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E-002619/2022

Answer given by Ms McGuinness
on behalf of the European Commission
(28.9.2022)

The Commission is aware of price differentials between European investment funds and comparable investment funds offered under United States laws¹.

The Commission will look into the issues raised by the Honourable Member as part of the forthcoming retail investment strategy.² This will assess whether the current rules, including in the area of product oversight and governance, need to be strengthened to improve the cost efficiency of retail investment products and to ensure that retail investors are offered products that deliver value for money.

It will also focus on the ‘point-of-sale’ experience of retail investors, notably on the quality and comprehensiveness of investment advice that investors receive before selecting their investment portfolio, and on ensuring that rules governing investment information are fit for the digital disclosure.

In addition, the Commission’s proposal reforming European market infrastructure rules³ will bring about decisive change in price transparency for investment funds. The consolidated tape for equity and equity-like instruments will provide both retail and professional investors with access in real time to all prices and the underlying volume of exchange-traded fund (ETF) shares traded at that price on any platform in the Union in a single ‘price comparison tool’.

Improved price transparency, the enhanced focus on value for money and better investment advice combined should, over time, consolidate the Union’s fragmented investment funds and, in consequence, lower fees for investors.

¹ see in particular statistics (on performance and costs) on page 5 and further details on page 6 (summary section, under active & passive funds from ESMA report on performance and cost of EU retail investment products (of April 2022): https://www.esma.europa.eu/sites/default/files/library/esma_50-165-1677_asr_performance_and_costs_of_eu_retail_investment_products.pdf

² https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/12755-EU-strategy-for-retail-investors_en launched on 23 November 2021

³ <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52021PC0727>