

Paris, 8 July 2025

Savings and Investment Accounts Long Term Investment Paris Europlace WG feedback

Paris Europlace welcomes the opportunity to answer this call for evidence on Savings and Investment Accounts. We also welcome the European Commission's proposed Recommendation on SIA (the "Recommendation"), a non-legislative initiative, together with the "Finance Europe" label agreement struck on 5th June 2025 between 7 Member States.

Indeed, we see the proposed Recommendation as complementary to the Finance Europe label. As tax and pension systems are defined at Member States level, a one size-fits-all regulatory standard for SIA would be very unlikely to succeed and would take several years to be available to EU citizens.

Thus, the Finance Europe label appears quite attractive, thanks to its strong matching of the following **key features for a successful SIA**:

1. **Leverage existing** national set-ups, facilitating uptake and avoiding unnecessary costs;
2. Promote **long-term investment** through a minimum **5-year** investment horizon in **EEA assets**;
3. **Simplicity** by design: **limited mandate** and strictly necessary **characteristics**, allowing providers to propose on a voluntary basis a wide spectrum of investment solutions (eg guided management, guarantees, auto enrolment);
4. Broad and **diversified investment universe, with a predominance of high return assets** (eg listed and unlisted equity, ELTIFs, infrastructure, private debt, etc) to meet EU investors' long-term objectives and help reduce their "natural bias" towards risk adversity. The diverse and protective features of the EU regulatory framework for financial services (eg ELTIF, UCITS, Solvency2 directive) should thus be leveraged;
5. A **clear and compelling tax incentive**. We note the Commission will propose to Member States a Recommendation on the tax treatment of SIAs. We believe a tax incentive should be:
 - **harmonized**
 - **one of the most attractive and simple in the Member State**, thus "derisking" in part the long term/high return investment in the SIA
 - **simple to understand and access** (eg deductibility/allowance/exemption)
 - **simple to administer** (eg automated yearly tax filings by SIA providers)
 - **significant enough** (eg maximum size of SIA, allowance level, scope of exemption), while mindful of public finances
 - **stable over time** as it must help establish an investment culture in the long term

- **aligned with public policy objectives.** In the Finance Europe label, at least 70% of investments must be in the EEA to allow investors to benefit from the label's tax incentive.
6. **Minimise governance burden:** Finance Europe provides for a self-labelling process by SIA providers, with ex-post controls in "business as usual" mode;
 7. **Broad distribution channels:** SIAs should be distributed by digital or physical channels, by a broad range of regulated financial services providers including banks, insurers and asset managers. Usual provisions to facilitate portability should be included;
 8. **Communication and promotion campaigns:** SIA's promotion will foster financial education and a long-term investment culture.

Hence, we believe the Recommendation should have two main objectives:

- promote the development of SIAs in less-equipped Member States, making them a key building block of the SIU;
- complement the Finance Europe label initiative:
 - (i) giving it greater visibility across the EU and favouring adhesion of more Member States;
 - (ii) helping address the potential cross-border issues arising notably from tax treatments. The elimination of withholding taxes, or at least the harmonization of their rates should be an objective in that domain (Faster is not a step in the right direction). A full cross-border portability appears complex due to tax differences and would ultimately benefit only a small minority of investors. However, the Finance Europe label agreement could be supplemented in the future by tax cooperation provisions. Also, it should be noted that a passported ELTIF could, in principle, be eligible in the country of commercialization to the local Finance Europe label if that country is a signatory.