

Capital Markets Union (CMU) and Retail Investment Strategy (RIS)

The EU Capital Markets Union (CMU) is a plan to create a Single Market for capital. The aim is to get money - investments and savings - flowing across the EU to benefit consumers, investors and companies, regardless of where they are located.

A first [Green Paper on CMU](#) was published in 2015, followed by various follow-up measures – a key one being the [2020 CMU Action Plan](#), “A Capital Markets Union for people and businesses - New Action Plan”. This Action Plan set out 16 legislative and non-legislative measures to deliver on three main objectives:

- 1) to support a green, digital, inclusive and resilient economic recovery - with a focus on SMEs;
- 2) to make the EU an even safer place to save and invest long-term;
- 3) to integrate national capital markets into a genuine Single Market.

The 16 actions include actions of importance for intermediaries, such as:

- increasing the quality of financial advice (the Commission will look into the feasibility of a pan-EU label for financial advisors);
- an assessment and review of the rules related to inducements, investment advice and information disclosure.

Regarding the latter, the Commission is now preparing a Retail Investment Strategy (RIS) to be presented at the end of 2022/early 2023, and which should focus on the interests of individual investors:

“An individual investor should benefit from: (i) adequate protection, (ii) bias-free advice and fair treatment, (iii) open markets with a variety of competitive and cost-efficient financial services and products, and (iv) transparent, comparable and understandable product

information. EU legislation should be forward-looking and should reflect ongoing developments in digitalisation and sustainability, as well as the increasing need for retirement savings.”

The RIS looks in parallel at IDD (IBIPs chapter), MiFID II and PRIIPs.

The European Commission and the ESAs have launched various consultations on the RIS in 2021 and 2022, all of which BIPAR responded to. On the Commission’s side, these include a general consultation on the RIS in 2021 and a targeted one in 2022 on options to enhance the suitability and appropriateness assessments, and which proposes the introduction of a standardized retail investors’ assessment regime and a personal asset allocation strategy (BIPAR criticized this approach). The Commission has also ordered an external study on inducements, investment advice and information disclosure. At the end of April 2022, the 3 ESAs published their technical advice to the Commission (EIOPA on IDD IBIPs, ESMA on MiFID II and the joint ESAs on PRIIPs).

BIPAR’s overarching key points with respect to the RIS have been:

- the existing legislative framework is sufficient;
- insurance is not investment;
- the need for regulatory stability, choice regarding remuneration/inducements/advice;
- we support improved financial literacy;
- the need for a level playing field (open finance/digital innovation);
- need for a broad study of consumer behaviour and influence of disclosures on consumer decision making;
- regarding sustainable investment: intermediaries are willing to assist retail investors but need information from manufacturers.



According to the Commission’s roadmap on the RIS (“call for evidence” published in May 2022), the impact assessment is scheduled to be submitted to the Commission’s Regulatory Scrutiny Board in September 2022 and the Strategy itself is planned for the 4th quarter of 2022 (possibly early 2023).