



Capital Markets Union: Commission proposes new rules to protect and empower retail investors in the EU

Brussels, 24 May 2023

The Commission has today adopted a Retail Investment Package that places the consumers' interests at the centre of retail investing. The aim is to empower retail investors (i.e. "consumer" investors) to make investment decisions that are aligned with their needs and preferences, ensuring that they are treated fairly and duly protected. This will enhance retail investors' trust and confidence to safely invest in their future and take full advantage of the EU's Capital Markets Union.

One of the Commission's three key objectives of [the 2020 Capital Markets Union Action Plan](#) was to make the EU an even safer place for citizens to invest in the long term. Today's package aims to achieve that goal and encourage participation in EU capital markets, which has traditionally been lower than in other jurisdictions, such as the United States – even though Europeans have very high savings rates. Boosting the Capital Markets Union is also an essential means to channel private funding into our economy and to fund the green and digital transitions.

The Package in detail

The package includes ambitious and wide-ranging measures to:

- **Improve the way information is provided to retail investors about investment products and services, in ways that are more meaningful and standardised**, by adapting disclosure rules to the digital age and investors' growing sustainability preferences;
- **Increase transparency** and comparability of costs by requiring the use of a standard presentation and terminology on costs. This will ensure that investment products bring **real value for money** to retail investors;
- Ensure that all retail clients receive at least annually a **clear view of the investment performance of their portfolio**;
- **Address potential conflicts of interest in the distribution of investment products** by banning inducements for "execution-only" sales (i.e. where no advice is provided) and ensuring that financial advice is aligned with retail investors' best interests. Stricter safeguards and transparency will also be introduced where inducements are allowed;
- **Protect retail investors from misleading marketing** by ensuring that financial intermediaries (i.e. advisors) are fully responsible for the use (and misuse) of their marketing communication, **including where it is made via social media**, or via celebrities or other third parties they remunerate or incentivise.
- **Preserve high standards of professional qualifications for financial advisors**.
- **Empower consumers to make better financial decisions**, by encouraging Member States to implement national measures that can support citizens' financial literacy, regardless of their age, and social and educational background.
- **Reduce administrative burdens and improve the accessibility of products and services** for sophisticated retail investors, by making the eligibility criteria to become a professional investor more proportionate.
- **Enhance supervisory cooperation** to make it easier for national competent authorities and European Supervisory Authorities to ensure that rules are properly and effectively applied in a coherent manner across the EU and to jointly fight fraud and malpractices.

Today's package is wide-ranging in scope and touches on the entire investment journey of the consumer. It consists of an amending Directive, which revises the existing rules set out in the Markets in Financial Instruments Directive (MiFID II), the Insurance Distribution Directive (IDD), the Undertaking for Collective Investment in Transferable Securities (UCITS) Directive, the Alternative Investment Fund Managers Directive (AIFMD), and the taking-up and pursuit of the business of Insurance and Reinsurance Directive (Solvency II), as well as an amending Regulation, which

revises the Packaged Retail and Insurance-based Investment Products (PRIIPs) Regulation.

Background

Investor protection rules are currently set out across sector specific legislative instruments, including MiFID, the PRIIPs Regulation, the UCITS Directive, AIFMD, Solvency II, and IDD. The rules can differ from one financial instrument to another and may sometimes be inconsistent, making the cumulative requirements confusing for retail investors. At the same time, digitalisation has led to changes in distribution models and to new forms of marketing for financial instruments towards retail clients.

Over the past three years, the Commission has been gathering evidence as a basis for today's proposals, including an in-depth study looking at key retail investor issues (disclosures, advice, inducements, suitability), extensive public consultation exercises, calls for advice from European supervisory authorities, and many contacts with stakeholders.

For more information

[Questions & Answers](#)

[Factsheet](#)

[Legal texts](#)

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Quotes:

European consumers are not yet getting the best deal when it comes to their investment choices. This matters if we want to stimulate private investment to fund the wider EU economy. This is why we are today raising the bar in terms of providing expert, unbiased and uncomplicated advice for investment products, so people get the best return on their money. Greater trust and confidence will encourage people to invest more in Europe's capital markets; protecting consumers and treating them fairly. It will also help to keep Europe's retail investment sector competitive. This is a key objective of the Capital Markets Union.
Valdis Dombrovskis, Executive Vice-President for an Economy that Works for People - 24/05/2023

This is the most ambitious legislative proposal since the inception of EU financial regulation. It aims to ensure that the financial framework works in the interest of retail investors. This initiative looks at all stages of the investment process and across all sectors of the EU's capital markets, and proposes a comprehensive framework to support EU citizens in their investment decisions. We want to encourage European citizens to make their money work for them by channelling part of their savings towards investing. Europeans are good savers but less likely to invest and this retail strategy aims to unlock the investment potential of savings. The best way to do this is to ensure they are better informed, get a fairer deal and are better able to meet their long-term financial objectives. This initiative delivers real benefits for retail investors, and puts their interests, their protection and their investment objectives centre-stage.
Mairead McGuinness, Commissioner for Financial Services, Financial Stability and Capital Markets Union - 24/05/2023

Press contacts:

[Daniel FERRIE](#) (+32 2 298 65 00)

[Aikaterini APOSTOLA](#) (+32 2 298 76 24)

General public inquiries: [Europe Direct](#) by phone [00 800 67 89 10 11](#) or by [email](#)

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 [Press conference by Valdis Dombrovskis, Executive Vice-President of the European Commission, and Mairead McGuinness, European Commissioner, on new retail investment rules](#)