

Call for advice to the Joint Committee of the European Supervisory Authorities regarding the PRIIPs Regulation

Context

In the September 2020 new Capital Markets Union Action Plan, the European Commission announced its intention to publish a strategy for retail investments in Europe in the first half of 2022. Our aim will be to seek to ensure that retail investors can take full advantage of capital markets and that rules are coherent across legal instruments. An individual retail 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.

As part of our evidence gathering, the Commission launched in May 2021 an extensive three-month [public consultation](#) on a wide array of aspects related to retail investor protection. Last year, the Commission also launched an [extensive study](#), focusing on the different disclosure regimes, the extent to which advice given to prospective investors is useful and impartial, and the impact of inducements paid to intermediaries. It will involve extensive consumer testing, to ensure that any future changes to the rules will be conceived from the perspective of what is useful and necessary for consumers. The study is due to be finalised in October 2021.

Scope of the request to the Joint Committee

With this Call for Advice, and in light of Article 33 of Regulation (EU) 1286/2014 (PRIIPs Regulation), the Commission invites the Joint Committee to provide advice on the following areas concerning the PRIIPs Regulation:

- A general survey on the use of the PRIIPs KID across the Union, including, to the extent feasible, evidence on:
 - The number and type of products and their market share for which PRIIPs KIDs are produced and distributed.
 - The recent developments and trends on the market for PRIIPs and other retail investment products.
 - The extent to which PRIIPs KIDs are used by product distributors and financial advisors to choose the products they offer to their clients.
 - To the extent feasible, the extent to which marketing information aligns with or differs from the information in the PRIIPs KIDs.
- A general survey on the operation of the comprehension alert, taking into account any guidance developed by competent authorities in this respect, the survey should gather data on the number and types of products that include a comprehension alert in the PRIIPs KIDs, and to the extent feasible, evidence on whether retail investors and financial advisors consider the comprehension alert in their investment decisions and/or advice.

- A survey of the practical application of the rules laid down in the PRIIPs Regulation, taking due account of developments in the market for retail investment products, which should include practical evidence on:
 - To the extent feasible, the amount and nature of costs per PRIIP to various market participants of complying with the requirements of the PRIIPs Regulation, including the costs of manufacturing, reviewing, revising, and publishing PRIIPs KIDs, including as a proportion of total PRIIP costs.
 - To the extent feasible, the extent to which the PRIIPs Regulation is applied in a consistent manner across the EU for the most commonly sold types of PRIIPs.
 - the supervision of the PRIIPs KID, including the percentage of cases where inaccurate PRIIPs KIDs were identified by NCAs.
 - the number of relevant mis-selling events before and after the introduction of the PRIIPs KID, including through data on the number of complaints received, number of sanctions imposed, and other relevant data.
- An assessment of the effectiveness of the administrative sanctions, measures, and other enforcement actions for infringements of the PRIIPs Regulation.
- An assessment of the extent to which the PRIIPs regulation is adapted to digital media. This survey shall include an evidence-based assessment of:
 - To the extent feasible, the actual use of various types of physical and digital media for delivering or displaying the PRIIPs KID to retail investors.
 - To the extent feasible, the preferred digital or physical media for retail investors to access and read PRIIPs KIDs, and the appropriateness of the PRIIPs Regulation for allowing access to and readability of PRIIPs KID on such platforms.
 - the appropriateness of the approach taken in the PEPP Regulation 2019/1238 for displaying the PEPP KID on digital media for the PRIIPs KID.
- An examination of the following questions concerning the scope of the PRIIPs Regulation:
 - whether the exemption of the products referred to in Article 2(2) points (d), (e), and (g) of the PRIIPs Regulation from the scope of PRIIPs should be maintained, in view of sound standards for consumer protection, including comparisons between financial products.
 - whether the scope of the PRIIPs Regulation should be extended to additional financial products.

Procedure

The technical advice of the Joint Committee will serve as input to the Commission's work to develop a strategy for retail investments and to make appropriate adjustments to the legislative framework. The technical advice received on the basis of this mandate will not prejudice the Commission's final decision in any way. In accordance with the established practice, the Commission may consult other experts or seek other inputs. The European Parliament and the Council will be informed about this request, which will be available on the website of the Directorate-General for Financial Stability, Financial Services and Capital Markets Union once it has been transmitted to the Joint Committee.

Final Considerations

The Commission requests the joint committee to deliver the report to the Commission services by 30 April 2022.