



2015 Work Schedule

EU advocacy for independent insurance brokers,
agents and financial advisers

All market participants are included: investment firms and advisers, insurance brokers and agents, investment funds and insurers, software manufacturers, etc.

In **2015** the EU Commission and the European financial supervisory authorities will be directly influencing practices within the industry.

MIFID 2 and the PRIIPs Regulation aimed at the protection of small investors will be implemented and IMD 2, the new Insurance Mediation Directive, is about to come online.

- **Delegated acts** define the technical details, such as the handling of conflict of interests.
- **European Regulations** prescribe the use of standardised documentation for informing customers.
- **Guidelines** set out how domestic market supervisory authorities should monitor compliance with the EU requirements.

It would be fatal to hang around waiting until everything is laid down ready for implementation, because **regulations, delegated acts and guidelines can only (really) be influenced in Brussels!**

Once adopted by the EU institutions, they have to be directly applied by the EU Member States.



European Securities Regulators:
ESMA – European Securities and Markets Authority

Topics: "Single Rulebook", MiFID 2/MiFIR, AIFMD, PRIIPs. Definition of "ancillary activities" by intermediaries, storage of transaction data by investment firms, Conduct of Business Code for "independent" and "limited" advice and its payment, information about costs and charges, reporting to customers, best execution, telephone records, definition of "complex" products, cross-selling, examination of management competence by national authorities, market interventions (e.g. product prohibitions).

Practical example 1: Investment firms would have to record every customer telephone call; extensive precautions would have to be implemented. Technical equipment would have to be procured; intermediaries would have to be provided with suitable telephone sets and trained in how to use them. All this would entail new costs.

Practical example 2: "Independent" advice may, in future, only be given in return for a fee. The exact definition of when you are actually acting independently is critical in deciding if commission can continue to be collected!



European Insurance Regulators:
EIOPA – European Insurance and Occupational Pensions Authority

Topics: Investor and consumer protection. Selling practices for employees and independent sellers, disclosure regulations, product development aimed at suitable charging rates for respective customer groups, handling customer complaints, guarantee system for customer funds, intervention in event of imminent losses to consumers, technical standards for the implementation of Solvency 2, basic information document for property insurance, internet sales.

Practical example 1: One-sided simplifications for employed customer advisors would disadvantage independent practitioners. A "level playing field" is therefore needed, i.e. the SAME regulations must apply to ALL market participants (employees, independent brokers, banks, internet, etc.).

Practical example 2: If brokers sell insurance premiums that they themselves have (co)developed, they must first analyse the target groups in advance. The products must fulfil the needs of these target customers. The assessment regulations that have to be drafted here directly influence the scope of work and the costs to the enterprise.



European Banking Regulators:
EBA – European Banking Authority

Topics: CRD 4, equity regulations investment firms, deposit security funds, bank rescue funds. Guidelines and technical standards connected with the Bank Recovery and Resolution Directive (BRRD), revision of the EU Money Laundering Directive, European Market Infrastructure Regulation (EMIR), MiFID/MiFIR, Payment Services Directive (PSD), E-Money Directive, PRIIPs, regulation of conduit banks.

Practical example 1: Huge volumes of new rules for insurance intermediaries and financial advisers have appeared since the financial crisis. But numerous conduit banks can continue to do as they please. This disadvantages those who adhere to the rules and it leads to unpredictable risks within the EU financial system.

Practical example 2: It is mandatory for insurance intermediaries and financial advisers to assist in the prevention of money laundering. The EU rules of performing checks decide what questions should be put to customers and how the enterprise should handle the documentation.

Topics: Readiness of the Single Market for financial services, IMD 2, closure of tax loopholes. Exceptions for part-time intermediaries, level playing field (employees, banks, internet, etc.), delegated acts, prohibition on commission, on-the-job training obligations, conflict of interests in the sale of property insurance. Capital market union, EU-wide standardised taxation of corporate profits, automatic data exchange between national fiscal agencies, adaptation of financial transaction tax, stricter prevention of money laundering, value-added tax on commission..



Practical example 1: Remuneration and the avoidance of conflict of interests are a central issue for insurance brokers and agents. A prohibition on commission for "independent" advice would especially disadvantage insurance brokers compared to employees.

Practical example 2: To date the commission for the intermediation of financial products has been exempt from value-added tax. By making it liable to tax, customers will be faced with increased costs for receiving advice. Or the result would be hidden drops in commission in order that costs to consumers remain unchanged.

In 2015, FECIF will be regularly monitoring these issues and others besides. Where necessary, we lobby actively on behalf our members, independent insurance intermediaries and financial advisers. It is our common goal to preserve independent insurance mediation and financial advice both at home and throughout Europe.

Services to our members



Permanent representation before the EU

FECIF's legal office in Brussels allows us to continuously exchange ideas and opinions with European institutions (the Commission, the Parliament, the Financial Market Authority, etc.), market participants (consumer watchdogs, the fund sectors, etc.) and national partner federations.

As a professional federation we present a united front in promoting the interests of all our members.



FECIF Extr@net

Members benefit twice-over from getting "onboard" in Brussels: firstly, through the time and information lead enjoyed over competitors. And, secondly, through actively shaping the European parameters within which they operate



EU dialogues and workshops

Events with acknowledged experts, free for members: significant Information, but the programme also includes an introduction to the new rules and regulations and how these are implemented in day-to-day practice. Then there is the regular exchange of ideas and opinions with EU agencies, fellow intermediaries from other countries, product vendors, consumer protection groups etc.

About FECIF

The European Federation of Financial Advisers and Financial Intermediaries (FECIF) was **chartered in June 1999** for the defence and promotion of the role of financial advisers and intermediaries in Europe.

FECIF is an independent and non-profit-making organisation exclusively at the service of its financial adviser and intermediary members, who operate in the 28 European Union member states, plus Switzerland; it is the only European body representing European financial advisers and intermediaries. FECIF is based in Brussels, at the heart of Europe.

FECIF Data

FECIF represents around 230.000 European financial intermediaries through:

- 19 national trade associations from 18 EU Member States
- 20 pan-European commercial networks, operating across 28 EU Member States

The European financial adviser and intermediary community is made up of approximately **500,000 private individuals** for whom this profession is their main occupation (representing approximately **26,000 legal entities including 45 networks**), about 280,000 are members of national professional associations (51 at today's count).

**Better regulation ...
not more regulation**

Scope

The professional activities of advice and mediation are heavily penalised by extremely constraining regulations, the soaring cost of compliance procedures, the development of often unreliable new technologies, and the demands of generally distressed and ill-informed consumers.

The European legislation for financial services whilst being done for the protection of consumer's interests must be applicable without pointless restraints for practitioners.

It remains a hard task in view of the paltry enthusiasm of national bureaucrats for anything that might represent the slightest change in their narrow vision of society. The "time bomb", which in the very short term is constituted by the pensions problem, reinforces the political need to attack the ensuing problems sooner rather than later, even if national governments are showing reluctance for European harmonisation of legislation, that would take a more pragmatic direction, and be more genuinely concerned with consumer interests. The failure of the state pension systems opens unprecedented prospects for European financial advisers and intermediaries to assist the anxious consumer in the right choice of options and alternatives for the sound management of his or her wealth.

**Competent representation
is a necessity – to safeguard
our sector**

Situation

The lack of adequate training and organisation of most financial advisers and intermediaries can create problems; one of FECIF's key goals is to tackle the provision of quality training courses and ensure proper assistance to advisers and intermediaries, in close co-operation with national member associations. FECIF is determined in its representation of the fundamental interests of its members by advocating the principle of co-regulation of the profession in an environment that is excessively regulated – to the detriment not only of consumers' interests, but also of the European economy.

As a non-profit-making association, FECIF is an independent body at the exclusive service of its members, which are active in the 28 European economic area member states, plus Switzerland.

Fédération Européenne des Conseils et Intermédiaires Financiers (FECIF)

"Generali" Tower – Business Centre, Avenue Louise 149/24, 1050 Brussels, Belgium

Phone +32 2 535 76 22 • Fax +32 2 535 75 75 • Mail fecif@skynet.be • Web www.fecif.eu