

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.

Please use the language selector at the top of this page to choose your language for this consultation.

1. Background for this consultation

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

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

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

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

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

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

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

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

Responding to this consultation and follow up

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

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

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

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

More information on

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

About you

* Language of my contribution

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

* I am giving my contribution as

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

* First name

sara

* Surname

MITELMAN

* Email (this won't be published)

sara@fondhandlarna.se

* Organisation name

255 character(s) maximum

Swedish Securities Markets Association (SSMA)

* Organisation size

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

Transparency register number

255 character(s) maximum

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

7777147632-40

* Country of origin

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

- | | | | |
|---|---|--|--|
| <input type="radio"/> Afghanistan | <input type="radio"/> Djibouti | <input type="radio"/> Libya | <input type="radio"/> Saint Martin |
| <input type="radio"/> Åland Islands | <input type="radio"/> Dominica | <input type="radio"/> Liechtenstein | <input type="radio"/> Saint Pierre and Miquelon |
| <input type="radio"/> Albania | <input type="radio"/> Dominican Republic | <input type="radio"/> Lithuania | <input type="radio"/> Saint Vincent and the Grenadines |
| <input type="radio"/> Algeria | <input type="radio"/> Ecuador | <input type="radio"/> Luxembourg | <input type="radio"/> Samoa |
| <input type="radio"/> American Samoa | <input type="radio"/> Egypt | <input type="radio"/> Macau | <input type="radio"/> San Marino |
| <input type="radio"/> Andorra | <input type="radio"/> El Salvador | <input type="radio"/> Madagascar | <input type="radio"/> São Tomé and Príncipe |
| <input type="radio"/> Angola | <input type="radio"/> Equatorial Guinea | <input type="radio"/> Malawi | <input type="radio"/> Saudi Arabia |
| <input type="radio"/> Anguilla | <input type="radio"/> Eritrea | <input type="radio"/> Malaysia | <input type="radio"/> Senegal |
| <input type="radio"/> Antarctica | <input type="radio"/> Estonia | <input type="radio"/> Maldives | <input type="radio"/> Serbia |
| <input type="radio"/> Antigua and Barbuda | <input type="radio"/> Eswatini | <input type="radio"/> Mali | <input type="radio"/> Seychelles |
| <input type="radio"/> Argentina | <input type="radio"/> Ethiopia | <input type="radio"/> Malta | <input type="radio"/> Sierra Leone |
| <input type="radio"/> Armenia | <input type="radio"/> Falkland Islands | <input type="radio"/> Marshall Islands | <input type="radio"/> Singapore |
| <input type="radio"/> Aruba | <input type="radio"/> Faroe Islands | <input type="radio"/> Martinique | <input type="radio"/> Sint Maarten |
| <input type="radio"/> Australia | <input type="radio"/> Fiji | <input type="radio"/> Mauritania | <input type="radio"/> Slovakia |
| <input type="radio"/> Austria | <input type="radio"/> Finland | <input type="radio"/> Mauritius | <input type="radio"/> Slovenia |
| <input type="radio"/> Azerbaijan | <input type="radio"/> France | <input type="radio"/> Mayotte | <input type="radio"/> Solomon Islands |
| <input type="radio"/> Bahamas | <input type="radio"/> French Guiana | <input type="radio"/> Mexico | <input type="radio"/> Somalia |
| <input type="radio"/> Bahrain | <input type="radio"/> French Polynesia | <input type="radio"/> Micronesia | <input type="radio"/> South Africa |
| <input type="radio"/> Bangladesh | <input type="radio"/> French Southern and Antarctic Lands | <input type="radio"/> Moldova | <input type="radio"/> South Georgia and the South Sandwich Islands |
| <input type="radio"/> Barbados | <input type="radio"/> Gabon | <input type="radio"/> Monaco | <input type="radio"/> South Korea |
| <input type="radio"/> Belarus | <input type="radio"/> Georgia | <input type="radio"/> Mongolia | <input type="radio"/> South Sudan |
| <input type="radio"/> Belgium | <input type="radio"/> Germany | <input type="radio"/> Montenegro | <input type="radio"/> Spain |

- Belize
- Benin
- Bermuda
- Bhutan
- Bolivia
- Bonaire Saint Eustatius and Saba
- Bosnia and Herzegovina
- Botswana
- Bouvet Island
- Brazil
- British Indian Ocean Territory
- British Virgin Islands
- Brunei
- Bulgaria
- Burkina Faso
- Burundi
- Cambodia
- Cameroon
- Canada
- Cape Verde
- Cayman Islands
- Central African Republic
- Chad
- Chile
-
- Ghana
- Gibraltar
- Greece
- Greenland
- Grenada
- Guadeloupe
- Guam
- Guatemala
- Guernsey
- Guinea
- Guinea-Bissau
- Guyana
- Haiti
- Heard Island and McDonald Islands
- Honduras
- Hong Kong
- Hungary
- Iceland
- India
- Indonesia
- Iran
- Iraq
- Ireland
- Isle of Man
-
- Montserrat
- Morocco
- Mozambique
- Myanmar/Burma
- Namibia
- Nauru
- Nepal
- Netherlands
- New Caledonia
- New Zealand
- Nicaragua
- Niger
- Nigeria
- Niue
- Norfolk Island
- Northern Mariana Islands
- North Korea
- North Macedonia
- Norway
- Oman
- Pakistan
- Palau
- Palestine
- Panama
-
- Sri Lanka
- Sudan
- Suriname
- Svalbard and Jan Mayen
- Sweden
- Switzerland
- Syria
- Taiwan
- Tajikistan
- Tanzania
- Thailand
- The Gambia
- Timor-Leste
- Togo
- Tokelau
- Tonga
- Trinidad and Tobago
- Tunisia
- Turkey
- Turkmenistan
- Turks and Caicos Islands
- Tuvalu
- Uganda
- Ukraine
-

- | | | | |
|--|----------------------------------|---|--|
| <input type="radio"/> China | <input type="radio"/> Israel | <input type="radio"/> Papua New Guinea | <input type="radio"/> United Arab Emirates |
| <input type="radio"/> Christmas Island | <input type="radio"/> Italy | <input type="radio"/> Paraguay | <input type="radio"/> United Kingdom |
| <input type="radio"/> Clipperton | <input type="radio"/> Jamaica | <input type="radio"/> Peru | <input type="radio"/> United States |
| <input type="radio"/> Cocos (Keeling) Islands | <input type="radio"/> Japan | <input type="radio"/> Philippines | <input type="radio"/> United States Minor Outlying Islands |
| <input type="radio"/> Colombia | <input type="radio"/> Jersey | <input type="radio"/> Pitcairn Islands | <input type="radio"/> Uruguay |
| <input type="radio"/> Comoros | <input type="radio"/> Jordan | <input type="radio"/> Poland | <input type="radio"/> US Virgin Islands |
| <input type="radio"/> Congo | <input type="radio"/> Kazakhstan | <input type="radio"/> Portugal | <input type="radio"/> Uzbekistan |
| <input type="radio"/> Cook Islands | <input type="radio"/> Kenya | <input type="radio"/> Puerto Rico | <input type="radio"/> Vanuatu |
| <input type="radio"/> Costa Rica | <input type="radio"/> Kiribati | <input type="radio"/> Qatar | <input type="radio"/> Vatican City |
| <input type="radio"/> Côte d'Ivoire | <input type="radio"/> Kosovo | <input type="radio"/> Réunion | <input type="radio"/> Venezuela |
| <input type="radio"/> Croatia | <input type="radio"/> Kuwait | <input type="radio"/> Romania | <input type="radio"/> Vietnam |
| <input type="radio"/> Cuba | <input type="radio"/> Kyrgyzstan | <input type="radio"/> Russia | <input type="radio"/> Wallis and Futuna |
| <input type="radio"/> Curaçao | <input type="radio"/> Laos | <input type="radio"/> Rwanda | <input type="radio"/> Western Sahara |
| <input type="radio"/> Cyprus | <input type="radio"/> Latvia | <input type="radio"/> Saint Barthélemy | <input type="radio"/> Yemen |
| <input type="radio"/> Czechia | <input type="radio"/> Lebanon | <input type="radio"/> Saint Helena
Ascension and
Tristan da Cunha | <input type="radio"/> Zambia |
| <input type="radio"/> Democratic Republic of the Congo | <input type="radio"/> Lesotho | <input type="radio"/> Saint Kitts and Nevis | <input type="radio"/> Zimbabwe |
| <input type="radio"/> Denmark | <input type="radio"/> Liberia | <input type="radio"/> Saint Lucia | |

* Field of activity or sector (if applicable)

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

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

- Social entrepreneurship
- Other
- Not applicable

* Please specify your activity field(s) or sector(s)

Investment services (MiFID-firms)

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

* Contribution publication privacy settings

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

Anonymous

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

Public

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

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

1. General questions

Current EU rules regarding retail investors (e.g. [UCITS \(undertakings for the collective investment in transferable securities\)](#), [PRIIPs \(packaged retail investment and insurance products\)](#), [MiFID II \(Markets in Financial Instruments\)](#)

[Directive](#)), [IDD \(Insurance Distribution Directive\)](#), [PEPP \(pan european pension product\)](#), or [Solvency II \(Directive on the taking-up and pursuit of the business of insurance and reinsurance\)](#)) aim at empowering investors, in particular by creating transparency of the key features of investment and insurance products but also at protecting them, for example through safeguards against mis-selling.

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

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

Please explain your answer to question 1.1 and provide examples:

5000 character(s) maximum

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

Overall, the SSMA considers that the investor protection framework is sufficient. Considering the existing problems with information overload for retail clients, we believe that the regulatory focus should be on simplification rather than the creation of new detailed and complex rules.

Although the SSMA generally welcomes a horizontal review of MiFID II and PRIIPs, it is important to recognize that amendments to the investor protection rules require significant investments in new IT solutions, processes, staff training etc. It is therefore very important to ensure that any legislative proposals only include those amendments which can be justified from a cost/benefit perspective.

A priority in the forthcoming reviews should be to ensure that the disclosure/information requirements in EU legislation are sufficiently calibrated, taking both the type of clients and type of financial instrument into account. The SSMA therefore supports a review of the requirements in annex II to MiFID II in order to allow more experienced and sophisticated retail clients to be treated as professionals. We also consider that in order for the information to make sense, the MIFID II costs & charges requirements should distinguish more clearly between different types of financial instruments (e.g. investment products vs. hedging instruments). Derivatives which are used for mitigating risk (hedging) should be excluded from the PRIIPs scope as these are not "investments".

It is also important that the information requirements are technology neutral so that it is easy for clients to understand and access the information also in an online environment.

Finally, we want to underline that disclosure requirements do not automatically lead to increased investor protection. In order to ensure that clients actually understand the information that they receive, more focus should be on increasing financial literacy e.g. in schools.

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

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

- Yes, they are justified

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

Please explain your answer to question 1.2:

5000 character(s) maximum

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

The existing limitations might restrict the range of financial instruments that can be offered to the most experienced retail investors. The target market stated in prospectuses for primary issuance of bonds have in many cases been professionals only, even though the bonds lack features that would make them non-suitable for retail. Issuers are free to choose which market they would like to distribute its bonds to and the main market is in most cases the wholesale market (i.e. with denominations above EUR 100,000) but it is unfortunate that this restriction in the primary market has an effect on the higher end segments of retail investors in the secondary market. If the funding base for corporates is intended to be broadened to retail investors and retail investors are to be able to access this product category, then there is a need to adjust this. The practice has also been driven to some extent by a fear to come into PRIIPs territory due to the uncertainties regarding the boundaries of that legislation.

Question 1.3 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.

PRIIPs scope; the initial uncertainties regarding the bonds included in the scope of PRIIPs has likely had the effect that issuers and arrangers of such bonds have taken the safe route and opted for distribution to professionals only.

Annex II to MiFID II; the opt-up rules could allow sophisticated/experienced retail client to be treated as a professional client (and hence be able to invest in corporate bonds etc.) but are not sufficiently calibrated for all types of assets. The SSMA therefore supports that annex II is revised.

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

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

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

5000 character(s) maximum

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

Complexity and information overload; many SSMA members witness that the complexity and extent of the pre-contractual information that clients must receive under MiFID II/MiFIR have a discouraging effect and direct clients to other forms of savings e.g. insurance products or bank account savings. Going forward there is a concern regarding unintended negative consequences from the complexity of the new sustainability rules e.g. interaction between SFDR and MiFID II.

Lack of interest; many retail clients are not very interested in capital markets.

PRIIPs scope; the initial uncertainties regarding the bonds included in the scope of PRIIPs has likely had the effect that issuers and arrangers of such bonds have taken the safe route and opted for distribution to professionals only. That approach has likely not changed irrespective of the subsequent guidance given by ESMA. The focus of PRIIPs should be on products that has a true element of “packaging”. Bonds that may be subject to conversion should not be in scope of PRIIPs, at least not as long as the conversion is made to shares of the issuer. The SSMA suggests that the Commission revises its interpretation, also taking the aim of CMU into account.

Annex II to MiFID II; the opt-up rules could allow sophisticated/experienced retail client to be treated as a professional client (and hence be able to invest in corporate bonds etc.) but are not sufficiently calibrated for all types of assets. The SSMA therefore supports that annex II is revised

Cost & Charges and Product Governance; the fact that these rules apply to non-MiFID producers has in practice forced some investment firms to restrict clients access to some products since they have been unable to receive data from the third party.

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

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

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

Please select as many answers as you like

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

Please explain your answer to question 1.6:

5000 character(s) maximum

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

Complexity and information overload; many SSMA members witness that the complexity and extent of the pre-contractual information that clients must receive under MiFID II/MiFIR have a discouraging effect and direct clients to other forms of savings e.g. insurance products or bank account savings. Going forward there is a concern regarding unintended negative consequences from the complexity of the new sustainability rules e.g. interaction between SFDR and MiFID II.

Annex II to MiFID II; the opt-up rules could allow sophisticated/experienced retail client to be treated as a professional client (and hence be able to invest in corporate bonds etc.) but are not sufficiently calibrated for all types of assets. The SSMA therefore supports that annex II is revised.

2. Financial literacy

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

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

the need for a legislative proposal to require Member States to promote learning measures that support the financial education of individuals, in particular in relation to investing will be assessed.

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

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

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

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

5000 character(s) maximum

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

The SSMA is a strong advocate of financial literacy and is generally positive to initiatives in this area. Sweden ranks high in financial literacy, e.g. in the S&P Global Financial Literacy Survey. This is to a large extent the result of already existing financial literacy initiatives by the industry as well as public authorities. SSMA contributes financially and with expertise in several of these initiatives.

Lessons could be learnt from Sweden (e.g. education in primary school, initiatives from authorities and independent organisations, as well as initiatives from the industry) but also from other Member States. We consider that a more coordinated approach at a national level as well as at an EU-level is desirable to e.g. in order to promote the competence framework and would be most pleased to contribute.

Further, there are good arguments to include financial literacy on the school curriculum, starting in elementary school and continuing from there.

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.

The SSMA does not have any comments at this point.

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 SSMA does not have any comments at this point.

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.

The SSMA does not believe that a new legal requirement for pre-contractual disclosures to be machine readable should be prioritized from a cost-benefit perspective.

For an average retail client, it is much more important that the information is human readable and easy to understand and access regardless of distribution channel (i.e. face-to-face meetings or internet bank/online platform).

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 SSMA does not have any evidence that the rules on marketing and advertising in Member States (through the use of digital media or other channels) create obstacles for retail investors in a way necessitates regulatory action at an EU-level. In fact, even if the administrative burden of local rules sometimes can have an impact on an investment firm's decision to market an investment product in another Member State, such local rules can at the same time be justified in order to maintain a level of investor protection that is appropriate for the circumstances in that specific Member State.

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 SSMA does not have any evidence that the current enforcement of rules regarding online advertising is insufficient from an investor protection perspective.

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.

The SSMA does not have any evidence to support that there is a need for increased harmonisation regarding online advertising and marketing of investment products at EU level.

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

Question 3.7 How important is the role played by social media platforms in influencing retail investment behaviour (e.g. in facilitating communication

between retail investors, but also increasing herding behaviour among investors or for large financial players to collect data on interest in certain stocks or financial products)?

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

Please explain your answer to question 3.7:

5000 character(s) maximum

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

Question 3.8 Social media platforms may be used as a vehicle by some users to help disseminate investment related information and may also pose risks for retail investment, e.g. if retail investors rely on unverified information or on information not appropriate to their individual situation. How high do you consider this risk?

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

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

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

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

Please explain your answer to question 3.9:

5000 character(s) maximum

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

For regulated entities such as banks and investment firms that disseminate investment related information via social media platforms there is no need for more rules. The applicable regulation e.g. in MiFID and MAR also apply to business conducted through social media.

However, there may be reason to further analyse which responsibility, if any, that should be placed on unregulated social media platforms e.g. to ensure that investors do not breach market abuse rules when they communicate with each other on the platform.

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.

The SSMA considers that the current EU-rules are sufficient in protecting retail investments online and does not see a need for additional regulation.

However, as mentioned above under Q 1.1, it is important to reduce the level of complexity and amount of pre-contractual information in EU legislation and to ensure that the information requirements are technology neutral so that it is easy for clients to understand and access the information also in an online environment.

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.

The SSMA is concerned with the purpose behind this question. It would be much too prescriptive if EU legislation was to regulate the order of products on comparison websites, apps, online brokers etc.

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

To SSMA's understanding, question 4.1 relates to the situation where no KID/KIID requirements apply under EU legislation i.e. when distributing a financial instrument that is not a PRIIP (e.g. shares) or when distributing a PRIIPs product to professional clients. In such cases, the general pre-contractual disclosure rules in MiFID II and, in many cases, the prospectus regulation will apply.

In our experience, the disclosure requirements in MiFID II regarding the nature and function of financial instruments (including risk), generally work well. The flexibility of the framework allows investment firms to adapt the information to the type of instruments and type of clients in question whilst taking into account the distribution channel e.g. internet bank/app or face-to-face meetings.

However, the information requirements in MiFID II regarding costs & charges are too complex and lead to an information overload for retail clients. In our experience, the average retail client is mostly interested in the total costs, not in granular information on different components of the costs or calculation methodologies. Moreover, for professional clients and eligible counterparties as well as more experienced segment of retail clients, the information is of little added value and increase the administrative burden. We therefore generally support a simplification of the MiFID II requirements on cost & charges. For the sake of legal certainty some of the requirements which are currently on level 3 (Q&A) should be moved to level 2.

To our knowledge there are no specific MIFID disclosure requirements regarding the expected returns under different market conditions. However, we are not aware of any problems and therefore question if there is a need for such information.

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

Question 4.2.1 PRIIPs Key Information Document

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

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

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

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

Compared to the prospectus rules, the content and length of the PRIIPs KID is more suitable for retail investors. However, compared to the general pre-contractual disclosures in MiFID II which is easier to adapt to retail clients' needs, the PRIIPs requirements are too detailed and inflexible as regards the presentation of the information e.g. by restricting the language and use of graphical presentations. Furthermore, the scope of PRIIPs need to be addressed in order to more clearly clarify products which should be deemed to be out of scope. The clearest example here is OTC derivatives without an investment purpose.

PRIIPs rules on type, objectives and functioning of the products are not sufficiently calibrated to the characteristics of the financial instruments e.g. difference between OTC-derivatives for investment purposes and hedging purposes.

For most investment products, the risk section is considered to work well. However, the risk information requirements do not work well for OTC-derivatives which are intended for hedging purposes.

The rules on performance scenarios in PRIIPs are too complex. There is a problem in terms of procyclicality as future performance is based on historical performance. SSMA rejects the dividend-based methodology, instead we suggest to use the approach, put forward by EUSIPA, that is based on volatility for calculating risk premia. It is problematic that the method of calculating scenarios differ between scenarios and different types of instruments. Finally, we find it inappropriate to present future performance scenarios for derivatives

that are mainly used for hedging.

Retail investors are generally not interested in receiving very granular information on costs and calculation methodologies but are mostly interested in price and total costs. In our experience, retail investors find the reduction in yield (RIY) concept too difficult to understand. If the RYI concept is kept in PRIIPs it is important to include also cost information expressed as total (raw) costs which is also comparable to MiFID II.

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

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

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

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

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"/>					
Information about the	<input type="radio"/>					

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

Information on the pay-out phase	<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.

As a general comment, the focus should be to ensure that the information is understandable and to avoid over-prescriptive rules.

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

Another aspect of this question is that the production of PRIIPs KID is to a large extent an automated process. Since large parts of the information document is mandatory, the investment firms have limited possibilities to adapt its contents or format to the characteristics of the investment products. In particular this creates problems for products which are not used for investment purposes but for hedging. Moreover, the translations of the level 2 -requirements do not always work well so in practice firms therefore have to choose between complying with the binding requirements and providing information to retail clients that is actually understandable. The SSMA is in favour of a more flexible and high-level approach to disclosure requirements that allows more adjustments to the type of investment product in question.

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

5000 character(s) maximum

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

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

Trading in financial instruments takes place in various ways such as online or over the phone as well as in more traditional face-to-face meetings. It is therefore important that requirements such as the provision of

information “in good time” is interpreted in a proportionate and flexible manner taking the type of investment service/product into account.

As regards ex ante cost & charges the SSMA supports the amendments in MiFID delegated act following COVID-crisis which facilitates provision of investment services by use of distance communication. According to the amended article 24.4 MiFID II, an investment firms may provide ex ante cost & charges information immediately after execution of the transaction, provided that the client has consented hereto. In our view this possibility should be included in all sectorial legislation relating to pre-contractual information. However, the SSMA notes that the new provision in MiFID II differs in some respects from PRIIPs. In MiFID II it has been added a requirement to give the client the option of receiving the information on costs and charges over the phone prior to the conclusion of the transaction. Considering that the requirements apply to all types of distance communication e.g. through onlinebank, mobile app or terminal such as Bloomberg, it is important that the investment firm can make such offer in a standardized manner in good time before entering into the transaction. Also, it should be noted that for some channels e.g. automated trading, it will not be possible to read the information to the client over the phone. If possible, the SSMA proposes that this requirement is removed from the delegated regulation in a forthcoming review.

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.

The aim of comparability is admirable, but in SSMA's view, it is more important to ensure that the information is relevant for the type of instrument and client in question than to impose identical rules. The understandability of the information is more important than the comparability between products and comparability at the cost of precision and adequate information must not be the result.

For investment products which have similar features, the PRIIPs KID fulfils the objective of allowing retail clients to compare between instruments. For investment products that are more different (e.g. investment vs hedging purpose) PRIIPs rules do not work as well. Having similar documents sends a message that products are comparable and could trigger confusion rather than clarity.

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

- Yes
- No
-

Don't know / no opinion / not applicable

Please explain your answer to question 4.6:

5000 character(s) maximum

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

The aim of comparability is admirable, but in SSMA's view, it is more important to ensure that the information is relevant for the type of instrument and client in question than to impose identical rules. The understandability of the information is more important than the comparability and comparability at the cost of precision and adequate information must not be the result.

The actual content should be able to differ from product to product. Trying to define requirements which apply in the same way to all types of products in the name of comparability leads to unintended consequences with the outcome that certain information is not understood and/or that the information does not fit with the nature and characteristics of the product in question. For investment products which are similar, the PRIIPs KID fulfils the objective of allowing retail clients to compare. For instruments that are more different (e.g. investment or hedging purpose) PRIIPs rules do not work as well. Having similar documents sends a message that products are comparable and could trigger confusion rather than clarity.

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.

The SSMA generally supports a closer alignment between MiFID II and PRIIPs e.g. as regards the calculation methodology for product costs. It is confusing for clients to receive different cost information for the same instrument depending on if MiFID II or PRIIPs is applied.

In particular, the SSMA proposes that the Commission looks into:

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

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

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

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.

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.

In the more recent PEPP-regulation the method for calculating future performance scenarios is more in line with SSMAAs, and EUSIPAs, suggested approach that is based on volatility.

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

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

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

5000 character(s) maximum

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

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

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

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

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

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

Forward-looking performance expectation	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Risk	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Ease with which the product can be converted into cash	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input 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 relevance of the type of information indicated in 4.8 depends of the investment product in question.

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

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

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

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

Please explain your answer to question 4.9:

5000 character(s) maximum

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

The SSMA notes that MiFID II requires the investment firm to provide ex post information on an annual basis. However, not all of the requirements in MiFID II are relevant for a retail client.

Cumulative effects on return

The SSMA questions whether the illustration of cumulative effects on return has any benefits for the clients or if it only leads to confusion. We therefore support the deletion of this requirement or, at least, that it is limited to investment services where the firm has insight into clients' portfolios through the provision of investment advice or portfolio management and where investments are made in financial instruments with the purpose to generate a performance or return on investment. The requirement of an illustration of cumulative effects on return is not well suited for products where the purpose is hedging and not trading (e.g. FX and interest rate derivatives).

Use of Percentages

For some services it is very unclear how to calculate the cost as a percentage (%). It does not make sense to calculate the customer's total cost as a percentage of the total "investment amount" on an aggregated level, mixing different types of trades and costs (equity, derivatives used for hedging etc.).

For some services it is very unclear how to calculate and present the cost as a percentage (%) concerning the Ex-post cost disclosure. A percentage figure is a number relative to another number, so expressing a cost as a percentage means that the cost must be compared with something, which for the Ex-ante is naturally the investment amount. However, for the ex post disclosure, to find a relevant denominator is impossible. Some costs, such as commission costs and entry/exit costs are related to the amount of the transactions (i.e. total turnover during the year for the Ex-post report), whilst other costs, as example ongoing costs for instruments are related to the customer's holding (i.e. average AUM during the year for the Ex-post report).

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.

In order to ensure that retail investors read the information, it is important to keep it short and written in a clear language. However, this does not necessarily mean that it is suitable for the EU-regulation to prescribe a maximum number of pages or words. In fact, the SSMA is in favour of a more flexible approach where the harmonization is limited to the headings and main contents and where the investment firm can adapt the information to the type of instrument in question. The main policy objective should be to ensure that the information is understandable and relevant in order for the client to make a well-informed investment decision.

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 SSMA is in favor of a more flexible approach where the harmonization is limited to the headings and main contents and where the investment firm can adapt the information to the type of instrument in question. The main policy objective from an investor protection perspective should be that the information is understandable and relevant in order for the client to make a well-informed investment decision.

As regards instruments which are classified as complex under EU legislation it is important to note that:

- Complex relates to the structure of the instrument and does not necessarily mean that the instrument has more risk or that it is more difficult for the investor to understand what determines the return of investment.
- Too much information on complex products leads to information overload and increases the risk that the client does not read the information at all.

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.

The SSMA generally supports amendments to EU legislation which reduces the need for paper-based information to clients. Such development is in line with the digital transition of EU financial markets as well as sustainability goals. Therefore, we support a move to electronic format by default.

However, it is important to ensure that existing clients which are not used to the digital environment receive an adequate level of protection. Firms should be able to continue to provide retail clients with information on paper during a transitional period even if the client has not actively requested information on paper. Such transitional period should not be too short (8 weeks in MiFID II is considered insufficient).

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

- Not at all important
- Rather not important
- Neutral

- Somewhat important
- Very important
- Don't know / no opinion / not applicable

Please explain your answer to question 4.13:

5000 character(s) maximum

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

Generally speaking, retail investors should be able to receive pre-contractual information in their own language. However, if the investment firm communicates with a client in English, it should be possible to provide the product information in English.

Moreover, the SSMA considers that the Commission should ensure that the language requirements is the same in all regulations covering pre-contractual disclosures to retail clients.

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.

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 checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Certain key information (e.g. fees, charges, payment of inducements, information relative to performance, etc.) is displayed in ways which highlight the prominence?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Format of the information is adapted to use on different kinds of device (for example through use of layering)?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Appropriately labeled and relevant hyperlinks are used to provide access to supplementary information?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Use of hyperlinks is limited (e.g. one click only – no cascade of links)?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Contracts cannot be concluded until the consumer has scrolled to the end of the document?	<input type="radio"/>	<input type="radio"/>	<input 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"/>

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.

The SSMA agrees that the PRIIPs regulation has increased investors understanding for investment products in general.

However, the SSMA sees some issues regarding comparability, especially when it comes to comparing different kinds of investment products. The SSMA also sees some issues when it comes to certain parts of the KID document and its content. A result of this is that for some types of investment products the key figures/information is not well-adapted. This is the case for e.g. derivatives used for hedging. In fact, hedging products should not be considered as "investments" but instruments used for risk management purposes, and should therefore be removed from the PRIIPs scope.

Based on the above, the SSMA is in favor of a more flexible approach where the harmonization of the KID is limited to the headings and main contents and where the investment firm can adapt the information to the type of instrument in question.

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

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

Please explain your answer to question 5.1 b):

5000 character(s) maximum

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

The SSMA sees some issues regarding comparability, especially when it comes to comparing different kinds of investment products. Not all information and ratios in PRIIPs are relevant for all types of instruments and therefore PRIIPs cannot be said to have increased comparability between all types of instrument.

Although the aim of comparability of the PRIIP KID documents is admirable, comparability should in SSMA's view only be a priority for de-facto comparable products. For instance, clients do not compare derivatives used for hedging with investment funds.

In our view, comparability should not be seen as a regulatory goal that is more important than clear and adequate information.

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.

The SSMA does not have any evidence to support whether PRIIPs has had an impact on mis-selling. Around the same period of time as the implementation of PRIIPs, a significant number of other EU-rules which aimed at increasing the level of investor protection was implemented, e.g. MiFID II and IDD. Therefore, it is difficult to know which effects are to be attributed to which regulation.

The SSMA also wants to underline that it is important not to draw too many conclusions from the lack of complaints or questions from clients relating to pre-contractual disclosures. Unfortunately, retail clients often do not read information which they consider too long or complex and therefore do not complain or ask questions.

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.

The SSMA generally considers that the PRIIPs KID has achieved that information is more accessible to investors and has increased retail client's level of understanding for many (but not all) investment products.

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

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

Please explain your answer to question 5.2:

5000 character(s) maximum

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

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

	Yes	No	Don't know - No opinion - Not applicable
Requiring PRIIPs KIDs and PEPP KIDs to be uploaded onto a searchable EU-wide database	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

Requiring PRIIPs KIDs and PEPP KIDs to be uploaded onto a searchable national database	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Requiring PRIIPs KIDs and PEPP KIDs to be made available in a dedicated section on manufacturer and distributor websites	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input 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.

The SSMA does not believe that retail clients will search extensive databases to find KIDs (national or EU-wide). We find it more appropriate that PRIIPs KID are made available on manufacturers and distributors websites where clients also can receive additional information, should they so desire. In our view, the current system for retail client's access to KID's work well and we see no need for new rules regarding databases or "dedicated" webpages. In our view it seems that this solution risk leading to increased costs for manufacturers and distributors, while achieving limited benefits for clients.

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.

The SSMA considers that there are ways to simplify the KID whilst still ensuring that the document fulfil its purpose.

First of all, in order to ensure that retail investors read the information, it is important to keep the KID short and written in a clear language. However, this does not necessarily mean that it is suitable for the EU-regulation to prescribe a maximum number of pages or words. In fact, the SSMA is in favour of a more flexible approach where the harmonization is limited to the headings and main contents and where the investment firm can adapt the information to the type of financial instrument in question. The main policy objective should be to ensure that the information is understandable and relevant in order for the client to make a well-informed investment decision.

The KID is not suitable for financial instrument which are not "investments" e.g. derivatives used for hedging. A preferred solution would be to change PRIIPs so that such derivatives are out of scope. If that is not possible, the SSMA considers that the requirements should be simplified so that it is easier to adapt the

information to the characteristics of this type of instrument. It is desirable if the heading and static text is allowed to be changed depending on whether the instrument is to be used for investment or hedging

Moreover, the SSMA suggests that, for the purpose of easily calculating risk premium, the dividend-based methodology is replaced by the approach, put forward by EUSIPA, based on volatility.

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.

PRIIPs is a regulation which means that there has not been much room for implementation measures at a Member State level. In our experience, national competent authorities have not provided national guidance as regards the implementation of the rules.

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

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

Please explain your answer to question 5.5:

5000 character(s) maximum

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

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

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

 €

Please explain your answer to question 5.6 a):

5000 character(s) maximum

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

We do not have access to this information.

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

 €

Please explain your answer to question 5.6 b):

5000 character(s) maximum

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

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

 €

Please explain your answer to question 5.6 c):

5000 character(s) maximum

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

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

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

 €

Please explain your answer to question 5.7 a):

5000 character(s) maximum

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

We do not have access to this information.

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

€

Please explain your answer to question 5.7 b):

5000 character(s) maximum

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

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

€

Please explain your answer to question 5.7 c):

5000 character(s) maximum

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

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

Please select as many answers as you like

- Collecting product data/inputs
- Performing the necessary calculations
- Updating IT systems

- Quality and content check
- Outsourcing costs
- Other

Please explain your answer to question 5.8:

5000 character(s) maximum

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

Multiple-Option Products

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

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

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

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

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

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

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

Please explain your answer to question 5.9:

5000 character(s) maximum

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

Many insurance-based investment products (IBIPs) in Sweden allow the retail investor a choice between thousands of underlying investment options. The use of Article 10(a) for these products requires

recalculation of almost an endless amount of combinations of the PRIIP and each underlying option, making it practically impossible. Therefore, the ability to make use of Article 10(b) is of utmost importance in the market as a whole and it should be possible to obey by using a hyperlink to where the KID of the individual underlying investment options can be found.

The SSMA considers that a single tailor made KID is likely to lead to a reduction of underlying options which would have negative effects for retail investors. We also believe that such requirement would be very costly and challenging to implement from an IT perspective.

Scope

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

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

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

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

Please explain your answer to question 5.10 a):

5000 character(s) maximum

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

As regards PRIIPs scope:

Derivatives which are used for mitigating risk (hedging) should be excluded from the PRIIPs scope as these are not "investments". If a change in PRIIPs scope cannot be achieved, it should be possible to adjust the KID in order to ensure that the information is relevant and not misleading for clients. It is desirable if the heading and static text is allowed to be changed depending on whether the instrument is to be used for investment or hedging.

The SSMA considers that the legal uncertainty that has surrounded the application of PRIIP regulation to bonds has been most unfortunate for EU capital market. As a result, many issuers no longer want to offer their bonds to retail clients. The guidance provided by ESAs ([https://www.esma.europa.eu/sites/default/files/library/jc-2019-](https://www.esma.europa.eu/sites/default/files/library/jc-2019-64_priips_kid_supervisory_statement_bonds.pdf)

64_priips_kid_supervisory_statement_bonds.pdf) as regards which type of bonds that fall within PRIIPs scope was welcome. However, considering the importance of the matter, the SSMA would have preferred a transparent procedure and clear communication from the Commission's side and that stakeholders such as issuers and investors were consulted. Further, information on how the Commission interprets EU-law should be communicated to the whole market and not in the form of bilateral letters to

individual investment firms/banks.

It is important to look not only at the intention of the regulation but also the purpose of a financial instrument. The purpose of issuing a bond, irrespective of the structure, is to seek funding for the issuer, not to issue a packaged product. Furthermore, there is an issue when it comes to bonds and being responsible for producing a KID and making sure that it is updated as required. For the producer (the issuer) producing a KID and keeping it updated would be very challenging as it is not something that is not a natural part of the business. For others (banks etc.) it would mean too much legal responsibility to produce and keep the KID updated on behalf of the issuer.

In order to avoid legal uncertainty and complexity, the interaction between the PRIIPs rules and the MiFID II rules regarding the concept of “make whole clause” should be clarified.

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

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

Please explain your answer to question 5.10 b):

5000 character(s) maximum

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

As regards PRIIPs scope:

Derivatives which are used for mitigating risk (hedging) should be excluded from the PRIIPs scope as these are not “investments”. If a change in PRIIPs scope cannot be achieved, it should be possible to adjust the KID in order to ensure that the information is relevant and not misleading for clients. It is desirable if the heading and static text is allowed to be changed depending on whether the instrument is to be used for investment or hedging.

The SSMA considers that the legal uncertainty that has surrounded the application of PRIIP regulation to bonds has been most unfortunate for EU capital market. As a result, many issuers no longer want to offer their bonds to retail clients. The guidance provided by ESAs ([https://www.esma.europa.eu/sites/default/files/library/jc-2019-](https://www.esma.europa.eu/sites/default/files/library/jc-2019-64_priips_kid_supervisory_statement_bonds.pdf)

64_priips_kid_supervisory_statement_bonds.pdf) as regards which type of bonds that fall within PRIIPs scope was welcome. However, considering the importance of the matter, the SSMA would have preferred a transparent procedure and clear communication from the Commission's side and that stakeholders such as issuers and investors were consulted. Further, information on how the Commission interprets EU-law should be communicated to the whole market and not in the form of bilateral letters to individual investment firms/banks.

It is important to look not only at the intention of the regulation but also the purpose of a financial instrument. The purpose of issuing a bond, irrespective of the structure, is to seek funding for the issuer, not to issue a packaged product. Furthermore, there is an issue when it comes to bonds and being responsible for producing a KID and making sure that it is updated as required. For the producer (the issuer) producing a KID and keeping it updated would be very challenging as it is not something that is not a natural

part of the business. For others (banks etc.) it would mean too much legal responsibility to produce and keep the KID updated on behalf of the issuer.

In order to avoid legal uncertainty and complexity, the interaction between the PRIIPs rules and the MiFID II rules regarding the concept of “make whole clause” should be clarified.

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.

A legal obligation to provide retail clients with access to past versions of PRIIPs KID would in our view not be proportional from a cost/benefit perspective. In fact, there is a significant risk that such requirement would only lead to confusion for retail clients which is the most recent version of the document. According to the SSMA the current rules where firms publish the latest version of the KID and provide past versions on request is reasonable.

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.

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

Please explain your answer to question 5.12:

5000 character(s) maximum

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

According to SSMA, the current 12-month review interval is a proportional requirement. This rule is also aligned with the review requirements for product governance, which from an operational perspective is important.

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.

The SSMA considers that suitability assessment is effective and serves retail investor's needs. We welcome that ESMA has been so clear regarding the use of proportionality which, in our view, has helped avoiding that the suitability assessment becomes a “tick in the box” exercise. The information collected from client must be relevant for the scope of the service in question. (See also response to 6.3).

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

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

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

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

Please explain your answer to question 6.3:

5000 character(s) maximum

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

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

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

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

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

Please explain your answer to question 6.4:

5000 character(s) maximum

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

The SSMA considers that the current regime on level 1 and 2 has worked rather well. We are therefore concerned with the approach taken in ESMA's proposed new Guidelines on appropriateness which seem to align the appropriateness regime to the existing suitability regime, without due regard to the differences between advised services and non-advised execution services.

From the aspect of retail participation on EU capital markets it is important that clients' access to execution services are not limited by overly burdensome restrictions which set the bar higher than what Level 1 and Level 2 set out. Furthermore, it is important that the requirements are adapted to the technical environment of execution services e.g. online banking.

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.

See response to Q 6.4

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 SSMA considers that the current regime on level 1 and 2 has worked rather well. We are therefore concerned with the approach taken in ESMA's proposed new Guidelines on appropriateness which seem to align the appropriateness regime to the existing suitability regime, without due regard to the differences between advised services and non-advised execution services. It is important that the requirements are

adapted to the technical environment of execution services e.g. online banking. Considering that execution services are performed in an online environment it is particularly important that any guidelines on level 3 are technologically neutral.

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.

In our view the current regime in MiFID II regarding appropriateness test is balanced, taking into account the needs of the investors.

The SSMA is concerned with the proposals in ESMAs proposed new Guidelines on appropriateness which seem to have as an objective to restrict the possibilities for a client that has failed an appropriateness test and received a warning to be able to proceed with the transaction by proposing "cooling off period" or "limiting the number of attempts". In our view such rules will unduly restrict the free choice of retail clients and lower their interest to invest and therefore be to the detriment of increased retail participation on capital markets in EU.

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

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

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

Please explain your answer to question 6.8:

5000 character(s) maximum

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

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

Moreover, SSMA is unaware of any significant market failure or problems with miss-selling relating to the current rules on execution-only. It should also be noted that for some non-complex products such as UCITS funds, investor protection follows indirectly from EU rules at the product-level.

The SSMA is concerned that there will be unintended negative effects if the EU legislator was to make execution-only services too complex or administratively burdensome for retail clients since there is a risk that these investments might be replaced by unregulated investment products. In fact, from an investor protection perspective we believe that it is more important that the EU regulator focus on the emergence of unregulated markets, partly because retail clients make use of it as a viable option to the heavily regulated traditional investment products and services and partly because it puts market integrity into question. Here we see a potential issue with for example communities where clients interact through social media platforms where “mass opinions” are created and which retail investors use to act upon. In itself this could create an issue with bypassing safeguards.

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

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

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

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

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

Please explain your answer to question 6.9:

5000 character(s) maximum

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

We believe that the Commission should address how the product governance rules are applied in the primary market. It is not proportionate or relevant that an investment firm advising a non-MiFID manufacturer issuing e.g. an equity or a bond should be seen as a manufacturer of the instrument (cf. recital 15 of the delegated regulation MiFID II).

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.

The SSMA takes the view that the demands and needs test work for non-IBIPs. However, for IBIPs, the rules on suitability assessment are sufficient. See also response to question 6.11.

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

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

Please specify what problems you identify and explain your answer to question 6.11:

5000 character(s) maximum

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

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

Defining the insurance demands and needs for IBIPs is perceived as artificial as the need typically relates to the customer's wishes for certain features in their investment, such as easier handling of the investments through one policy, specific tax features, possibilities to define beneficiaries etc. We would argue that the suitability regime, which applies in addition to the demands and needs test when providing advice, embeds a demands and needs assessment given that the distributor shall understand the essential facts about the customer and be able to determine that the personal recommendation to the customer meets the customer's investment objectives, the customer's financial situation and that the customer has the necessary knowledge and experience.

In our opinion the suitability regime is wider and more detailed than the demands and needs test. A practical way of looking at it is that if the client does not have a need or a demand for an insurance product, it could hardly be suitable for the client to make an investment through an insurance product. As a consequence, the demands and needs test appears to be an unnecessary duplication when providing advice on IBIPs.

Therefore, the reasonable approach would be to apply the demands and needs test only for non-IBIPs and just apply the suitability rules for IBIPs when advice is provided. This would make the advisory process more efficient and clearer for both retail investors and insurance distributors.

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.

The SSMA supports removal of demands and needs for IBIPs.

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.

It should be considered that in an online channel the sales process is initiated by the customers themselves, and in that type of situation they are very likely to have an insurance need in their mind already.

7. Reviewing the framework for investor categorisation

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

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

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

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

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

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

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

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

The current MiFID II regime is not well-adapted to the needs of more experienced retail clients but limits their ability to invest in certain investment products. We therefore fully support that this issue is made part of the CMU/Retail Action Plan.

However, see a number of challenges with the idea to introduce a new and additional semi-professional client category as this would require quite large IT system and process changes, as well as changes to the industry's self-regulation initiatives like the EMT etc. In our view, it is a better solution to amend the definition of professional clients on request in Annex II to MiFID in order to better reflect the nature of the service, the transaction, and the financial instrument.

Additional amendments that should be considered:

- Ability to bear loss could be based on market conditions and at a given frequency rather than at each and every transaction.
- Removal of the requirement to produce a suitability report
- Removal of Loss Threshold Reporting for leveraged instruments (article 62 delegated regulation)
- Removal of the obligation to provide the client with PRIIPS KID/KIIDS.

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.

The SSMA suggests that the first criteria is re-drafted in a more general manner:

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

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

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

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

Please explain your answer to question 7.2 a):

5000 character(s) maximum

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

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

- No change
- Exceeds EUR 250,000
- Exceeds EUR 100,000

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

Please explain your answer to question 7.2 b):

5000 character(s) maximum

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

The SSMA supports a change of portfolio size to exceeding EUR 250 000. For the avoidance of doubt, it should be confirmed that both external and internal assets count, i.e. also assets held by other investment firms than the one making the assessment.

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

- No change
- Extend definition to include relevant experience beyond the financial sector (e.g. in a finance department of a company)
- Adjust the reference to the term 'transactions' in the criteria to instead refer to 'financial instruments'
- Other criteria to measure a client's financial knowledge
- Don't know / no opinion / not applicable

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

5000 character(s) maximum

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

In the third criteria the SSMA proposes to include thorough education and to broaden the work experience to any sector provided that the position requires knowledge of the relevant service, transaction, or instrument.

"The client has a relevant education or works or has worked, for at least one year, in a profession which requires knowledge of the services, transactions or financial instruments envisaged".

We propose that annex II is also amended to include a reference to the provisions for assessment of suitability and appropriateness in article 55 of the delegated regulation for the assessment of the required expertise and knowledge.

Please explain your answer to question 7.2 c):

5000 character(s) maximum

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

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

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

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

5000 character(s) maximum

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

According to the SSMA two of the three criteria mentioned above should be fulfilled in order to allow a retail client to be treated as professional.

In addition, the SSMA supports the introduction of a new criterion which apply on a stand-alone basis. According to this forth criterion an investment firm should be able to treat a client as a professional client for a specific investment or transaction type provided that the client commits to a transaction size of 100.000 EUR and declares in writing, in a document separate from the relevant investment/commitment agreement, that the client acknowledge and is aware of the risks with the investment/commitment. This type of criterion can be seen in local transpositions of AIFMD and has in our experience worked well.

Please explain your answer to question 7.2 d):

5000 character(s) maximum

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

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

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

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

Please explain your answer to question 7.3:

5000 character(s) maximum

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

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

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 checked="" type="radio"/>	<input 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 checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Obliging distributors to assess the investment products they recommend against similar products available on the market in terms of overall cost and expected performance	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Introducing specific record-keeping and reporting requirements for distributors of retail investment products to provide a breakdown of products distributed, thus allowing for supervisory scrutiny and better enforcement of the existing rules on inducements	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Introducing a ban on all forms of inducements for every retail investment product across the Union	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please explain your answer to question 8.1:

5000 character(s) maximum

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

In SSMA's experience, clients are more interested in the fact that inducements exist but not in detailed information regarding the exact size of the inducements or method of calculation. In fact, such level of detail lead to an information overload for retail clients.

As regards the record keeping mechanism, we believe that the current regime works well and cannot see any reason for more granular obligations.

We do not object to the regards the "quality enhancement" test per se (which already existed under MiFID I) but consider that the level 2 rules in MiFID II are much too detailed.

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.

The SSMA is opposed to the introduction of an outright inducements ban and does not see that it would improve the access to independent investment advice.

MiFID should, like it does today, enable both an inducements-based distribution model as well as an inducement-free distribution model in order to have more variety on the market. An outright ban would have severe implications on the distribution of different financial instruments by investment firms. It would indeed lower the product supply, since there is a lot less incentives for distributors to include products from external product manufacturers in their product offering, if they are not able to utilise inducements in the form of distribution fees. Naturally, this would lead to diminishing product diversity, fewer products for the clients to choose from and create barriers for smaller manufacturers to get a foothold on the market. An outright ban would also risk reducing the access to investment advice for regular retail segments since the current regime of cross-subsidisation entails that wealthier clients help to fund services for the wider community. As a consequence, the SSMA sees a risk of that an outright ban on inducements would create a situation where less people are investing in investment products. Together, these points would act against the goals of the Capital Markets Union.

The SSMA is rather of the opinion that inducements help finance European distribution networks, promote a wider range of products as well as access to investment advice. Today, inducements also cover the infrastructure around investments e.g. fixed costs, significant IT costs and administration. The cross-subsidisation regime effectively helps to promote a broad access to investment services, particularly investment advice, also for clients with small investable assets. In this light it is interesting to see that the ban on inducements for independent investment advice has not produced encouraging results in the Nordics, and especially not in Sweden where the gold-plated definition in itself has rather limited the possibility of firms to become independent.

To mitigate the investor protection risks inherent with an inducement regime, firms should be able to provide clients with clear information on which services are provided to the client and what the client pays for them.

Furthermore, firms shall avoid conflicts of interests, manage them, and inform clients about them. There is also a clear obligation and a set of rules to ensure that firms provide clients with suitable financial instruments (product governance, suitability, and appropriateness) as well as provisions on internal remuneration schemes. The financial industry builds on trust. Therefore, these measures should be enough to make sure that client's interests are cared for. If something needs to be changed it is rather to focus on the culture of misbehaving firms that have come to wrongly set the standard for the whole industry. In light of the above, it is important that the EU rules focus on harmonising principles of how the inducements rule should be read and interpreted for different types of investment products and services.

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 SSMA is opposed to the introduction of an outright inducements ban and does not see that it would improve the access to independent investment advice.

MiFID should, like it does today, enable both an inducements-based distribution model as well as an inducement-free distribution model in order to have more variety on the market. An outright ban would have severe implications on the distribution of different financial instruments by investment firms. It would indeed lower the product supply, since there is a lot less incentives for distributors to include products from external product manufacturers in their product offering, if they are not able to utilise inducements in the form of distribution fees. Naturally, this would lead to diminishing product diversity, fewer products for the clients to choose from and create barriers for smaller manufacturers to get a foothold on the market. An outright ban would also risk reducing the access to investment advice for regular retail segments since the current regime of cross-subsidisation entails that wealthier clients help to fund services for the wider community. As a consequence, the SSMA sees a risk of that an outright ban on inducements would create a situation where less people are investing in investment products. Together, these points would act against the goals of the Capital Markets Union.

The SSMA is rather of the opinion that inducements help finance European distribution networks, promote a wider range of products as well as access to investment advice. Today, inducements also cover the infrastructure around investments e.g. fixed costs, significant IT costs and administration. The cross-subsidisation regime effectively helps to promote a broad access to investment services, particularly investment advice, also for clients with small investable assets. In this light it is interesting to see that the ban on inducements for independent investment advice has not produced encouraging results in the Nordics, and especially not in Sweden where the gold-plated definition in itself has rather limited the possibility of firms to become independent.

To mitigate the investor protection risks inherent with an inducement regime, firms should be able to provide clients with clear information on which services are provided to the client and what the client pays for them. Furthermore, firms shall avoid conflicts of interests, manage them, and inform clients about them. There is also a clear obligation and a set of rules to ensure that firms provide clients with suitable financial instruments (product governance, suitability, and appropriateness) as well as provisions on internal remuneration schemes. The financial industry builds on trust. Therefore, these measures should be enough to make sure that client's interests are cared for. If something needs to be changed it is rather to focus on the culture of misbehaving firms that have come to wrongly set the standard for the whole industry. In light of the above, it is important that the EU rules focus on harmonising principles of how the inducements rule should be read and interpreted for different types of investment products and services.

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.

The SSMA is opposed to the introduction of an outright inducements ban and does not see that it would improve the access to independent investment advice.

MiFID should, like it does today, enable both an inducements-based distribution model as well as an inducement-free distribution model in order to have more variety on the market. An outright ban would have severe implications on the distribution of different financial instruments by investment firms. It would indeed lower the product supply, since there is a lot less incentives for distributors to include products from external product manufacturers in their product offering, if they are not able to utilise inducements in the form of distribution fees. Naturally, this would lead to diminishing product diversity, fewer products for the clients to choose from and create barriers for smaller manufacturers to get a foothold on the market. An outright ban would also risk reducing the access to investment advice for regular retail segments since the current regime of cross-subsidisation entails that wealthier clients help to fund services for the wider community. As a consequence, the SSMA sees a risk of that an outright ban on inducements would create a situation where less people are investing in investment products. Together, these points would act against the goals of the Capital Markets Union.

The SSMA is rather of the opinion that inducements help finance European distribution networks, promote a wider range of products as well as access to investment advice. Today, inducements also cover the infrastructure around investments e.g. fixed costs, significant IT costs and administration. The cross-subsidisation regime effectively helps to promote a broad access to investment services, particularly investment advice, also for clients with small investable assets. In this light it is interesting to see that the ban on inducements for independent investment advice has not produced encouraging results in the Nordics, and especially not in Sweden where the gold-plated definition in itself has rather limited the possibility of firms to become independent.

To mitigate the investor protection risks inherent with an inducement regime, firms should be able to provide clients with clear information on which services are provided to the client and what the client pays for them. Furthermore, firms shall avoid conflicts of interests, manage them, and inform clients about them. There is also a clear obligation and a set of rules to ensure that firms provide clients with suitable financial instruments (product governance, suitability, and appropriateness) as well as provisions on internal remuneration schemes. The financial industry builds on trust. Therefore, these measures should be enough to make sure that client's interests are cared for. If something needs to be changed it is rather to focus on the culture of misbehaving firms that have come to wrongly set the standard for the whole industry. In light of the above, it is important that the EU rules focus on harmonising principles of how the inducements rule should be read and interpreted for different types of investment products and services.

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.

The SSMA is opposed to the introduction of an outright inducements ban and does not see that it would improve the access to independent investment advice.

MiFID should, like it does today, enable both an inducements-based distribution model as well as an

inducement-free distribution model in order to have more variety on the market. An outright ban would have severe implications on the distribution of different financial instruments by investment firms. It would indeed lower the product supply, since there is a lot less incentives for distributors to include products from external product manufacturers in their product offering, if they are not able to utilise inducements in the form of distribution fees. Naturally, this would lead to diminishing product diversity, fewer products for the clients to choose from and create barriers for smaller manufacturers to get a foothold on the market. An outright ban would also risk reducing the access to investment advice for regular retail segments since the current regime of cross-subsidisation entails that wealthier clients help to fund services for the wider community. As a consequence, the SSMA sees a risk of that an outright ban on inducements would create a situation where less people are investing in investment products. Together, these points would act against the goals of the Capital Markets Union.

The SSMA is rather of the opinion that inducements help finance European distribution networks, promote a wider range of products as well as access to investment advice. Today, inducements also cover the infrastructure around investments e.g. fixed costs, significant IT costs and administration. The cross-subsidisation regime effectively helps to promote a broad access to investment services, particularly investment advice, also for clients with small investable assets. In this light it is interesting to see that the ban on inducements for independent investment advice has not produced encouraging results in the Nordics, and especially not in Sweden where the gold-plated definition in itself has rather limited the possibility of firms to become independent.

To mitigate the investor protection risks inherent with an inducement regime, firms should be able to provide clients with clear information on which services are provided to the client and what the client pays for them. Furthermore, firms shall avoid conflicts of interests, manage them, and inform clients about them. There is also a clear obligation and a set of rules to ensure that firms provide clients with suitable financial instruments (product governance, suitability, and appropriateness) as well as provisions on internal remuneration schemes. The financial industry builds on trust. Therefore, these measures should be enough to make sure that client's interests are cared for. If something needs to be changed it is rather to focus on the culture of misbehaving firms that have come to wrongly set the standard for the whole industry. In light of the above, it is important that the EU rules focus on harmonising principles of how the inducements rule should be read and interpreted for different types of investment products and services.

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

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

Please explain your answer to question 8.3:

5000 character(s) maximum

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

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

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

Please explain your answer to question 8.4:

5000 character(s) maximum

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

Question 8.5 How should inducements be regulated?

Please select as many answers as you like

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

Introducing a ban on all forms of inducements for every retail investment product across the Union

Other

Please explain your answer to question 8.5:

5000 character(s) maximum

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

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

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

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

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

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

Please explain your answer to question 8.7:

5000 character(s) maximum

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

The best execution rules in MiFID II generally work well and SSMA does not see a need of amendments.

However, we do question the value of the RTS 27 report and considers that it can be deleted from MiFID II.

If the RTS 27 report is kept, we take the strong view that the Commission should make necessary

amendments to the RTS 27 in order to ensure that it only applies to products where adequate and meaningful data is available.

- For non-standardized or bespoke products, the information required under RTS 27, have only little or no comparative value for clients. This fact is problematic considering that other parts of MiFID II in fact require firms to take the RTS 27 report into account. The Commission should make necessary amendments to the RTS 27 in order to ensure that it only applies to products where adequate and meaningful data is available, such as instruments traded on a trading venue (“ToTV”).
- For SI trading the SSMA considers that several of the fields in the annex to RTS 27 is not relevant.
- There are still a number legal uncertainties as to the application of certain terms and definitions in RTS 27 such as “other liquidity provider”, the definition of “cost” and “price” compared to other parts of the MiFID II framework and the use of an SSTI concept limited to instruments without a liquid market. Clarifications are also needed as regards the application of RTS 27 for negotiated/processed trades (art 4 and 9).

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

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

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

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

5000 character(s) maximum

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

The SSMA does not support a European wide certification. Such requirement should be defined rather at Member States level due to the national differences in product universe, use of investment products, education systems, tax environments etc.

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

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

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

Please explain your answer to question 8.9:

5000 character(s) maximum

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

No additional or specific EU-rules for robo advisors are necessary.

In our view it is important that EU rules on advice and portfolio management are technology neutral and work both for automated services and face-to-face meetings with clients. For instance, it is important to safeguard the proportionality principle as regards suitability assessment in order for more simple and automated advice to develop further in the market and to become even better at reaching a wider audience of retail investors.

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.

In the Nordic market, the use of robo-advisors has in fact increased during the past years. The differences between the markets largely depend on pensions and taxes, the level of digital experience and financial literacy of retail investors.

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

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

If such unnecessary barriers do exist, which measures could be taken to address them?

5000 character(s) maximum

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

According to the SSMA there are no specific “barriers”. However, it is important that EU rules on advice and portfolio management are technology neutral and work both for automated services and face-to-face meetings with clients. For instance, it is important to safeguard the proportionality principle as regards suitability assessment in order for more simple and automated advice to develop further on the capital market and to become even better at reaching a wider audience of retail investors.

9. Addressing the complexity of products

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

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

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

Please explain your answer to question 9.1:

5000 character(s) maximum

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

The SSMA does not consider that more rules are needed in order to facilitate retail clients access to “simpler investment products”. Instead, legislative measures should be focused on simplifying the current regime to ensure that EU legislation it is well adapted to technological developments such as online banking and automated advices. As mentioned in our response to question 6.8, due care should be taken in order not to limit clients access to execution only services i.e. by introducing new administratively burdensome rules that are not needed from an investor protection perspective for simple products such a UCITS.

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

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

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

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

Please explain your answer to question 9.2 a):

5000 character(s) maximum

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

The SSMA considers that the current rules relating to complex products are sufficient. No specific rules are needed for online purchases.

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.

The SSMA considers that the current rules relating to complex products are sufficient.

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.

The SSMA does not consider that there is a need for an EU label for simple products.

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.

The SSMA does not support additional legislative measures for “very complex products”, First of all there is no definition of what is meant by such “very” complex products as opposed to “ordinary” complex products. Secondly, in our experience, most challenges regarding complex products and retail investors have been handled though MiFID II. Problems that today occur on the market, such as mis-selling, can be tackled by enforcement of existing rules.

f) Should they have another aim?

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

10. Redress

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

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

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

Please explain your answer to question 10.1:

5000 character(s) maximum

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

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

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

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

Please explain your answer to question 10.2:

5000 character(s) maximum

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

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

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

Please explain your answer to question 10.3:

5000 character(s) maximum

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

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.

No, we do not consider that further efforts are needed.

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.

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

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

Please explain your answer to question 11.2:

5000 character(s) maximum

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

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

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

Please explain your answer to question 11.3:

5000 character(s) maximum

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

12. Sustainable investing

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

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

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

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

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

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

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

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

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

Please explain your answer to question 12.4:

5000 character(s) maximum

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

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.

Regarding the structure of the questionnaire:

The SSMA has found it particularly challenging to respond to the parts that require a ranking 1-5. In our view, many of the questions are unclear and there is a considerable risk that they will be interpreted differently by the respondents. It is therefore important that the Commission takes a cautious approach when analysing the responses.

Regarding placing/underwriting fees and rules on inducements:

In its technical advice to the Commission relating to cost & charges disclosures, (points 23 and 24) ESMA states that placing fees and underwriting fees should be disclosed as inducements in accordance with article 24(9) MiFID II when the investment firm also provides an investment service to the investor buying the financial instruments it is placing/sells the financial instruments issued to investors. ESMA also anticipates that further analysis might be appropriate in this area in the case of IPOs. The SSMA is concerned with this interpretation of MiFID II and the adverse impact it could have on EU capital markets.-

Firstly, in our view, a fee received from the issuer client is a payment for the investment service rendered, i.e. underwriting and/or placing. This fee should not be considered as an inducement in relation to an investment client that buys the shares or bonds in question. In fact, if that were the case, then payments (e.g. brokerage fee) which the firms receive from the investment client should also be seen as an inducement in relation to the issuer, which obviously would not be reasonable. It must be possible under MiFID II to provide an investment service to one client without the remuneration for this service considered as an inducement in relation to another client.

Secondly, it should be underlined that the conflict of interest rules in MiFID II do apply in these situations. Thus, the investment firm must both identify and handle the conflict of interest arising between its business relationship with issuer and its relationship with investment clients (cf. organizational requirements such as Chinese walls and disclosures). In the event such measures would not be enough to avoid a negative impact on the clients' interests the investment firm is obliged to explicitly inform the clients of the nature and source of the conflict of interest and the mitigating measures taken. Moreover, the investment firm is required to disclose information about the fee (%) to clients in accordance with the Prospectus Regulation. From an investor protection perspective, we therefore see little added value in considering this fee as an inducement since the relevant investor protection concerns are already covered by other EU-rules.

Thirdly, application of the inducement rules in MiFID II to issuer fees could give rise to a significant number of practical problems for investment firms, issuers and investor clients. For example, if the amount of the inducement is not known (which often is the case), the firm shall disclose to the investor client which methodology it uses for calculation and is also obliged to revert to the clients ex post with an exact amount. This would be a very technically complicated and administratively burdensome exercise of questionable benefit to the end-investor. There is also legal uncertainty which "quality enhancement" criteria could be applicable to the issuer fee (if any at all) and what the effect will be of the ban on inducement in relation to e.g. portfolio management services. A strict interpretation of the MiFID II seems to suggest that the investment firm would not be able to keep the issuer fee if this is seen as an inducement but be required to distribute it (pro rata?) to its portfolio management clients (article 41 delegated regulation). This can ultimately have adverse effects on the availability of services to companies for raising capital, which would be especially

troublesome given the current market situation. It could also result in limiting the availability of possible investments in IPO:s and share issuances for retail clients.

Finally, it is important to consider the interpretation of the inducement rules to underwriting and placing services in the wider context of MiFID Review. For example, what would be the effect for underwriters and placing agents if the co-legislators agree on a full ban on inducements? Would this mean that an investment firm is no longer able to get paid for its underwriting and placement services?

Additional information

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

The maximum file size is 1 MB.

You can upload several files.

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

Useful links

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

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

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

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

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

Contact

fisma-retail-investment@ec.europa.eu

