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SUBJECT **Retail Investment Strategy; possible ban of inducements;  
our call on 20th December 2022**

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Dear Commissioner

I welcome and very much support your goal to deepen the Capital Market Union. One of the next major projects in this area will be the upcoming Retail Investment Strategy which can be an important step towards enhancing the participation of retail investors in EU capital markets while preserving a high level of investor protection. However, I am very much concerned about the discussion to possibly foresee as part of the strategy a general ban of inducements in MiFID and IDD. We are very open to enhance investor protection in the investment services sector regulated by MiFID through appropriate measures. In particular, aligning the current information requirements to the needs of different types of investors should be considered as an effective measure to enhance investors' capacities to find reliable orientation. At the same time, we feel strongly that the current MiFID framework on inducements is already well balanced and forces investment firms to act in the best interest of their clients.

The current framework makes it possible to offer different types of financial advice while leaving the decision regarding the advice taken and the form of its remuneration to the retail investor. This ensures that fair investment advice is available also for investors that would not be in a position to pay large fees in comparison the amounts invested. I am strongly concerned that a general ban would inhibit the provision of investment advice in cases where it is mostly needed.

Regarding the German insurance sector, the payment of acquisition commissions is common for products which contribute to private old-age provision. For an adequate dissemination of private retirement provision, the relevant products have to be easily accessible. Commission-based distribution enables consumers to obtain advice and quick access to such products without the risk of having to pay for the advice even if - for whatever reason - a contract is not concluded.

Fair treatment of consumers is ruled by the IDD and the complementing Delegated Regulations. In particular, insurance undertakings are obliged to protect their customers from wrong incentives within the distribution remuneration. All in all, this framework is focused on consumer protection and considers the special features of the insurance sector, and any enhancements should be in line with these requirements. Though commission-based selling practices predominates the German insurance market, consumers have the choice to seek advice at financial consultants operating on fee-basis as well.

In order to find the best possible solutions for retail investors, it will therefore be important that we continue to use well differentiated approaches. Banning inducements in general would mean a serious setback to efforts to increase retail investment in the capital markets.

I'm very much looking forward to continuing our good discussions and to work with you on advancing the capital markets in Europe.

With best wishes for the New Year and kind regards,

