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European Commission

Via EU Commission website

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MFE/gc

Re: Call for Evidence - Savings and Investments Union: AMF Italia contribution

The SIU represents a crucial step in deepening EU financial integration, leveraging private savings to boost investments and growth. Simplifying financial rules and ensuring regulatory clarity are paramount to attract investors. Providing tax incentives to institutional investors and pension schemes is essential to channel funds to SMEs and innovative/sustainable projects. Promoting financial education is key to mobilising retail savings into productive investments. Political consensus among MSs is still lacking, slowing progress towards an effective Union in the name of national specificities.

Recent reports highlight a structural inefficiency in EU capital markets: a misalignment between savings and investments. While EU citizens accumulate vast saving, much of it remains in low-yielding deposits rather than being channeled into productive investments. SMEs, startups and innovative firms struggle to access funding, particularly equity financing. Without bold action, EU risks falling behind global competitors.

The SIU requires both EU and national-level actions. Italy has launched simplification initiatives to make the economic environment more competitive and stimulate investments. However, regulatory inconsistencies persist. Tax incentives to support SMEs and financial research are constrained by State aid rules, which hinder necessary investment incentives, especially for startups and innovative sectors. A revision of State aid rules could allow more flexibility in targeted tax relief.

One of the measures envisaged is to mobilize savings more effectively by encouraging retail participation in capital markets through the promotion of simple, low-cost saving and investment products. Such measure is in line with the cost-based approach of the RIS. This

approach neither provides an incentive to participate in capital markets nor it grants a real protection to retail clients as product costs are not the only element to consider in investment decisions. A more balanced framework is needed to give adequate importance also to qualitative aspects relating to the provision of financial services, such as investment advice features. The latter is crucial to assist retail clients having a poor financial background in assuming investment decisions.

The accessibility to a wide range of financial products is essential to ensure substantial protection of retail investors. Today such access is limited by regulatory barriers that restrict the scope of assets available for advisory or portfolio management purposes. I) The lack of clarity on the scope of PRIIPs regime has led to unintended negative consequences for corporate bonds, even plain vanilla. In most cases, these bonds have been targeted at professional clients only to avoid KID burdens, limiting investment opportunities available to retail clients; II) for advisory and portfolio management, ESMA guidelines don't allow deviations from the target market by type of client/knowledge and experience of the client, even if such a deviation would be necessary for diversification. This approach has no *raison d'être* when investment decisions are made/advised by a professional subject. A similar barrier exists for access to financial instruments where the client's knowledge/experience is low, as the intermediary cannot deviate from the TM.

As for the role of institutional investors, promoting greater household participation in pension funds and establishing an effective system of tax incentives for institutional investors that channel funds into capital markets and startups could be valuable initiatives. To this extent, the State aid regime should be amended.

To achieve greater integration, it would be beneficial to transfer some supervisory powers from NCAs to EU authorities, as there are significant differences in supervision across the Union.

Impact assessments of proposed regulations should be conducted more thoroughly, based on a clear and comprehensive understanding of the actual situation.



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