Setting common principles for the Label "Finance Europe"

June 5th 2025

Providing an attractive framework for retail investors to increase their opportunities to invest in the transformation of the European economy is an important component to deepen the Savings and Investments Union and to foster European competitiveness.

To this end, participating Member States agreed to develop a **common framework** which rests on the **principles** of:

- flexibility for Member States to use or adapt their existing national savings and investment frameworks if they are consistent with the criteria of the label;
- efficiency and simplicity in realisation that will not require a European legislative effort.

An open and general framework enables participating Member States to build and enhance their national approaches. This approach builds on the common work undertaken by participating Member States with the aim of fostering European investments while maintaining the autonomy to adjust the implementation to their individual national circumstances.

This joint effort led to the development of the following termsheet, structured around four areas: (i) key parameters, (ii) governance of the label, (iii) distribution and operational considerations, and (iv) tax treatment.

Signatory Member States (see Annex) intend to promote wrappers (which could be for example accounts, funds or insurance-based investments) which comply with this termsheet. Member States should apply the label to either existing or newly created investment wrappers, according to their preferences and existing schemes at national level. Eligibility to carry the "Finance Europe" label implies compliance with the present termsheet.

Additional Member States could join the signatory list if they decide to implement the label at their national level. In that case, the Annex of this termsheet will be amended accordingly.

This termsheet outlines the main requirements of the label, but participating Member States may impose additional, more ambitious requirements to foster investment in long-term assets.

I – Key parameters

The common label will be applied to wrappers and should serve as a signal for retail investors and distributors to identify and promote the development of EU-focused long-term investments. The label can reduce the complexity of investing, by providing an easy-to-understand range of investment for retail investors. Participating Member States agree on the following principles and criteria, which are intended to be straightforward and easy to implement.

A. Investment universe

- Eligible assets should include equity, which could, for instance, be listed and unlisted shares or European Long-Term Investment Funds (ELTIFs). Furthermore, eligible assets may include UCITS and Alternative Investment Funds and, notably for diversification purposes, bonds. They may in particular not include crypto-assets.

- The main criterion is to **respect a minimum investment threshold in European assets** of at least 70% in order to foster financing EU strategic priorities, amongst others strategic autonomy, economic security, ecological and digital transition and defence in line with EU law.[1] Financial markets can be volatile in the short term. To account for this, the threshold should not be checked too frequently, avoiding unnecessary rebalancing. Compliance with the minimum investment threshold should be assessed at least every six months.

- In addition, participating Member States could opt for a minimum target of **equity** and/or minimum share of assets devoted to European infrastructures and/or European SMEs and mid-caps.

- For the purpose of requiring European assets, "Europe" is to be understood as encompassing:

    - the European Economic Area (EEA)[2] ;
    - Investments in undertakings whose location of their registered office, central administration or principal place of business is in the EEA;

Regarding funds, European is to be understood in the sense of underlying assets meeting the above criteria and not only the domiciliation of the fund.

B. Long term horizon:

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[1] There shall be no arbitrary discrimination or disguised restriction on the free movement of capital with regards to geographic location of the underlying European assets.

[2] The EEA includes EU countries + Iceland, Liechtenstein and Norway

- Labelled wrappers should be designed for a long period of holding and promoted in that way. Taking into account national best practices and specifities, this could for example be achieved by limiting liquidity windows to retirement and possibly major life events and/or through linking tax benefits to holding the investments for at least 5 years or in a progressive way vis-à-vis the holding period, starting with a floor of 5 years for the investments. This latter case would mean that the retail investor will be able to withdraw his/her savings at any moment, but the tax benefits will only apply if they have been invested for at least 5 years.
- In case of the label being applied to an account, the applicable holding period, if any, should be considered for the whole account. This means that, retail investors will be able to buy and sell assets within the remit of the account without losing the benefit of the label.

C. Risk exposure:

- The label is not associated to any form of public or private guarantee: labelled savings do not entail any form of guarantee regarding their paid-capital during the savings phase. However, it is up to the provider to decide whether to offer an wrapper with a guaranteed payout from a certain payout start date.
- Participation in capital markets involves risk for retail investors. These wrappers can offer to savers managed allocations by investment horizon among other options, to build and secure gains over the long term.
- Investments through this label focus mainly on European assets and are intended to provide citizens with an additional option to invest in capital markets, but do not claim to cover the full scope of private wealth creation and investment opportunities.

II – Governance of the label

The governance of the label relies on a **market-driven approach**, empowering the industry as responsible for the label's management while enabling supervisors to have an ex post control.

A. Implementation of the label by the industry

All market operators who offer wrappers that meet the criteria defined in Part I of this present term-sheet are eligible to use the label without any prior formal authorisation process.

As part of their internal compliance processes, distributors are responsible for ensuring that the compliance of the wrappers with the label criteria is continuously ensured.

B. Ex-post control of the use of the label

National authorities should be able to ensure the compliance of the labelled wrappers.

National authorities should share with other relevant authorities the cases of misuses of the label.

In order to avoid creating new layers of governance, Member States should integrate the governance into existing enforcement and auditing processes of national authorities or agencies, according to their national regulatory constraints. This governance approach intends to provide Member States with the flexibility to adjust the implementation and governance to their national circumstances.

III – Distribution and operationalisation aspects

The main objective of the label is to channel savings from retail investors towards the European economy to address financing needs. To ensure accessibility and recognition by retail clients, the label definition has incorporated input from the private sector and consumers' associations.

A. Distribution

Member States have different distribution networks and financial cultures. The label is designed to accomodate this diversity, to enable a commercial success of labelled wrappers in all participating Member States. Therefore, there should not be any addition of new rules to usual distribution rules. In particular, the label does not require that specific constraints are imposed on distribution fees or channels, beyond the requirements to ensure transparency of labelled wrappers for retail investors in accordance with existing regulation.

As an option depending on national specificities, an active role of the employer may foster retail investment in labelled wrappers.

European investment savings could be offered either as occupational investment schemes or on an individual basis.

B. Promotion and co-branding :

Since the label must be easily identifiable for investors, it is important to set out the basic principles :

- A common name, which is : Finance Europe

- A common logo, which is :

To raise awareness on the label, a communication campaign could be envisaged.

C. Transparency and reporting

Based on the reporting provided by market operators, participating Members States should share the volume of labelled flows, in order to monitor the impact of the label.

IV - Tax treatment

The tax treatment is determined by each participating Member State according to its national taxation system. Participating Member States will consider whether and how to provide labelled wrapperswith one of the most attractive and simple tax regimes compared to others available at national level for comparable investments.

Participating Member States may adapt the tax benefits to parameters that they consider relevant. For example, they may choose a system which limits the tax benefits to a certain amount invested in labelled wrappers.

ANNEX: List of participating Member States

FRANCE

Minister of Economy, Finance, and Digital and Industrial Sovereignty

M. Eric Lombard

SPAIN

Minister of Economy, Trade and Business

M. Carlos Cuerpo Caballero

LUXEMBOURG

Minister of Finance

M. Gilles Roth

THE NETHERLANDS

Treasurer-General at the Ministry of Finance

M. Jasper Wesseling

ESTONIA

Adviser at the Ministry of Finance

M. Märten Ross

GERMANY

State Secretary at the Federal Ministry of Finance

Mrs. Jeanette Schwamberger

PORTUGAL

Minister of State and Finance

M. Joaquim Miranda Sarmento