

PRESS RELEASE

ESMA publishes research on the sale of complex products to retail financial consumers

The European Securities and Markets Authority (ESMA) has published a research report on [Retailisation in the EU](#), which examines the growth in the sale of complex financial products to retail financial consumers in the European Union (EU).

ESMA's research focused on two specific types of complex products, alternative UCITS – where assets under management grew from €20bn to €85bn between 2007 and 2012 - and structured retail products – whose outstanding amounts totalled €770bn at the end of 2012. The research found that while their sale to retail financial consumers has increased, there is evidence to show that both products have produced relatively low returns.

The Report, comparing 600 alternative UCITS funds and 2750 structured products with capital protection sold across the EU to consumers between 2007 and 2012, found evidence that average returns for both products were relatively low at 3% for alternative UCITS and 2.5% for structured products.

Additionally, an analysis in the report of a sample of 76 structured products sold to retail investors found that structured products are sold, on average, with a significant issuance premium, estimated at around 4.6% of the issue price and up to 5.5% when the credit risk of the issuer is included.

ESMA Policy Responses

ESMA will use the reports' findings in its policy work on improving investor protection by promoting better information disclosure at the point of sale about the total costs of investing in complex products and specific risks attached to each product.



Notes for editors

1. [2013/326 Economic Report – Retailisation in the EU](#)
2. ESMA is an independent EU Authority that was established on 1 January 2011 and works closely with the other European Supervisory Authorities responsible for banking (EBA), and insurance and occupational pensions (EIOPA), and the European Systemic Risk Board (ESRB).
3. ESMA's mission is to enhance the protection of investors and promote stable and well-functioning financial markets in the European Union (EU). As an independent institution, ESMA achieves this aim by building a single rule book for EU financial markets and ensuring its consistent application across the EU. ESMA contributes to the regulation of financial services firms with a pan-European reach, either through direct supervision or through the active co-ordination of national supervisory activity.

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