Q1: What are the key reasons why many retail savers choose not to invest in capital markets and instead keep their savings in bank deposits? Please explain and provide practical examples, or evidence drawn from experience, where available.

From a Portuguese perspective, the main reason is low salaries and low saving capacity result in a more risk averse tradition. Households prefer capital guarantee products for their savings, even those which understand the impact of inflation. Other reasons include lack of trust in capital markets; perception of high costs for transaction, holding and advise; complexity of products and potential returns; inertia, as it is very easy to convert amounts in current accounts into deposit accounts.

Q2a: To what extent do retail investors find investment products too complex or difficult to understand? Please select one of the following options and please explain and provide practical examples, or evidence drawn from experience, where available.

- A major barrier to investment
- A moderate concern, but not the main factor
- A minor issue compared to other factors
- Not a concern at all

As explained above, this is relevant but not the main barrier. There is a low level of financial literacy and also lack of trustworthy information sources – room for the supervisor and consumer organisations to continue efforts, although there should be direct funding for consumer associations.

Q2b: For consumer associations: Based on your interaction with retail investors, are there particular types of investment products or product features that retail investors find especially difficult to understand? Please explain and provide practical examples, or evidence drawn from experience, where available.

There are different levels of understanding of investment products. Overall, there is a lack of easier ways to gather information, transparency and full disclosure of cost structures. There's a need for mandatory disclosure on real past returns, full costs, expected returns and risks.

Q3: Do past experiences with low or negative returns significantly affect retail investors' willingness to invest again? Please select one of the following options and please explain and provide practical examples, or evidence drawn from experience, where available.

• Yes, negative experiences strongly discourage future investment

• Somewhat, but other factors (e.g., trust, risk appetite) play a bigger role

• No, past experiences with poor returns are not a major factor in investor decisions

This must be combined with lack of trust and risk appetite, but also low understanding and trusted sources of information.

Q4a: Do high fees and costs discourage retail investors from participating in capital markets? Please select one of the following options and please explain and provide practical examples, or evidence drawn from experience, where available.

• Yes, fees are a major obstacle to investment

• Somewhat, but investors consider other factors as well

• No, fees are not a significant concern for most retail investors

As mentioned above

Q4b: For consumer associations: Do retail investors raise specific concerns about investment costs and fees? If yes, which ones? (e.g., are total costs clearly known by individual investors? Are fees perceived as too high? Are they considered unclear or difficult to compare? Do investors feel they get good value compared to the cost?)

Please explain and provide practical examples, or evidence drawn from experience, where available.

This is a key issue. Consumers indicate they find costs to be too high, for services such as holding accounts, transaction, and advisory services.

Q5a: Have you identified a lack of trust in investment service providers as a factor influencing retail investors' reluctance to invest? Please select one of the following options and please explain and provide practical examples, or evidence drawn from experience, where available.

- A major factor
- A contributing factor, but not the main issue
- A minor factor compared to other concerns
- Not a factor at all

Q5b: For consumer associations: What specific concerns, if any, do retail investors raise about investment service providers? (e.g., do they feel they receive biased advice? Are there concerns about transparency, trust, or conflicts of interest, or insufficient access to advice tailored to their needs?) Please explain and provide practical examples, or evidence drawn from experience, where available.

Investors feel there is bias in the advice they receive due to potential conflicts of interest, mainly due to possible remuneration models that lead to presentation of the more financially interesting product to the advisor and not the nest for the investor. It’s important to note that these services are not very prominent in Portugal.

Q6: Do retail investors feel they have adequate access to investment advice and relevant information when they encounter difficulties in understanding investment products? If not, what forms of support would be most helpful? Please explain and provide practical examples, or evidence drawn from experience, where available.

No they do not. There is a lack of independent and transparent advice. This could be taken up by consumer associations, but they should be adequately supported in terms of resources and financing.

Q7: Does investment advice provided to retail clients typically cover all types of investment products (e.g. shares, bonds, investment funds, ETFs), or are certain products rarely advised? If so, please explain which types of instruments are less commonly recommended and why. Please explain and provide practical examples, or evidence drawn from experience, where available.

Q8a: To what extent does a lack of financial education or investment knowledge contribute to retail investors’ reluctance to invest in capital markets? Please select one of the following options and please explain and provide practical examples, or evidence drawn from experience, where available.

- A major barrier to investment
- A contributing factor, but not the main issue
- A minor factor compared to other concerns
- Not a factor at all

As mentioned in the first questions

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Q8b: For consumer associations: Based on your interactions with retail investors, what are the most common knowledge gaps that affect their ability to make investment decisions? Are there specific topics where more financial education could improve engagement? Please explain and provide practical examples, or evidence drawn from experience, where available.

Typically, there's low understanding of return indicators, return calculation formulas for investment funds and similar products, accumulation vs distribution, compounding interest, cost structures and impact on returns, concept of volatility, relationship between interest rates and bonds, among others. These are very specific topics that only in-depth financial literacy programs would allow the genera public to assimilate.

Q9: For consumer associations: Based on your interactions with retail investors, do psychological or cultural factors – such as fear of losing money, distrust in financial markets, or a preference for familiar products – play a role in retail investors' hesitation to invest? If so, which of these factors seem most important? Please explain and provide practical examples, or evidence drawn from experience, where available.

As already mentioned, Portuguese households are typically risk averse and prefer capital guarantee. In addition, there's lack of trust in financial markets – in recent years, there were several bank failures and misselling cases, of which Banco Espírito Santo was the most notorious one.,

Q10: Are there any other significant non-regulatory barriers that discourage retail investors from investing in capital markets? Please explain and provide practical examples, or evidence drawn from experience, where available.

Again, low income and low availability of independent advice.

Q11: What role do digital platforms and mobile applications play in shaping the investor journey? Are there digital features or tools that have simplified the investment process or improved investor understanding and decision-making? Conversely, are there aspects that may complicate the experience for some retail investors? Please explain and provide practical examples, or evidence drawn from experience, where available.

There's a growing interaction digitally through investment platforms, especially younger investors. This brings both opportunities and challenges. On the one hand, there's a possibility to reduce barriers, reduce costs, improve literacy and facilitate information transmission. On the other hand, there's a risk of having in place features and messages that may reduce attention to risk and possibility of losing capital, with game-like approach.

Q12: How effective do retail investors find the current mechanisms for filing complaints and obtaining redress when issues arise with investment products or services? Do issues with these mechanisms play a role in retail investors' hesitation to invest? If yes, which improvements can be made? Please explain and provide practical examples, or evidence drawn from experience, where available.

Q13: What measures - whether market-driven or policy-driven - could help improve retail investor participation in capital markets? Please explain and provide practical examples, or evidence drawn from experience, where available.

Measures should be policy-driven, imposing more transparency, more accountability regarding adequacy of instruments, explanation, and as far as possible creating the framework to implement metrics for value-for-money. Another aspect necessary is eliminating conflicts of interest that may result in consumers not having access to the best products for them.

Q14a: Do you believe that young investors are more attracted to speculative and volatile markets (e.g., cryptocurrencies) rather than traditional investments (e.g. investment funds)? If yes, what are the main reasons for this? Please select one or more of the following options and please explain and provide practical examples, or evidence drawn from experience, where available.

- The expectation of high returns
- The perception of lower costs (e.g., no management fees, low transaction costs)
- The ease of access and fewer entry barriers compared to traditional investments
- A preference for decentralised, non-intermediated investments
- Influence from social media and online communities
- Distrust in traditional financial institutions and advisers
- Other (please specify)

We see more young investors engaging in cryptocurrencies. As main drivers, the search for quick and high returns lead to these speculative investments, even though there are warnings issued by supervisors and consumer associations. In addition, the influence from social media and finfluencers is growing.

Q14b: For consumer associations: Based on your interactions with young investors, what factors most strongly influence their decision to invest in speculative and volatile assets like cryptocurrencies over traditional investment products? Are there particular expectations, misconceptions, or marketing tactics that play a key role? Do any of the following sources play a role in shaping young investors' decisions? Please select one or more of the following options and please explain and provide practical examples, or evidence drawn from experience, where available.

- Specialised journals and periodicals

• Finfluencers

• AI-generated recommendations

• Educational content from national competent authorities (e.g. podcasts, videos, social

media)

• Other (please specify)

Finfluencers have messages of easy access, rapid and high returns, low costs, “out of system” investments, lure youngsters into these products.

Q15a: MiFID II disclosure requirements aim to provide transparency and support informed investment decisions. In practice, do you believe these disclosures are helping retail investors engage with capital markets, or are there aspects - such as volume, complexity of content, lack of comparability, or format - that may reduce their effectiveness? Please explain your reasoning and provide practical examples, or evidence drawn from experience, where available.

Disclosure requirements are necessary and relevant. Eventually there might be room to streamline and reduce volume, adjust to medium, and provide in a timelier manner. There is a need for more trustworthy comparison tools, independently provided.

Q15b: For consumer associations: Have retail investors reported difficulties in using MiFID II disclosures to support their investment decisions? Are there specific areas (e.g., costs, risks, product features) where excessive or unclear information makes investing more difficult? Have you observed issues with the presentation or format, or comparability, of disclosure materials that may affect how well investors engage with the information? Which disclosures (which specific information) do you consider genuinely necessary, regardless of specific legal requirements under MiFID II or other sectoral legislation? Would alternative formats (such as visual aids or summaries) improve comprehension and decision-making? Please explain your reasoning and provide practical examples, or evidence drawn from experience, where available.

There are items that consumers find difficult to assess or understand: costs and impact on returns, return calculation, risks associated to returns calculation and on capital. There could be merit to introduce standard single page documents using visual aids/symbols/colours to facilitate comprehension.

Q15c: For firms: Have firms observed cases where retail investors disengage or hesitate to invest due to the volume, complexity, or presentation of disclosures? If so, what are the main factors contributing to this? Which disclosures and contractual documents do firms consider genuinely necessary, regardless of specific legal requirements under MiFID II or other sectoral legislation? Please explain your reasoning and provide practical examples, or evidence drawn from experience, where available.

Q16a: Do retail investors find the PRIIPs KID helpful in understanding investment products? Please provide details notably on the elements that are the most helpful and on ways to improve them. If not, are there alternative ways to protect retail investors that could be considered, while not increasing the volume of required disclosures.

Q16b For consumer organisations: Based on your experience, are PRIIPs KIDs made easily accessible to retail investors – for example, are they clearly available on firms' websites or other relevant channels? Please explain and provide practical examples, or evidence drawn from experience, where available.

Q17: For firms: Do you measure investor engagement with KIDs and digital disclosures (e.g., click-through rates, reading time, or interactive tools)? Are these available in formats adapted to mobile-first environments? Please explain your reasoning and provide practical examples, or evidence drawn from experience, where available.

Q18: Do retail investors find the costs and charges disclosures helpful in understanding the costs of investing? Please provide details notably on the disclosures that are the most helpful (e.g., total costs, illustration of cumulative effect of costs on return) and on ways to improve them. If not, are there alternative ways to protect retail investors that could be considered while not increasing the volume of required disclosures?

As mentioned in Q15b, information regarding costs is still difficult to assess. Relating costs to returns/potential returns is key to allow understanding. There should be a list of all costs and a total cost calculation for each product.

Q19: Do firms apply layering of information on costs on charges on digital platforms or in mobile applications (e.g., by showing only the total amount and percentage on the order screen, and all required information in a PDF)? Please provide details, also on the appreciation of retail investors of this application of layering.

Q20: Do retail investors find the quarterly statements helpful in keeping track of their investments? Please select one of the following options and please explain and provide practical examples, or evidence drawn from experience, where available.

• Yes, it provides clear and relevant information

• Somewhat, but the frequency could be lower

• No, the information is usually readily available to the retail investor online and thus the statements do not have much added value

• Mixed views (please elaborate)

Q21a: Do retail investors find the information on every 10% depreciation of leveraged instruments, or the portfolio value in case of portfolio management, helpful in keeping track of their investments? Please select one of the following options and please explain and provide practical examples, or evidence drawn from experience, where available.

• Yes, it provides timely and relevant information

• Somewhat, but the trigger for sending the information could be improved (e.g., when the performance of the portfolio is x% worse than the benchmark, if a benchmark has been agreed)

• No, this information may arrive at a moment of temporary market stress, triggering impulse-driven investment decisions at the wrong time.

• Mixed views (please elaborate)

Q21b: If considered necessary, how could the 10% loss reporting be improved?

Q22: To what extent do questions and measures on customer due diligence in accordance with AML/CFT requirements create barriers that prevent retail clients to start investing? Please select one of the following options and please explain and provide practical examples, or evidence drawn from experience, where available.

- A major barrier to investment
- A contributing factor, but not the main issue
- A minor factor compared to other concerns
- Not a factor at all

Q23: Do questions and measures on customer due diligence in accordance with AML/CFT requirements affect the onboarding experience for retail investors? Are there particular steps in the process that cause delays or confusion? Please explain and provide practical examples, or evidence drawn from experience, where available.

Q24: For firms and trade associations: to what extent do national tax regimes create barriers to offering investment services and attracting retail investors on a cross-border basis? Please explain and provide practical examples, or evidence drawn from experience, where available.

Q25: To what extent do tax-related issues discourage retail investors from investing in investment products issued or manufactured in another Member State? Please explain and provide practical examples, or evidence drawn from experience, where available.

Taxation rules are different between MS creating another layer of complexity for retail investors. As much as this is a complex issue, there could be room t introduce some information on how taxation would be applicable to the investors' chosen products.

Q26: For consumer organisations: Based on your interactions with retail investors, do they experience information overload when making investment decisions? If so, what are the main sources of this overload? Do regulatory disclosures, marketing materials and contractual documents support investor understanding, or do they contribute to the confusion? Please explain and provide practical examples, or evidence drawn from experience, where available.

As responded in Q15a and Q15b, disclosure is necessary and relevant. There could be merit to introduce standard single page documents using visual aids/symbols/colours to facilitate comprehension.

Q27: For consumer organisations: Are there specific examples where the way information is presented – whether in regulatory disclosures, contractual agreements, or marketing material – makes it difficult for investors to focus on key elements such as costs, risks, or the nature of the service? With regard to marketing material, is the fragmentation of information across different documents or channels a material issue that affects investors' ability to fully understand what they are buying? Please explain and provide practical examples, or evidence drawn from experience, where available.

Possibly there are too many pages to some documents. There could be merit to introduce standard single page documents using visual aids/symbols/colours to facilitate comprehension.

Q28: For firms and trade associations: Which steps do firms take to make investment service agreements (contracts) more accessible and understandable to retail investors? Please explain and provide practical examples, or evidence drawn from experience, where available.

Q29: To what extent do retail investors find the process of regularly/periodically providing and updating personal and financial information for suitability assessments clear and workable? Please explain and provide practical examples, or evidence drawn from experience, where available.

Q30: For consumer associations: Have retail investors raised concerns about the amount, frequency and type of information they are required to provide for the purpose of suitability assessments? If so, what are the main difficulties they face? Please explain and provide practical examples, or evidence drawn from experience, where available.

Q31: Are there any steps in the information collection process that could be simplified without compromising investor protection and the objective of this collection which is to propose suitable investments matching client profiles? Please explain and provide practical examples, or evidence drawn from experience, where available.

Q32: How do retail investors perceive the integration of sustainability preferences in suitability assessments? How has it impacted the investment advice/portfolio management services they receive? Please explain and provide practical examples, or evidence drawn from experience, where available.

There isn't feedback regarding this issue yet.

Q33: For consumer associations: Have retail investors expressed concerns about the new elements related to the "sustainability preferences" and the way they are incorporated into the investment process (are they explained in an understandable way to clients)? Please explain and provide practical examples, or evidence drawn from experience, where available.

Q34: For firms and trade associations: Have firms observed cases where clients struggle to express their sustainability preferences in a meaningful way? How have these issues been addressed to help retail investors? Please explain and provide practical examples, or evidence drawn from experience, where available.

Q35a: Do retail investors find suitability reports helpful in understanding why a specific investment was recommended? In your view, do these reports add meaningful value for clients? Please explain and provide practical examples, or evidence drawn from experience, where available.

Not always, these reports are not very easy to relate to the offer presented.

Q35b: For consumer associations: Do you think suitability reports are a useful tool for the protection of investors and the prevention of mis-selling? Please explain and provide practical examples, or evidence drawn from experience, where available.

Yes.

Q35c: For firms and trade associations: What steps have firms taken to ensure suitability reports are concise, clear, and valuable to retail investors? Please explain and provide practical examples, or evidence drawn from experience, where available.

Q36a: Do you believe the MiFID II appropriateness assessment helps ensure that retail investors understand the risks of the products they invest in? Please select one of the following options and please explain and provide practical examples, or evidence drawn from experience, where available.

- Yes, it is an effective safeguard.
- Somewhat, but there is room for improvement.
- No, it is not particularly effective.
- Mixed views (please elaborate).

Q36b: For consumer associations: Have retail investors raised concerns about the appropriateness assessment? Please explain and provide practical examples, or evidence drawn from experience, where available.

No.

Q37: Do current appropriateness rules and how they are applied by firms effectively address new types of services that combine payments, savings, and investment features? Please explain and provide practical examples, or evidence drawn from experience, where available.

Q38: Are educational tools used during the onboarding process for retail clients? In your experience, are these tools primarily aimed at improving financial literacy, or are they mainly used to justify client access to complex financial products? Please explain and provide practical examples, or evidence drawn from experience, where available.

Q39a: Do you believe the current approach to assessing client knowledge and experience via the appropriateness test (i.e., going beyond self-assessment) creates any barrier to retail engagement in financial markets? Please explain and provide practical examples, or evidence drawn from experience, where available.

No.

Q39b: For consumer associations: Have retail investors raised concerns about how their knowledge and experience are assessed? Please explain and provide practical examples, or evidence drawn from experience, where available.

Some consumers find the assessment long but not to the point. There are general questions that may not allow for a clear assessment.

Q40: Based on your experience, are there aspects of the crowdfunding investor journey that could be improved to better support retail investors, whether in terms of clarity, accessibility, or overall user experience? If so, please explain which aspects you would amend and why, including any suggestions for improvement.

Q41: Does the current regulatory framework strike the right balance between protecting retail investors and allowing them to take informed investment risks? Please explain and provide practical examples, or evidence drawn from experience, where available.

Q42: Are there any aspects of the retail investor experience – whether related to firm practices or the regulatory framework – that are not sufficiently addressed in this consultation or in the current MiFID II rules? If so, please explain where changes in rules, or further supervisory attention or guidance may be helpful.

There is a need to impose rules on new forms of marketing, advertising, information or client engagement, especially those in the form of finfluencers. There should be requirements on knowledge, on disclosure of tied relationship with firms, advertisements, and conflicts of interest. These should be registered or even authorised before providing advice.

Conflicts of interest should be addressed by eliminating inducements all together.