

BETTER FINANCE KEY PRIORITIES 2019-2024



The EU needs to put Financial Services Users (savers, pensioners, retail investors, etc.) at the heart of the CMU. Building trust must be the central guiding principle to attract savers and investors. To restore trust, BETTER FINANCE strongly recommends the following actions



1

Better Access to Simple and Transparent Products

One main aim of CMU 1.0 (2015) was to improve the funding of the EU economy and to offer better returns to EU long-term and pension savers by fostering retail investments into capital markets. BETTER FINANCE recommends the following measures:

a

Direct access to simple investment products such as shares, bonds and ETFs as an alternative to selling them wrapped into packaged products, which are often too complex, opaque and fee-laden.

b

A better alignment of distributor's incentives with client's goals by minimizing conflicts of interests in the distribution.



2

Better Access to Comparable, Fair, Clear and not Misleading Information

a

Simplify and standardize the information included in the various key information documents (KID).

b

Improve transparency on actual performance and fees of all investment products

c

Create public or at least independent EU-wide web based comparison tools

d

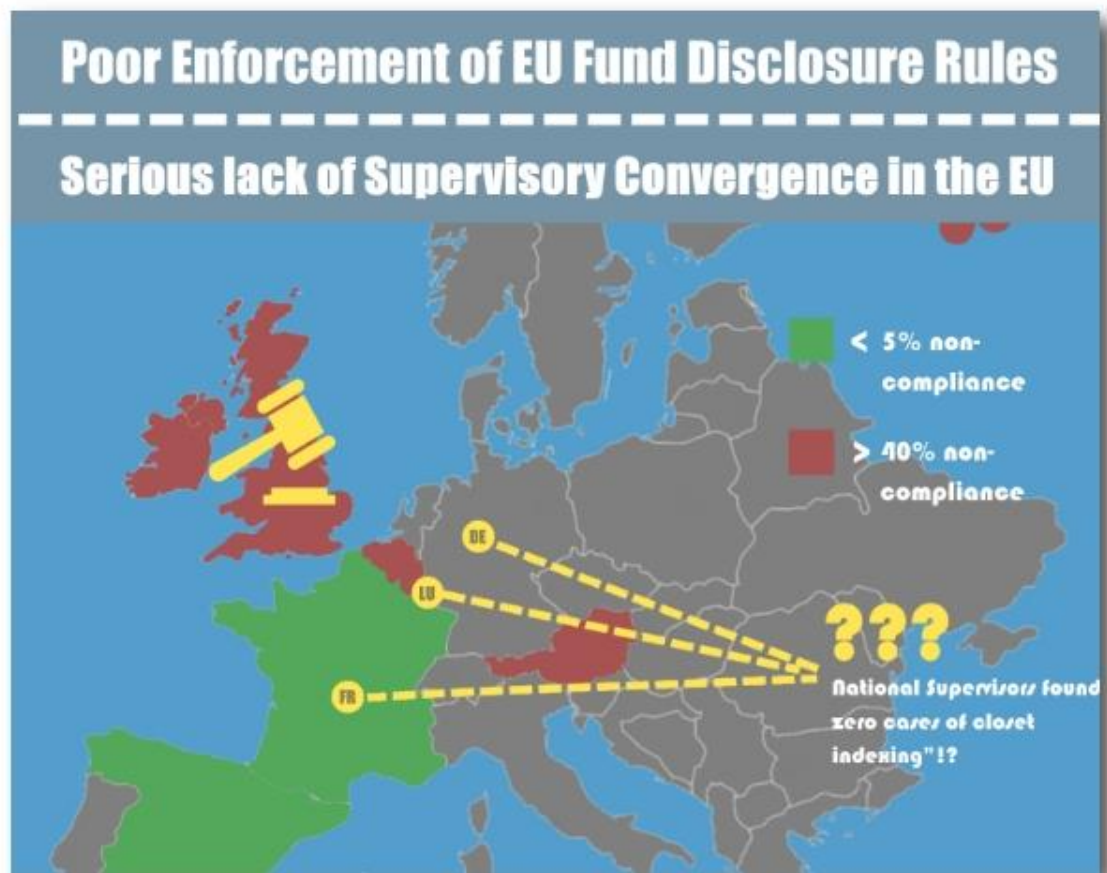
Differentiate between inexperienced and experienced investors.

e

For Insurance-based Investment Products, key cost disclosures should distinguish between performance related ones and risk coverage ones - disclosures on annuities should be clear.

BETTER FINANCE research finds that 30% of the main UCITS equity funds still do not comply with disclosure requirements.

- BETTER FINANCE Press Release: At least 619 UCITS Equity Funds Found in Breach of Key EU Disclosure Rules



a

Introduce common rules for collective redress for all EU investors and Improve the ECs "New Deal for Consumers"

b

Introduce compulsory collective redress schemes comparable to the existing Dutch system across all Member States



"BETTER FINANCE calls on policy makers to put an end to financial abuses by ensuring better public enforcement of conduct of business rules and introducing and EU-wide framework for Collective Redress in order to facilitate effective private enforcement."

- BETTER FINANCE Press Release: A "New Deal" for Consumers 23.10.2017

4

Ensure Consistency of All EU Financial User Protection Rules

"The various new regulations and rules applicable to saving products lead to inconsistent standards of disclosure which creates confusion among investors and unnecessarily increases the workload for distributors and manufacturers and by that costs for investors"

- BETTER FINANCE Key Priorities 2019-2024

a

Eliminate inconsistencies between existing investor and policyholder protection rules as well as between various conduct of business rules, in particular on conflicts of interests and on performance and cost disclosure.

b

Harmonize all pre-contractual key information documents of substitutable investment, insurance and pensions products at the point of sale.



5

Make the European Capital Markets more attractive for EU Citizens as Savers and Investors

"The CMU will not be successful if its design focuses solely on financial institutions' needs. It must also add value to investors."

- Steven Maijoor, Chair of ESMA, speech at the BETTER FINANCE

International Conference on "Shareholder Rights in Europe 2020", 9 December 2014.

a

Ensure proper enforcement of EU rules against mis-selling

b

Increase the responsibility of institutional investors

c

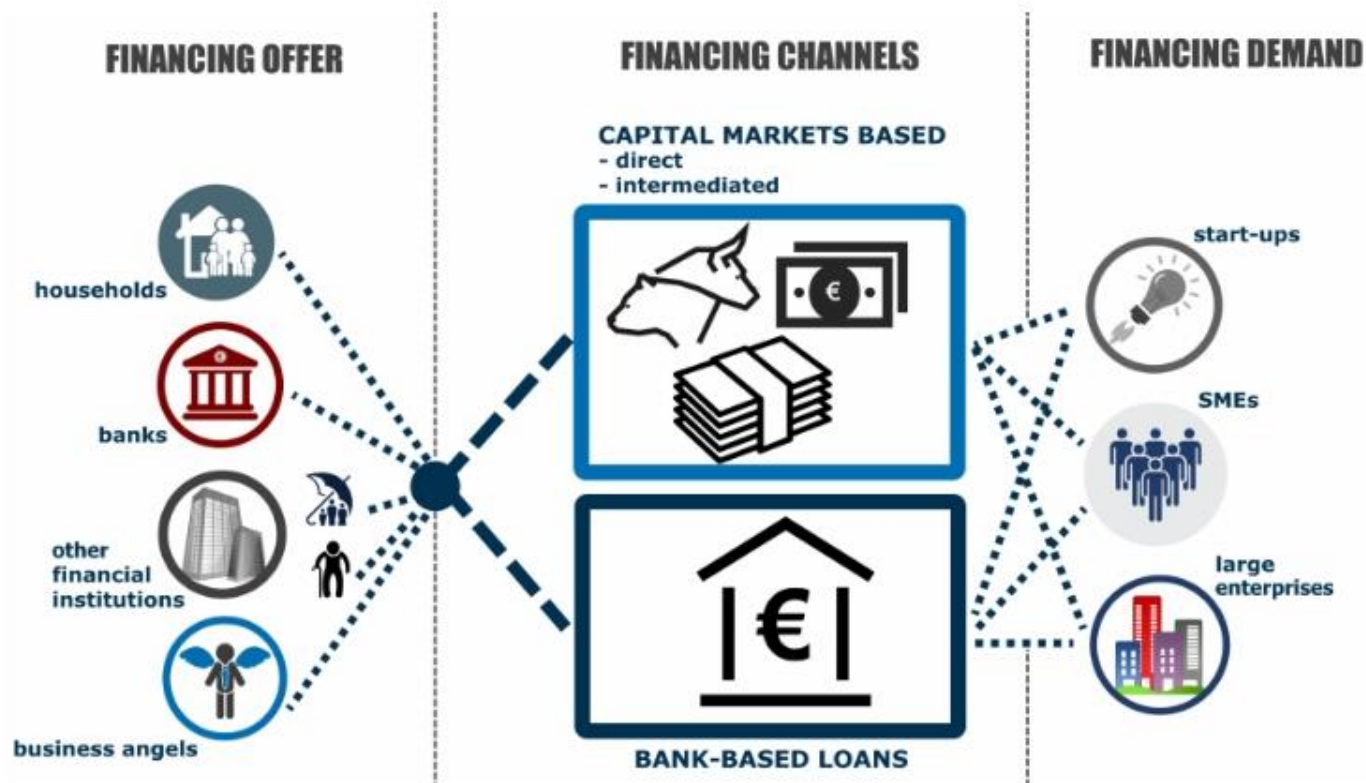
Introduce cost free cross-border voting for individual investors within the EU

e

Introduce the same level of shareholder protection as a standard all over the EU

f

Use tax as an incentive, not as a punishment



Capital Markets - The Major Role of Retail Investors (households). Source: BETTER FINANCE CMU Barometer 2018

6

Improve the Competitiveness of European Capital Markets in Particular for SMEs

a

Increase the attractiveness of EU equity markets for private investors through tax incentives

b

Strengthen the IPO market in Continental Europe.

c

Ensure & level playing field between the regulated capital markets and "dark" venues

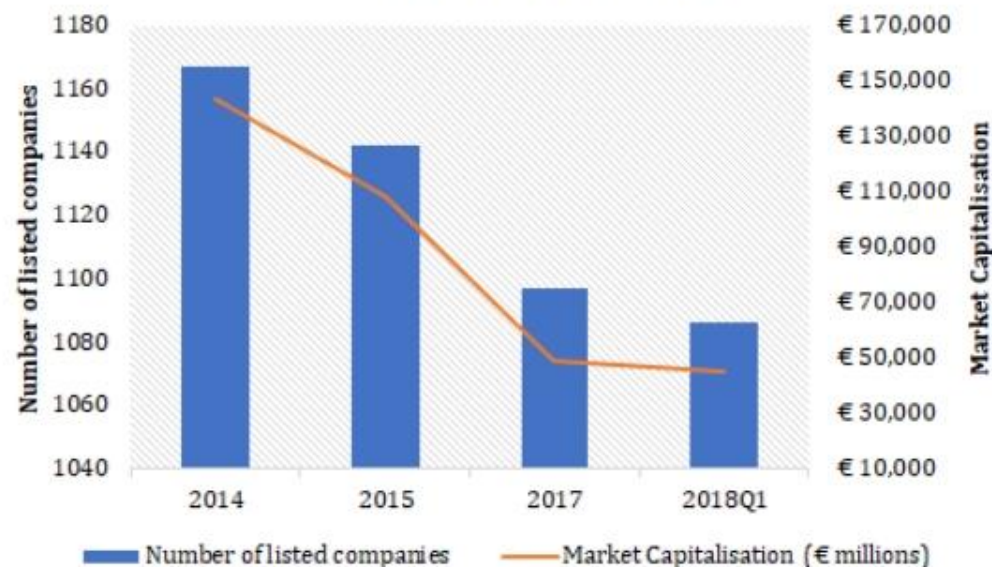
"regulatory barriers and underdeveloped local capital markets make it difficult for SMEs to access funding and obtain public listing, while retail savers have little offer on hand to invest in"

-BETTER FINANCE CMU Assessment Report 2019

Evolution of EU IPOs



SME Markets in the EU



EU IPO's are declining as well as the market capitalisation of SME markets. The EU needs to promote the listing of SMEs because they are a source of employment and innovation.

a

Introduce a clear and compulsory taxonomy for "green" products. Ensure inclusion of Social & Governance as well as Environmental criteria.

b

Adopt a well-designed and controlled eco-label, based on the taxonomy

c

Improve the long-term engagement of asset managers with investee companies and ensure alignment of incentives with long-term returns.

d

"Green" products must deliver decent returns for long-term and pensions savers and be exemplary in terms of disclosure

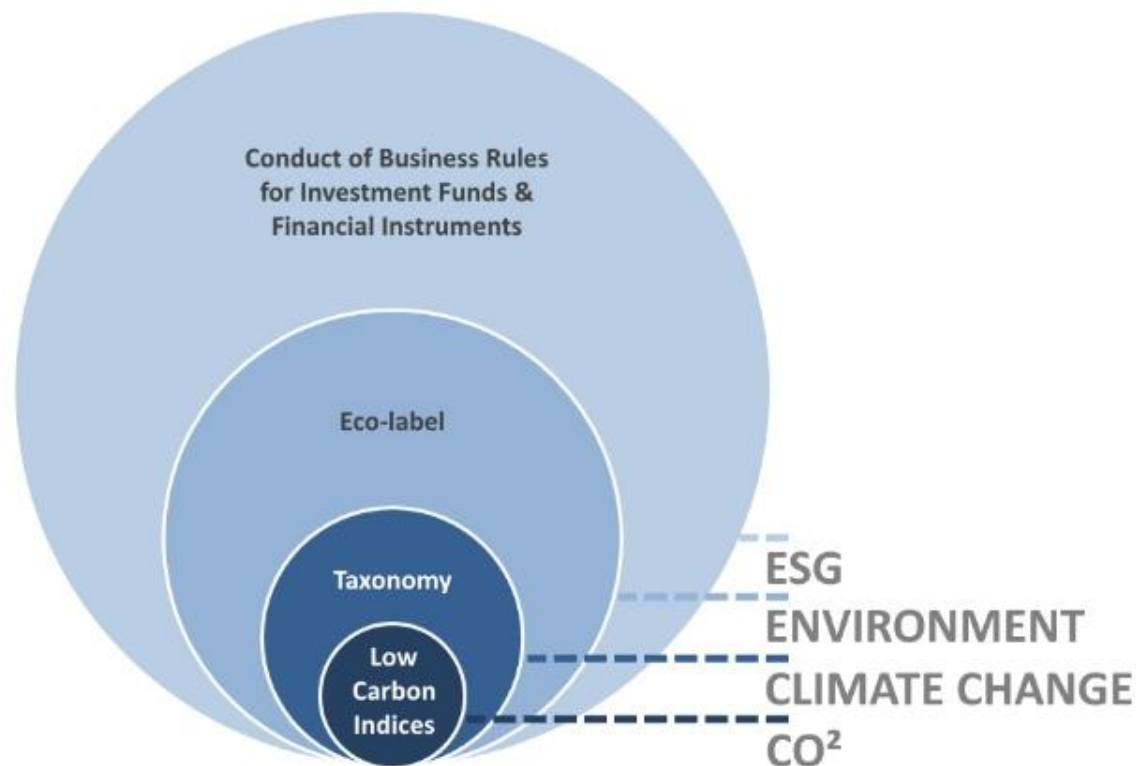
e

Follow up on employee share ownership best practices with a CMU "Action"

"BETTER FINANCE raises concerns regarding Sustainable Finance. Notably on points relating to Taxonomy, Benchmarks as well as Eco labels"

- BETTER FINANCE Press Release on the Sustainable Action Plan 21.03.2018

SCOPE OF THE EU SUSTAINABLE FINANCE ACTION PLAN | ENVIRONMENTAL - SOCIAL - GOVERNANCE (ESG)



"Investor empowerment has always been a focus of BETTER FINANCE and its member organisations. With indirect - or "packaged" - investment now constituting the main part of financial assets held by European households, investor information and education has never been more necessary"

- BETTER FINANCE Press Release: Investing is not a full-time job for citizens 03.07.2018

a

Provide basic financial math and capital markets education in schools.

b

Require that distributors of retail investment products improve the financial education of their staff.

c

Financial education efforts from the industry should be monitored and supervised by independent bodies.

d

Introduce an investors' license as an important tool for investing in capital markets.



2018 BETTER FINANCE Investor Empowerment Conference, Brussels. Top from Left: Steven Maijoor (ESMA Chair), Jella Benner-Heinacher (BETTER FINANCE President) Below from Left: Paul .P. Andrews (IOSCO, SG), Guillaume Prache (BETTER FINANCE Managing Director)

9

Sustain the EU Support to the Involvement of EU Citizens in EU Financial Services Policy Making

a

Sustain the EU support to better involve investors and other users of financial services in the EU financial policy making process

b

Ensure that independent experts from User Organizations are adequately represented and compensated at all expert consultative groups of the EU institutions

As the one and only European-level organisation solely dedicated to the representation of individual investors, savers and of financial services users, BETTER FINANCE advocates for and defend the interest of European citizens as financial services users. For a well functioning financial system it is imperative that our members' opinions are both heard and included in the Policy Making processes at EU level.

"The Commission will ... ensure that the voice of European investors is much more strongly heard on all financial issues. The Commission therefore proposes to provide direct funding to facilitate the capacity-building of investor stakeholders to represent their interests in financial services policies at EU level, through training, research and information."

-European Commission, "Driving European recovery", 4 March 2009



Illustration from BETTER FINANCE Informational Video: PEPP Capital Requirements, SCAM ALERT!

Increase the effectiveness of EU Institutions' Procedures

a

Enhance supervision of Product Oversight and Governance Requirements in the ESAs.

b

Introduce the possibility to give certain EU institutions the right to ask for minor correction of a directive due to practical obstacles

c

Solve fundamental and practical structural problems already during the level 1 procedure

d

Request that the EU authorities should regularly disclose the state of their "Trialogue" negotiations to inform the public and prevent unilateral lobbying by the industry

e

Provide for reasonable transition periods for each EU legislative measure

"As an appropriate example, the legislative process of PRIIPs illustrates the difficulties in introducing effective EU regulations - threatening the credibility of EU authorities work vis-a-vis its citizens"

- BETTER FINANCE Key priorities 2019 - 2024





Transparency



Attractiveness



Competitiveness



Clarity



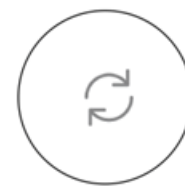
Sustainability



Fairness



Knowledge



Consistency



Support



No to "improving transparency on performance and fees."



Yes/No to "introducing cost free cross-border voting for retail investors within the EU"



No to "developing independent EU-wide comparison tools"

No to a "well-designed and regulated ecolabel based on the taxonomy" and no to "promoting employee share ownership"

Yes/No to "introducing common rules for an effective collective redress for all retail investors"



Yes/No to "sustaining EU support to better involve investors and other users of financial services"



Did not answer the questionnaire, with ALDE and ENF citing widely diverging positions between their national member parties and the European Left citing complexity.



Did not answer our questionnaire and did not provide a reason.