Note: *Even though the Chamber of Fund and Asset Managers is not a consumer association – we will be pleased if you consider to acknowledge our responses to these consumer associations' questions. Our Members in their day-to-day business activity have the constant contact and ongoing communication with the retail customers. For these reasons asset-management companies may also play an important role in describing retail investors' behavior and preferences.*

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.

- Lack of professional advice which investment product to choose,
- Low awareness of available investment products,
- Fear of loss,
- No guarantee of achieving financial profits,
- The necessity to determine the expected rate of return before making an investment,
- Fear of volatility in the value of investment products as opposed to bank deposits or savings accounts,
- Steady growth in value and revenue in the real estate market (lower taxation), resulting in the placement of assets in an illiquid market.

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**

  While investment products are often deemed as complex and difficult, at the same time people invest in e.g. CFDs or in condo-hotels, where very often legal status of such properties is not clear and contracts concerning such properties may include unclear clauses.

- A minor issue compared to other factors
- Not a concern at all

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.

Debt funds are among the most popular products because they find difficult to understand how duration affects the volatility of debt fund unit prices. In a result they prefer making investments in short-term funds or bank deposits.

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**

However It depends on how severe the losses are and how quick and likely the recovery is.

- 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

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**

Provisions and costs for trading Crypto or CFDs are very high and are not a barrier for investors. The key feature is whether the product brings profit to clients and how attractive it is in their opinion.

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

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.

- Do retail investors raise specific concerns about investment costs and fees? **No.**
- Do retail investors have complete, clear knowledge on total costs? **Yes.**
- Are fees perceived as too high? **No.**
- Are they considered unclear or difficult to compare? **No.**
- Do investors feel they get good value compared to the cost? **Yes, provided that a positive alpha is achieved.**

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**

  At least in Poland institutions with a long-standing presence in the financial market are considered to be trustworthy partners.

  Despite of the fraud cases in the past, an aggressive sales model can overcome people mistrust.

- 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.

Do they feel they receive biased advice? **No.**
Are there concerns about transparency, trust, or conflicts of interest, or insufficient access to advice tailored to their needs? **No.**

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.

If it comes to access to investment advice - this is one of the major barriers for retail investors. In current legal environment investment advice is in practice available mainly for private / affluent clients. Even a simple information for a mass client can make a big improvement in awareness and demand for investment products.

If it comes to access to relevant information - investors have access to managers' comments directly on the website, with references to each individual strategy. Given the vastness of the capital market, the most helpful resource are distributor advisors, who help retail clients locate materials that are of direct interest to them.

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.

No. Investment advice is provided primarily based on investment funds. The reason are restrictions under national law. Information about individual funds is provided based on the results of an investment survey (under MIFID II). Considering the survey results, conservative funds more often meet customer expectations. As a result, equity funds are discussed less frequently.

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**

We cannot expect all retail clients to be investment professionals. However, products like open-ended investment funds, are designed for people with limited investment knowledge.

As part of educational efforts, it is important to build awareness among mass-market clients about the available investment solutions offered by entities supervised by local market regulators. Under the current legal framework, promoting regulated investment solutions is difficult, and this gap is being filled by advertisements for high-risk crypto investments, high-cost gold investments, and a wide range of investments offered by unsupervised entities (mainly in real estate).

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

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.

In our opinion, customers in Poland lack basic knowledge about investment products. Education on the basics of investing is necessary.

It is difficult to compare the risk level of a fund (including bond-based funds) with bank deposits. Retail customers with no experience in the capital market often exaggerate the risks associated with investment funds.

Greater financial education, based on practice, from an early age would be helpful in order to understand the variability of results depending on the chosen strategy.

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.

Fear of losing money and preferences for well-known products are important factors when retail investors choose a financial product. Choosing a bank deposit with an interest rate of 2-3% instead of short-term treasury bonds with a yield of 4-5% for the same maturity period is still a common situation.

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.

- Lack of basic investment advice
- Lack of awareness of available investment products
- low level of wealth in society
- differences between the tax regime of capital investments vs. real estate (in favour of real estate market)
- A lack of time and necessary knowledge to manage an investment position on the market, as well as difficulties in interpreting prevailing trends, often lead to investment decisions being made based on emotions and historical fund performance.

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.

Investment platforms play a key role— ease of investment management and administration is crucial in the purchasing process. The more complicated the process, the less attractive it is from the customer's perspective. Regular knowledge quizzes, supported by educational materials, would provide valuable support..

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.

It seems not to be an issue. Even PRIIPs KID documents include information on how to lodge a complaint. Current regulations regarding submission of the complaints by clients of financial institutions are very client-oriented.

The complaint processes are efficient. This does not have a negative impact on investors.

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.

A change in the approach to the MiFID questionnaire and the interpretation of its results. The current approach focuses on particular products, which leads to paradoxical outcomes — for example, a client may be deemed suitable for a balanced fund (60/40), but at the same time is not allowed to purchase a 5% allocation in an equity fund as a complement to a 95% fixed income portfolio with low duration.

The existing model completely ignores the fact that clients may have different goals and preferences for different portions of their capital. For instance, 50% of their assets may be invested in investment funds that could be needed in the short term, where low volatility is important; 30% may be retirement savings, which are by nature long-term; and the remaining 20% may be allocated with an investment horizon of over five years, where a higher risk level is acceptable.

If such factor could be reflected in the MiFID questionnaire and its interpretation, it could contribute to increasing the activity of retail investors in the capital market.

Another important issue is to improve access to basic investment advice for retail clients, especially those in the mass-market segment. There is also a need to facilitate the promotion of investment products. Current information rules focus almost exclusively on risks. However, promotional materials are meant only to spark initial interest in a product. When making a financial decision, the client is still required to review the product legal documentation, such as the PRIIPs KID, which provides detailed information about risks, costs, and the key features of the instrument.

Moreover in order to improve retail investor participation in capital markets – one should introduce less complicated processes in terms of legal issues, specifically simplification of legal documentation (prospectuses, MIFID surveys). Simplification of the purchase process is needed – fewer requirements for the customer to provide information. Tax incentives for the log-term investment would be beneficial. Digitalization of the buying process is also necessary.

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**

  With low capital, what is typical for young investors, the rate of return must be very high to provide a significant amount in nominal terms.

- 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) - **An instant gratification mechanism that encourages quick decision-making and provides strong emotions.**

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)

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.

Disclosures are not significant for clients. As the volume and complexity of content increases, the level of understanding decreases

The complexity of disclosures and the lack of comparison with traditional solutions result in limited investment choices or the search for alternative investment paths.

Nevertheless, market scenarios in PRIIPs KID are far too complex for retail clients to understand. Without knowledge how those scenarios are calculated such information may be misleading. Past performance presented in KIID was a more straight-forward and easy to understand way to present possible rate of returns.

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.

The main problem in communication with customers is the use of technical language. Visual forms and summaries in the form of key points would undoubtedly be useful. Communication that focuses solely on the risks associated with certain forms of investment, ignoring the opportunities they offer, discourages the use of regulated solutions in favour of unregulated ones.

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.

MiFID test in many cases is the first barrier which discourage clients to buy an investment product. The test disengages investors.

Disclosures regarding costs are significant. However, the information is too detailed, for example, in terms of the cost structure. Moreover prospectuses are too complicated, e.g. according to provisions of law, we have to inform investors on details of derivatives transactions providing details of whether we will use standardized or non-standardized derivative transactions, and whether they will be used to hedge investment risk or efficient management of assets. On the other hand, there is a trend to simplify documentation and switch to plain language. How can the issues of derivatives transactions—required by law—be explained to investors in plain language, without regulatory or consumer protection risk to management companies?

The fund card and documents describing the perspectives of a given solution as described by the managers are undoubtedly helpful in the process of acquiring fund units.

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.

They do not. KIID was better and easier for a retail investor. Taking into consideration the average client's level of knowledge and interest in investment products, the most appropriate documents in terms of scope and level of detail are fund factsheets.
Market scenarios in PRIIPs KID are far too complex for retail clients to understand. Without knowledge how those scenarios are calculated such information may be misleading. Past performance presented in KIID was a more straight-forward and easy to understand way to present possible rate of returns.

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.

Yes, they are easily accessible on the website.

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.

Some Managing Companies do not measure such engagement.

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?**

The investor needs information about personalized costs before the purchase. But the disclosures are too detailed and complicated; investors do not need to know what the particular components of the costs are.

The cost information is not only unhelpful, but can even be misleading.
The entry cost presented in the PRIIPs KID reflects the maximum fee, which in most cases does not apply.

Transactional costs include the cost of leverage, which in fact contributes to improving the performance of the strategy. This way of presenting costs may suggest that lower costs would result in better fund performance, whereas in reality, the opposite is true.

The problem raised by investors is the different presentation of costs in various formal documents – KID (costs over time and cost structure), prospectus (total expense ratio), distributors' cost documents (ex-ante costs). This is due to the applicable legal regulations, which means that standardization cannot be introduced.

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.

No. Management companies do not currently layer cost information. Some of them apply this to the most important fee categories (sales and management fees).

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

• **<u>Mixed views (please elaborate)</u>**
Any financial statement is far beyond scope of interest for vast majority of retail investors. The idea that retail customers are interested in such details and have the knowledge and experience to draw any conclusions from such detailed data is the main cause of all excessive disclosures, which ultimately become a barrier for retail investors.
However it is important to note, that opinions of our Members strongly differ in case of question nº 20.

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.
• **<u>Yes, it provides timely and relevant information</u>**

• 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?

No opinion.

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

• **<u>A contributing factor, but not the main issue</u>**

• 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.

The AML process is time-consuming. But it is not just one process of data acquisition. Financial institutions collect data regarding the adequacy/appropriateness assessment, AML, FATCA, CRS. All of this is discouraging.

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.

In Poland real estate investments are tax privileged (the tax rate on rental income is significantly lower than the rate on capital profits. Additionally, selling an apartment after 5 years is tax-exempt). Furthermore, investment advisory and asset management services (excluding fund management) are subject to VAT, which increases final cost for investors.

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.

To a large extent. For example: A customer buying dollars at an exchange rate of, for example, USD/PLN 4.00 experiences a drop in the exchange rate to 3.60. By investing in a dollar fund without converting the currency, even if the return on investment is 0%, they incur tax liability when the exchange rate rises again. In fact, the customers have suffered a loss on which they are also required to pay tax.

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.

Customers are definitely overwhelmed by the range of materials and regulations. Purchasing fund units requires a lengthy process, which may result in a decision not to buy. At the same time, this process favours alternative investments. For example, the real estate market is considered a low-risk alternative, despite the lack of liquidity and volatile housing prices.

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.

Presenting scenarios for performance without indicating the macroeconomic conditions that would need to occur (in extreme scenarios) may lead to a lack of understanding - when a given scenario might occur. For example, a scenario prepared for a long-term treasury subfund based on historical results.

Example: after an increase in yields from 1 to 10, long-term debt subfunds record significant losses. When preparing a scenario based on historical data, it does not indicate the level of yield that would have to be achieved for the historical loss to be repeated in current market conditions. Similarly, an extremely positive scenario does not indicate what would happen if yields returned to level 1.

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.

- Clear, understandable language, clear documents' structure, consistent terminology (standardized definitions) across all documents,
- Simplification of the remote processes,
- Shortening the legal documentation in order to make the investor at least potentially more willing to familiarize himself with it,
- Comments on individual funds, indicating the prospects for specific strategies. Such materials include a presentation of the macroeconomic situation.

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.

For investors familiar with the process, updating the questionnaire is feasible. The investment survey is available upon request at any time, regardless of its “expiration date.” The test is problematic for newcomers.

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.

No, although understanding the questions’ purpose requires clarification from the distributor's employees.

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.

The MiFID questionnaire should not include more than 7–8 questions. Going beyond this number discourages clients from completing the questionnaire and, as a result, from buying an investment product.

The scope of currently required data is too broad, e.g., information about education. The scope of the assessment should be standardized (the same questions) in the market.

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.

For most clients this is unclear and unimportant information. Some investors are not interested in considering sustainability factors in investments.

ESG preferences limit the target group for certain solutions, which is why they are often overlooked by customers who, in addition to the idea of sustainable development, also value the breadth and financial attractiveness of an offer.

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.

Yes, they expressed concerns about the impact of ESG questions on the availability of the offer.

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.

There were some cases. Not all customers understand the term ESG. Management companies prepare marketing materials to support distributor’s employees in the field of ESG solutions.

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.

For some asset managers - they do not add any value for the vast majority of clients.

For others - Yes, they help the client narrow down the list of funds to those most suitable for their preferences.

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, provided that the appropriate attention is paid to them. If an investor downplays the questions in the survey, it loses its significance.

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.

The results of the suitability questionnaire are presented in a concise, clear, and valuable manner. In addition, investors have the opportunity to consult the questionnaire and there is a possibility of further updates.

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.**

  The overall MiFID framework focuses heavily on risks, while giving relatively little attention to potential opportunities. As a result, the entire concept may unintentionally discourage retail investors from engaging in capital markets.

  While risk disclosure is undoubtedly important, an overly risk-centric approach — especially when not balanced with information on long-term benefits of investing — can create a perception that all investment products are inherently very risky or unsuitable for average investors.

- 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.

Yes, customers who are interested in a higher-risk product (for a small amount of their capital) given their portfolio preferences (mixed or conservative) are excluded from the scope of adequacy for the product they are interested in. At the same time, the same solution in a mixed fund is appropriate (10% equities, 90% debt – no suitability for equities, but stable growth despite higher allocation to equities).

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.

No opinion.

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.

Yes they definitely are. Asset Managers use them to increase the level of customer education.

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.

Yes, the current approach to assessing client knowledge and experience through the appropriateness test can create a barrier to retail participation in financial markets.

The test is often too long, overly technical, and difficult for many retail investors to complete meaningfully. Its complexity can give the impression that investing is only for professionals, discouraging clients from taking even small, long-term investment steps. A simpler, more user-friendly approach that still safeguards investors — without overwhelming them — would likely foster broader retail engagement in capital markets.

In addition to these practical barriers, one of the key structural limitations of the current MiFID framework is its product-centric nature. Appropriateness and suitability are typically assessed at the level of individual products, with little consideration for the client's broader portfolio, investment goals, or time horizons.

Such a framework does not reflect how real investors manage their wealth. A shift toward portfolio-level assessments — allowing for goal-based segmentation of assets — would better align regulatory intent with actual investor behavior and support more meaningful, long-term participation in financial markets.

According to some of our Members' researches, about 40% of customers abandon the purchase process at the appropriateness test stage.

In our opinion it is extremely important to exclude application of the appropriateness test to long- term saving investments for retirement purposes.

Some customers may have short-term goals and accept increased volatility of instruments despite negative recommendations in this regard. Excluding high-risk solutions from the "preview" may lead customers to seek alternative solutions where the target group will not be examined.

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.

Yes, they had doubts as to whether this was protecting their interests or those of the distributor.

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.

No. While the current regulatory framework prioritizes investor protection, it does not fully strike the right balance. Product-level risk disclosures and complex appropriateness tests appear to be counter-productive and, in practice, often discourage retail investors from participating in capital markets — even when they are willing and able to take financial risks. A more balanced, portfolio-based approach with simpler, clearer communication, could better support both investor protection and long-term engagement in capital markets.

Investors are overwhelmed with information, unable to process it and focus on what is most important.

The inability to advertise investment products on an equal basis with other alternative instruments leads to an increased risk of purchasing unregulated products, which are often associated with higher risk.

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.

No opinion.