

## **FECIF warns EC not to allow banks and insurance companies to exploit Prips**

30 May 2011 by MaryRose Fison

**The European Federation of Financial Advisers (Fecif) has warned members of the European Commission against allowing banks and insurance companies to exploit Prips when it comes into place.**

Members of Fecif and the EC met in Brussels last Monday and minutes from the meeting made available to *International Adviser* have disclosed some of the topics under discussion.

Johannes Muschik, a board member at Fecif, told representatives from the European Commission: "It is important that there are no loopholes to be exploited, notably by banks and insurance companies."

Tim Shakesby, an administrator within the EC's asset management unit, DG MARKT, said that one of the objectives of Prips was that new products would be covered by the initiative, according to the minutes.

Fecif interpreted this as implying that the difficulty for the Commission would lie in drawing the line between Prips, securities and bonds and between Prips and certain types of deposits.

The minutes stated that as a solution the Commission would leave this to the national level through the European supervisory authorities, as the national regulator would ultimately be responsible for approving what is a Prip.

Derudder also highlighted the fact that Fecif had been excluded from ESMA stakeholder groups, in spite of Commissioner Barnier's recognition of intermediaries. In response, Shakesby said that the EC carefully assessed input from intermediaries and could request the European supervisory authorities to reach out beyond their stakeholder groups to include intermediaries.

In terms of actions going forwards, Fecif noted that it would be considering further engagement with consumer and EC officials.

Pre-contractual disclosure of product information and likely timeframes for implementation of the initiative were also raised during the meeting.

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