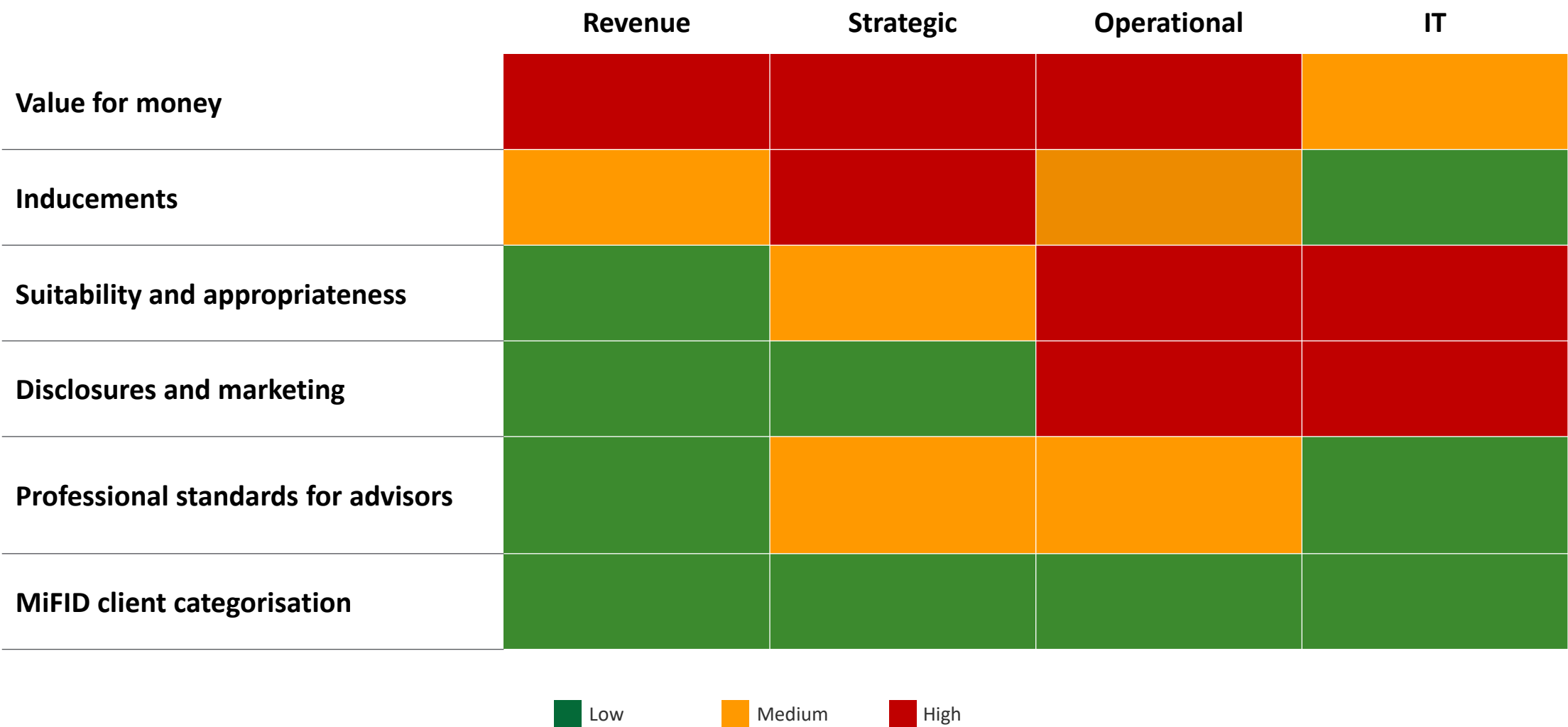




# Summary of key impacts of the European Commission’s proposed Retail Investment Strategy

Heat map



# Summary of key impacts of the European Commission's proposed Retail Investment Strategy

## Key impacts by impact category

Key impacts	
Revenue	<ul style="list-style-type: none"><li>• There is a proposed ban on inducements for non-advised sales (execution-only business).</li><li>• Manufacturers and distributors would have to assess whether their total costs and charges are justified and proportionate, including via a comparison against benchmarks to be produced by ESMA and EIOPA, causing potential impacts on margins across the value chain.</li><li>• Advisors would have to recommend cost-efficient products, which may cause downward pressure on product charges and inducements.</li></ul>
Strategic	<ul style="list-style-type: none"><li>• Manufacturers may need to consider amending pricing or product features to make them more cost efficient.</li><li>• Distributors may need to consider adding more cost-efficient products to their product range and/or removing less cost-efficient ones.</li><li>• Distributors would need to consider whether their own pricing represents value for money, as well as whether they wish to continue partnering with other firms in the distribution chain if their costs are disproportionately high.</li><li>• Distributors losing revenues from inducements would need to consider how to replace them e.g. through charging investors up front or providing other services. In the longer term, firms receiving inducements from advice may consider alternatives revenue sources if inducements come under pressure.</li><li>• Firms offering advice which does not consider the client's whole portfolio would need to consider how the increased cost of providing advice would affect their margins and how they could improve their profitability.</li><li>• Insurance intermediaries would need to decide whether to offer independent advice given the new harmonised regime.</li><li>• Advice firms would need to ensure their staff have sufficient skills and experience, including on sustainability.</li></ul>
Operational	<ul style="list-style-type: none"><li>• Firms would need strong governance and operational processes to establish and maintain their pricing processes, including consideration of the benchmarks published by ESMA and EIOPA. For distributors, there would also be a significant operational impact to going through their product range to determine which product features are necessary to achieve particular investment objectives.</li><li>• Advisors who do not currently consider the client's whole portfolio would need to redesign their suitability process, and the appropriateness test would need to be amended to incorporate the client's capacity to bear losses and their risk tolerance.</li><li>• Firms would need to amend their investor disclosures to incorporate risk warnings, greater standardisation of disclosures, and the changes to PRIIPs KIDs. Manufacturers of life insurance products that are not insurance-based investments would need to create new investor disclosure documents.</li><li>• Firms would need to update their approval process for marketing materials, and prepare an annual report to the Board on their marketing practices.</li><li>• Firms would need to update their processes for professional requirements for advisors and for client categorisation.</li></ul>
IT	<ul style="list-style-type: none"><li>• Firms would need to update their IT systems to enable them to carry out supervisory reporting on their costs and performance.</li><li>• Firms would need to update their IT systems to facilitate changes to the investor disclosure requirements.</li><li>• Where firms use an automated process for conducting suitability and appropriateness tests, these would need to be updated.</li></ul>

# Annex

## Summary of scope of the proposed requirements

Column	MiFID product manufacturers	MiFID distributors	Insurance product manufacturers	Insurance distributors	UCITS mancos	AIFMs
Value for money	✓	✓	✓	✓	✓	✓
Inducements		✓		✓		
Suitability and appropriateness		✓		✓		
Disclosures and marketing	✓	✓	✓	✓		
Professional standards for advisors		✓		✓		
MiFID client categorisation	✓	✓				

Key

- ✓ = in scope
- ✓ = in scope for insurance-based investment products
- ✓ = in scope for a wider range of insurance products



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