



Asset Management & Investment Funds Update

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Inducements Ban for all Retail Investment Products

On 3 February 2022, Better Finance (an EU investor group) published a paper entitled 'Evidence & Arguments for Banning Inducements in Retail Investment Services' with the aim of supporting EU legislators' consideration of a ban on inducements across all retail investment products. The inducements ban is being considered by the EU as part of its Retail Investment Strategy for Europe which was published for consultation in H1 2021 and includes various proposed amendments, including the inducements ban, to the current EU framework for retail investments. As has been widely reported, the Better Finance paper forcefully rebuts certain asset management industry views set out in the November 2021 KPMG whitepaper entitled 'The Future of Advice: A comparison of fee-based and commission-based advice from the perspective of retail clients'. The Commission is expected to publish an action plan for the Retail Investment Strategy in Q4 2022 following a review of the feedback received to its 2021 consultation and that from respondents to the individual ESA consultations which concluded with the EIOPA consultation on 25 February 2022.

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