Subject: Urgent Concerns Regarding ESMA Overregulation and Its Impact on Retail Investors

To Whom It May Concern,

I am writing in response to your call for feedback, as I strongly believe that certain ESMA decisions are deeply discouraging and, in some cases, discriminatory toward retail investors. The increasing regulatory burden imposed by ESMA is not only deterring young investors but also demotivating seasoned retail investors from saving and investing in traditional financial markets.

ESMA's rules increasingly restrict retail investors' access to well-established financial instruments, justified as “shielding” them from self-inflicted financial harm. However, these regulations often force retail investors to engage with intermediary organizations—such as local banks or professional consulting institutions—that charge additional fees and delay access to market opportunities. Far from being protected, retail investors are either penalized by high costs or outright barred from accessing relatively low-risk instruments.

To illustrate, allow me to share my personal experience. I have been an active investor in stocks and ETFs for over 25 years, holding a trading account with SaxoBank (Denmark) for nearly two decades. As a resident of Slovenia with a degree from a British university and professional experience in the United States, I am confident in my ability to navigate financial markets in English. Yet, as of today, 9 June 2025, I am restricted to trading only five ETFs—all of which are Bitcoin-related. When I sought clarification from SaxoBank, I received the following response:

“I understand your frustration, especially given your extensive experience and qualifications. Unfortunately, due to updated ESMA regulations that came into effect this year, we are required to stay compliant with these rules. This includes the provision of KID documents in the local language for retail clients, which sadly affects your ability to trade certain ETFs.”

In my case, “certain ETFs” translates to all ETFs except the aforementioned Bitcoin ETFs, which have Key Information Documents (KIDs) available in Slovenian. This means that ESMA regulations have effectively banned me from investing in low-risk, diversified instruments like index ETFs, leaving me with the options of individual stocks (which require significant time and expertise to analyze) or highly volatile Bitcoin ETFs. Alternatively, I could turn to a local bank for “investment services,” which would likely repackage an S&P 500 index or similar product at a premium cost.

This situation is absurd and counterproductive. By limiting access to low-risk ETFs, ESMA is inadvertently pushing retail investors toward riskier assets or costly intermediaries. Moreover, the regulation appears discriminatory. An Austrian neighbor, living just 20 km away, would have access to a broader range of ETFs simply because more KIDs are available in German. This creates an unequal playing field among EU citizens, contradicting the fundamental EU principle of equality.

My experience is not an isolated case; similar issues are increasingly common among retail investors across Europe. The impression is unavoidable: ESMA’s regulations seem to prioritize the profits of intermediary financial institutions over the interests of EU citizens. It is no surprise that Europeans are investing less in traditional markets and that younger generations are turning to unregulated assets like cryptocurrencies.

Overregulation will have severe consequences: it will reduce participation in capital markets, push inexperienced investors toward riskier and less regulated assets, and drive seasoned investors to less productive alternatives like real estate. I urge ESMA to stand firmly behind retail investors by taking the following steps:

1. **Review and Remove Excess Regulation**: Conduct a comprehensive review of regulations affecting retail investors and eliminate those that unnecessarily restrict access to established financial instruments.
2. **Promote Financial Education**: Shift focus from restrictive measures to empowering retail investors through education and accessible resources to navigate capital markets confidently.
3. **Ensure Equal Access Across Member States**: Address disparities in access to financial instruments caused by language requirements, ensuring all EU citizens have equitable opportunities to invest.

Retail investors are not children in need of babysitting; globally, they are a driving force in the reinvestment cycle. ESMA must prioritize their interests and foster an environment that encourages, rather than stifles, participation in financial markets.

Sincerely,  
Denis Donlagic  
Resident of Slovenia