

MEMO# 34176

June 6, 2022

ICI Global Response to Call for Evidence on Retail Investment Strategy

[34176]

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TO: ICI Global Members

Global Regulated Funds Committee SUBJECTS: International/Global

MiFID, EMIR, AIFMD, UCITS V RE: ICI Global Response to Call for Evidence on Retail Investment Strategy

On May 3, 2022, the European Commission launched a call for evidence on the upcoming Retail Investment Strategy, with a deadline of May 31, 2022.[\[1\]](#) Reflecting its belief that the European Union's (EU's) regulatory framework for retail investment could be updated to better empower retail investor engagement in EU capital markets (particularly on a cross-border basis and when investors are using digital technology), ICI Global recommended the following reforms in its response to the call for evidence:

- develop a pan-European marketing regime and remove inefficient notification procedures;
- enable the use of digital technology by funds to improve retail investors' fund subscription experience and help them access more easily-tailored and value-adding services;
- ensure that retail investors have a means to express a broad range of investment preferences related to environmental and social characteristics by confirming via a Q&A document (or similar) that retail clients may express a preference for financial products with sustainability characteristics that do not fall under MiFID II, as amended;
- provide EU investors with useful information to compare products and make informed investment decisions by developing a unified categorization of costs used across all investor disclosures;
- enable EU investors to access a broad range of suitable investment products by converging Member State approaches to applying and supervising the suitability rules;
- ensure all EU investors have appropriate access to investment services by continuing to enable investors to pay for a range of appropriate advice services through commissions or fees;
- improve financial literacy through the European Commission/OECD-INFE's financial competence framework; and
- address the complexity of products and enhance retail investor understanding of

investment products by aligning the definition of simple and non-complex products and by only applying target market assessment requirements to complex retail funds sold on an execution-only basis.

ICI Global's December 2021 response^[2] to the European Securities and Markets Authority's call for evidence on retail investor protection^[3] was submitted as part of this response and provides further details on the issues raised.

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endnotes

[1] The call for evidence is at available at https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/13395-Retail-investment-new-package-of-measures-to-increase-consumer-participation-in-capital-markets_en.

[2] ICI Global Comment Letter on Call for Evidence on the European Commission Mandate on Certain Aspects relating to Retail Investor Protection, available at <https://www.ici.org/system/files/2022-03/34000a.pdf>.

[3] The call for evidence is available at https://www.esma.europa.eu/sites/default/files/esma35-43-2827_call_for_evidence_on_retail_investor_protection.pdf.

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