



Response from the ABBL to the Joint Forum consultation on the Point of sale disclosure in the insurance, banking and securities sector

Information about the ABBL:

ABBL ID number in the COM Register of interest representatives: 3505006282-58

Identity	Luxembourg Bankers' Association, the ABBL
Capacity	Industry trade body
MS of establishment	Luxembourg
Field of activity/ industry sector	Banking & other financial services
Contact persons	Benoit Sauvage sauvage@abbl.lu Aurélie Cassou (aurelie.cassou@abbl-alfi.lu)
Website	www.abbl.lu

Introduction and general remark

The ABBL¹ welcomes overall the position taken by the Joint Forum. The Association is supportive of this type of approach where a sound balance is made between informing the clients, scope, appropriateness of the information and workload to produce it.

At a high level principle, the ABBL shares the idea that the responsibility regarding content is best placed at the originator or the manager of the products (underlying investments) be it of a fund, a structured product or else. What is critical is that local regulators do not add too detailed requirements to these high level principles to the risk of confusing clients and producing a document that is not harmonised and has no commercial appeal and consequently no use.

Taking from the experience from some jurisdictions including the EU (PRIIPS and UCITS KID), an issue faced by this type of document and material disclosure is that they shall strike a right balance between the legal requirements and an appealing presentation that clients want to read. A short document is there to help and can only be a non-exhaustive summary of more complete versions, the goal is to help investors

¹ The Luxembourg Bankers' Association (ABBL) is the professional organisation representing the majority of banks and other financial intermediaries established in Luxembourg. Its purpose lies in defending and fostering the professional interests of its members. As such, it acts as the voice of the whole sector on various matters in both national and international organisations.

The ABBL counts amongst its members' universal banks, covered bonds issuing banks, public banks, other professionals of the financial sector (PSF), financial service providers and ancillary service providers to the financial industry.

understand and discriminate among a serie of different but similar products. There are no worse policies than producing information that is not used nor read, thus the ABBL is not fully aligned with part of the approach in the comments on page 20 regarding recommendation 4, indeed to be useful this document shall be “clear, fair and not misleading” taking into account that this document is a short version of more detailed and more exhaustive ones, where the ABBL disagreement resides is in the fact that the document shall also be attractive to ensure that users/investors will read it.

An additional feature of a disclosure document shall be that by its nature, being short, readable and avoiding jargon, that it cannot be exhaustive, the type of responsibilities linked to it shall be concentrated on material errors, misconduct or manifest misinformation or misleading information compared to the legal prospectus or similar document. A place in this short document may be offered to refer to more detailed versions that shall be available for example on the internet website of the asset manager or distributor.

There shall be a clear split of responsibilities between the producer of the product, responsible for the document production and the distributors. The distributor task is to make the document available, it shall offer the document for free, ideally at the time of sale (buy order). There shall be some margins of manoeuvre for specific circumstances (i.e. orders by phone call, where client pressure may be so that it is not realistic to postpone the execution of the order after the delivery of the document). It shall be noted that at the point of sale, the “material” information, on paper is only one part of the information that the client will receive, there is as well the advice, information delivered orally at the point of sale that complements or explains the document. The underlying idea is that fees or commissions at product level are identifiable as such, distributor’s fees or commissions shall be disclosed under specific regulation addressed at their intention (for example MIFID I and II in the EU).

The preparation and design of the disclosure document shall in the Association’s view be to the maximum extent harmonised in terms of items (i.e. risk/reward profile, description, contacts, policy objectives...) but it shall be understood that there may be different requirements or use of information depending on the underlying, a fund is not a structured bond, nor an insurance.

The ABBL considers that the scope of products envisaged is appropriate, this type of information document is best suited for managed products (be they actively managed, passive or formulas products). In the EU there are some ideas to extend the principle of relying on a short document to inform investors also on bonds or shares, but in that case a fundamental rethink of the design and content is needed accompanied by specific rules for making the document available. Indeed items like “fee” for management is not relevant, probably that some rethink shall be done on the risk profile as well...

Among the details, at a time of internet area where most citizens have an access to internet, probably more emphasis shall be drawn on the possibility to deliver electronic



version of the document. This will ensure continuous availability of documents and that it is always the up to date that are at disposal. Even if it shall be understood that hard copies on paper can be delivered at the physical facilities of the financial institution.

To conclude this document's objective shall be that a reasonable person is able to discriminate among several products the one or the ones that best suits his/her objectives and interest or risk appetite.