

## **European Commission targeted consultation on options to enhance the suitability and appropriateness assessments**

### **[Targeted consultation on options to enhance the suitability and appropriateness assessments](#)**

#### **1.- Target participants**

This paper is intended to gather the opinion of stakeholders, in particular of: (i) organisations representing consumer/retail investor interests; (ii) credit institutions; (iii) investment firms; (iv) insurance companies; (v) financial intermediaries (investment/insurance brokers, online brokers, etc.); (vi) new technology providers; (vii) national and supranational authorities (e.g., national governments and EU public authorities, mandated authorities and bodies in charge of legislation in the field of retail investments); and (viii) academics and policy think-tanks.

#### **2. - Information Note**

The European Commission (EC) is preparing a retail investment strategy aimed at taking a holistic view of investor protection rules. One of the key objectives is to make the EU an even safer place for persons to save and invest in the long term and to increase the participation of retail investors in capital markets.

In the answers received to the 2021 public consultation on the EC's retail investment strategy for Europe, many stakeholders, on the industry and the consumer side, called to simplify, improve, automate and standardise the way in which investors' profiles are currently assessed. Some also expressed their support for a greater focus on the overall investor profile composition rather than on individual products. Respondents also highlighted the need to adjust the different investor assessments to make them better adapted to the online environment, as well as the importance of improving data quality of the suitability and appropriateness assessments. Some also recommended anticipating the evolution of robot-assisted advice or fully automated advice. Finally, some also requested more independence in the suitability assessment process. Taking into account these results, the EC is currently exploring different ways to improve the suitability and appropriateness regimes to address the above-mentioned issues. By means of this targeted consultation, the EC intends to supplement the 2021 public consultation exploring the feasibility of a new assessment focused on retail investors.

The EC is assessing, inter alia, the idea of whether and how all retail investors, and not only wealth management clients, could benefit from a new suitability assessment that could provide them with more support throughout the life of their investments to better achieve their investment objectives and to enhance their participation in the capital markets.

Such an approach could not only amend the current MiFID II/IDD suitability and appropriateness tests with the view to no longer differentiate among the various investment services offered to retail investors, but could also replace the current “per product” approach with a new element, a personalised asset allocation strategy.

The retail client assessment, together with the personalised asset allocation strategy, could be provided and recorded in a structured and machine-readable format for future reference by retail investors, financial intermediaries (with clients’ consent) and competent authorities. The introduction of this new approach could increase the level of intelligibility and comparability of investments aimed at limiting risks of misselling or ill-advised investments. A key element of this new tool could be the transferability (or portability) of the client assessment (enhanced with a personalised asset allocation strategy) with any financial intermediary the client chooses, including online brokers and platforms which would allow investors to easily switch between or use multiple brokers/financial intermediaries.

Subject to the portability of a personalised asset allocation, this paper aims to assess to what extent any subsequent intermediaries should be allowed to depart from the asset allocation and under what conditions (e.g., when there are objective reasons to justify a change, including in the case of a material change in personal circumstances of the retail investor).

The aim of this targeted consultation is to gather stakeholders’ views on a possible enhancement of the current suitability and appropriateness regimes. The consultation covers the following points:

- A. An enhanced client assessment regime – General
- B. A personalised asset allocation strategy

Responses to open questions are limited to 5000 characters (including spaces and line breaks), but respondents can also supplement their answers by uploading one or several additional document(s) in the last section of the questionnaire called “Additional information”.

### **3.- Submission of comments**

The deadline for submitting comments is **21 March 2022**.

Stakeholders should send their contributions through an online questionnaire available on the [\*European Commission\*](#) website (place the cursor over the word to obtain the link).

The CNMV would also appreciate it if stakeholders could send a copy of their responses to the consultation to the following address: [\*\*documentosinternacional@cnmv.es\*\*](mailto:documentosinternacional@cnmv.es)

**Dirección de Asuntos Internacionales**

**CNMV  
c/ Edison 4  
28006 Madrid**