



EMAIL

Brussels, 10 June 2008

Mr Niall Bohan
Head of Unit G-4, Asset Management
European Commission
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Subject: EACB position on retail investment products

Dear Mr Bohan,

First of all, we would like to thank you for the opportunity to send two experts from cooperative banks to participate in the Commission workshop on retail investment products organised on 22 May 2008 in Brussels. We believe that such roundtable discussions are very useful to deepen the Commission's understanding of the industry's practices in the area of financial services and we would like to express overall support for the outcome of the deliberations and the way the discussion was conducted.

Without repeating the points we made in our answer to the Commission call for evidence in January, we would like to stress a number of key issues for the Commission to consider in the preparation of the July Public Hearing:

- First, the EACB believes that **bank accounts (e.g. deposits)** can by no means be considered on a par with investment products and should therefore be excluded from the scope of the debate on 'substitute products'. This is because they are non-negotiable, unlike funds, certificates and securities (which are all covered by the MiFID). Banks, as providers of the accounts, fall under strict regulation as well as under the protection of deposit insurance. Besides, cost transparency issues do not arise with such accounts. The only possible exception that might be worth examining in the scope of the Commission work on 'substitute products' are structured term deposits, but up to now, these are not a Europe-wide phenomenon and the EACB therefore doubts that EU action or regulation would be appropriate.
- Secondly, **certificates and structured notes** already being covered by the MiFID, there is clearly no need to add any new rules on product disclosures or distribution for these products.
- Thirdly, regarding concerns expressed by the European Commission over the way retail investment products are being purchased over the **internet**, the EACB strongly believes that the rules applying to the sale of investment products and especially the content and form of the information provided on the products should be the same whatever the distribution channel used

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(internet, telephone, or in person at a branch). Not only do MiFID rules apply independently of which distribution channel is chosen by customers, but the Distance Marketing Directive (2002/65/EC) already provides special guarantees in relation to the provision of financial services (including investment products) by distance.

- Finally, we believe that the complex issue of '**inducements**' has already extensively been dealt with by the MiFID. The new rules have just been implemented. We do not see any necessity for changes in this area.

We thank you in advance for taking these comments into consideration and look forward to participating in the public hearing organised by the Commission on 15 July 2008.

I remain at your disposal should you have any questions.

Yours Sincerely,

Hervé Guider
EACB General Manager