

Industry bodies welcome latest pan-EU regulatory moves

04 Jul 2012; by: CFA Institute, EuroFinuse, FECIF, EFAMA, AILO

CFA Institute, EuroFinuse, FECIF, EFAMA, and AILO have jointly welcomed the focus of the European Commission on investor protection through the publication this week of three pieces of legislation: the Packaged Retail Investment Products (Prips) Regulation, the revised Insurance Mediation Directive (IMD) and the Ucits V Directive.

These are essential in addressing crucial issues of investor protection and, together with Markets in Financial Instruments Directive (MiFID), the lack of a level playing field in the distribution of retail financial products across the European Union (EU). We, therefore, call on EU Institutions to ensure that this new legislation achieves its primary objective: to effectively protect European retail investors.

We fully support the overall aim of the PRIPs regulation to provide retail investors with comparable, standardised and understandable information on saving products. This will enable retail investors to make an informed decision before investing in a financial product; transparency and comparability are crucial in helping EU citizens build-up savings needed for their future financial well-being.

It is essential that the Prips regulation, announced [3 July], covers the broadest range of investment products possible, otherwise it will miss its objective of enabling investors to easily compare one product with another. A broad scope is also important in bringing real efficiency to the Single Market. The new legislation must also ensure a level playing field in selling practices, as selling practices of retail investment products should be consistent under MiFID and IMD and across different distribution channels.

One of the main challenges of the Prips legislation to be developed (at Level 2) will be the format and content of disclosure documents that should be as standardised as possible to allow individual investors to compare the expected return, risks and costs of the different saving products. The exercise is likely to be difficult, because of the diversity of retail investment products being covered. This is why CFA Institute, with the active support of EuroFinuse and FECIF, is leading a research project on the standardised presentation of costs in a Key Information Document (KID) for Prips, to be published in the Autumn.

Now that the European Commission has finalised its legislative proposals, the European Parliament, the Member States, and the three European Supervisory Authorities (ESAs) will have important roles in bringing this important work to a satisfactory conclusion. CFA Institute, EuroFinuse, FECIF, EFAMA and AILO look forward to working with the co-legislators to ensure that the proposal serves the interests of Europe's investors in the long term.

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