

A background image showing a map of Europe with a network of white lines and yellow dots connecting various points across the continent, set against a dark blue and purple gradient.

# Inducements under pressure

*FECIF MiFID II & IDD Survey*

## About FECIF

- Chartered in 1999, FECIF is an independent organisation exclusively supporting and assisting its financial adviser and intermediary members.
- FECIF represents 245,000 individual intermediaries through its members: 17 national trade associations and 20 pan-European commercial networks, operating in 28 EU Member States plus Switzerland.
- For more details about FECIF please visit **[www.fecif.org](http://www.fecif.org)**.

## About this survey

- This survey was carried out in the autumn of 2017 as the first project of the new **FECIF Expertise** initiative. As part of this initiative, we will regularly produce two surveys per year on crucial financial advice topics.
- 10 national associations and commercial networks participated in the survey, covering 10 major EU Member States.

**Before MiFID II**, were commissions and/or inducements paid to distributors by third parties (banks etc.) in relation to collective investments somehow regulated?

**After MiFID II**, will commissions and/or inducements paid to distributors by third parties (banks etc.) in relation to collective investments be somehow regulated? (not taking into account independent advice restrictions)

**Before IDD**, were commissions and/or inducements paid to distributors by third parties (insurance companies) in relation to life insurance somehow regulated?

**After IDD**, will commissions and/or inducements paid to distributors by third parties (insurance companies) in relation to life insurance be somehow regulated? (not taking into account independent advice restrictions)




	AUSTRIA	SPAIN	CZECH REP.	GERMANY	POLAND	UK	FRANCE	NETHERLANDS	ITALY	LUXEMBOURG
Before MiFID II	✓	•	✓	✓	✗	✓	✓	✓	✓	✗
After MiFID II	✓	•	✓	✓	✓	✓	✓	✓	✓	✓
Before IDD	✗	✗	✓	✓	✗	✓	✓	✓	✓	✗
After IDD	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

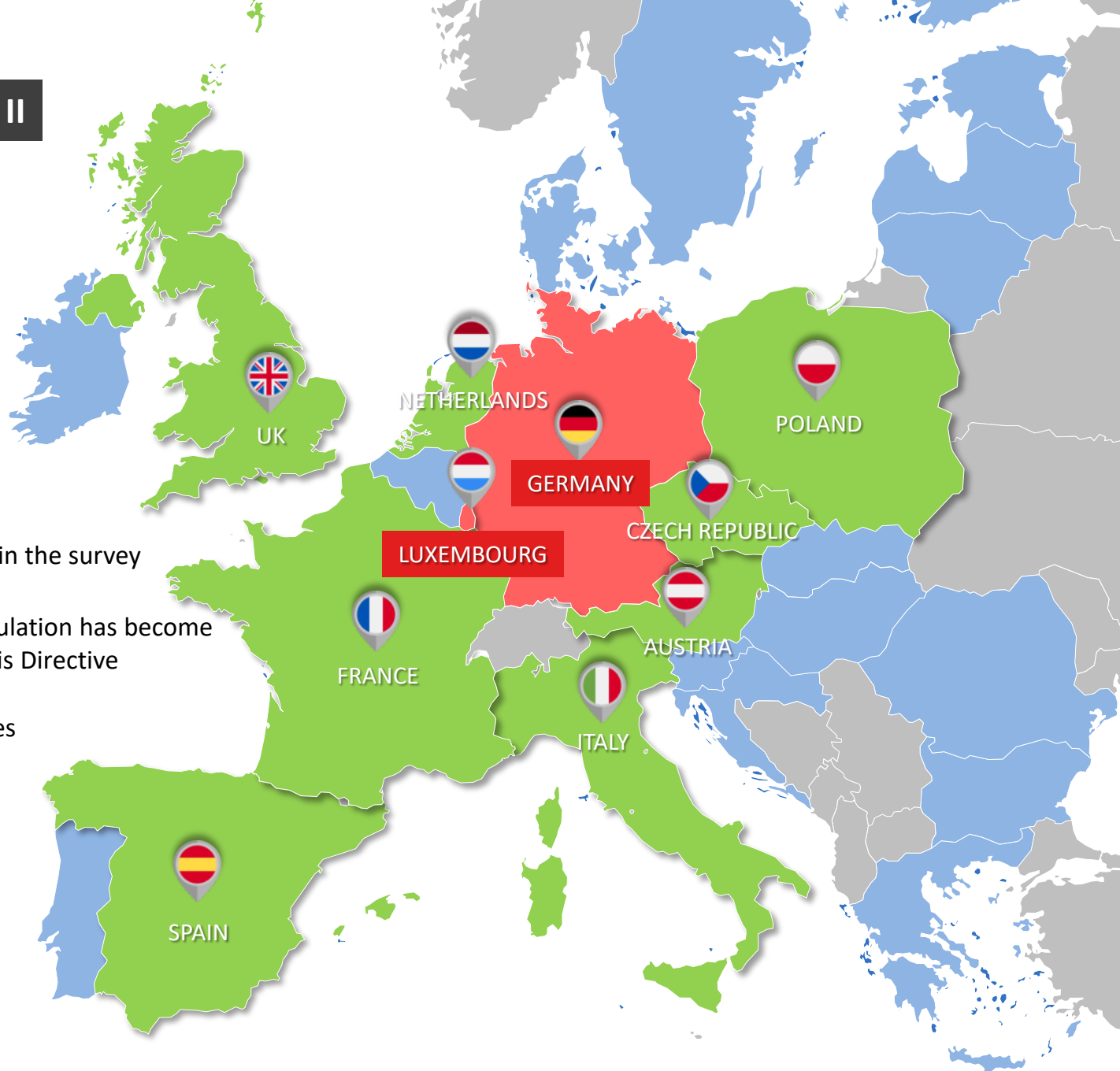
Change from previous status

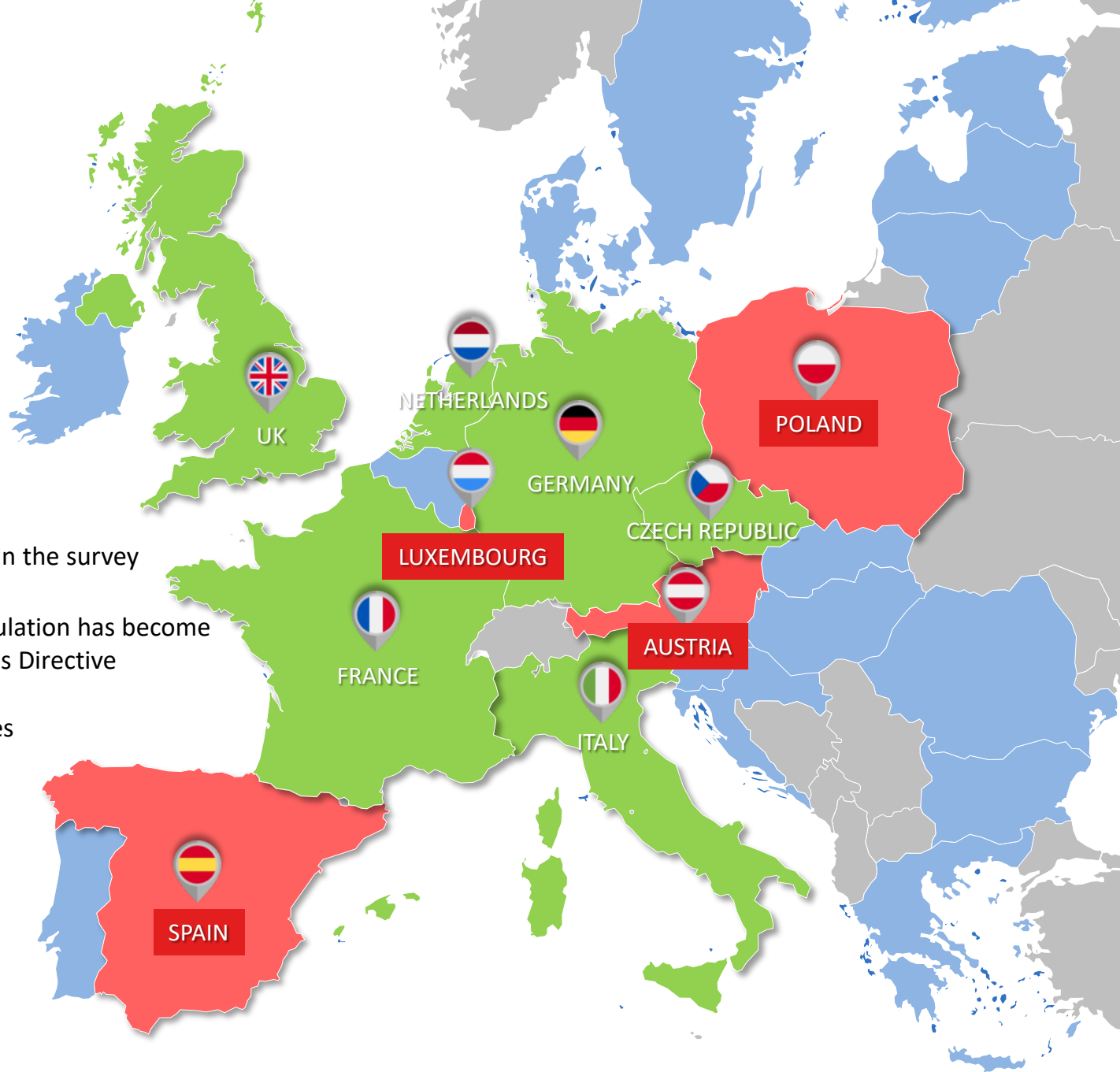


No answer possible




-  Countries participating in the survey
-  Where inducement regulation has become more onerous under this Directive
-  Other EU Member States





 Countries participating in the survey

 Where inducement regulation has become more onerous under this Directive

 Other EU Member States

# MiFID II

	AU	ES	CZ	DE	PO	UK	FR	NL	IT	LU
BEFORE										

If yes, **what was** the nature of the inducements regulation?

Quality enhancement criteria <b>not affecting</b> the amount of the inducement	Quality enhancement criteria <b>not affecting</b> the amount of the inducement	Quality enhancement criteria <b>not affecting</b> the amount of the inducement	Quality enhancement criteria <b>not affecting</b> the amount of the inducement	X	Ban on inducements	Quality enhancement criteria <b>not affecting</b> the amount of the inducement	Ban on inducements	Quality enhancement criteria <b>not affecting</b> the amount of the inducement	X
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If yes, **what will be** the nature of the inducements regulation?

Quality enhancement criteria <b>affecting</b> the amount of the inducement	Quality enhancement criteria <b>not affecting</b> the amount of the inducement	Quality enhancement criteria <b>not affecting</b> the amount of the inducement	Quality enhancement criteria <b>not affecting</b> the amount of the inducement	Quality enhancement criteria <b>not affecting</b> the amount of the inducement	Ban on inducements	Quality enhancement criteria <b>not affecting</b> the amount of the inducement	Ban on inducements	Quality enhancement criteria <b>not affecting</b> the amount of the inducement	Quality enhancement criteria <b>not affecting</b> the amount of the inducement
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Types of fees that **were** affected by this regulation? / Types of fees that **will be** affected by this regulation?

- Entrance/exit fee based inducements	Before		●	●		●	●	●	
	After	●	●	●	●	●	●	●	●
- Management fee based inducements	Before		●			●	●	●	
	After	●	●	●		●	●	●	●
- Other	Before	running commission				All fees/remuneration was affected. No 3rd party payments allowed.	A ban on inducements already applies in the Netherlands*		
	After					- // -	- // - **	All third party payments, as requested by MiFID II Directive	

Is disclosure/ Will disclosure of the inducement (transparency) also be part of the above regulation?

Before	NO	Partly (only general formula sufficient)	YES		N/A	YES	YES	YES***	
After	YES	YES	YES	YES	N/A	YES****	YES	YES	YES



	AU	ES	CZ	DE	PO	UK	FR	NL	IT	LU
BEFORE										

If yes, **what was** the nature of the inducements regulation?

			Regulation criteria <b>affecting</b> the amount of the inducement*	Regulation criteria <b>affecting</b> the amount of the inducement*		Ban on inducements	Regulation <b>not affecting</b> the amount of the inducement	Ban on inducements	Regulation <b>not affecting</b> the amount of the inducement	
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If yes, **what will be** the nature of the inducements regulation?

	Regulation <b>not affecting</b> the amount of the inducement	Regulation <b>not affecting</b> the amount of the inducement	Regulation <b>affecting</b> the amount of the inducement*	Regulation <b>affecting</b> the amount of the inducement*	Regulation <b>affecting</b> the amount of the inducement*	Ban on inducements	Regulation <b>not affecting</b> the amount of the inducement	Ban on inducements	Regulation <b>not affecting</b> the amount of the inducement	Regulation <b>affecting</b> the amount of the inducement*
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Types of fees that **were** affected by this regulation? / Types of fees that **will be** affected by this regulation?

- Entrance/exit fee based inducements	Before	-	-	●	●	-	-	●	●	●	-
	After	●	●	●	●	●	-	●	●	●	●
- Management fee based inducements	Before	-	-	-	-	-	-	●	●	●	-
	After	●	●	-	-	-	-	●	●	●	-
- Other	Before						All fees/remuneration affected. No 3rd party payments allowed			All third party payments	
	After						All fees/remuneration affected. No 3rd party payments allowed			All third party payments	

Is disclosure/ Will disclosure of the inducement (transparency) also be part of the above regulation?

Before			NO	NO		N/A	Transparency on total costs yes but no disclosure	YES	YES**	
After	YES	Nature and basis	NO	NO	YES	N/A	YES	YES	YES***	YES

## FOOTNOTES

### PAGE 5 - MiFID

\*A ban on inducements already applies in the Netherlands for investment firms who provide investment services to retail investors. This ban has been extended with the introduction of MiFID II.

\*\*A ban on inducements already applies in the Netherlands for investment firms who provide investment services to retail investors. This ban has been extended with the introduction of MiFID II. under MiFID II the ban on inducements also becomes - partially - applicable to services provided to professional investors and eligible counterparties. The ban on inducements applies to services provided to professional investors and eligible counterparties when it concerns individual portfolio management and independent advice. The requirements regarding paying and receiving inducements have been tightened for other forms of services provided to professional investors and eligible counterparties. For instance, the inducements must enhance the quality of the service and they may not harm the client's interest. In addition, under MiFID II strict conditions apply for receiving research. Research qualifies, in principle, as an inducement unless the investment firm pays for the research in a certain manner (see below). When research is qualified as an inducement, this means that the research may not be received if the ban on inducements applies. If this ban does not apply (for example, when non-independent advice is provided to a professional investor, see above), stricter requirements apply for paying and receiving research.

\*\*\*In Italy, the provisions of Directive 2006/73/EC on inducements were fully transposed

\*\*\*\*Some cap may be added for few tax exempted solutions

### PAGE 6 - IDD

\* (i.e. any soft or hard measures that directly or indirectly affect/lower the amount of inducements)

\*\*All answers relate to "financial life insurance" (i.e., insurance-based investment products)

\*\*\* In Italy the regulation of inducements relating to insurance-based investment products will be probably aligned with MiFID II provisions (but our regulator is still working on it)



Thank you for reading our survey. If you have any questions or comments, please do not hesitate to contact our Secretary General:

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