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BVI's[1] position on the European Commission's Call for Evidence on the Savings and Investments Union

The Call for Evidence rightfully identifies three key areas of action: empowering citizens to participate in capital markets; making investment opportunities attractive and visible to investors; and fostering market integration and efficiency in capital markets.

We support these objectives for two reasons: firstly, savers are missing out on opportunities for attractive returns because they keep their savings in low-interest current accounts, and secondly, because the capital markets could do more to help financing the economy. High-yielding investments help to close the retirement provision gap. A thriving capital market is advantageous for companies, allowing them to finance themselves through the market in addition to bank loans. Greater investor participation will also have positive macroeconomic effects, supporting companies and economic growth.

Starting with the Capital Markets Union Action Plan, the European Commission has made several attempts to improve the situation over the last 10 years – with limited success, as the various reports mentioned in the CfE clearly point out. Ever-growing bureaucracy is causing high costs for the European economy, specifically for the European fund industry. This money is not available for digitalisation or the development of new markets and is putting the industry further and further behind the global competition.

The SIU can only be a success if the mistakes of the past are not repeated. A recent example for well-intended, but misguided regulation is the Retail Investment Strategy with its counter-productive fixation on costs. Launched as an initiative to enhance investor protection, increase transparency, and promote greater participation of retail investors in the capital markets, the project is likely to fail on each and every of these objectives, while burdening the industry, investors and supervisors with heaps of new red tape: another bureaucratic monster in the making. The SIU is a unique opportunity to turn the tide and root out excessive and onerous measures, like the proposed Value for Money framework or a new Best Interest Test, before they become applicable law. It is easier to prevent new bureaucracy than to reduce existing bureaucracy.

The CfE raises the idea of an EU savings product, implying that such an instrument might currently be missing on the market. We do not see this need in the market – neither from the perspective of retail investors, institutional investors, nor Member States. UCITS already are a successful, globally acknowledged brand. They are simple and transparent and offer broadly diversified, low-threshold access to a wide range of investment opportunities. The introduction of a new product could erode confidence in the UCITS brand. The Pan-European Pension Product (PEPP) is a proof for the unattractiveness of new products which were designed in a too complicated fashion. Furthermore, we doubt that the suggested "fiscal or other incentives" can realistically be achieved since they would rely on voluntary granting of

[1] BVI represents the interests of the German fund industry at national and international level. The association promotes sensible regulation of the fund business as well as fair competition vis-à-vis policy makers and regulators. Asset managers act as trustees in the sole interest of the investor and are subject to strict regulation. Funds match funding investors and the capital demands of companies and governments, thus fulfilling an important macro-economic function. BVI's 115 members manage assets of EUR 4.5 trillion for retail investors, insurance companies, pension and retirement schemes, banks, churches and foundations. With a share of 27%, Germany represents the largest fund market in the EU. BVI's ID number in the EU Transparency Register is 96816064173-47. For more information, please visit www.bvi.de/en.

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state aids by Member States, which is highly unlikely to happen. Therefore, we do not see the need for or benefits deriving from a new product *sui generis* at EU level.

Beyond the ideas raised in the CfE, we suggest creating a European index family – the European All Shares Index Family (EUASIF) – that would improve the visibility, comparability and transparency of all listed companies in the EU and thus strengthen market integrity. Unlike the existing index families, it should cover all listed shares in the EU and allow for sub-indices for individual countries, regions and sectors in order to meet the different needs of investors, issuers and their stock exchanges. The development and administration of the indices and their use by market participants should be cost-efficient in order to minimise the burden on market participants and maximise the positive second-round effects, such as increased listings and new financial products.