

**EUROPEAN COMMISSION  
RETAIL INVESTMENT STRATEGY  
CALL FOR EVIDENCE FOR AN EVALUATION AND  
IMPACT ASSESSMENT RUN IN PARALLEL**

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**AMAFI feedback**

**Association française des marchés financiers (AMAFI)** is the trade organisation working at national, European and international levels to represent financial market participants in France. AMAFI members consist of investment firms (IFs) and credit institutions (French, European and global firms), operating in and/or from France (corporate and investment banks (CIBs), brokers-dealers, exchanges, and private banks). AMAFI is deeply involved in all regulatory matters that concern financial instruments (MiFID, PRIIPs, intervention measures and product bans, AMF framework on product complexity, etc.). As far as financial products are concerned, we mostly represent all issuers/manufacturers of products (CIBs) and, through our private bank members, distributors as well. AMAFI has more than 150 members operating in equities and fixed-income and interest rate products, as well as commodities, derivatives and structured products for both professional and retail clients.

AMAFI welcomes the approach of the European Commission (EC). We share the Commission's view that investors are at the centre of the provision of investment services, and even when these services are provided to professional investors, in an overwhelming number of cases it is in fact retail investors who are ultimately concerned.

In the framework of the Retail Investment Strategy, the Commission launched a "Call for evidence" to inform the public and stakeholders about its work so they can provide feedback on the intended initiative and participate effectively in consultation activities.

The initiative includes:

- an evaluation of existing relevant EU investor protection legislation (backward-looking dimension) and, if deemed appropriate.
- an impact assessment of the proposed legislative changes (forward-looking dimension).

The Call for evidence follows notably:

- EC's Consultation on an EU strategy for retail investor – 05.2021-08.2021 – see AMAFI's answer ([AMAFI / 21-46](#)) & position paper ([AMAFI / 21-48](#));
- ESMA's Call for evidence on retail investor protection aspects – 10.2021-01.2022 – see AMAFI's answer ([AMAFI / 22-01](#)); and
- EC's Targeted consultation on options to enhance the suitability and appropriateness assessments – 02.2022-03.2022 – see AMAFI's answer ([AMAFI / 22-19](#)).

AMAFI has the following comments on:

- **Product Governance**

Ordinary shares and bonds should be removed from the scope of Product Governance rules.

These rules were primarily designed for structured products and their application to ordinary shares and bonds is unsuitable and does not provide added protection to retail investors while discouraging investment firms from distributing shares and bonds to retail investors. This is particularly unwelcome at a time when the challenge for the EU is to move towards a financing model for companies' development that gives more room to the markets and when the EU seeks more strategic autonomy, shares and bonds being essential instruments for this purpose.

- **Inducements**

AMAFI believes that current rules related to inducements are already quite demanding and sufficiently protective of clients' interests.

Introducing a ban on inducements or any measure that would make the receipt of commissions more difficult, would profoundly destabilise the business model of many players who provide investment advice, RTO or execution services to a large majority of retail clients in the EU without any viable alternative in the short to medium term.

This risk is all the more present as a recent study conducted in several European countries by [KPMG](#) shows that a majority of retail investors in Europe value investment advice, and quality enhancing services brought by inducements, but are not willing to pay upfront for it, due to the prohibitive costs of a "fee-based model".

Such a worsening of existing rules would further restrict the supply of products and services, with no demonstrated benefit in terms of investor protection and, above all, to the detriment of the supply of funding that markets can provide to the economy.

Such a development, given its negative impacts, could in any case only be envisaged after a cost/benefit analysis that does not only consider the situation of retail investors.

- **Opt-in procedure**

AMAFI considers that overall, retail investor protection is overly burdensome and restrictive for sophisticated retail clients who may therefore be deprived from the opportunity to invest in complex products that might be of value for them. Therefore, the MiFID II opt-in procedure should be opened more widely and investment firms should be able to propose this option to their retail clients.

- **Digitalisation**

AMAFI believes that regulation should be technologically neutral and therefore the increase in the use of digital means should not lead to the creation of specific rules, the current ones being deemed sufficient to protect investors.

- **Cross sector rules consistency**

AMAFI advocates maximum consistency should be targeted since e.g. equivalent financial or insurance saving products are offered by the same actors to the same clients.

- **Information disclosure**

AMAFI considers that cost and charges disclosures under MiFID are too complex and lead to information overload to clients. Therefore:

- In order to further simplify the existing regime without damaging retail investors' protection, the use of tariff grids should be allowed for simple financial instruments such as bonds and shares.
- The requirement to provide an illustration of the impact of aggregate costs on return should be removed, experience showing that this concept is not understood by clients.

- **PRIIPs**

Whereas OTC derivatives intended for mass distribution should fall within the scope of the PRIIPs Regulation, those contracted **for corporate clients** should not, primarily because they are not "distributed" and applying PRIIPs requirements seems inappropriate and useless.

- **Regulatory stability**

Finally, AMAFI is concerned by the too frequent and subsequent changes in investor protection rules, which lead to confusion, and a decreasing product offer for retail investors.

AMAFI would also like to advise legislators to build as much as possible on existing industry disclosure standards that have already proven their efficiency, when working on the future integration of PRIIPs KIDs into ESAP requirements.

