



## Executive Summary

### Position Paper on Retail Investment Strategy (RIS) legislative package

On 4 August 2023, the ESBG, by replying to the Have-your-Say consultation launched by the European Commission on the Retail Investment Strategy (RIS) legislative package, submitted its position paper on the topic.

The ESBG provides its view regarding the more controversial issues, suggesting - where feasible - possible improvements regarding both the Omnibus Amending Directive and the Amending Regulation proposals.

With regard to the **Amending Directive proposal**, the decision to refrain from its original intention of proposing a complete ban on inducements is more than welcome, due to the “potential disruptive impact” it could cause as recognised by the Commission itself.

However, due to the huge number of additional tests, processes, obligations, requirements, organizational and IT implementations, the package departs from the goal of reducing information overload and making financial services more approachable for retail investors.

In addition, ESBG outlines the need, especially in the current economical context, to preserve a capital markets regulatory framework able to include and attract all kinds of retail investors.

More specifically, regarding to the MiFID framework, we express our concerns about the following topics.

- **Value for Money** - The approach undertaken by the proposal with the consequent development of benchmarks fully mandated at Level 2 is too interventionist and would result in an indirect price fixing made with a complete lack of criteria and methodology set at Level 1.
- **Ban on inducements** - The proposed Ban on inducements for non-advised transactions would: i) reduce competitiveness; ii) lead to higher costs for clients; iii) endanger the current multi-channel approach provided by the Savings Banks to their clients, and iv) jeopardise the development of digital media and open architecture models by financial services’ distributors.
- **Best interest test** - The disproportionate focus placed on costs would lead retail clients to prioritise the “cheapest” product over others that could potentially offer them better value.
- **Review clause** - The two-staged approach envisaged by the proposal is a too short-term of an approach, also considering the huge number of new procedures and requirements to be introduced and/or implemented.





- **Information and disclosure requirements** – The approach undertaken would add complexity in contrast with the goal of the CMU to avoid the already massive information overload for clients.
- **Appropriateness test** – The extension of this test would make non-advised transactions more complicated and time consuming to the detriment of potential investors who already complain about the current regulatory framework requirements.
- **Risk warnings** – Due to the existing abundance of obligatory information, the additional warning requirements would lead to further lack of understanding for potential retail investors.
- **Transposition** – The set deadline is too short considering the significant number of new requirements and changes, especially due to the circumstance that level 2 requirements will be enacted in parallel with national level 1 implementation.

With respect to the **Amending Regulation proposal**, ESBG appreciates many provisions able to address the existing weakness of the current regulatory framework. Nevertheless, some further improvements are suggested based on the recently issued ESAs report on PRIIPs review.