
Committee MEPs vote to boost citizens' involvement in financial markets

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- Clear guidelines for financial advice
 - Comparable financial products with good price and high quality suited for retail investors
 - Improving financial literacy and supervising “finfluencers”
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Economic and monetary affairs MEPs voted on new rules to help retail customers invest in quality financial products, protect them from misleading communication and biased advice.

On Wednesday evening, MEPs agreed on a text that changes several [directives](#), with an overall aim to reinforce investor protection rules. The text was adopted with 32 votes to 21 and 1 abstention.

Investment advice in the best interest of clients

MEPs agreed that financial and insurance advisors should provide more transparent, understandable and tailored advice to their clients based on an appropriate range of financial and insurance-based investment products. Clients should be offered products suitable to their needs, taking into account performance, level of risk, qualitative elements, costs and charges.

When providing portfolio management or insurance-based investment products, investment firms, would not be allowed to accept fees, commissions or any monetary or non-monetary benefits paid or provided by any third party in relation to the provision of the service. In case of a third-party research provider, clients would have to be informed on how the total cost of such research affects their fees.

Comparable financial products

Investors should be able to compare costs of investment products. The cost should be subject to corrective measures where unjustified or not proportionate to the value delivered. To facilitate such comparison, the [European Securities and Markets Authority](#) (ESMA) and the [European Insurance and Occupational Pensions Authority](#) (EIOPA) should after consulting national competent authorities, develop common European benchmarks (a statistical measure, calculated from a representative set of data) for products manufactured and distributed in two or more member states. Products manufactured and distributed in one member state should be subject to national benchmarks. Benchmark should not lead to price regulation. They would be used as a supervisory tool, to assess the monetary and non-monetary benefits of the products and to identify potential outliers on the market.

Better communication

New rules also aim at enhancing the quality of financial advice. Financial advisors should be required to follow professional training each year, part of which should be dedicated to sustainability issues. The information to customers should be provided in a standardised manner and comprehensible language. MEPs also strongly advise that member states support financial education, establish targets on financial literacy and exchange best practices in order to increase customers' knowledge.

Competent authorities in member states would need to take measures to prevent offering unauthorised investment services, including crypto-assets. As younger clients are likely to be more vulnerable to mis-selling online amplified by influencers or social media, MEPs want to supervise such activities. Where investment firms use services of so-called finfluencers, to promote financial products or contracts, firms should have a written agreement with them, their contact details and control over their activities.

Additionally, MEPs want member states to ensure that investment firms establish procedures, including electronic communication channels so that clients' complaints are dealt with properly, within up to 30 days.

Modernisation of KID

In a separate vote MEPs also made changes to [key information documents](#) for packaged retail and insurance-based investment products ('PRIIPs'), with 38 votes to 13 and 2 abstentions. They want to ensure comparability between PRIIP products and to develop an independent online comparison tool of the different investment options available in the EU market.

Quote

[Stéphanie YON-COURTIN](#) (Renew, FR), the lead MEP, said: "This strategy is a major step forward to complete our Capital Markets Union, especially given the massive investment gap to finance EU priorities. These new rules will enable citizens to better navigate financial markets, build on digitalisation to promote new trends while strictly framing online practices of finfluencers, give additional tools to supervisors to act more efficiently and preserve the

competitiveness of our companies, especially SMEs ".

Next steps

The texts, which constitute Parliament's negotiating mandates, will be tabled for approval during the first plenary session in April. The file will be followed up by the new Parliament after the 6-9 June European elections.

Further information


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