

30 May 2023

## Retail Investment Package

The Authority would like to draw your attention that on 24 May 2023, the European Commission adopted a [Retail Investment Package](#) with the intention to empower retail investors (i.e. “consumer” investors) to make investment decisions that are aligned with their needs and preferences, ensuring that they are treated fairly and duly protected. This will enhance retail investors' trust and confidence to safely invest in their future and take full advantage of the EU's Capital Markets Union.

The Package aims to encourage participation in EU capital markets, which has traditionally been lower than in other jurisdictions, such as the US. Boosting the Capital Markets Union is also an essential means to channel private funding into the European economy and to fund the green and digital transitions.

The Package includes the following measures:

- Improve the way information is provided to retail investors about investment products and services, in ways that are more meaningful and standardised, by adapting disclosure rules to the digital age and investors' growing sustainability preferences.
- Increase transparency and comparability of costs by requiring the use of a standard presentation and terminology on costs. This will ensure that investment products bring real value for money to retail investors.
- Ensure that all retail clients receive at least annually a clear view of the investment performance of their portfolio.
- Address potential conflicts of interest in the distribution of investment products by banning inducements for “execution-only” sales (i.e. where no advice is provided) and ensuring that financial advice is aligned with retail investors' best interests. Stricter safeguards and transparency will also be introduced where inducements are allowed.
- Protect retail investors from misleading marketing by ensuring that financial intermediaries (i.e. advisors) are fully responsible for the use (and misuse) of their marketing communication, including where it is made via social media, or via celebrities or other third parties they remunerate or incentivise.
- Preserve high standards of professional qualifications for financial advisors.
- Empower consumers to make better financial decisions, by encouraging Member States to implement national measures that can support citizens' financial literacy, regardless of their age, and social and educational background.

- Reduce administrative burdens and improve the accessibility of products and services for sophisticated retail investors, by making the eligibility criteria to become a professional investor more proportionate.
- Enhance supervisory cooperation to make it easier for national competent authorities and European Supervisory Authorities to ensure that rules are properly and effectively applied in a coherent manner across the EU and to jointly fight fraud and malpractices.

The **Package is wide-ranging in scope and touches on the entire investment journey of the consumer**. It consists of:

- an amending Directive, which revises the existing rules set out in the **Markets in Financial Instruments Directive (MiFID II)**;
- the **Insurance Distribution Directive (IDD)**;
- the **Undertaking for Collective Investment in Transferable Securities (UCITS) Directive**;
- the **Alternative Investment Fund Managers Directive (AIFMD)**; and
- the taking-up and pursuit of the business of **Insurance and Reinsurance Directive (Solvency II)**; as well as
- an amending Regulation, which revises the Packaged Retail and **Insurance-based Investment Products (PRIIPs) Regulation**.

## Next Steps

Discussions will shortly commence in the European Council and Parliament. MFSA will be closely monitoring ongoing developments.