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23 May 2022

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VIA EMAIL: consultation-03-2022@iosco.org

Re: ***FPSB public comment on IOSCO Retail Market Conduct Task Force (RMCTF) Report***

Financial Planning Standards Board Ltd. (FPSB)[1] appreciates the opportunity to provide feedback from the global financial planning community on the issues raised in the consultation report from the Retail Market Conduct Taskforce.

As the global standards-setting body for financial planning, FPSB's vision is to establish financial planning as a global profession so that members of the public can identify and access the services of financial planning and financial advice professionals who have committed to standards of competency and ethics. FPSB and its global network of non-profit certification and professional bodies have programs and certified more than 203,000 CERTIFIED FINANCIAL PLANNER professionals, and additionally several hundred thousand financial advisers, in 27 countries and territories around the world.

FPSB has responded to this consultation through the rubric of financial planning – a client centric, process-driven professional practice that can provide consumers with confidence in financial intermediaries and markets, and context within which to evaluate the suitability of complex products or services. FPSB welcomes IOSCO's review of this issue and shares IOSCO's concerns about several of the trends and issues raised in the RMCTF consultation report. We believe financial planners who adhere to competency and ethical standards, who provide advice and products in the client's best interests, and who comply with the obligations of being a member of a professional community, have an important role to play in supporting IOSCO members seeking to better protect investors in their territories.

[1] Financial Planning Standards Board Ltd. (FPSB) is the owner of the international CERTIFIED FINANCIAL PLANNER certification outside the United States, and develops and operates certification, education and related programs for financial planning organizations to benefit the public. FPSB and the FPSB global network administer CFP certification and other programs in the following 27 territories: Australia, Austria, Brazil, Canada, Chinese Taipei, Colombia, France, Germany, Hong Kong, India, Indonesia, Ireland, Israel, Japan, Malaysia, New Zealand, the Netherlands, the People's Republic of China, Peru, the Republic of Korea, Singapore, South Africa, Switzerland, Thailand, Turkey, the U.K. and the U.S. As of 31 December 2021, there were 203,312 CFP professionals worldwide. For more information, visit fpsb.org.

FPSB's comments to the RMCTF consultation report reflect feedback we received to surveys conducted within our global network and practitioner community, including responses from 886 CERTIFIED FINANCIAL PLANNER professionals across 13 different countries and territories and 16 FPSB affiliate organizations with decades of experience developing professional competency, ethics, and practice standards for the financial planning profession.

We welcome the opportunity to work cooperatively with the RMCTF and IOSCO members on this issue, including the development of a regulatory toolkit and other measures to protect retail investors.

If you have questions, or would like additional information, please contact me at +61-403-464-474 or ddegori@fpsb.org.

Kind Regards,

Dante De Gori, CFP®
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Summary of Recommendations:

FPSB's recommendations to the IOSCO Retail Market Conduct Task Force include the following:

1. IOSCO should conduct research to better **understand the correlation between the investor's status –** either 'self-directed' or 'advised' (i.e., acting on the recommendations of a financial planning professional) – **and the investor's likelihood to experience unmanageable / catastrophic financial loss** when investing in complex products (due to investment underperformance [measured against appropriate benchmark(s)] or through being the victim of a scam / fraud).

2. (If IOSCO members continue to allow self-directed investing in complex products) Self-directed retail investors' ability to access digital trading platforms should **require successful completion of a 'financial knowledge test'** to demonstrate a minimum level of financial literacy and capability.

3. IOSCO members should **develop appropriate safeguards, such as the investor's need to obtain financial advice**, before permitting use of 'leverage' on complex products.

4. IOSCO members should **prohibit the use of credit cards to purchase complex financial products**.

5. IOSCO members should **establish a regulatory 'sandbox' for social media influencers** (fin-fluencers) and publish those operating in the sandbox on a public register, i.e., a 'Register of Qualified Fin-Fluencers'.

6. IOSCO members should proactively engage with social media influencers (aka fin-fluencers) and **reinforce the boundaries in which fin-fluencers can operate,** i.e., information only if not qualified to provide financial advice.

7. IOSCO / IOSCO members should **engage technology platforms to develop cooperation agreements** to suspend or ban individuals, product providers and other organisations using the platforms to defraud or scam investors, or otherwise breach securities laws.

8. IOSCO should **define 'complex products'** in a manner that can be consistently adopted across IOSCO member territories to protect retail investors (particularly, self-directed).

9. As defined by IOSCO, **all 'complex products' should be regulated.**

10. IOSCO should conduct research into changing guidance for 'complex product' providers to **disclose (at the point of purchase) the percentage of retail investors who made a financial loss on the investment**. Research should consider an appropriate timeframe for the disclosure, e.g., last 12 months, three years, five years or since inception.

11. IOSCO members should **introduce a cooling off / breaker period for 'self-directed' retail investors who purchase a 'complex product,'** if such an investor protection mechanism does not already exist in the territory.

Chapter 2: Evolving Retail Trading Landscape

Investor Trends

FPSB conducted surveys amongst our affiliate organizations and CERTIFIED FINANCIAL PLANNER professionals around the world to understand trends impacting financial planning clients regarding complex products, technology innovation and social media / fin-fluencers. The results appear to confirm an increase in retail investor demand and appetite for riskier investments, as identified in the RMCTF report.

CFP professionals[2] responded that the 'complex products' clients most frequently enquired about were:

1. Direct Equities (68%)
2. Exchange-Traded Funds (ETFs) (60%)
3. Crypto assets (55%)
4. Other leveraged products (19%)
5. Leveraged ETFs (16%)
6. Contracts for Difference (CFDs) (8%)

When we asked CFP professionals[3] what 'complex products' they choose to advise their clients on, their responses did not match the demand from their clients:

1. Exchange-Traded Funds (ETFs) (45%)
2. Direct Equities (38%)
3. Other leveraged products (17%)
4. Leveraged ETFs (9%)
5. Crypto assets (9%)
6. Contracts for Difference (CFDs) (4%)

Notably, only 9% of CFP professionals[4] who responded to the survey provided their clients advice on Crypto assets, leaving a large gap (46%) when it comes to meeting the demand from clients for advice on Crypto assets.

To better understand the demand for Crypto assets, we asked CFP professionals to tell us what percentage of their clients enquired about Crypto assets in the last 12 months and whether clients purchased Crypto assets on their own (self-directed).

- 84% of CFP professionals who responded to the survey said that up to 50% of their clients had asked about Crypto assets in the last 12 months[5].
- 70% of CFP professionals[6] responded that they have clients who have purchased Crypto assets on their own (i.e., self-directed).

[2] Q5 FPSB CFP Professionals Survey 2022
[3] Q6 FPSB CFP Professionals Survey 2022
[4] Same as above
[5] Q11 FPSB CFP Professionals Survey 2022
[6] Q12 FPSB CFP Professionals Survey 2022

When it comes to the reason why CFP professionals[7] do not provide advice on Crypto assets, the top two reasons provided are:

1. My licensee / firm / employer does not permit me to provide advice (39%)
2. This is not an area on which I want to provide advice (35%)

The above findings suggest there is a sizeable gap between (1) the ability / willingness of financial planning practitioners or financial services firms to advise on Crypto assets and (2) the interest in / demand for these complex investment products from retail investors.

Without access to professional advice, retail investors are relying on other forms of information to purchase Crypto assets, often influenced by parties who do not have appropriate qualifications, professional obligations, or regulatory oversight to support them making appropriate investment recommendations or acting in the interests of the product purchaser.

This concern is evidenced from FPSB's survey, where 62% of CFP professionals[8] responded that they have clients who had suffered a financial loss from purchasing a complex product, such as Crypto assets, and 90% of those clients that suffered a financial loss did so without the benefit of having received professional financial advice. In other words, these clients acted as **<u>self-directed</u>** investors or based on the recommendations of social media influencers, friends or family.

What is not clear from FPSB's preliminary research are the reasons why the self-directed investors experienced financial loss when investing in the complex products. For example, we do not know if it was due to mis-selling, insufficient suitability testing, misinformation and/or fraud on the part of the product provider.

FPSB recommendation:

1. IOSCO should conduct research to better **understand the correlation between the investor's status** – either 'self-directed' or 'advised' (i.e., acting on the recommendations of a financial planning professional) – **and the investor's likelihood to experience unmanageable / catastrophic financial loss** when investing in complex products (due to investment underperformance [measured against appropriate benchmark(s)] or through being the victim of a scam / fraud).

Self-Directed and Gamification

Affiliate organizations who responded[9] to FPSB's survey (89%) noted that the accessibility / ease of use of digital trading platforms was the main reason retail investors are choosing to 'do it themselves.' Costs cannot be ignored with respondents citing that digital trading platforms are cheaper (61%), and the cost of professional financial advice is too expensive (44%).

While gamification techniques used in the financial services industry has the potential to engage retail investors in a more user-friendly and positive way, when used to pressure retail investors

[7] Q8 FPSB CFP Professionals Survey 2022
[8] Q9 FPSB CFP Professionals Survey 2022
[9] Q12 FPSB Affiliate Members Survey 2022

to act hastily or mindlessly and perhaps against their own interests, it has the potential to harm investors and cause them to lose trust and confidence in the market.
FPSB considers a substantial risk of gamification is the ability to turn the serious business of investing and planning your financial future into a competition or a game – a game of 'chance' under the guise of 'investing' - with the potential to lead to negative outcomes for investors and a loss of trust in the markets.

By way of example, many of the new online trading platforms encourage users to share with their peers on social media when their portfolios, or a specific asset within their portfolios, goes up in value. However, platforms do not promote or communicate when a user experiences a loss from a specific asset or within their portfolio. Platforms and their users focus on promoting the positive side and the 'wins,' without counterbalancing those messages with the reality that many users experience losses, thus creating an uninformed environment for risk taking.

FPSB surveyed our affiliate organizations on whether retail investors who are self-directed should be permitted to invest immediately through a digital trading platform without any need to demonstrate some level of financial literacy. Most FPSB affiliate organizations[10] (61%) said no.

FPSB Recommendation:

2. (If IOSCO members continue to allow self-directed investing in complex products) Self-directed retail investors' ability to access digital trading platforms should **require successful completion of a 'financial knowledge test'** to demonstrate a minimum level of financial literacy and capability.

Leverage by Retail Investors

FPSB agrees with the RMCTF report premise that there is increased use of leverage among retail investors, and that retail investors do not fully understand the risks associated when leverage is included as part of an investment. The risk of losing more money than you invested, and the heightened probability of a larger loss, continue to be underestimated or not understood by retail investors, especially those who are not clients of a professional financial planner.

As noted earlier, FPSB's research showed that the percentage of clients asking for leveraged products (35%) exceeds the percentage of CFP professionals (26%) that provide advice in this area, likely leading clients to undertake self-directed investing in products that are riskier and more complicated, which in turn are more likely to be unsuitable for retail investors.

FPSB affiliate organizations are concerned with the growing trend in the use of leverage, resulting in increased risk exposure and losses for retail investors. In response to FPSB's survey, 61% of FPSB affiliate organizations[11] stated a preference that retail investors obtain financial advice from a qualified financial planner before deciding to invest in complex products and leveraged financial products. While FPSB affiliate organizations don't believe the use of leverage should be banned completely (67% said no to banning leverage[12]), 61% said yes to banning credit cards[13] to purchase complex products, such as CFDs.

[10] Q13 FPSB Affiliate Members Survey 2022
[11] Q14 FPSB Affiliate Members Survey 2022
[12] Q17 FPSB Affiliate Members Survey 2022
[13] Q18 FPSB Affiliate Members Survey 2022

FPSB Recommendation:

3. IOSCO members should **develop appropriate safeguards, such as the investor's need to obtain financial advice**, before permitting use of 'leverage' on complex products.

FPSB Recommendation:

4. IOSCO members should **prohibit the use of credit cards to purchase complex financial products**.

Chapter 3: Digitalization, Social Media and Retail Trading

FPSB shares the concerns raised by the RMCTF consultation report about the potential negative impacts of digitalization and social media on retail investors. Specifically, FPSB is concerned with the implications of both the speed of innovation and rate of adoption by investors of complex products, driven by endorsements and promotions of social media influencers (aka fin-fluencers).

While regulated industries have clear protocols and oversight of digital communications, the broader social media space is perceived as a conduit for user-generated content that's subject to much less moderation and uneven, if any, regulation. Financial advice professionals' comment about the 'unlevel' playing field that (real or otherwise) exists between the obligations that a regulated, financial services practitioner complies with when discussing financial products or strategies compared to a social media influencer sharing their 'opinions.'

This issue of an 'unlevel' playing field, as well as the emergence of social media as the preferred medium of information and engagement by many retail investors, has led some CFP professionals to consider leaving the profession to operate as fin-fluencers (28%) or become money coaches to retail investors (44%)[14], according to FPSB affiliate organizations.

The consultation report has highlighted many issues with social media including the issue of unlicensed activity, misinformation, false information, promotion of frauds and scams, celebrity endorsement, hidden payments or sponsorship arrangements and aggressive sales tactics.

When technology innovation in financial services (fintech) challenged the regulated community, regulators and industry supported the introduction of 'sandboxes' to maintain market integrity while allowing for innovation and testing to occur in a controlled environment. FPSB notes the mention of 'sandboxes' in chapter 7 as a possible tool that could be used in the social media / fin-fluencer space, which is something FPSB supports – 61% of FPSB affiliate organizations[15] who responded to our survey agreed that IOSCO members should set up a regulatory 'sandbox'

[14] Q8 FPSB Affiliate Members Survey 2022
[15] Q9 FPSB Affiliate Members Survey 2022

arrangement for social media influencers and fin-fluencers to operate under an agreed set of rules in a controlled environment for an agreed duration set by the regulator.

Further 50% of FPSB survey respondents[16] agreed that social media influencers / fin-fluencers should be listed on a public register.

FPSB Recommendation:

5. IOSCO members should **establish a regulatory 'sandbox' for social media influencers** (fin-fluencers) and publish those operating in the sandbox on a public register, i.e., a 'Register of Qualified Fin-Fluencers'.

FPSB supports greater engagement between regulators and market participants, including with new or nontraditional market participants such as social media influencers, to identify and distinguish genuine players who want to do the right thing from those who are using social media to manipulate, misinform or worse – to promote a scam or commit fraud. FPSB supports the work of regulators that have already engaged with social media influencers, such as the Australian Securities and Investment Commission (ASIC) which issued information sheet 269 (INFO269) to identify what social media influencers practically and clearly can and cannot do (illustrated with examples).

FPSB Recommendation:

6. IOSCO members should proactively engage with social media influencers (aka fin-fluencers) and **reinforce the boundaries in which fin-fluencers can operate,** i.e., information only if not qualified to provide financial advice.

FPSB would encourage IOSCO and IOSCO members to engage technology platform providers (such as Google, Facebook, Twitter, etc.) to enter into cooperation agreements that would allow regulators and technology platforms to work together to prevent or shut down a scam or fraud being promoted on an online platform, and to help regulators by suspending or removing social media influencers who have broken the law by providing financial advice when not licensed.

As part of this engagement, IOSCO members should:

1. Ensure that technology platforms have in place the appropriate processes and procedures to appoint and oversee those who advertise on their respective platform;
2. Have the appropriate powers to govern and investigate technology platforms; and
3. Have the authority to penalize the platform for poor oversight / governance of the platform.

FPSB Recommendation:

7. IOSCO / IOSCO members should **engage technology platforms to develop cooperation agreements** to suspend or ban individuals, product providers and other organizations using the platforms to defraud or scam investors, or otherwise breach securities laws.

[16] Q10 FPSB Affiliate Members Survey 2022

Chapter 5: Disclosure, Product Design and Product Intervention

Complex Products
There is no settled definition of what constitutes a 'complex product.' FPSB notes that IOSCO released a report in 2013 setting out principles that govern the sale of complex products to retail investors, accepting that complexity can be a relative concept that depends on several factors, including experience and knowledge levels of retail investors. The absence of an internationally accepted definition means we have different interpretations and guidance on what a complex product is by jurisdictions, allowing for retail investor confusion and possible regulatory arbitrage.

FPSB Recommendation:

8. IOSCO should **define 'complex products'** in a manner that can be consistently adopted across IOSCO member territories to protect retail investors (particularly, self-directed).

FPSB Recommendation:

9. As defined by IOSCO, **all 'complex products' should be regulated**.

Simply receiving or having access to material information evaluating the risks of a complex financial product is not enough to protect a retail investor. Retail investors also need to understand the context in which the product is being recommended (including a rationale for why the complex product is preferred over a simpler product). FPSB supports the findings in a report issued by the Australian regulator ASIC, titled Regulating Complex Products. In that report, ASIC stated its: *"Research indicated that marketing information plays a particularly strong role in product distribution and may influence investors' decision making more than other product disclosure. When investors approach product issuers or other intermediaries responsible for selling products directly, rather than going through advisers, the information contained or implied in product issuers' marketing information is often the first, and may be the only, information that investors use to decide whether or not to invest in that product."*[17]

FPSB encourages IOSCO members to work with the financial planning profession to:

- Develop opportunities to support retail investor access to professional financial advice.
- Develop disclosure regulation that is effective, not ambiguous and delivered in 'plain English' (rather than the legalese common today).

61%[18] of FPSB affiliate organizations that responded to FPSB's survey support requiring distributors of complex products to disclose at the point of sale the percentage of investors that have lost money on the investment.

FPSB Recommendation:

10. IOSCO should conduct research into changing guidance for 'complex product' providers to **disclose (at the point of purchase) the percentage of retail investors who made a financial loss on the investment**. Research should consider an appropriate timeframe for the disclosure, e.g., last 12 months, three years, five years or since inception.

[17] ASIC, 'Report 384 – Regulating Complex Products '(January 2014), at [81]
[18] Q19 FPSB Affiliate Members Survey 2022

FPSB Recommendation:

11. IOSCO members should **introduce a cooling off / breaker period for 'self-directed' retail investors who purchase a 'complex product,'** if such an investor protection mechanism does not already exist in the territory.

Chapter 7: The Regulatory Toolkit

Retail investor demand for Crypto assets is being driven heavily by the marketing and distribution tactics of product manufacturers and by the promotion/messaging of social media influencers hired to promote the products.

One of the conclusions from the FPSB research survey with our affiliate organizations was that there is a gap between the percentage of clients seeking Crypto assets and the percentage of financial advice professionals able / willing to provide advice to those individuals. Because Crypto assets are generally not defined as a financial product and there is no internationally recognized definition of what constitutes a complex product, financial planning professionals are hesitant to advise clients on Crypto assets. FPSB also received feedback about the role of social media influencers and the perceived 'unlevel' playing field that exists and the risks associated with this for retail investors.

We asked FPSB affiliate organizations to rank in order of priority the regulatory reforms needed to improve access for financial advice and to ensure protections for consumers when it came to complex products and social media / innovation trends. The global FPSB Network proposed that regulators needed to do the following (with defining complex products; regulating the marketing and distribution of Crypto assets; and regulating social media influencers ranking as the top three reforms needed):

1. **Define Complex Products**
2. **Regulate the marketing and distribution of Crypto assets**
3. **Regulate social media influencers**
4. Limit, or pre-qualify, access to leveraged products by retail investors
5. Remove barriers for financial advice professionals to be able to provide advice on crypto assets
6. Ban leveraged complex products for retail investors

Consultation Report Questions

QUESTION	FPSB Response
Q1: In their risk analysis, should regulators specifically consider/target specific demographic profiles/groups for additional or enhanced investor protection measures? If so, should greater attention be focused on younger age groups or older age groups? Is there a tipping point in behaviours beyond which regulators should become concerned?	Regulatory focus should be on ensuring protection for all investors, with special attention to those who are defined as vulnerable. From a broad-based protection point of view, focus less on "demographic" of investor, more on extending concept of "technology neutrality" to regulate "technology offering" equivalently "to human offering." Re: demographic, need to protect all equally but enhance financial literacy, required disclosures in language/formats easily understood (digested) by different demographics: young, middle-aged, senior, etc. If prevention is better than cure, then tipping point is reactive rather than pro-active. It would be better to be pro-active and highlight risks ahead if it can be foreseen or predicted. E.g., in 2018, ESMA did a call for evidence on whether Contracts for Difference (CFDs) were appropriate for retail investors; ESMA's own paper cited 74-89% of investors trading in CFDs/Binary Options lost money; at the same time, a Bloomberg article showed investors lost money 82% of the time. Regulators need to speed up the cycle in which they assess technology/product innovations (from the point of view of investor outcomes).
Q2: Does the consultation report capture accurately the important retail trends and the reasons for increased retail trading? Are there any missing concerns or issues and other potential risk magnifiers? What may be the current and potential long-term implications of increased retail participation in markets in your view?	Increased investor trading and participation will have both a positive and negative impact on future confidence and participation in the market. Increased participation is positive if more investors have access due to technology advancement and equally the costs and funds to invest are at a point that enables more investors access. Biggest issue is trading without adequate advice from a qualified financial advice professional – • should uninformed investor be allowed "straight in" to an investing platform? • Should there be a "test of knowledge" first? • Should duty of care to uninformed/novice investor be higher than sophisticated investor? • Think "prescription vs. non-prescription drugs", "regular driver's license vs.

	Commercial driver's license (to transport hazardous goods)" etc. • Need more clarity on what information vs. financial advice / financial planning is – fin-fluencers giving advice must be appropriately qualified – the unlicensed practice of financial advice should be penalized The business of securing your financial future shouldn't be treated as a game – while nudges to evoke positive investor behavior are welcome/appropriate, … If experiences of new entrants are bad, you risk turning off the next generation of investors The key is "… is it a regulated product"? If not, all the warnings may not be enough … can the new crypto assets/tokens be "forced" into a regulatory regime? In relation to crypto assets – the issue is that they don't fit neatly into one financial product type (there are currencies, credit products, investments, assets, contracts, securities, insurance etc.) and then a variety of complexity created by the underlying technology the product is provided on (different block chains have very different technology and security profiles).
Q3: What may be the potential implications of self-directed trading and gamification from a retail risk and conduct perspective? Should high risk aspects of these activities be regulated or prohibited, for example, certain risky gamification techniques?	High risk aspects of self-directed trading and risky gamification should be regulated or prohibited for retail investors Need to identify and close loopholes in regulation to bring more products / activity under regulation Positive – it will assist in access and participation which will improve financial literacy and capability, increased confidence and financial decision making. Negative – increased 'gambling' side-effects such as addiction, financial stress, mental health, hidden secret as not visible to family and friends. Need to ensure differentiation of 'chance' gambling / gamification vs investing. Self-awareness of financial and emotional capability in participation.
Q4: How should regulators consider whether to monitor crypto-asset trading by retail investors? Are there ways that the apparent data gaps with regard to retail investor crypto-asset trading could be filled or other protections for retail investors or	1. The type of financial product 2. The risks around the technology the product is issued on.

ways in which regulators could begin to monitor crypto-asset trading? Are different approaches likely to be more or less effective in jurisdictions with different regulatory, statistical and other governmental and private sector approaches to data gathering?	Create a matrix of how it should be dealt with - i.e., one size fits all will not work. A "coin" on one chain is not necessarily as safe or has the same features as a "coin" on another chain. One may be fiat backed, the other might be fully unbacked. It is difficult – because some providers are clearly trying to operate in the unregulated, decentralized and anonymous space. Other providers are aiming to be legitimate platforms. Regulate the providers and require them to give regular reports. Conduct more regular public survey by demographic and geographical regions.
Q5: How should regulators approach these trends (e.g., both trading for crypto-assets or brokerages using hidden revenue raising mechanisms) and when should they seek to intervene?	It depends on … • Is it a financial services company or a crypto company advertising / promoting direct or through a celebrity or fin-fluencer? Hold the firm liable where possible, require large font, clear disclosure, etc. • Is it a "fin-fluencer"? Require them to be licensed /regulated?
Q6: Should regulators proactively monitor social media and online statements for retail investor protection and if so, when and how? Should social media be subject to additional regulatory obligations regarding securities trading and/or crypto-asset trading? How could such monitoring be implemented, and obligations enforced proportionate to the harm/potential harm? Are there any legal (e.g., data protection) or technical obstacles? What sort of risk assessment should regulators do to determine where to allocate their resources?	Focus on bad outcomes and work backwards – where a product fails investors, work back the chain to the influencer – call it out, provide warning Consider a Register of Qualified Fin-fluencers – who is qualified to provide the advice (non-registered can still act, but creates some sense of "warning" to investors) Encourage IOSCO members to collaborate with Technology Platforms – Facebook, Twitter, etc. and develop cooperation agreement on how to work together in responding to complaints about content, bad actors, scams etc. Create a "fin-fluencer" sandbox to invite good ones in, and then promote those? Focus on the bad performers with the biggest impact first, move to action faster Regulators should enforce the legislation and inform social media influencers as to what the boundaries are and warn them that there are penalties for providing financial advice without being licensed.
Q7: Are the main fraud types covered correctly (e.g., crypto-asset scams, boiler room scams, clone investment firms, and misleading information and promotional material)? What are	Fraud approach is not new – false promotion, misleading, pressure to buy, lack to accountability – what's new are the innovative products, ease of

the fraud patterns that cause/have potential to cause most retail investor harm? Are there other types of frauds or scams that regulators should consider?	access, gamification, and the speed in which fraudsters can operate etc.
Q8: How has COVID-19 impacted retail conduct and frauds? How should regulators best respond to fraud and misconduct in the current environment, also in consideration of the impact of COVID-19 on retail market conduct?	Interestingly, FPSB research into advised client relationships showed more reaching out to the adviser, more communication from adviser, near team re-balancing with long-term focus, increased buying opportunities in down market Scammers able to target isolated, uniformed retail investors to purchase products It would be interesting for IOSCO members to survey how many scammed people are in advised relationships, versus being self-directed? There are more online scams and people lose money faster due to ease of access to funds through e-Wallets and credit cards.
Q9: Does the Consultation Report capture well the existing cross-border challenges? Are there any missing concerns or issues that are not highlighted? Are there any other novel ways of addressing cross-border challenges affecting retail investors? As an international body, what could be IOSCO's role in addressing the cross-border challenges highlighted in this consultation report?	Opportunity for collaboration among IOSCO members, with other international entities (like FPSB), and with the major technology platforms disseminating content/promotions (Twitter, Facebook, Instagram), etc. Good to shorten time to list unregulated and scam schemes. Better job of sharing information to highlight issues to public more regularly, more quickly
Q10: What may be the concerns or issues that regulators should ask for disclosure of (at both firm and product level), keeping in mind the balance between quantity of disclosure and the ability of retail investors to absorb such disclosure? Should markets continue to seek to put in place special arrangements that could encourage companies during stressed market events to provide disclosures and updates that help retail investors better evaluate current and expected impacts of such events? If so, what may be the practical options to achieve this, including who should provide this information? Are there specific technological measures or non-technological measures (e.g. changing the timing, presentation of the information) you would suggest to enhance the ability of retail investors to process the disclosure?	Have disclosure up front, in plain English at the point of purchase indicating % of investors who lost money on the investment in the last 12 months, X years In a mobile app era, most click to accept disclosures are perfunctory
Q11: Where product intervention powers exist, what factors should regulators consider to determine when it should be used and at what stage to ensure suitability and to mitigate investor harm? For example, should regulators monitor leverage levels in retail trading and/or seek the	Monitor outcomes Agree, to restrict or ban leverage, no credit card purchasing on unregulated / crypto products

power to limit leverage? If so, is it possible to describe the kind of situation in which such powers could justifiably be used?	Number of cases within each demography of retail investors being harmed. Retail investors to take a short quiz to place their level of knowledge in investments. Warnings should be raised for which retail investors are required to sign off their understanding and decision to proceed with investment.
Q12: Are the developments in retail investor behavior sufficiently significant and persistent to justify reviews by regulators of their current approaches to retail investor protection? If so, is that true globally or only in some markets? If some, what are the characteristics of the markets for which that is most true?	The problem is the combination of changing investor behaviour in a digitally transformed environment, with substantial regulatory gaps It's a good time for a global review, with an eye of fast developing markets, themes among bad actors Yes, focus on investment returns without considering personal financial situation, affordability, and suitability of investment products. Markets where population are more impoverished due to economic situation of the country.
Q13: Are the above regulatory tools appropriate, proportionate, and effective? Are there other regulatory tools regulators might consider? What new technologies may help regulators as they continue to address misconduct and fraud (including online/via social media)?	Too much emphasis on disclosure, education, and self-directed access. FPSB would encourage IOSCO members to embrace the consumer protection benefit of financial advice from a community of financial advice professionals committed to competency and ethics standards (most market players are not bad actors, just mostly the ones regulators see) Engage the global technology platforms (Facebook, Instagram, Twitter) in solving the issue, plus fin-fluencers Surveys and questionnaires. Use technology where possible and other methods for communities traditionally not served vulnerable communities. Data analysis of survey results.
Q14: Since the date of the IOSCO survey exercise in August 2021, have there been any other measurable changes in retail investor trends that should be taken into consideration?	FPSB Network surveys showed increased outreach during pandemic from existing / new clients for "emotional support / assurance" as much as for financial direction. FPSB recommends that IOSCO research and assess outcomes for self-directed clients vs. advised clients – work with global financial planning community on ecosystem to increase access / affordability so that more retail investors are able to obtain financial advice from financial advice professionals committed to competency, ethics and putting clients interests first.

	The main changes since August 2021 would be the inflation in many countries and the tightening of monetary policy. Many retail investors have seen a drop in share market and crypto market returns. It would be worth watching the impact this will have on retail investor trends over the coming months.

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