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3rd FECIF CONFERENCE

17th October 2018

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18th october 2018

ecn EUROPEAN CROWDFUNDING NETWORK

Jiří Šindelář, Vincent Durudder, Vania Franceschelli, David Charlet, Simon Colboc, Daphne Foulkes, Johannes Muschik, Paul Stanfield, Randolph Amilcar, Christine Brebart, Gilles-Guy de Salins, Kevin Mudd

Members of the FECIF Board & Advisory Committee at the board meeting before the event

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Welcome speech – David Charlet, Chairman – FECIF now & FECIF's actions

David Charlet
Chairman of FECIF
Chairman of ANACOFI

Ladies and Gentlemen,

I'm really pleased to be here today.

FECIF is often a partner for the conferences of our members and regularly organizes its quarterly Board and Consultative Committee meetings in one or other European Capitals around these events.

This is only the third time we have organized such an independent FECIF Event.

So many things were achieved under the terms of the previous Chairmen:

First of all, almost 20 years ago, a group of pioneers imagined something of a club for IFAs.

At that time, none of them could have known what would happen later and how much would be achieved. It was just logical to have a European Body for our professionals.

No one, either in the EC or in the Parliament was seriously interested in regulating our jobs or activities at that time.

The only concern about us was understanding our income (which is still the case) … and helping us creating businesses with value … and due to that fact, wealth for the benefit of all.

But that is no longer the case.

We are now facing a World of suspicion where we are just an economic agent like any other, who must cut their charges because wealth and happiness is now supposed to be delivered at a lower price with greater service.

And let me say that we'll talk further about those new ideas during today's conference.

But let's forget about the pioneer's time and have a look at FECIF now.

As Chairman of FECIF I have obviously to carry on following the stream my predecessors created before, just taking care of the situation we are facing presently.

And because of that, I work mainly with the rest of the Executive Board but also on some topics, with the whole Board and also our Advisory Committee, in order to ensure that FECIF will respond to the numerous EU consultations, speak in the name of our Members to the EC, FISMA, to one or other MEPs and to the ESAs.

Because of this, I also make my best efforts to leave to my successors a FECIF more modern, both digitally and in human resource and staffing terms, … offering more information and more services to

its members … but also more visible and proactive towards an increasing number of people in an ever-wider range of organizations.

But this is only normal for a Chairman. It's the behaviour all members or contacts are expecting from me and moreover, from the whole of the elected team.

And let me say that a lot of things were previously achieved in all sorts of areas under the lead of Jean-Pierre Duverney, Vincent Derudder or Johannes Muschik, our most recent former Chairmen.

Since 2014, following Vincent's desire to step down and run our Advisory Committee, the new Executive Board, including Paul Stanfield, Jiri Sindelar and Kevin Mudd has done a great job.

In less than 4 years, despite many difficulties that many of our national members have experienced, with knock-on effects for FECIF, in a disrupted Financial Universe, not by Fintech but by regulation and everyday new texts that we have had to address and analyse, we have delivered:

- A new Web Site and a stand-alone Regulation Database and Library.

- A totally new system of information for our members with more detail and less intrusion.

- A fully redesigned monthly E-newsletter for our members.

- A new management system that expands far beyond just the Board, as in the past. A system based on the work of 4 internal Committees: The Executive Board; the full Board; the Advisory Committee and the new FECIF European Pensions Institute (FEPI), our Think Tank working specifically on major pension and long-term savings issues.

- Our White Book is now produced every 2 years and our additional market-leading Surveys, twice a year, offering our members a new extraordinary source of information and data, which also enables us to explain and demonstrate to authorities that what we are explaining comes from reality and not from our subjective views.

- A new online collaborative system for our Advisory Committee activity, which adds to our ongoing exchanges and meetings, helping us to have the capacity to absorb the level of consultations and texts that we need to deal with, at whatever level that is in the future.

Jiri Sindelar will talk further about those last 2 points a little later this afternoon.

But despite all that we have produced, 2 things were still missing in my opinion:

- One is a training facility. Given our links with EFPA, and the collaboration it will hopefully add to our project on European internal training sessions that we plan to launch next year, this should permit real action in that field.

- Another is an annual Event. FECIF clearly exists, has major contacts and has operated successfully for the last 20 years, and step by step more than the previous year. But this has to be seen. Moreover, our advice and point of view cannot just be seen as ink on paper or known by the people we have had meetings with.

What good a family, a team, a human exchanging body that never meets its components?

For those reasons we have once again organised this Event and look to perpetuate it.

So, for today's event I would like to say special thanks to:

- ECN and Oliver Gajda who accepted my special project of linked Events (FECIF today and ECN tomorrow).

- All the staff for their efforts.

- All the speakers.

- The sponsors, of course.

- And all of you for having joined us today.

So, what will we talk about for this 2018 edition?

First of all, we'll talk about us. Not too much, because what is most expected and desired is more about what we are thinking than who we are and I'm aware of that.

But looking at our membership and what is FECIF now, will help all of us understand what will be said and where we are heading.

FECIF is now an organization representing advisors or intermediaries from 29 European Countries through Association or Trade Unions located in 21 countries and 10 other trade bodies. This situation is and will be reinforced with our now pan-European members – ECN and EFPA.

And we are currently discussing with 15 potential new members, wishing to join us, which may add direct representation by the way of a local Professional association of IFAs in 2 new Member States.

FECIF now stands as the only truly representative body for all financial advisers and intermediaries. But our professionals are from so many countries, are representing so many people, now not far from 1 million, that everyone must understand our reality.

Once again it will be up to Jiri Sindelar, our Deputy Chair, to tell you more about that later.

Before that, Paul Stanfield, our Secretary General will moderate a panel session looking at the major New Directives and regulations, exchanging with our guest panellists on the impact of the most recent texts.

After a short Break, Mr Markus Ferber will explain to us his view of a New Finance for a New Europe.

Then, it will be time for Vincent Derudder to moderate a panel dedicated to our FEPI Think Tank and its main current concern, the European Personal Pension Plan.

Tero Weckroth and Brice Pineau will tell you all you need to know about Fintech and Crowdfunding in our witness point of view, providing a link between our event today and the ECN one tomorrow.

Then I will bring the main conference to an end with some quick conclusions, followed by a far less formal Networking Cocktail Reception.

I wish you a pleasant afternoon with us and I thank you for your attention.

Round table 1 – MiFID II, IDD, PRIIPs: Revolution or Evolution

Moderator:
Paul Stanfield
CEO FEIFA
Secretary General FECIF

Panelists:
Vania Franceschelli (ANASF)
Diego Valiante (EC/DG FISMA)
Adrien Paredes (AGEFI)
Johannes Muschik
(AFPA/Former Chairman FECIF)

After each panelist gave a short introduction about their experience and present roles, ***PS asked what is working, and what isn't, with regards to MiFID II and the IDD, in particular concerning the retail distribution of financial products and the areas of advice, transparency and general investor protection***?

JM felt that, in general, both Directives are very new and it is therefore too early to say whether they work. He believed, despite that fact, that there was no doubt that transparency would be enhanced, not least by a combination of the Directives and PRIIPs. He believed that intermediaries generally have a positive outlook and expect significant improvements, especially in the insurance sector.

The IDD can be considered as the "younger sister" of MiFID II, **VF** suggested. She contested that, with the insurance Directive, the EU institutions have tried to achieve two important goals: a higher level of consumer protection and, secondly, alignment with MiFID II, especially in the case of insurance-based investment products (IBIPs), which are often made available to customers as potential alternatives to financial instruments regulated under MiFID II. She felt that, in general, these goals have been achieved - particularly with regards to the provision of information to customers (including disclosure of all costs and related charges), rules on conflicts of interest and the assessment of suitability. But, she argued, the playing field is not so level where inducements are concerned. In MiFID II the general rule is that inducements are admitted if they enhance the quality of the service provided to the client, whereas, under the IDD, they shall not have a detrimental impact on the quality of the relevant service provided to the customer. Put simply, MiFID II adopts a positive stance with regards to inducements and the IDD brings everything back to a neutral one.

DV argued that, whist the Directives were not necessarily perfect, they had created a much better environment in which good quality advice could be delivered more consistently and transparently.

AP believed that MiFID II has made the industry more transparent and referred to the Directive as a thousand-page reminder for the industry to follow best practices or at least clearer practices. This is all about the right fees and products for the right client, something that the industry has strived for but it seems that it is only with MiFID II that we finally got there, he argued. However, he feared that MiFID II collateral damage may be seen in the restriction of funds available to clients.

PS then looked at the PRIIPs regulation and stated that it also comes at a time of movement towards best practice. Much of this revolves around better, more transparent and understandable information for consumers he suggested - and then asked ***if PRIIPs is helping in the implementation of this approach, particularly with regards to the calculations and performance scenarios in the KID and the possible impact of reducing the choice of funds and financial products available to clients?***

JM stated that the concept of PRIIPs is a good one and that intermediaries have supported it from the very beginning – but the devil is in the detail. With the KID, a potential investor only sees an ex-ante projection with no consideration of the recent performance, whilst a UCITS KIID displays historical performance alongside benchmark performance and many of his clients prefer this way of putting information together, he explained. Another critical point for JM was that, regardless of the recommended holding period of a fund, the KID scenario is always calculated on the same time period of five years. So, bullish market conditions in recent years may result in overly optimistic projections. With some necessary amendments the information value of the KID for customers could be easily enhanced, he believed.

Generally speaking, **VF** felt that PRIIPs is positive for two reasons. Firstly, building on the experience of the KIID for UCITS funds, it provides a simple, concise and standardised document for a wide array of financial products. Second, she believed that the performance scenarios, together with the synthetic risk indicator and the tables representing costs, can help investors understand each product, its costs, risks and returns. In the specific case of performance scenarios, she thought that the solution adopted by the regulator is a good one. VF pointed out that the KID should be considered as a tool, which is useful but must serve as a means to foster the relationship between financial advisers and investors, enabling the adviser to assist the investor in making an informed decision. VF didn't thank that, with regards to the possible impact of reducing the choice of funds and financial products available to clients, it really matters. It is all about suitability and avoiding the excesses of financial engineering - what is needed are simpler products, which can be easily understood by investors.

PRIIPs may not support the implementation of best practices, particularly in the case of performance scenarios, **AP** argued. He felt that it raises questions such as what if none of the performance scenarios occur? What data are asset managers likely to consider and rely on to establish these scenarios and will that data be shared and acknowledged by all managers? What if the client takes an asset manager to court because of misleading scenarios? How do we establish performances scenarios for nascent asset classes such as green bonds and impact investing - and also asset classes that have been fairly stable for decades like real estate? He was concerned that the PRIIPs KID could eventually ruin the UCITS brand, and these funds are widely used outside Europe. PRIIPs will add confusion as to what are best practices to be implemented, he felt.

DV acknowledged that, although the general principles that PRIIPs represented were sound, the KID was probably not fit for purpose and additional work was very necessary.

Finally, PS highlighted the fact that the industry and media often focus on the negatives of regulation but he wondered ***what opportunities the panel felt had arisen out of these two Directives and/or PRIIPs?***

DV stated that it is not really for regulators to be involved in such areas but that, in general, good firms and advisers can always find opportunity within a well-structured regulatory framework.

In general, **JM** felt that PRIIPs effectively stops regulatory arbitrage, which can exist with a minimum harmonisation Directive, such as the IDD. It ensures that consumers and intermediaries can rely on one regime, regardless of which EU member state the PRIIPs are manufactured and sold in. What still needs to be done, he argued, is to establish a level playing field for the rising fin-tech and insure-tech sectors and to close loopholes in supervision at European and national levels. He noted that the European Banking Authority had recently published a survey showing that 1/3 of fin-tech companies operating throughout Europe are not regulated at all. There has to be a level-playing field for all types of businesses and all sectors in the financial services industry, full stop, JM argued.

AP felt that the sub-advisory market is booming in response to the recent regulations implemented. For instance, banks are repatriating their funds to manage them in-house while seeking an adviser to the fund, he explained. Also, he believed, that we will have a clearer view of what is good research for asset managers and what is the right price to pay for it.

FECIF's White Book and survey results

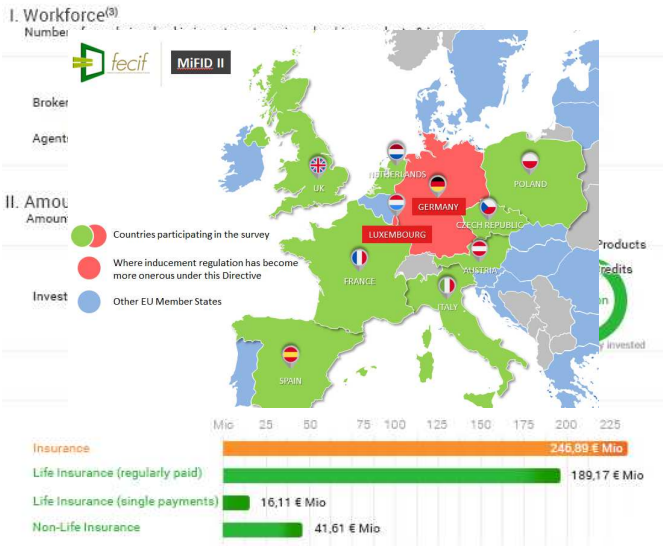
Jiří Šindelář
Deputy Chairman of FECIF

Deputy chairman Jiří Šindelář provided a substantial overview of the Federation´s Expertise Initiative. This initiative was launched in 2017, with the goal of improving FECIF's position as a knowledge centre re financial distribution. It consists of a two-pillar plan:

- Periodical complex data-research into the EU advice sector (White book)
- Bi-annual surveys among members on highly important subjects

The principal item of the initiative, the White Book, was released in June 2017, the collated data from unique research conducted across Europe. It found that, perhaps not unsurprisingly to some, insurance is the strongest product sector for financial advisers across Europe, with over 282,000 insurance brokers and more than 275,000 insurance agents in the 15 countries in our sample. The study also found many interesting comparisons between countries. For example, the German independent advice sector intermediated approximately just one-tenth of the amount of investment funds compared to their French counterparts. But they intermediated almost three times more life insurance.

In Eastern Europe the sales production in the advice sector was obviously lower, in line with relative economic development. Poland seems to have the strongest intermediary industry in absolute terms, but the Czech Republic and Slovakia have better developed sectors in relative terms. For example, in the Czech Republic the independent advice sector transacts two out of three of all new life insurance contracts. See overview of the Czech advice sector bellow, which shows the typical data structure present in the White Book.

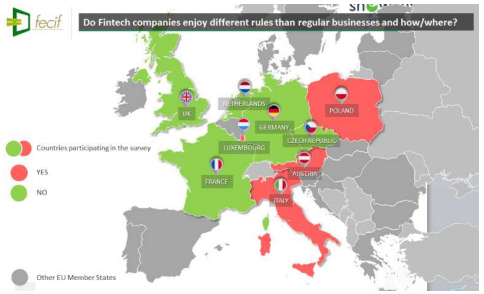


After the White Book was published, access to it was exclusive to FECIF members and associates. Following the occasion of our 3rd survey, however, we are releasing this unique data source for the whole public on 1st of January 2019. For details follow our dedicated webpage: http://fecif.org/html/fecif_white_book_2017.php.

As of the biannual surveys, two have been completed so far:

- Inducements under pressure (MiFID II & IDD Survey)
- The truth about Fintech in Europe

The Inducements item was the first of our now twice-yearly surveys, which analyse the key issues of, and impacts on, the European advisory sector. It included 10 of the largest markets across Europe, including Germany, France and Italy. The results show that the MiFID II and IDD regulations will dramatically change inducement rules in some countries (e.g. Austria, Poland and Luxembourg) – for the worse from a business perspective. Full details can be found in the enclosed brochure. See associated snapshot below.



The second survey presented dealt with the very popular area of Fintech companies. In this third project, under the FECIF Expertise Initiative, a total of 11 national associations participated, covering 9 core EU countries with cumulative populations of over 350 million and contributing over 70% of the EU's GDP. The greatest regulatory obstacles blocking Fintech development across the EU are prudential rules, AML regulations and data protection procedures – but more needs to be done to ensure that regulatory requirements do not continue to be breached. Whilst in the majority of surveyed markets, Fintechs have to operate under the same regulatory framework, some countries (e.g. Austria, Italy, Poland) exhibit deficiencies in this regard. This could obviously lead to consumer detriment if this area is not addressed quickly.

FECIF's next research survey will commence soon and analyse the knowledge and competency requirements for advisers, once again on an individual European country level, but with conclusions relevant for the whole of the EU and perhaps beyond.

KEYNOTE PRESENTATION – NEW FINANCE FOR A NEW EUROPE

Markus Ferber
MEP/ECON

Dear Ladies and Gentlemen,

First of all, thank you very much for the kind invitation and the opportunity to speak to you today.

I am glad that so many representatives from FECIF have gathered here in Brussels to discuss the European Union's financial services agenda.

I was asked to give you the high-level picture of what the European Union's agenda in financial services looks like over the upcoming months, what keeps us busy and what is likely to be finished before the election

Clearly, since the financial crisis policy-making in financial services has been in overdrive mode and this has affected all areas: from clearing to banking regulation to advisory services and investor protection.

By and large, I strongly believe that the changes we have incorporated over the past years in Europe and beyond have made financial markets more transparent and efficient - but most of all more resilient. And that is good news for wholesale and retail clients alike.

Part of the reason, why we have managed to make the financial work a safer place was that international cooperation, for example via the Basel Committee for Banking Supervision, the Financial Stability Board (FSB) or IOSCO, has worked well.

While international cooperation in financial services regulation has worked excellently over the past few years, there is a severe risk that this lucky streak will come to an abrupt end.

On the one hand, this is due to the fact that the US administration has become far less open to the idea of multilateralism and international cooperation, but goes for an "America First" policy in all sectors. Arguably, this is bad news for an international system that heavily relies on cooperation.

The second issue that might cause severe disruptions and is clearly the elephant in the room, when it comes to the future of European financial services regulation, is Brexit.

The United Kingdom's decision to leave the European Union has easily been the single most impactful event in the history of European integration in the past decade.

Since, the day of the referendum more than two years ago, it has absorbed much of our attention during times that are characterized by political turmoil and uncertainty anyway.

Given that the Brexit negotiations have progressed somewhat, but are nowhere near the finishing line yet, we will keep dealing with the fall-out of that decision for a little while longer. If you look back to the past days that had news ranging from the talks being "near to success" to "on the brink of failure", you know what I man.

At best we can expect a meaningful decision in November, if the negotiating parties can agree the outlines of a deal. At worst, we will have to severely step up contingency planning to contain the damage done by a hard Brexit and avoid any cliff-edges.

One of the most prominent issues being discussed in the context of Brexit is the question of how Brexit will impact the EU financial system.

Implications of Brexit for EU financial services legislation:

Even if we land at a favorable scenario that implies an orderly Brexit and a comprehensive free trade agreement, Brexit still comes with some tough nuts to crack with regards to financial markets and financial services legislation. There are no easy answers to those points, but I would like to pose some questions just to give you an idea of the magnitude of the challenges ahead:

Questions to be solved:

Will there be any sort of access to the Single Market (especially for financial services)? Will there be any sort of passporting? Will there be sector specific equivalence decisions or even some sort of a horizontal deal? Right now, the EU equivalence regime does not provide for any special treatment and at the very moment, I do not see any way or reason how and why this should be changed for the UK.

With the EU equivalence system designed for either smaller countries nearby (e.g. Switzerland) or larger countries far away (e.g. United States), will we have to rethink our approach to-wards equivalence fundamentally? And if that is indeed necessary, can it be done in time?

Can the EU afford to lose a big financial services hub and deep pool of corporate finance such as London? What will be the ramifications for the European economy?

What will happen to London-based Euroclearing? The European Parliament has adopted a sensible no-nonsense report that would put European supervisors firmly in charge of how super-vision of Euroclearing in third countries is conducted (with the option of forced relocation on the table as a last resort). However, this approach would have to be confirmed in negotiations with Member States, who seem to be unable to agree on a negotiating position in the first place.

How can we ensure contract continuity both for businesses, but also for retail customers that have taken out a loan in the UK or have signed an insurance contract in the UK.

Those are only the immediate questions that come to mind, when thinking of London and the UK as financial markets hubs. But there is also implications for the EU itself:

Will we have to adjust EU financial services legislation? For ex-ample: most quantitative thresholds for the definition of liquid markets or tick sizes in MiFID II are based on EU28 calculations and have to be adjusted if the biggest market leaves.

What are the implications for the Capital Markets Union project (that was originally championed by a British Commissioner)? Will it die a slow and silent death? Or will it get a new push because it is more needed than ever? So far, I have the impression that the European Commission has not really lived up to the urgency of the situation. For example, the Commission's new focus on "sustainable finance"

seems to be severely out of touch with the challenges that lie ahead. In my opinion, all eyes should be on the idea of making the Capital Markets Union “Brexit-ready” - and not on painting the CMU green.

What are the implications of losing a market-friendly and ordo-liberal force when it comes to strengthening the Single Market, reforming the Banking Union and the Economic and Monetary Union?

Just listing the points makes it very clear that the challenges coming with Brexit could hardly be overestimated. Unfortunately, I still can-not give you the one answer how things will work for the financial services industry post-Brexit.

Everything will depend on whether or not there will be a deal and how such a deal will look like. While I am still optimistic that a deal can be reached, I am worried about the implications of timing.

It is less than half a year until the Brexit date and the situation becomes more problematic by the day: many key questions remain unanswered and many key issues remain unresolved. The limited room for maneuver the British Prime Minister and her envoys seem to have arguably does not help in finding a compromise.

Arguably with so much uncertainty around, I can only recommend to any industry player to hope for the best, but definitely prepare for the worst.

What I am missing at the moment and what would be dearly needed in these times would be a comprehensive strategy to make the Capital Markets Union and the EU financial services system “Brexit ready”. This is something, the European Commission should definitely put high on their agenda.

I know that the European Commission has stepped up contingency planning over the past few months, which is only sensible. However, the contingency planning for the worst-case scenario will mean that we will have to change some key pieces of EU financial services legislation, either on level 1 or on level 2.

Even if we can agree on fast-track procedures in both the Council and the European Parliament, we will need a couple of months at least to pass this sort of legislation. And I would not necessarily consider fast-track procedures the default option as those will be politically heavily charged discussions.

In light of the obvious time pressure, the Commission should at least start publishing the proposals for Brexit contingency legislation so that the Co-legislator could get ready to act if a no-deal scenario eventually materializes.

EP Priorities until the end of the term:

Apart from dealing with the Brexit fallout, the Economic and Monetary Affairs Committee in the European Parliament, will also deal with quite a few other files until the end of the term.

However, I do not believe we will get everything done within the next six months. This is not because the European Parliament is lazy, but mostly because the European Commission has opted for an extraordinarily bad timing for publishing their proposals.

If you think back over the whole cause of the legislative term, the Commission has published very few proposals in the area of financial services for most of the time.

But since the beginning of this year, the Commission offloaded about 30-40 proposals at the same time, which results in extremely heavy workload in our committee.

So, we have to think about priorities. Arguably, everything that has already moved to the stage of interinstitutional negotiations between Member States and the European Parliament has a good chance of being completed.

The most high-profile one is the so called “banking package” containing the revision of the capital requirements directive and regulation (CRD/CRR) as well as the revision of the resolution framework (BRRD/SRM Regulation).

The banking package is high up on both the Council and the Parliament agenda and there is a good chance of finishing this file before the end of the term, if all parties negotiate in good faith.

When we briefly stick in the area of banking regulation, I would also like to see some significant progress on the prudential backstop for non-performing loans as we should get on with the task of risk re-duction in the banking system. Risk mutualisation projects such as a common deposit insurance system (EDIS) I would consider at best of secondary importance though.

Then of course, I consider the EMIR files a big priority - particularly in light of Brexit. From a financial stability perspective, it would be very advantageous if we could get the provisions for CCP Supervision and for the CCP Recovery and Resolution file into EU law before Brexit happens.

The European Parliament has been ready to negotiate on these files for quite a while and I also believe that the Parliament approach is a very pragmatic one. I very much hope that the Council makes some progress on those files fast.

The same goes for a file that I am the rapporteur for, the Investment Firm Review. Given that around half of the investment firms that are currently based in the European Union come from the UK, this file clearly has a distinct Brexit dimension.

 In order to establish a level playing field and make sure that third country investment firms, that are active in the European Union, play by European rules, getting this file done would be very important. In fact, the negotiating team has focused in particular on tightening the rules that govern third-country equivalence - precisely because we wanted to have a proper post-Brexit-framework for investment firms ready before the UK leaves the EU.

The European Parliament’s Economic and Monetary Affairs Committee has voted on the investment firm review in late September. So the Parliament is ready to enter into interinstitutional negotiations. What I hear from the Council side, an agreement on their position can be expected by December. That would leave just enough time to complete trialogue negotiations.

Another file, that many industry representatives pay close attention to, is arguably the review of the European Union’s System of Financial Supervision (ESA review).

As you will be aware of, progress on this file has been slow in both, the European Council, and the European Parliament, which leads me to conclude that there will be only a dim chance that this file can be finalised within the next half year.

However, in the Parliament we have the clear ambition to make as much progress as possible on the ESA review, but from what I hear, the discussions in the Council are very contentious and slow-moving.

I believe that these should be the big lines, the Economic and Monetary Affairs Committee should focus on. At the same time we can reasonably assume to make some progress with smaller - and possibly less controversial - files like the covered bonds proposal, the update of the SEPA regime regarding currency conversion or crowdfunding.

Looking further into the crystal ball, in the next legislative term, we have to deal once more with the PRIIPS file. Arguably, the key information documents as they are now, are very problematic and cause a lot of confusion for retail clients.

This issue has to be fixed fairly quickly. In the meanwhile, I am strongly in favour of preventing the problem from spreading. That means that the PRIIPS key information document should not replace the UCITS key information document as long as the PRIIPS one is not fit for purpose.

Conclusion:

As you can see, a lot remains to be done until the end of this term in the Economic and Monetary Affairs Committee and we will hardly have to face boredom.

In my opinion the big headline should be "Brexit preparedness". We need to increase the resilience of the Banking Union and the Capital Markets Union.

Also, we have to make sure that the existing rules work together well - in particular in the area of investor protection. These, are the very basics that should be prioritised.

However, I sometimes feel that the European Commission, who is in charge of preparing all legislative proposal, make some bad choices in terms of prioritisation.

While Brexit-preparedness is only slowly progressing and work on the Capital Markets Union has almost come to a standstill, the Commission keeps focusing on topics such as "sustainable finance", which are far less vital and can only be considered of secondary importance.

However, I can assure you that the European Parliament will work with high pressure on getting the priorities that I have just outlined over the line as soon as possible.

Thank you.

Round table 2 – Pensions in Europe: Is the PEPP a problem or a solution?

Moderator: Vincent J. Derudder, Chair of FECIF Advisory Committee (VJD)
Panelists:
Daphne Foulkes, Chair of FEPI (DF)
Marta Gellova, Deputy Chair of EFPA Europe (MG)
Guillaume Prache, CEO of Better Finance (GP)
Simon Colboc, Secretary General of FEPI (SC)

Vincent J.Derudder, after a short introduction about the history of pensions and the most recent initiatives in France and Russia to reform the state systems, reminded the audience that there is a strong international consensus of a global 'pension gap' that must be addressed, particularly in Europe.

Populations around the globe are ageing, due to increasing life expectancy and decreasing birth rates.

As the age when people enter the workforce rises as well, but not the retirement age, the dependency ratio worsens across all continents.

Daphne Foulkes introduced FEPI to the audience in the light of the last meeting held on 16th October; European countries are facing this increase in the dependency ratio from very diverse starting positions, depending on how they have historically built their pension provision.

Some countries with generous first-pillar state-run 'Pay-as-you-go' pension systems financed by contributions are facing an increasingly unbearable pressure on public budgets.

Others, relying more heavily on second-pillar, employer-sponsored pension funds are seeing companies less and less willing to shoulder pension responsibility on their own, as workforce mobility and accounting rules combine with increased life expectancy and low interest rates to generate an increasingly unbearable stress on their balance sheets.

Others have less developed pension systems and need to find a way to help protect their citizens in retirement.

Guillaume Prache then mentioned that to improve retirement funding without burdening state budgets or corporate balance sheets, European countries want to strongly develop third-pillar, individual pension provision.

For the European Commission, developing a pan-European personal pension framework has become an important political objective, as it would also facilitate labour mobility across the continent and strengthen the CMU.

However, there is a serious concern amongst European pension savers that the net costs to them are too often very high and also not clearly disclosed, and that net real returns (after inflation) are too often very low or even negative.

The panelists insisted that all the factors combined create a strong momentum for the European Commission's Pan European Personal Pension (PEPP) initiative, launched in mid-2017.

This initiative is currently being discussed in the European Parliament and by the European Council and should enter Trilogue stage in the coming weeks.

For Simon Colboc, beyond the political and public reasons to promote third-pillar pensions and the PEPP, it is still too early to say what the PEPP will be in practice as there are some important questions unresolved; firstly the tax treatment of the future savings solution and the discussion taking place over the few solution structures available currently.

MG suggested that it might be a very good time to explore the potential for the PEPP and third-pillar solutions and identify where the main opportunities are for intermediaries such as Financial Planners to gain the right training to offer appropriate advice to European consumers.

In conclusion, the panelists agreed that all relevant stakeholders are ready to act, either by leveraging existing solutions (e.g. local PPPs) or cross-border products that can be used towards pension savings – or at least by being ready to launch quickly if a practical PEPP framework emerges from the Trilogue.

Witnesses' points of view – Fintech & Crowdfunding

Tero Weckroth (ECN/Invesdor)

Brice Pineau (CEO Harvest)

As an example of what a Fintech company and a platform for alternative finance can already provide, Tero Weckroth explained how his own firm is creating new opportunities, although it may ultimately come under MiFID II regulation. Mainly focused on the markets of Northern Member States, Invesdor is actually operating across the EU, offering a global service addressing both investors' and SME's needs.

He shows how people can easily be placed into 3 categories: "Donor, Supporter, Money Maker". He explained that for all of them, a Fintech platform can offer what they are looking for and what the standard back-office systems can't offer: a secondary market or some liquidity, in combination with some classical well known solutions, they are in fact not in opposition.

Following this presentation, Brice Pineau, CEO of the oldest French Fintech company, Harvest, explained his own offering, which is dedicated to financial advisers and consists of 3 tools for them to produce the expected service of wealth and financial planning, and data aggregation, with respect to MiFID II, IDD and GDPR.

After a short reminder about the size of Harvest, demonstrating a Fintech can become more than a frail startup, he explained his view of the present technological phenomenon.

In a world still suffering with miss-selling, low interest rates, increasing costs due to regulation and better productivity via new technologies, he noted that Fintech startups are, generally speaking, offering a model that needs a huge amount of capital. They may often be a media success, but there are in fact very few real successes and, he suggested, it is easy to find the reasons.

First of all is the dream for a 360° vision of the customer's wealth, which is definitely not achievable in many cases; after that we must keep in mind the length any Fintech project takes; then comes the preference for youth, which is not necessarily the preference for the best results, and last but not least, is the fact that Fintechs are in fact only Software Editors, a well-known job and one where the larger firms with experience tend to win.

To conclude, Brice Pineau stressed the fact that banks and insurance companies will be forced to change, explaining that a happy few will look to take the share of the market that will be potentially open to new players and that for Fintech, the winners will be the ones offering Tools or being only "sellers".

Conclusion & FECIF's wishes

Dear all,

After this busy day, I think you are all waiting for the festive part of our Conference and the networking session.

But let me just sum up our debates and presentations.

Of course we have explained what FECIF is and I would like to reaffirm once again that our European association is the only true one for all Financial Intermediaries, and we will continue to work hard explaining to Authorities and other Economic Agents, what our jobs are and stress their importance.

When necessary, we'll struggle in the name of our members as well.

Our jobs are the most fabulous ones, as human as they are technical. Yesterday only human and yet a little bit more digital, but still based on exchanges between humans and especially designed for human needs, bringing help to others.

It's the reason why our staff or team, made of those sorts of men and women, from all over Europe, will be available for you all and will do their best for our professionals to be as well represented as possible here, in Brussels and elsewhere.

My understanding of what our members and our guests - speakers today- have expressed is that we are facing a moving World.

That is nothing new.

No one can deny the success of our intermediaries across all of the Continent. But no-one can also consider that today's professionals or their firms are the same as 15 years ago.

This fabulous job has become more technical and more regulated. Is that too much or not? Could we imagine this is the reason for our success? These are the questions we have exchanged this afternoon.

We will miss our time if we do not do it now, but perhaps we could learn a lot from comparing the differences in situations from one Member State to another. Our Surveys are doing this step by step (thank you to Jiri Sindelar for managing this).

And this will probably offer us a source of topics for our future Events.

Our World is moving and Mr Ferber has presented a vision of how and why, a view from his political perspective.

Our World is changing but some will still live in that World after they have retired.

And considering the fact that no national system can address alone the retirement issue, we have had some analysis and advice about this great project, the PEPP.

FEPI, our Think Tank working on this, will obviously produce new papers, documents and ideas about this and keep carrying our voice (with Daphne and Simon at the helm).

Our World is moving to digital. For IT of course but also producing new actors, such as Crowdfunding Platforms.

Tero and Brice have closed our presentations and debates, and have made the link with our members and partner association, ECN, and its own event, taking place here tomorrow.

Thank you for attending this Conference.

I will see some of you in one or other place somewhere in Europe in the coming months and all of you, I guess, year after year at our annual conferences, here in Brussels.

I hope you have found what you were expecting from our panels and presentations and now wish you pleasant exchanges during our Networking Cocktail Reception.

Speakers

David CHARLET
Chairman FECIF

Mr. David Charlet, Chairman of the European Federation of Financial Advisers and Financial Intermediaries (FECIF) and ANACOFI, the main French national association for financial intermediaries, is also an executive committee member of the CNEF, CNESER and CCSF (the French consultative committee of the financial sector). He is a business manager and owned his firm in wealth management/financial investment (CC&A Finance Patrimoine Formation).

He is graduated from the Universities of Paris I and Aix Marseille. Besides being a lecturer for fifteen years, teaching in different universities and schools, he has published several articles/essays and books.

Paul STANFIELD
Secretary General
FECIF

Having worked in the financial services industry for over two decades, in both the UK and mainland Europe, Paul has considerable experience in both the provision of independent advice and the promotion and distribution of investment funds and financial products.
Now based in London, after many years living and working on the continent, Paul is responsible for the day-to-day management of FEIFA, including the assessment of prospective members and the development of the Federation's marketing and promotional activities.
Paul is also the Secretary General of FECIF – www.fecif.org – a trade association representing more than 500,000 professionals across Europe. In addition, Paul runs a specialist consultancy business, which provides marketing and business development services for investment houses, trust companies, international pension providers and IFAs.

Vania FRANCESCHELLI
ANASF

Vania Franceschelli Board member FECIF, represents Anasf, the most important association in Italy of tied agents.
Degree in law, she has recently graduated in Wealth Management with a focus on MIFID II at the BBS School, University of Bologna. EFP certified for Efpa, in September she represented the Italian Efpa certificates in Prague for the Efpa Europe think tank. She is responsible for her region for the project Economic@mente , a financial education program for secondary School.

Johannes MUSCHIK
AFPA
Former Chairman
FECIF

Johannes Muschik is managing partner of "Vermittlerakademie". His Vienna-based company specialises in the education and training of insurance and securities brokers. Johannes Muschik's experience includes 15 years working as an insurance and financial adviser, as well as several years as an educator with an insurance group.
He has been a member of the Board of FECIF since 2005, the Brussels-based European umbrella organisation for independent insurance brokers and financial advisers. It is in this role that he regularly participates in EU-level consultations on legislative initiatives such as the MiFID, the Insurance Mediation Directive and the Packaged Retail and Insurance-based Investment Products Regulation. He was heading FECIF from 2014 to 2017.

Diego VALIANTE
EC/DG FISMA

Diego Valiante, Ph.D. is a senior officer at the European Commission (DG Financial Stability, Financial Services and Capital Markets Union, FISMA) & Adjunct Professor at Bologna University. Diego is currently in charge of the CMU development and implementation and team leader on crowdfunding. He was also involved on other important dossiers, like the Sustainable Finance Action Plan, EDIS, Fintech, Brexit and the ESAs Review.
Between 2009 and 2016, he was Head of Financial Markets and Institutions at the Centre for European Policy Studies (CEPS), among the top 5 European think tanks, and Head of Research of the European Capital Markets Institute (ECMI). He was also a Member of the Group of Economic Advisers (GEA) to the European Securities and Markets Authority (ESMA) between 2014 and 2016. Before joining the European Commission, Diego advised several international organisations, including the European Parliament, European Commission, European Central Bank, the German Development Agency (GIZ) and institutional investors. He is author of numerous publications in the fields of financial markets economics and regulation, banking, central banking and economic policies. He holds a Ph.D. In Law and Economics from LUISS University, a Joint LL.M. in Law and Economics from Erasmus University Rotterdam and Bologna University, a M.Sc. in Economic Analysis of Law and a B.Sc. in Business Economics from LUISS University Rome. In 2011, Financial News (Dow Jones) listed Diego among the "40 rising stars in trading and technology" under the age of 40 in EMEA.

Adrien Paredes
AGEFI

Adrien Paredes-Vanheule works as financial journalist at L'Agefi, covering asset management-related news. Prior to that, he spent over three and half years in London at InvestmentEurope first as French-speaking correspondent covering the French-speaking asset management markets in Europe with a focus on fund selectors then as deputy editor. Previously, he worked mostly as a court reporter for various publications in Monaco and Lyon.

Jiri SINDELAR
Deputy chairman
FECIF

Jiří Šindelář is an executive director and chairman of the Czech association of financial advisers and intermediaries (CASF), as well as deputy chairman of FECIF. He is a graduate of Czech university of life sciences (Faculty of management and economics) and City university of Seattle. Having long-term experience with different research projects, he heads the FECIF Expertise Initiative, aiming to increase data driven knowledge on European advice and distribution markets. His professional focus concerns mainly forecasting management in retail distribution, particularly in system differences between different channels, industries and regulation regimes. Jiří has held many senior position in consultative bodies on financial markets´ regulation in his home Czech Republic, as well as places of honour among business oriented universities and colleges. He is a father of three and in free time, lectures on insurance and financial advice.

Markus FERBER
MEP/ECON

Markus Ferber, engineer by profession, has been a Member of the European Parliament since 1994. Currently, he serves as EPP Coordinator for the European Parliament's Economic and Monetary Affairs Committee. As rapporteur for the recast of the Markets in Financial Instruments Directive (MiFID II) he has been the European Parliament's lead negotiator for one of the key pieces of post-crisis financial markets regulation. Markus Ferber takes a keen interest in financial services as well as banking legislation.

Vincent DERUDDER
Honorary Chairman
FECIF

Vincent J. Derudder (70) is French and a jurist by training with considerable experience in financial services.
Vincent was a member of the European Commission Expert Group on automatic exchange of financial account information since its creation.
He was until last year a guest professor at the University of Nice (France), teaching European Law (Financial services regulation).
Serving FECIF "Fédération Européenne des Conseils et Intermédiaires Financiers" (www.fecif.eu – pan European trade body of the European financial services/insurance intermediaries – 250,000 members) since 1999 in various executive roles, he was lately made Honorary Chairman and appointed Chair of the Advisory Committee.
A resident in Luxembourg since 1998, he is the Chairman of the Nucleus Group of companies, a privately-owned Luxembourg-based insurance holdings group.

Daphne FOULKES
FEPI/Spectrum

Daphne is a Board Member of the European Federation of Financial Advisers and Intermediaries (FECIF) and also chairs the FECIF European Pensions Institute.
She began her career in UK based financial services in 1975, spending more than twenty years in the corporate and institutional pensions sector. In 1998, she was appointed as the Senior Pensions Expert for The European Central Bank, Frankfurt, where she was responsible for implementing the European Central Bank Retirement Plan and for advising staff from all States of the European Union on the subject of retirement planning. Since relocating to France in 2008, she has been appointed as a Partner of The Spectrum IFA Group and provides individual financial planning advice to international clients.
Her broad experience from her years of advising both individual and corporate clients demonstrates that she is able to address the unique financial planning needs of expatriates and those with cross-border interests. She has detailed knowledge of European Social Security rules, together with international product providers and tax-efficient structures that can assist in asset building, asset protection and, ultimately, retirement and estate planning.
Daphne is an Associate of the Pensions Management Institute (PMI) and also holds the Chartered Institute of Insurers Financial Planning Certificate and Advanced Financial Planning Certificates in "Pensions" and "Taxation and Trusts".

Guillaume PRACHE
Better Finance

Guillaume Prache is the Managing Director of BETTER FINANCE, the European Federation of Investors and Financial Services Users. He is also one of the experts representing financial services users before EIOPA (Insurance and Reinsurance Stakeholder Group), before EBA (Banking Stakeholder Group) and before the French financial regulator AMF. He is a former chair of the ESMA Securities & Markets Stakeholder Group and vice chair of the European Commission's FSUG (Financial Services User Group).
He started as a magistrate at the French Court of Auditors, and has an extended and international experience in financial matters, most recently as Chief Financial Officer of Rhône-Poulenc Rorer, Inc., a "Fortune 500" publicly-listed pharmaceutical company (today Sanofi) from 1997 to 2000, and then as Managing Director of the European subsidiary of the Vanguard Group, Inc., a global leader in asset management, from 2000 to 2006. He has taught asset management for the CIWM (Certified International Wealth Manager) program, and wrote two books (*Politique économique contemporaine* in 1989, *Les Scandales de l'épargne retraite* in 2008) and various articles on economics and finance.

Simon COLBOC
FEPI

Simon Colboc is the founder of Mawen SPRL, a company dedicated to developing innovative investment offerings. He is a member of the advisory committee of FECIF, the European Federation of Financial Advisors and Intermediaries, grouping more than 15 national associations and direct corporate members and representing some 240,000 advisors at European level. He is also a director of Nucleus Life AG, a life insurance company incorporated in Liechtenstein.
Simon has over 25 years' experience in Financial Services, both as an executive (both in banking with Fortis and BNP Paribas and in insurance with Prudential Plc) and as a business consultant (with The Boston Consulting Group, DiamondCluster and CMI).
He has lived in Hong Kong, London and Paris and is now based in Brussels with his wife and two grown-up children.

Marta GELLOVA
EFPA

Marta Gellova is the co-founder and the President of EFPA (European Financial Planning Association) Czech Republic and the Vice-Chairwoman of EFPA Europe. She has extensive experience in finance and as a member of advisory boards of the Government of the Czech Republic. For several years she has been involved in the implementation of professional and ethical standards, certification and financial education of professionals in the Czech Republic in line with the European Qualifications Framework (EQF).

Tero WECKROTH
ECN/Invesdor

Tero believes in people's capitalism and his mission is to improve the health and responsibility of the alternative finance ecosystem, particularly in terms of returns to the investors. Tero has 18 years of experience in investment banking, angel investing and entrepreneurship. Prior to this period he worked in the pharmaceutical industry. With special focus in life sciences and fintech sectors he has worked as an active business angel, created multiple university spin-offs and currently serves in the boards of start-up and growth companies

Brice Pineau
CEO Harvest

After graduating from ESSEC Business School in 1982, Brice Pineau began his career at Chase Manhattan Bank. In 1985 he joined Caisse d'Epargne Île-de-France where he was in charge of branch productivity tools, in particular vending management software. In 1987 he founded BMC-ITD, a financial simulation software publisher, and launched a range of tax calculation software for PC and Minitel. In August 1989 he joined forces with Jean-Michel Dupiot to set up Harvest.

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