

RETAIL INVESTMENT PACKAGE

Empowering retail investors on EU capital markets

May 2023

WHAT'S THE PROBLEM?



Retail investors struggle to access **relevant, comparable, and easily understandable information** to make informed investment choices



Retail investors are increasingly at risk of being unduly **influenced by marketing** on social media and new marketing channels



Financial advice may not always be in the best interest of retail investors



Some investment products do not always offer **value for money** to the retail investor

CONSEQUENCES

**ONLY
17%**

of EU household assets were held in financial securities (such as stocks or bonds) in 2021, well below US households (*Eurostat*)

40%

higher fees are paid by retail investors, compared with institutional investors (e.g. pension funds) (*ESMA costs and performance report*)

45%

of Europeans are not confident that the investment advice they receive from financial intermediaries is in their best interest (*Eurobarometer 2023*)

HOW DO WE PROPOSE TO SOLVE THE PROBLEM?

MEASURES	OBJECTIVES
1. Modernise disclosure rules, adapting them to the digital age and investors' sustainability preferences.	Make information about investment products and services easy to access and understand.
2. Develop benchmarks against which the value of financial products need to be assessed.	Ensure that investment products bring real value for money to retail investors.
3. Address potential conflicts of interest by banning inducements for "execution-only" sales and strengthening conditions where inducements are allowed.	Ensure that financial advice is aligned with retail investors' best interests .
4. Ensure financial advisors examine retail investors' financial situation more carefully .	Ensure that financial advice better meets the needs and objectives of retail investors .
5. Require that marketing be fair, clear and not misleading also via digital channels and influencers.	Protect retail investors from misleading marketing, including on social media .
6. Improve both financial advisors' and retail investors' knowledge of financial markets .	Boost financial literacy so retail investors ask the right questions and make better decisions.
7. Improve investor categorisation by reforming the eligibility criteria for professional investors.	Reduce administrative burdens and improve accessibility for sophisticated investors.
8. Enhance supervisory cooperation between national competent authorities and European supervisory authorities.	Ensure that rules are properly and effectively applied in a coherent manner across the EU.
IMPACT	
 Help retail investors achieve better outcomes	 Increase retail investors' participation in EU capital markets
 Enhance trust and confidence in capital markets	 Contribute to the wider EU economy