

ROADMAP

Roadmaps aim to inform citizens and stakeholders about the Commission's work in order to allow them to provide feedback and to participate effectively in future consultation activities. Citizens and stakeholders are in particular invited to provide views on the Commission's understanding of the problem and possible solutions and to make available any relevant information that they may have.

TITLE OF THE INITIATIVE	A Retail Investment Strategy for the EU
LEAD DG – RESPONSIBLE UNIT	DG FISMA – B3 (Retail Financial Services)/B1 (Capital Markets Union)
LIKELY TYPE OF INITIATIVE	Communication on the Retail Investment Strategy
INDICATIVE PLANNING	Q1 2021
ADDITIONAL INFORMATION	https://ec.europa.eu/info/business-economy-euro/banking-and-finance/consumer-finance-and-payments/retail-financial-services/consumer-financial-services-policy_en

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A. Context, Problem definition and Subsidiarity Check

Context [max 10 lines]

As set out in the September 2020 CMU Action Plan, the CMU also aims to put capital markets at the service of people, offering them both increased investment opportunities, including sustainable ones, and stronger investor protection. The CMU can in particular help meet the challenges posed by Europe's ageing populations as well as supporting Europe's green and digital transition. Currently, the level of participation by retail investors in financial markets in the EU remains low by international standards.

Against this background, the CMU Action Plan announced the Commission's intention to propose a retail investment strategy for the first half year of 2022, that should seek to ensure that retail investors can take full advantage of capital markets and that rules are coherent across legal instruments.

Problem the initiative aims to tackle [max 25 lines]

Investor protection rules are currently set out in a number of sector specific legislative instruments, including the Markets in Financial Instruments Directive ([MiFID](#)), Packaged Retail and Insurance-Based Investment Products ([PRIIPs](#)), Undertakings for the Collective Investment in Transferable Securities ([UCITS](#)), and the Insurance Distribution Directive ([IDD](#)). This includes service-based regulation, for example on investment and insurance advice and portfolio management (in MiFID and IDD) and product-related requirements (for example the key information document for PRIIPs). The rules and disclosures can differ from one instrument to another, which may make it more difficult for consumers to make investment decisions that correspond to their needs.

Beyond that, due to payments of inducements, advice provided by intermediaries may sometimes be biased towards products with higher rewards for intermediaries. In addition, the effectiveness of suitability assessments (where the provider needs to assess the knowledge, experience, financial capacity and investment objectives of the retail investor) has been questioned.

Furthermore, digital innovation (role of social media, online brokerages, ease of access to retail investments for new types of investor) is increasingly a feature of the retail investment market and its impact for retail investors needs to be assessed.

Finally, there may also be other concerns such as: the general level of consumer understanding and familiarity with retail investment products, the possible need for further differentiation between different investor categories, the high complexity of some retail investment products as well as access to effective individual redress.

Basis for EU intervention (legal basis and subsidiarity check) [max 10 lines]

The strategy will focus on ensuring a coherent regulatory framework to empower consumers to take financial decisions and benefit from the internal market. That can only be achieved at EU level, in close cooperation with Member States.

B. What does the initiative aim to achieve and how [max 25 lines]

The retail investment strategy will aim at a coherent approach to empower consumers to take financial decisions

and benefit from the internal market and to address the challenge of low capital market participation rates in the EU. The strategy aims to assess the entire retail investor journey and will put the investor at the heart of EU policies in the spirit of “an economy that works for the people”.

As set out in the CMU Action Plan, a retail 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.

The strategy will also build on Action 8 of the CMU action plan, announcing the following actions: “*a) assessment of rules in the area of inducements and disclosures, b) reviewing the existing investor categorisation of retail vs. professional investors and c) introduction of a requirement for advisors to obtain a certificate that proves that their level of knowledge and qualifications, subject to a positive impact assessment.*”

The retail investment strategy will also need to reflect ongoing developments, in particular digitalisation and sustainability.

C. Better regulation

Consultation of citizens and stakeholders [max 10 lines]

The European Commission will launch an online 3 month open public consultation related to this initiative. The consultation will be published on the Have Your Say portal. It will offer an opportunity for all stakeholders to provide their views including; Member States, consumer and investor organisations, individual investors, industry stakeholders, representatives and intermediaries working in the field of retail investments and insurance-based investments. The consultation will seek feedback on the range of issues relating to retail investments, as outlined in this roadmap.

Evidence base and data collection [max 10 lines]

A [study](#) looking at disclosures to consumers, inducements and advice and the suitability and appropriateness assessment tests has been commissioned. It involves consumer testing and mystery shopping. The results will be available in autumn 2021, and will represent an important input for the retail investment study.

Additional research undertaken for the Commission in the area of [distribution systems for retail investment products](#), [digitalisation of the marketing and selling of retail financial services products](#), as well as evidence gathered in the context of the [High Level Forum on Capital Markets Union](#).

Individual actions set out in the strategy will be accompanied, as necessary, by an impact assessment.