked product under the IDD. This holds in particularly true since, as also admitted by the European Commission, insurance-based investment products are often sold as potential alternatives or substitutes to retail investment products sold under MiFID II. In our view, it is consequently not reasonable that the use of inducements is restricted (i.e., any payment must be designed to enhance the quality of the relevant service to the client and 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) in relation to MiFID II structured products only, whilst no such general prohibition on the payment of inducements exists under the IDD if the distributor declares that advice is given independently. The same applies to building society products. This unjustified unequal treatment of financial instruments in the scope of MiFID II compared to other similar investment products leads to a distortion of competition and should be eliminated by harmonising the requirements for comparable products. Such alignment of the rules on the payment of inducements to

distributors of products sold to retail investors across MiFID II and the IDD would then ensure sufficiently homogenous treatment of these products across the EU, thereby reducing potential product arbitrage. Only harmonised regulation and consistent regimes across the EEA will, in our view, reduce potential market distortions and ensure proper investor protection.

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.

As previously explained in our response to 8.2, an outright ban on inducements for every retail investment product across the Union would, in our view, in particular result in less investor protection, but would not impact the amount invested by retail investors in capital markets (specifically equity investments), because the capital invested by retail investors depends primarily on their available net wealth – and not on the existence of an inducement.

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 use of payments for order flow (PFOF), where a broker (investment firm) directs the orders of its clients to a single execution venue (i.e. a trading venue as defined in Article 4(1)(24) MiFID II) for execution against remuneration, appears to be increasingly popular as a business model, in particular in the context of newly established online brokers (known as “neo brokers”). Being compensated by such execution venues, neo brokers are able to offer their services with low – or even no – direct fees to their clients. In this respect it is also interesting to note as a first indication that a recent publication made by “Finanztest” - <https://www.test.de/Smartphone-Broker-im-Test-5468655-0/> (23.07.2021) -states that they did not find out evidence of greater spreads. This may need further investigation.

While, on one hand, this practice seems to contribute to a very significant increase in clients investing in financial instruments and thus fosters – the highly desirable – investor participation in capital markets, on the other hand, it may raise concerns in terms of potential conflicts of interest due to payment of inducements and fulfilment of the obligations surrounding best execution of client orders (i.e., an obligation to execute orders on terms that are most favourable to the client).

Where the business model of neo brokers is based on payments received from cooperating trading venues, it should be kept in mind that the use of inducements (i.e., fees, commissions, and monetary or non-monetary benefits) in general is already very restricted, i.e. any payment must be designed to enhance the quality of the relevant service to the client and 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. According to ESMA, the quality enhancement provided should go beyond aspects of the firm's organisation or services that are legally required or that can be considered as essential for its functioning. Any payments must also be clearly disclosed – transparency is a crucial aspect for the investor.

Like any other investment firm, neo brokers also have the duty to apply the principal of best execution. It must be ensured that there are no incentives to route client orders to the highest bidder rather than to the execution venue offering the best prices and fastest execution. If a broker cooperates, for instance, with several trading venues and gives its clients the choice between these several trading venues, the broker must present the trading venues in a manner to its clients that is not influenced by inducements paid by any of these trading venues. Pre-determination of a particular trading venue might go against best execution principles. As outlined by ESMA in its Questions and Answers On MiFID II and MiFIR investor protection and intermediaries topics, MiFID II does not prohibit firms from selecting only one execution venue to execute client orders in a given class of financial instruments, provided that they are able to demonstrate that this choice enables them to consistently get the best results for their clients. However, from an investor perspective, it may make a difference if only one or several executions venues are offered. In addition the brokers are in competition with each other and are dependent on satisfied customers. If a customer is dissatisfied with his order execution, he is free to change providers at any time. Even today, many (self-deciding) investors have accounts with various online brokers.

In order to comply with the requirement under Article 24(1) of MiFID II to act in the best interests of its clients, firms will need to regularly assess the market landscape to determine whether or not there are alternative venues that they could use. It is indeed of utmost importance that the best execution venue is chosen in the interest of the clients.

It seems that the PFOF may take different forms in practice. From our point of view, the effects of PFOF should be carefully analysed before making any policy decisions. This analysis should in particular take into account the use of third party payments by the broker, potential detrimental effects on the execution quality and the transparency to the clients of the broker.

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

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

Please explain your answer to question 8.7:

5000 character(s) maximum

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

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

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

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

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

5000 character(s) maximum

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

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.

Robo-advisors (i.e., online platforms providing automated investment advice, and in many cases also portfolio management) are in principle (and depending on how a particular platform is structured and on what contractual arrangements are agreed with the users) subject to the same rules as traditional “human” advice – both in terms of required authorisation as well as of investor protection rules under the MiFID II and IDD frameworks.

In its administrative practice, BaFin in fact takes the view that robo-advisors conduct the same business as traditional financial institutions, thereby creating the same risks for (retail) investors, and therefore should comply with the same regulatory framework as traditional financial institutions. In a nutshell – “same business, same risk, same rules”.

Whilst 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, in our view, also present risks to investors resulting from, for example, simplistic and non-dynamic algorithms that may not create efficient investment portfolios or result in erroneous recommendations/trading instructions. In particular, the quality of the investment services received by investors from robo-advisors depends on the kind and quality of data entered by the investor into the system.

Investors need to be aware of how the provided data could influence the results of the robo-advisor where incomplete or inaccurate information may even result in erroneous recommendations/trading instructions. In contrast to traditional investment services provided by traditional financial institutions, investors relying on robo-advisors often cannot assess why a specific financial product is recommended to them and, for instance, fail to understand that even automated investment advice may be influenced by (inducements) preferences of the provider of the robo-advisor.

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.

Robo-advisors may not be appropriate for every kind of product and situation. For instance, they have an inherent limitation with regards to structured securities due to the fact that they assume the linearity of products. Therefore, while tools of portfolio management are deemed useful for these products, robo-advisors shall always be regarded as a possible but not a mandatory complement to human advice. From a more general perspective, in the long run, a combination of robo-advisors and human financial advisors seems to be the most effective approach, as they are complementary and should not exclude each other.

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

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

9. Addressing the complexity of products

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

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

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

Please explain your answer to question 9.1:

5000 character(s) maximum

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

We conceptually agree with the merits of simple, transparent, and cost-efficient products for retail investors in particular. Non-complex products, however, are not automatically risk-free and easy to understand for investors – and complexity per se is not automatically harmful to retail investors and may even include product characteristics that are designed to add value (e.g., principal protection) for investors. In other words complexity should not be confused with risks.

In our view, the existing concept of complexity (as opposed to simple, non-complex products) cannot be seen as stand-alone lighthouse of investor protection, particularly as there are various other reasonable alternative approaches to determine complexity.

Based on the IOSCO and EU approaches, as well as the academic views detailed in the “Additional Information” section of this consultation, we are of the opinion that any potential future actions should be undertaken from an investor perspective. In addition, a detailed assessment of the supervisory practices in different countries is needed, as these practices are fragmented (in part, also by the application of rules predating MiFID II by some NCAs).

For this purpose, the following avenues may be explored:

- Putting the investor at the centre of the analysis and focusing on their understanding of the risks and performance offered by the products; the comprehensiveness of the investment should not be decisive, but rather the ability of the investor to assess the balance between risk and reward expectations.

The investor’s conception of complexity should be put at the centre, as well as their experience of it (cf. the above mentioned study “Complexity of Financial Products: a Quantitative and Economic Approach” above). It could even be argued that the complexity of financial mechanisms and components contributes to strengthening investor protection in many cases.

- Assuming an increased need for protection by correspondingly designing the product and, in particular, the risk information that the client receives, for instance, with respect to “leveraged financial instruments”; in practice, German banks often take this into account with non-advised services for higher-risk leveraged products by providing clients interested in such transactions with a separate risk explanation and warning before the clients conclude such transactions for the first time.
- It may be also worth exploring whether the rising importance of ESG aspects and the related need to classify financial products on their ESG quality can be seen as contributing to the complexity of a financial product. If such is the case, any such “ESG-rooted” complexity feature may demonstrate the inadequacy of complexity as regulatory concept as it proves that complexity in most (if not all) cases caters to a specific investor demand (such as a sustainability purpose of an investment).

In conclusion, it is of utmost importance that any regulation creates or maintains a level playing field for the whole range of (financial) products (including bonds, shares, funds, and insurance products). Only a common level playing field for all (financial) products that are offered to retail investors can ensure the sufficiently homogenous treatment of these products across the EU Member States, thereby reducing potential product arbitrage and enhancing investor protection. The ultimate goal should be an adequate treatment of the financial products with the objective to offer sufficient diversity of products in order to satisfy the needs of the investors, in full adequacy with their expectations.

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

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

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

Please explain your answer to question 9.2 a):

5000 character(s) maximum

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

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

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

Please explain your answer to question 9.2 b):

5000 character(s) maximum

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

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

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

Please explain your answer to question 9.2 c):

5000 character(s) maximum

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

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

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

Please explain your answer to question 9.2 d):

5000 character(s) maximum

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

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

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

Please explain your answer to question 9.2 e):

5000 character(s) maximum

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

f) Should they have another aim?

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

10. Redress

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

Question 10.1 How important is it for retail investors when taking an investment decision (in particular when investing in another Member State), that they will have access to rapid and effective redress should something go wrong?

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

Please explain your answer to question 10.1:

5000 character(s) maximum

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

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

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

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

Please explain your answer to question 10.2:

5000 character(s) maximum

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

MiFID requires advisors and distributors (investment firms) to have in place a complaint handling procedure. PRIIPs also gives investor the right to directly complain to the manufacturer using a dedicated email address in the “How can I complain?” section of the KID. These provisions are currently clear and work efficiently.

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.

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

Please select as many answers as you like

- Domestically?
- In a cross border context?

Please explain your answer to question 10.5:

5000 character(s) maximum

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

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

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

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

Please explain your answer to question 10.6:

5000 character(s) maximum

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

11. Product intervention powers

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

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

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

Please explain your answer to question 11.1:

5000 character(s) maximum

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

As early as 2015, the German Retail Investor Protection Act (Kleinanlegerschutzgesetz), among other things, empowered BaFin to take product intervention measures to ensure "collective consumer protection". With this product intervention tool, the marketing, distribution, and sale of certain financial products can be restricted or even prohibited if these present a significant investor protection concern or a threat to the orderly functioning and integrity of the financial or commodity markets or to the stability of the whole or part of the financial system of at least one EU Member State. BaFin can also use these powers if a derivative has detrimental effects on the price formation mechanism in the underlying markets. The powers also include the possibility of prohibiting or restricting a particular financial activity or practice.

From our market perspective, we believe that the concept of intervention measures is legitimate and useful for protecting retail investors, given the sometimes aggressive marketing of certain particularly risky products (to retail investors) that has developed in recent years. For these purposes, we agree with the approach taken by Regulation (EU) No 600/2014 (MiFIR), to not only allow for product interventions by competent authorities at a Member State level, but to also empower ESMA with temporary intervention powers to ensure effective and uniform investor protection across Europe.

However, for the effective use of ESMA's product intervention powers, we see two areas of improvement in Article 40 of MiFIR:

Temporary nature of the product intervention powers of ESMA:

Article 40(1) of MiFIR empowers ESMA to temporarily prohibit or restrict in the EU:

(a) the marketing, distribution, or sale of certain financial instruments or financial instruments with certain specified features; or (b) a type of financial activity or practice. In accordance with the principle of proportionality, ESMA shall review a prohibition or restriction imposed at appropriate intervals and at least every three months. If the prohibition or restriction is not renewed after that three-month period, it shall expire.

In practice, however, temporary product intervention measures by ESMA have recently been repeatedly renewed on the basis of Article 40(6) of MiFIR. In fact, there is currently no restriction on the number of

renewals of the temporary measures, so that ESMA could, in theory, make several (or even an unlimited number of) renewal decisions, resulting in legal uncertainty for market participants as to whether any prohibition or restriction will be renewed and potentially even frustrating the temporary nature of its product intervention powers.

Against this background, we are of the view that a limitation on the maximum number of renewals of a temporary prohibition or restriction by ESMA should be introduced at the level of MiFIR. Moreover, we are of the opinion that the impact and effect of temporary measures should not be extended.

Mandatory consultations of market participants prior to the adoption of temporary product intervention measures:

The legal uncertainty caused by the limited predictability of the temporary product intervention measures identified can, in our view, be addressed by the prior consultation of market participants. The mandatory prior consultation of market participants is, from our perspective, also important in allowing ESMA to carefully consider the characteristics and specifics of local markets (e.g., in terms of retail investor categories). Only a combination of a common level playing field with the ability of ESMA to consider local particularities will result in thorough and proportionate regulation.

These market consultations should be carried out with a binding period of at least three weeks before any product intervention actions under Article 40(1) of MiFIR are taken. For this purpose, an explicit provision should be included in the legal text of Article 40(1) of MiFIR.

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.

Coexistence of different intervention measures:

In addition, the fact that different product intervention measures – taken by ESMA as well as the national competent authorities – may potentially coexist indefinitely is not justified in our view. This is, in particular, since any product intervention measure constitutes a far-reaching intervention in the decision-making freedom of investors, and is also a source of legal uncertainty for market participants.

Instead, and comparable to the taking of any product intervention actions by ESMA, where a decision shall, in accordance with Article 40(2) point (c) of MiFIR, only be taken if a competent authority/competent authorities have not taken action to address the threat or the actions that have been taken do not adequately address the threat (principle of subsidiarity) – any product intervention measures taken by ESMA shall automatically cease to apply in Member States once a Member State has implemented national measures that are equivalent to those published by ESMA and are acknowledged as such by the ESMA.

This “conflict rule” would then prevent the coexistence of product intervention measures taken by ESMA and national competent authorities alike, and would in accordance with the principle of proportionality ensure that any product interventions measures do not go beyond what is necessary in order to achieve those objectives.

Geographical scope of product intervention measures by National Competent Authorities:

In accordance with Article 42(1) of MiFIR, a national competent authority may impose prohibitions or restrictions “in or from that Member State” and may even prohibit or restrict the marketing, distribution, or

sale of certain financial instruments outside the respective Member State.

As a result, a national competent authority may even regulate the marketing, distribution, or sale on markets outside its Member State without the product being offered on its own market – and without being familiar with the characteristics and specifics of local markets.

In our view, such far-reaching competence of a national competent authority is highly problematic, as it might interfere with the competencies and local expertise of other competent authorities, in particular if the proposed product intervention taken goes beyond any temporary product intervention measures taken by ESMA.

In our view, the principal task of any national competent authority is to protect investors in its own local markets, in particular, relying on its expertise of characteristics and specifics of this local market. The ability of national competent authorities to consider local specifics is, from our perspective, key to thorough and proportionate regulation.

In fact, where financial instruments are only offered outside the respective Member State and certain distribution activities, in particular, where they are carried out by supervised distributors, fall within the scope of the (geographical) supervision of another competent authority, there is no justification for product intervention by another Member State's competent authority. Moreover, in the case of national transactions with cross-border effects, there is a risk that the competence of ESMA and the EBA to coordinate product intervention measures under Article 43 of MiFIR may be undermined. We therefore propose that the words "or from" in Article 42(1) of MiFIR be deleted.

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.

Consistency in the approach and the underlying assessment in the context of product intervention powers should apply across Member States, since only harmonised regulation and consistent regimes across the EEA will, in our view, reduce potential market distortions and ensure proper investor protection.

In ensuring this consistency, ESMA plays a fundamental role, in particular once Member States have been notified about any product intervention decision by ESMA. We would, hence, welcome that thought is given to the possibility for ESMA to have a more binding say regarding measures that have pan-European/cross-border relevance. Insofar, ESMA appears as the best placed authority to show the way, including with regards to the level playing field, in the area of product intervention. However, given the fact that there are huge differences, the decision upon the national market should remain with the relevant NCA.

Furthermore (and as previously indicated in our response to question 11.1 above), as far as ESMA's power of intervention is concerned, given its temporality and exceptional nature, it seems essential that ESMA formally consults the various stakeholders affected by its intervention measures before implementing them or deciding to renew them.

12. Sustainable investing

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

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

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

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

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

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

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

Please specify to what other factor(s) you refer in your answer to question 12.3:

5000 character(s) maximum

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

The regulation of sustainable financial products until now only covers a limited set of financial products. This is true for the EU Sustainable Finance Disclosure Regulation as well as for the EU EcoLabel. This is in our view unfortunate in particular because the exploration of the client's "sustainability preferences" under MiFID II – and rightly so - is not limited to financial products but encompasses the whole range of financial instruments irrespective of their qualification as financial products under the SFDR. As a consequence, a financial adviser or individual portfolio managers can be allowed (or even supposed) to recommend a client with an ESG preference a financial instrument, such as a Green Bond, although it is not a financial product as long as it complies with the sustainability features set out in MiFID II delegated acts. To be able to do so, the financial adviser or portfolio manager has to rely on information provided to him by the product manufacturer (i.e. in the case at hand the issuer of the green bond) which gives him comfort that the financial instrument actually complies with these requirements. The European Commission in its communication on a Strategy to Financing the Transition to a Sustainable Economy dated July, 7 2021 already addresses this issue by foreseeing to extend the framework of sustainable finance labels and standards to other bond labels and by adjustments to the Prospectus Regulation in order to create minimum requirements for the comparability, transparency and harmonisation of information available for all ESG securities. DDV has been very active in the last two years in setting product and transparency standards for sustainable structured products comparable to those of investment funds while reflecting the specificities of structured products. This should facilitate their distribution while at the same time safeguarding investor's interests for comprehensible and comparable information. In April 2021 DDV therefore also launched its Sustainable Finance Code of Conduct with which all DDV members have to comply when publicly offering sustainable structured products in Germany. Structured investment products are an integral part of the landscape of investment products available to retail clients while through their nature as a bond as well as through their "derivative component" can actively contribute to the Sustainable Finance Agenda. We therefore welcome the European Commissions' objective to safeguard a level playing field for all ESG securities. However, we would urge the European regulator to take into account the specific nature of a given financial instrument. In the case of structured investment products this includes the treatment of derivatives e.g. when calculating the proportion of sustainable investments. Where sustainable structured investment refers to an ESG eligible underlying DDV is of the opinion that it should be treated as an indirect investment having a similar effect to any secondary market acquisition, including those exercised by investment funds such as UCITS and AIFs.

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

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

Please explain your answer to question 12.4:

5000 character(s) maximum

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

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

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

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

Please explain your answer to question 12.5:

5000 character(s) maximum

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

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

acf17a7d-4c15-40a4-8a89-552298f26950/21_08_03_RIS_EC_consultation_DDV_response_add_info.pdf

Useful links

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

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

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

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

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

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