

MEMO# 33692

July 19, 2021

European Commission Consultation on a Retail Investment Strategy: ICI Global Draft Response for Comment by Friday 23 July 2021

[33692]

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TO: Global Advocacy Coordination Advisory Committee

Global Operations Advisory Committee

ICI Global EU Capital Markets Union Task Force

ICI Global Regulated Funds Committee RE: European Commission Consultation on a Retail Investment Strategy: ICI Global Draft Response for Comment by Friday 23 July 2021

On 11 May 2021, the European Commission ("the Commission") published a consultation on a retail investment strategy for Europe ("the consultation").[\[1\]](#) Attached is ICI Global's draft response which takes account of the feedback we received during the 10 June member call and our bilateral engagement with members.

Please provide your feedback on the response by close of business on Friday 23 July to enable us to file our response in good time ahead of the 3 August deadline.

Draft Response

In our response we conclude that the EU regulatory framework for retail investment contains broadly the right protections but does not sufficiently empower retail investor engagement in the capital markets, particularly on a cross-border basis and considering digital innovation. We recommend the following enhancements:

- **Broaden the range and choice of UCITS** for all EU retail investors by removing remaining impediments to the cross-border distribution of UCITS, including Member State "marketing" requirements and inefficient notification procedures.
- **Enable EU investors to access suitable investment products fairly and efficiently** by (i) refining product governance obligations to better take account of how investors use funds to achieve investment goals and to provide better access to simpler products; (ii) enhancing suitability assessments; and (iii) ensuring distribution related fees including those paid to intra-group entities are proportionate, in the best

interest of investors and add value.

- **Improve investors' experience of fund subscription by encouraging digital innovation and technology**, including making e-Delivery the default medium for disclosures and information, enabling information to be delivered in interactive non-document form (e.g., on mobile apps or webpages) and supporting innovation including through initiatives such as open-finance.
- **Ensure all EU investors have appropriate access to investment services including financial advice** by harmonising the interpretation and application of the inducements rules to all distribution architectures and investment products including non-MiFID comparable products.
- **Provide EU investors with clear information to make informed investment decisions** by simplifying the complex web of investor disclosures in UCITS, PRIIPs and MiFID, and resolving known issues with transaction cost and performance scenario calculation and presentation in the PRIIPs KID.
- **Empower all EU investors to invest in the capital markets** through a collaborative financial competence framework which enhances financial literacy and investor understanding of investing and markets more generally.

The response builds on ICI Global's past submissions to the European Commission, including our response to its MiFID consultation last year.^[2]

Next Steps

Please provide feedback on ICI Global's draft response by Friday 23 July. The Commission is accepting feedback on the consultation by 3 August 2021 and ICI Global will file its response by this date. The Commission will consider the feedback and is expected to publish its retail investment strategy in the first part of next year.

Giles Swan
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ICI Global

endnotes

^[1] See ICI Memorandum No. 33532, RE: European Commission Consultation on a Retail Investment Strategy..., dated 13 May 2021, available at <https://www.ici.org/memo33532>

^[2] See ICI Global Response to the European Commission's Public Consultation on the Review of the MiFID/MiFID Regulatory Framework, available at <https://www.ici.org/system/files/attachments/pdf/mifidresponse.pdf>