

Call for Evidence On the European Commission's Citizens' Omnibus Initiative

The EU has established a strong policy framework to ensure citizens benefit from the single market. Initiatives such as the Capital Markets Union, Savings and Investments Union and Retail Investment Strategy aim to deepen market integration and increase retail participation in safe and transparent environments. While financial services have become increasingly accessible, there is scope for further simplification and flexibility, particularly for retail investors.

The current market structure remains fragmented, with significant regulatory and client-journey asymmetries between financial instruments. Exchange-traded derivatives (ETDs) face higher access barriers and longer onboarding processes than issuer-manufactured products. ETDs are traded on regulated exchanges, which offer strong regulatory safeguards to investors. ETDs are also subject to transparency requirements¹, central clearing, and robust risk controls. Yet retail investors encounter stringent compliance checks, extensive documentation, and mandatory appropriateness tests. In contrast, issuer-manufactured products are generally more accessible to investors despite offering limited safeguards. These instruments are typically priced by a single issuer, acting as the exclusive counterparty and sole source of liquidity for all orders. Broader access can be attributed to several factors. For example, issuer-manufactured products could support distribution and marketing through embedded margins. Moreover, in practice there are fewer onboarding frictions, and investors are subject to less technical knowledge checks compared to those for ETDs.

This imbalance has direct implications for EU citizens' financial wellbeing. Retail investors may be steered toward products with higher hidden costs, lower transparency, and greater counterparty risk. Regulators, such as Germany's BaFin, have also documented substantial retail losses². A key concern here is the conflict of interest inherent in many structured products: issuers often take the opposite position to the client and therefore benefit financially when the client incurs losses. This could undermine the obligation to act in the retail investor's best interest. More recently, ESMA³ highlighted the important issue of embedded costs of structured retail products (SRPs) offered to EU retail investors. The report points to a wide dispersion of embedded costs within the same jurisdiction and even among comparable products. Moreover, SRPs with short maturities may appear to deliver attractive headline returns. However, these returns could be offset by the high upfront costs borne by retail investors. In addition, retail investors tend to overestimate net returns⁴, partly due to

¹ MiFIR (Articles 8a, 9, 10 and 11a)

² BaFin - Pressemitteilungen - BaFin interveniert bei Turbo-Zertifikaten

³ [ESMA Market Report on the Costs and Performance of EU Retail Investment Products 2025](#)

⁴ [ESMA's product intervention analysis](#)

information asymmetries, which ultimately affect their ability to build savings and long-term financial security.

ETDs can help mitigate these issues and support better financial outcomes for EU citizens. The fact that ETDs usually have several market-makers competing for a retail order provides benefits for investors in ways which are difficult to achieve in structured products. Higher competition, as well as the standardized structure of ETDs lead to transparent pricing, reduced hidden costs and improved execution quality. Moreover, many structured product payoffs can be replicated using listed options, allowing investors greater control, flexibility, and cost transparency.

Evidence further suggests a negative relationship between risk and returns in structured retail products, especially in stressed market conditions⁴. ETDs can address this by enabling more efficient and transparent strategies. They provide tools for income generation and risk management, such as covered call strategies, which can enhance returns without increasing the downside exposure. Importantly, unlike structured products, ETDs are not packaged products, but fundamental, standardized instruments priced through open market supply and demand.

Despite these benefits, retail access to ETDs remains constrained. Rigid onboarding and appropriateness requirements are considered one of the main challenges⁵ for retail investors, which can prevent them from using these instruments for diversification and risk management. This creates a broad policy challenge. If EU regulation does not evolve, retail investors may shift to less regulated venues or third-country exchanges with simpler access. Such shifts could weaken investor protection, reduce trust, and undermine the EU's ability to safeguard its citizens. The consequences might further extend to reduction of the EU market competitiveness, fragmented liquidity, and undermined strategic autonomy.

We therefore support introducing a harmonized and proportionate approach to retail access for ETDs. This includes simplifying appropriateness tests by focusing on core knowledge, reducing excessive documentation, and removing trading history requirements for experienced investors. Additional measures could include partial access to ETDs in case of incomplete knowledge (being subject to position limits), greater cross-border recognition and extended period of validity of appropriateness assessments. Another major simplification would be to allow retail investors to voluntarily accept a KID in English. Experience shows that some retail investors across Europe are unable to access certain products since translating each KID into all 24 EU languages and reviewing them annually poses a significant challenge for exchanges, particularly for less widely used languages with

⁵ [The Transition From CFDs to Listed Derivatives: How regulation, competition and innovation are reshaping retail trading in Europe \(Acuiti report\)](#)

relatively low retail demand. This, in turn, significantly limits the range of investment opportunities available to EU citizens. Lastly, the introduction of an EU-standardized format for appropriateness tests will avoid fragmentation.

These measures would make financial markets more accessible without compromising safeguards. By enabling greater use of transparent, centrally cleared instruments, they would help reduce hidden costs, improve investment outcomes, and support long-term wealth creation. Ultimately, facilitating retail access to ETDs is a matter of supporting the financial well-being of EU citizens. By lowering unnecessary barriers, the EU can empower individuals to make better investment decisions, strengthen their financial resilience, and fully benefit from the opportunities of integrated capital markets.