

Joint Forum consultation “Point of Sale disclosure in the insurance, banking and securities sectors”

BVI¹ gladly takes the opportunity to present its views on Joint Forum’s consultation regarding “Point of Sale disclosure in the insurance, banking and securities sectors” (“POS disclosure”). We strongly support the Joint Forum’s initiative to identify whether regulatory approaches to POS disclosure need to be further aligned across sectors. This initiative accounts for the realities at the point of sale where products rooted in different financial sectors are offered as substitutes for each other and hence compete directly for potential investors and their available financial means. Therefore, it appears only consequent that all investment products sold in the retail market should be subject to the same standards of product transparency in order to ensure comparability of their respective investment propositions and to enable retail clients to make informed choices.

Regarding Joint Forum’s recommendations we do, however, have two main concerns:

- **All insurance products with an investment element should be included in the scope of the POS disclosure document.** Investors need to have the same level of information and protection across similar packaged investment products. In order to ensure consistency and comparability between all investment-based products, POS disclosure should include all investment-based documents. The consultative document, however, only differs between unit-linked and risk-based insurance.² But apart from unit-linked insurances there are additional insurance products including investment components which are vulnerable to market fluctuations. In particular regular life insurance products whose value derives from underlying investments are not explicitly mentioned in the consultative document although they are “packaged” products insofar as the investor never holds the underlying assets. It is unclear whether the Joint Forum considers these products as products to which the POS disclosure requirements should apply. Since those products are in practice sold as investment products, commonly offered as an alternative to an investment in CIS, it is essential that they are included in the POS disclosure. Consumer protection and comparability of these products may only be achieved if all insurance products commonly offered as investments (despite an insurance element) are subject to the POS disclosure. Furthermore it is important to help create a level playing field for competing investment products.
- **POS disclosure should apply only to retail investors.** The initiative aims to protect investors who do not have a certain level of knowledge regarding investment products and who do not require protection by way of comparable disclosure. Institutional or professional investors are fully aware of investment features including risks and costs associated with it. They often negotiate customized products and have their own due diligence measures before they invest. It is hence neither necessary nor adequate to apply measures aimed for the protection of retail investors to professional investors.

¹ BVI represents the interests of the German investment fund and asset management industry. Its 75 members currently handle assets of EUR 2.0 trillion in both investment funds and mandates. BVI enforces improvements for fund-investors and promotes equal treatment for all investors in the financial markets. BVI’s investor education programmes support students and citizens to improve their financial knowledge. BVI’s members directly and indirectly manage the capital of 50 million private clients in 21 million households. (BVI’s ID number in the EU register of interest representatives is 96816064173-47). For more information, please visit www.bvi.de.

² See e.g. p. 8 No. III.2. para. 2.



For further comments as well as comments regarding the Joint Forum's specific recommendations, we refer to EFAMA's response regarding the POS disclosure which we fully support.