

The European Capital Markets Union (CMU) Action Plan: positive but more could still be done to really tackle the loss of confidence of EU citizens as individual investors

Brussels, 30 September 2015 – Savers and individual investors are slowly finding their deserved place at the heart of the "CMU" initiative. So far none of the short term priorities identified by the EC had actually focused on them. The Action Plan communicated today does address these issues to some extent with a welcome "comprehensive assessment of European markets for retail investment products" and three measures that are part of the [23 proposals](#) by Better Finance of last May:

- the EC proposes to amend the Prospectus Directive so that equity and bond investors will at long last benefit from a summary prospectus that is readable, comparable, no more than 6 pages long and aligned to the principles of the "KIID" (Key investor information document) for retail investment products;
- The EC will ask the ESAs (European Supervisor Authorities) to work on the transparency of long-term and pension products and analyse their actual net performance and fees as required by Article 9 of the 2010 ESAs Regulations
- The EC will "assess" (hopefully positively) the case for establishing a successful European market for simple and competitive personal pensions. This is badly needed as the new research [report](#) released today by Better Finance shows once again.

Whereas these are definitely steps in the right direction, in our view the CMU Action Plan could still be more ambitious overall, considering the absence of economic growth and job creation in the EU, and given the overall persistently poor value of long term investment services offered to EU citizens as measured by the [Commission's Consumer Scoreboard](#).

More specifically we are concerned that no measures are included to end the discrimination against EU citizens who wish to invest directly in capital markets. There is no mention of the barriers to shareholder engagement inside the EU that prevent or deter individual shareholders from exercising their voting rights, nor is there any mention of the review of the Shareholders Rights Directive which is currently turning into an "*Intermediaries Rights Directive*" as underlined by the MEP and ECON Committee vice chair Markus Ferber. Moreover, equity markets will continue to "*blatantly favour the technologically empowered over the retail investor*" as pointed out by the governor of the Bank of England.

Better Finance is also very concerned about the fact that the impending regression of investor information rights stemming from the new "PRIIPs" Regulation does not seem to appear on the radar screen of the Commission so far. This Regulation will eliminate the requirement for disclosure of past performance (with benchmark comparison) in the "KIID" (Key Investor Information Document) and replace it with misleading and incomparable "future performance scenarios". This means that EU citizens will not even know whether the investment products they are sold have lost money or not!

Better Finance respectfully asks the European Commission to actually redouble its focus on improving the situation for the main source of long term financing of the EU economy: savers and individual investors.