

EUSIPA submission to ESMA's consultation (Call for Evidence) on the "Retail Investor Journey"

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Introduction

The European Structured Investment Products Association (EUSIPA) welcomes the opportunity to comment on the Call for Evidence regarding the retail investor journey. As the representative body of the structured products industry across Europe, EUSIPA strongly supports efforts to promote greater retail investor participation in capital markets while upholding high standards of investor protection.

However, we would like to register our significant concerns regarding both the design and timing of this consultation. Rather than replying to each question individually, we have chosen to respond in the form of this structured but general statement, highlighting process-related and strategic concerns. We believe these concerns have a direct impact on our ability - and that of many other stakeholders - to respond meaningfully within the current framework, making them worthwhile for ESMA to consider.

1. Unrealistically short timeline for sufficiently substantial responses

The consultation, launched on 21 May 2025 with a deadline of 21 July 2025, spans more than 40 questions, many of which require evidence-based or data-backed responses (e.g., Q1–Q13, Q15c, Q17, Q28, Q35c). This short timeline is particularly challenging given:

- The need to coordinate input across multiple member associations and their members, national markets, and legal frameworks;
- The complexity of the subject matter - especially in areas such as digital disclosures, appropriateness and suitability assessments (Sections 3.3–3.6);
- The expectation of quantitative evidence or majority-based statements about investor preferences and behaviours, which are not readily available on the shelf and would require costly and time-consuming market studies and/or behavioural research.

As such, the deadline significantly restricts the capacity of trade associations as EUSIPA and her members to provide a sufficiently elaborate and data-rooted feedback that ESMA appears to seek.

2. Incoherence with ongoing legislative procedures

This consultation unfolds in parallel to major ongoing “level 1” legislative initiatives, particularly the Retail Investment Strategy (RIS), the SFDR review to name the most evident ones, both of which bring about amendments to MiFID II/IDD and PRIIPs rulesets. The issues raised in Sections 3.3 through 3.6, especially regarding disclosures (Q15–Q21), suitability and appropriateness assessments (Q29–Q39), and integration of sustainability preferences (Q32–Q34) are more concrete examples of aspects which already are being reviewed as part of a clear mandate such as the SFDR recast or which are being redefined by EU co-legislators frame in the RIS project, that despite being no longer actively promoted by the outgoing Polish presidency is formally still ongoing.

This timing incoherence risks to create not only unnecessary workloads but also redundancies, stakeholder confusion, and ultimately regulatory fragmentation (in terms of identified issues being addressed in an inconsistent manner and/or under wrong priorities in separate legal initiatives). Stakeholders, not only in the industry, are left uncertain whether their input to ESMA will have any bearing on pending projects, fearing that in the worst-case legislative decisions will overtake the process before the consultation results can be meaningfully considered. This significantly weakens the credibility and relevance of this consultation.

To avoid any misunderstanding, EUSIPA is not in principle against analytical exercises as the one aimed at here by ESMA under the “call for evidence” approach. Ideally though, what ESMA is doing here should have been a joint exercise of all ESAs and be prepared **ahead** of the Retail Investment Strategy’s launch in 2024. Even if the idea is to feed the findings of this consultation somehow into the already ongoing RIS legislative process, the added value of any such attempt must be questioned as there is a clear lack of anchorage or even loose linkage of this consultation to the ongoing legislative process (on the RIS file).

3. Lack of clarity on purpose and use of input provided

While the consultation gathers a broad spectrum of insights, it remains, as already indicated, unclear how ESMA intends to use the information collected. There is no concrete commitment of whether the gathered input will lead to new guidelines, supervisory priorities, technical standards, or otherwise influence EU-level “level 1” or “level 2” rulemaking.

This lack of clarity raises additional concern when stakeholders are asked to provide quantitative or empirical evidence, such as majorities of investor views or preferences, without knowing how these findings will be interpreted or applied in regulatory or legislative contexts. For example, in questions related to investor preferences (Q14, Q15c, Q35a), the absence of methodological framing (sample sizes, representativeness, thresholds for relevance) foreseeably undermines the rigour of any comparative input.

EUSIPA therefore urges ESMA to elaborate, in any future consultations, on how stakeholder responses will feed into (a decision on) concrete legislative, supervisory or policy outcomes.

4. Absence of an embedding into a coherent strategy / questionable focus on smallest “EU-wide common denominator”

While the consultation makes references to the broader Savings and Investment Union (SIU), we regret to note the absence of its true embedding into concrete, actionable achievables linked to retail investor engagement EU capital markets.

The questions posed — particularly in Section 3.1 (Q1–Q13) and Q13 specifically — approach the issue from a reactive perspective, mostly focused on perceived behavioural barriers or disclosure adjustments.

However, the challenges of retail capital market participation in the EU are not merely behavioural or informational. They are also structural and strategic, requiring coordinated efforts on tax incentives, savings education, product access, market innovation, and (removal of) cross-border investment friction. In this context it should not be forgotten that by nature of the fiscal and legal environment and, last not least, the features of the investor population concerned, the challenge (of making retail investors engage on the capital markets) often will remain **specific to a national context** - or to put this in other words: national markets may have very different challenges when retail investors interface with private capital. The present consultation does not sufficiently reflect that problem from a broader perspective but instead seems to aim (again) at capturing an EU-wide “smallest common denominator” basis for further action.

5. Additional process concerns

In reviewing the questionnaire, we identified several practical and strategic challenges that further complicate stakeholder engagement:

- **Overlap with supervisory initiatives:** Many areas covered here (e.g., Q18 on costs and charges, Q34 on sustainability preferences) are already under active monitoring by the ESA and NCAs, thereby creating confusion about the added value or distinct purpose of this consultation.
- **Commercial confidentiality:** Certain questions (e.g., Q17 on user interaction data, Q28 on contractual design) request information that could touch on proprietary customer interfaces or competitive positioning and may be sensitive for public disclosure.
- **Asymmetry of expectations:** Firms are expected to simplify disclosures (Q15–Q16), streamline onboarding (Q22–Q23), and adapt to digital-first channels — yet must simultaneously comply with growing layers of legal and reporting obligations. This regulatory paradox, widely familiar albeit unresolved in practice, is not acknowledged in the consultation. It may well have deserved to be specifically addressed given that it massively impedes service and product offering by financial institutions in a rapidly changing digital market environment.

Conclusion and Recommendation

Concluding on the above, EUSIPA urges ESMA to take the following aspects into consideration:

- Refrain from launching broad stakeholder consultations that overlap with pending legislative reforms,
- Allow for more realistic timelines, especially for evidence-based input,
- Clarify, ex ante, how stakeholder feedback will be used, and in what format for policy, supervisory or legislative (supporting) activities,
- Initiate a more strategic dialogue with the industry on retail participation, going beyond regulatory compliance so to discuss aspects of product innovation, market access, and, more generally, trust-building the latter also in the relation between public and private actors.

We remain fully committed to constructive engagement with ESMA and European regulators in pursuit of an EU retail investment ecosystem that is dynamic, secure, and inclusive.

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EUSIPA is listed in the transparency register of the EU under number 37488345650-13.
For further information, please visit our website www.eusipa.org.