



Work Schedule 2018 / 2019

Lobbying for Independent Financial Advisers,
Investment Firms and Insurance Intermediaries

In co-operation with our partner associations, we conduct active lobbying for independent financial advisers, investment firms and insurance intermediaries in connection with the drafting of new pieces of EU legislation. This comprises participation in hearings, meetings, studies and consultations of the EU Commission and the European Parliament, including its working committees. This also includes co-operation with think-tanks and forums, along with industry and consumer organisations. It is our goal to ensure that financial services can be obtained locally from independent financial advisers wherever it is needed.

In 2018/19, we are going to concentrate on the following topics:



ESMA, European Securities Regulators:
ESMA – European Securities and Markets Authority

The main focus of attention will include the convergence between the national supervisory regimes, risks for investors, a unified rulebook for Europe and direct supervision of financial institutions. One of the tools for the achievement of these goals is the revision of the Prospectus Directive and the creation of a register of all securities' prospectuses published in the EU. ESMA also plans to unify the supervisory practice of the national supervisory authorities (NCAs), for example with regards to supervision in the area of performance fees in relation to financial products under UCITS, MiFID II, AIFMD, PRIIPs and ELTIF (European Long-Term Investment Funds). In relation to the practical application of MiFID II, guidelines and FAQs are expected on the topics of "conduct of business", "organisational requirements" and "consumer protection".

ESMA will increasingly exercise its right to interventions and (temporary) sales bans in relation to financial products. Based on a request of the EU Commission, a cost and performance analysis of investment products will be conducted. Financial innovations (fintech companies) will be subject to increased supervision. Technical standards for PRIIPs and the AIFMD, as well as for investment funds under the UCITS Directive, will be on the agenda, and so will an amended investor compensation scheme in the form of a specific directive (Investor Compensation Scheme Directive).

Practical example 1: *The ESMA guidelines must be applied by investment firms within 60 days of publication. It is therefore all the more important to participate in their drafting.*

Practical example 2: *The supervisory authorities in other EU countries often set their own scrutiny standards that cannot be applied to the situation in neighbouring countries on a similar basis. The viewpoints of all market players must be obtained before developing EU-wide guidelines.*



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

Against the background of increasing digitisation (insuretech), the plan is to continue strengthening consumer protection. Regardless of the type of distribution channel ("technology neutrality"), all insurance customers throughout Europe should enjoy the same level of protection in the future. One of the instruments for the achievement of this goal is "supervisory convergence." Supervisory convergence means highly unified supervision and monitoring of the market players in the EU Member States. It is also part of the "Capital Markets Union", and so is the standardised "Personal Pension Product" (PEPP). A legislative proposal concerning the implementation of PEPPs is expected.

As regards the implementation of the Insurance Distribution Directive (IDD), technical advice on insurance-based investment products, product governance suitability, appropriateness tests, plus handling conflicts of interest, is all expected. The implementation of PRIIPs will also be supervised, for example in the form of a study on the costs included within products and their effects on the performance of those products.

For the first time, Retail Risk Indicators will be defined, on the basis of which the market players in the EU can be supervised, founded on unified standards. In 2018, the effects of the Solvency 2 Directive and the related guidelines will also be evaluated for the first time.

Practical example 1: *Insurance firms and insurance distributors must define the target markets for products and may only offer their products within that target market.*

Practical example 2: *Digital insurance offers (InsureTech companies) promise consumers an alternative to "traditional" distribution channels (brokers/agencies, sales representatives). The same rules of the game must apply to them; otherwise brokers/agencies or insurance advisers will be unfairly disadvantaged and risks to consumers heightened.*

The topics on the agenda that are relevant to our members include “digital banking” and “consumer protection” in relation to finance innovations, for example in the area of property and personal loans, savings deposits, current accounts and electronic payment services (i.e. money). One of the instruments is an increased supervision of adherence to the existing legal regulations by fintech companies, for example to the 4th Anti-Money Laundering Directive (AMLD) or the Mortgage Credit Directive (MCD). In addition, adherence to the EBA guidelines in connection with the verification of creditworthiness of loan applicants will be monitored.

Generally, a methodology for the analysis of future financial innovations (fintech) will be developed in order to assess their opportunities and risks for consumers. Another goal is to develop unified remuneration practices for managers who have a material influence on the risk profile of their companies. For this purpose, a Europe-wide study on remuneration forms and trends, including benchmarking, will be conducted. FAQs are expected in relation to the application of the EU Anti-Money Laundering Directive. Banks’ deposit protection systems will be revised and re-evaluated.



EBA, European Banking Regulators:
EBA – European Banking Authority

Practical example 1: *The sales practices of investment funds and insurance companies are comprehensively regulated. The requirements concerning crowdfunding and crowdinvesting, on the other hand, are much less strict. Without equivalent regulations, consumer protection standards might be undermined. This would put financial advisers and insurance intermediaries at a disadvantage.*

Practical example 2: *Investment firms and insurance companies as well as their intermediaries have the duty to assist in the prevention of money laundering. The more extensive the verification obligations, the higher the expenses involved.*

The digital single market is one of the next priorities. Other significant aspects are the Banking Union and the Capital Markets Union. The value-added tax regimes within the EU need to be modernised and the co-operation of the national tax authorities will be strengthened. Digital offers, such as crowdfunding and peer-to-peer lending, should be regulated.

In order to support employee mobility in the EU, a European social security number should be developed. Furthermore, a proposal to modernise the social security systems of the Member States is expected, with the aim of filling the often considerable gap between pensions and active income.

The enforcement of consumers’ legal claims will be strengthened, for example by an increased use of out-of-court dispute settlement. Whistle-blowers (employees who report violations of regulations to authorities) should be protected to a greater extent.



European Commission

Practical example 1: *Crowdfunding and peer-to-peer lending are offered to consumers as “simple and quick” alternatives to well-established financial products, for example in the financing area. Without equivalent regulations for these and other financial innovations, consumer protection standards might be undermined!*

Practical example 2: *The employees of investment firms or insurance companies who report violations to authorities will enjoy special protection rights. These rights must be meticulously adhered to by employers.*

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



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 245.000 European financial intermediaries through:

- 17 national trade associations from 11 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 **640,000 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.

European legislation for financial services, whilst being predominantly and rightly 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.

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