

To:

European Commission

Directorate-General for Financial Stability,
Financial Services and Capital Markets Union

1049 Bruxelles / Brussel

Belgium

Milan, 7 March 2025

RE: Feedback to the European Commission’s Call for Evidence on the Savings and Investments Union (SIU).

1. INTRODUCTION

The Italian Private Banking Association (“**AIPB**”) welcomes the opportunity to provide feedback on the European Commission’s Call for Evidence concerning the proposed Communication on the European Savings and Investments Union (“**SIU**”). AIPB acknowledges the strategic importance of this initiative in fostering a more integrated and efficient European financial market, enhancing capital allocation and promoting greater financial participation among EU citizens.

The Commission’s objective to strengthen the link between savings and investments aligns with AIPB’s mission to support the development of a robust private banking sector that enables efficient wealth management and financial planning for European investors. We recognize the necessity of addressing the existing fragmentation in EU capital markets and the need for targeted measures to improve access to investment opportunities, particularly for retail and high-net-worth individuals (“**HNWI**”).

2. THE IMPORTANCE OF THE PRIVATE BANKING INDUSTRY FOR THE SIU

Private Banking is a business model dedicated to the management and protection of family assets, which is normally provided to customers with complex needs who require advanced advisory or portfolio management services in order to manage their wealth in a customized and dynamic fashion.

The four essential elements characterizing the private banking business are the following:

- **Nature of the customer** – the customer is an individual (or a group of individuals, such as a family) who has personal, family or business-related assets that must be managed on the basis of sophisticated needs and with a long-term perspective;

- **Level of service** – the customer benefits from a highly personalized offer, based on a global overview of the various types of assets and constant management over time. The advance advisory service performed for the customer is tailor-made, pro-active, continuous, interactive, systemic and integrated into the broader range of services performed by the bank or investment firm. The service is aimed at collecting all information and details that are relevant to understand the customer’s needs and objectives, with a view to optimizing the portfolio allocation.
- **Professional skills of the service provider** – private bankers that are used by banks and investment firms have highly qualified skills, a significant experience, knowledge and understanding of the products and services, and are able to deliver a customized service to their clients.
- **Value of the customer’s portfolio** – based on the classification adopted by AIPB, the value of the client’s financial portfolio is at least equal to Euro 500,000 and the client holds significant non-financial assets (including real estate properties and other assets that are not subject to MiFID2 or other financial services regulations, such as artworks, etc.).

The clients identified above have a less need of protection, even though they might not meet the conditions to be classified as professional clients under the MiFID2 (or may have no interest in opting-in to such classification). At the same time, they have an increased need for flexibility to invest in a wider range of products, including illiquid and long-term financial assets.

These clients are key to channel private investments into the real economy, and the legal and regulatory framework should be adjusted to facilitate this trend.

3. OUR RESPONSE TO THE CALL FOR EVIDENCE – KEY PROPOSALS

In this response, AIPB aims to contribute its expertise and insights on key areas of the SIU initiative. We emphasize the importance of a regulatory framework that balances market efficiency with investor security while fostering an environment aimed at promoting sustainable and long-term economic growth.

AIPB appreciates the Commission’s efforts to consult stakeholders in shaping the SIU and remains committed to engaging constructively in this process to ensure that the final framework effectively supports the needs of European investors and financial institutions.

In the paragraphs below we outline some key proposals to enhance the EU regulatory and supervisory framework taking into account the goals mentioned above.

- **Acknowledging the Role of Private Banking Institutions**

As noted by the Commission, one of the key goals of the SIU should be channeling private savings into SMEs and fostering economic growth. Retail clients and HNWIs that are served by private banking institutions hold a significant portion of private wealth and are best positioned to invest in long-term, high-potential opportunities. These clients are predominantly served by private banks, who play a crucial role in guiding sophisticated investors toward productive investments, including SME financing, through tailored advisory services and specialized financial products.

The existing regulatory framework does not take into account though the specific features of private banking business and the contributions that private banking institutions could give to improve the capital allocation of private investors. The one-size-fits-all approach followed under MiFID2 when it comes to retail investor protection, for instance, **is a major hurdle to promote more sophisticated capital allocation strategies** and does not consider the added value that private banking institutions can deliver in terms of advisory and portfolio management services.

It is essential to strike a balanced regulatory approach, ensuring robust investor protection for common retail clients while **allowing greater flexibility and simplifications for private banking clients, who do not require the same level of safeguards.** The regulatory framework should be reviewed so as to introduce simplifications for the provision of investment or insurance distribution services by **banks and investment firms providing enhanced advisory or portfolio management services to sophisticated retail clients or HNWI.**

By simplifying the regulatory requirements based on the business model and the investor profiles, the EU can enhance market efficiency, promote innovation, and ensure that private wealth effectively supports the real economy.

- **Introducing Special Rules on Semi-Professional Investors**

We propose the introduction of a new investor class (*i.e.* semi-professional investors) to enhance capital allocation within the EU market.

This category should include **sophisticated retail clients and HNWI who have substantial financial resources and a demonstrated interest in investment products with a high risk/reward profile.** Given their financial sophistication and risk tolerance, these investors should be subject to simplified MiFID2 requirements (*e.g.* in terms of suitability assessment, product governance, etc.). The MiFID2 regime for retail clients should be primarily re-designed to focus on general retail investors with limited capacity and savings, while **simplified rules should apply to sophisticated retail clients and HNWI.**

A more streamlined and flexible regulatory framework tailored to this new category would facilitate their participation in EU capital markets, unlocking greater investment flows into SMEs and innovative companies. This is particularly relevant as HNWIs hold a significant share of private savings and have the capacity to contribute meaningfully to business growth.

Introducing a special regime for semi-professional investors would be one of the steps to be taken in order to foster the contribution of private banking institutions to the growth of the EU economy, in line with the broader proposal illustrated above.

- **MiFID2 Simplification**

While we acknowledge the improvements deriving from the introduction of the MiFID2 regime, we also recognize that some of the MiFID2 rules resulted in **an over-protection and paternalistic approach towards retail investors, which certainly discourages the channeling of retail savings towards the real economy.**

We think that EU institutions should consider simplifying the suitability and appropriateness assessment as well as the disclosure requirements to ensure a more effective and investor-friendly regulatory framework.

The Retail Investment Strategy (RIS) is leading the EU regulatory framework towards the opposite direction by imposing even stricter requirements to investment advisors and distributors. We believe that the RIS – as well as the initiatives already taken by EU institutions on product governance, e.g. for IBIPs – will further discourage product innovation and diversification and **will lead to a “race-to-the-bottom” in terms of quality of service and product**, due to the excessive focus on costs and the limited importance given to the value of advisory or portfolio management services.

- **Simplified Disclosure Obligations**

The existing MiFID2 regime often **leads to information overload**, and an excessive reliance on compliance-based safeguards, which can diminish the quality of investment decisions rather than enhance them.

Investors (particularly those with financial experience) **are frequently burdened with excessive documentation** that does not necessarily improve their understanding of risks and opportunities but rather complicates the investment process.

The EU should streamline these requirements by **focusing on clarity, relevance, and proportionality**—ensuring that investors receive meaningful and comprehensible information without unnecessary complexity.

- **EU Rules on Individual Savings Plans**

Some Member States (including Italy) have established national tax regimes to reduce taxation on the returns generated as a result of the investment in individual saving plans. Investment funds, insurance policies and portfolio management services could be eligible to benefit for this specific tax treatment.

While we acknowledge that the tax leverage could not be used at EU level to promote the creation of this type of products, EU institutions could establish a common framework for the creation of **EU Individual Saving Plans**, which would serve as a basis for Member States to define specific tax benefits according to national policies.

This approach would create a flexible yet structured investment solution that could be used in all EU Member States, similarly to the ELTIF 2.0 product. A key requirement for these products could be the allocation of a minimum percentage of assets to innovative, technology, and digital projects of EU SMEs.

- **EU Retail AIF**

The EU regime on ELTIFs, EuVECAs and EuSEFs has created several opportunities for asset managers in creating alternative investment funds that can be marketed cross-border in all EU Member States also to retail investors.

We believe that the ELTIF 2.0 Regulation could constitute the basis to create a **harmonized EU AIF product** with higher flexibility in terms of investment strategies (*e.g.* which could also invest in listed securities or

other financial instruments not contemplated under the ELTIF Regulation) and could be open-ended or closed-ended, depending on the nature of the underlying assets.

This **EU AIF product could ideally be marketed to retail investors** on a cross-border basis consistently with the existing ELTIF 2.0 regime.

4. ADDITIONAL PROPOSALS

In addition to the topics outlined above – which are critical to achieve the goals of the SIU – we outline the following proposals:

- **Further Harmonization of Financial Services** – It is time to harmonize the regulatory framework applicable to fiduciary companies, family offices and non-bank lenders across the EU, as well as to other services that are not currently regulated at EU level (such as for instance the distribution of loans).

The absence of a unified regime leads to regulatory fragmentation and arbitrage, limiting cross-border activity and creating inefficiencies in the allocation of capital. To address this, the EU should establish a passporting regime similar to the one provided for under MiFID II and CRD IV, allowing these entities to operate seamlessly across Member States under a single authorization, while at the same time strengthening the supervisory framework applicable to those entities.

Banks and investment firms should be allowed to offer fiduciary and family office services on the basis of their existing licenses, as well as to offer services to fiduciary companies and family offices.

- **Partial opt-out from existing pension regimes** – EU citizens should be entitled to opt-out from existing mandatory pension regimes that are managed at national level, and invest part of their pension savings in harmonized EU pension products. By offering a voluntary and competitive alternative to national schemes, the EU can empower savers, encourage long-term investment, and strengthen the capital markets union. This option should be permitted up to a certain percentage of pension savings and subject to any necessary considerations as regards the principles governing the functioning of national pension regimes.
- **Common EU rules on start-up and SMEs** – We propose the adoption of an EU regulation establishing common rules on the incorporation, management and operations of EU start-ups and SMEs. Currently, the lack of a cohesive framework leads to regulatory fragmentation, making it difficult for startups to scale and access cross-border funding. The regulation could introduce simplified procedures for the issuance of financial instruments by EU start-ups and SMEs, as part of a broader effort to facilitate their access to capital markets.
- **EU Permanent Sandbox** – We propose the establishment of an institutionalized and permanent EU financial sandbox to foster innovation while ensuring regulatory clarity and investor protection. Unlike existing temporary or national-level sandboxes, a centralized EU-wide framework would provide a consistent and predictable regulatory environment for fintech firms, financial institutions, and

emerging financial technologies. This initiative would enable businesses to test innovative products, services, and business models under regulatory supervision.

- **Simplifying EU legislation** – The structure and layers of the EU financial services legislation should be simplified and reviewed in order to facilitate the identification of the requirements that apply to the provision of financial services. The current practice followed by EU institutions has created several complexities and multiplied the sources of law that must be considered by EU financial institution to provide their services in the single financial market.
- **Reviewing the role of ESAs** – We propose to revise the role of European Supervisory Authorities (“ESAs”) by entrusting them with the power to closely monitor, identify and address any gold-plating rules introduced by Member States or national competent authorities, and ask the Commission to refer the matter to the European Court of Justice. At the same time, we propose to strengthen the right of action of EU citizens against soft-law guidelines or recommendations issued by the ESA – which are not capable of being challenged in front of EU Courts based on the existing legal framework.

5. FINAL REMARKS

We appreciate the European Commission’s efforts in shaping the SIU and recognizes its pivotal role in fostering a more integrated, competitive, and efficient European financial market. The proposals outlined in this response aim to enhance capital allocation, remove regulatory inefficiencies, and create a more balanced and proportionate framework that supports both investors and businesses.

We strongly believe that a streamlined and innovation-friendly regulatory environment is essential to unlocking private capital, fostering entrepreneurship, and maintaining the EU’s global financial competitiveness. Ensuring the right balance between investor protection and market flexibility will be key to achieving these goals. We encourage the Commission to consider these recommendations as it develops the SIU framework and stands ready to collaborate further in refining the necessary regulatory adjustments.

Yours faithfully,

AIPB – Associazione Italiana Private Banking