

Badly applied rules heavily penalise IFAs

IFAS' activities are heavily penalised by restrictive and costly regulations imposed by national surveillance authorities, according to Fecif.

In its annual report, the executive board of the European Federation of Financial Advisers and Financial Intermediaries said EU legislation on the distribution of insurance and investment products was globally acceptable to intermediaries. But the board said it was very worried about the way these rules were applied at a national level, as civil servants had an annoying tendency to transform a simple, balanced text into a succession of useless restrictions.

Vincent Derudder, secretary-general of Fecif, said advisers needed to remain vigilant about the application of European directives at the time of their adaptation to national law because of civil servants' lack of enthusiasm about everything that represented the slightest change in their narrow vision of society. Mr Derudder added that the federation had to defend the principle of co-managing surveillance activities, a concept suggested by the experts in their report to the European Commission in May 2004.

The federation plans to push for this cross-border surveillance at the next Centre for International Finance and Accounting session in Geneva in March. Mr Derudder said: "The obsession for detail and systematic control that seems prevalent in some civil servants serves to penalise our society [IFAs] and force it into a straitjacket of intolerable rules. "We hope that the Cifa will indeed become the authority for the professional sector. "Within this framework, we have already transferred the competencies of our working committees to the Cifa."

Angela Knight, chief executive of the Association of Private Client Investment Managers, said European legislation coming through was more overly prescriptive than anything advisers had experienced. She said the Markets in Financial Instruments Directive would seriously limit advisers' actions. Ms Knight said: "Marrying what we have got coming through with that, it should all be on an equivalent basis and we have got a different ball game."

Marc Ruse, partner of Suffolk-based IFA Swallow Financial Planning, said he was surprised advisers across Europe were not overly concerned about what was coming out of the EU. He said: "I do have sympathy for the FSA as it is getting a lot of rubbish from the EU, but it is making a bit of a meal out of it."

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