EU retail investment strategy (MiFID investor protection and PRIIPs): ICMA feedback

On 28 August, ICMA submitted its feedback on the European Commission's (EC's) proposals for a Regulation amending the PRIIPs Regulation (RIS-R) and a Directive amending the investor protection aspects of MiFID (RIS-D).

ICMA's feedback noted:

(1) *generally*, that the retail investment strategy should avoid disrupting the institutional/wholesale bond markets;

(2) on *PRIIPs,* that the limited clarification proposal for product scope is incrementally welcome even though it seems unlikely to materially impact bond market practices and promote retail bond supply (the feedback cited ICMA's prior scope clarification suggestions);

(3) on *MiFID product governance,* that the proposals are not expected to impact the current bond market ICMA1/ICMA2 approaches – but that the regime remains conceptually flawed regarding commoditised instruments such as bonds, which should be excluded from the regime altogether (at least in a professional investor context);

(4) on *MiFID inducements,* that the underwriting & placing exemption from the proposed retail execution-only inducement ban is essential and welcome (even if it is questionable to what extent a MiFID "service" is being provided to investors as "clients");

(5) on *MiFID costs & charges,* that the proposals need correcting to clearly preserve the CMRP alleviations concerning professional investors and eligible counterparties;

(6) on *MiFID marketing communications,* that there is substantive existing compliance with the proposed new requirements as the Prospectus Regulation already regulates advertisements; and

(7) on *MiFID client categorisation*, that the elective professional criteria widening (rather than creation of an entirely new client category) is welcome.

ICMA will continue to liaise with its members as the retail investment strategy dossier progresses, notably regarding the European Parliament rapporteur's 2 October RIS-R draft report and 2 October RIS-D draft report.

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