

## European Banks caution against “one-size-fits-all” approach, in response to the European Commission Communication on packaged retail investment products

The European Banking Federation has cautioned against a “one-size-fits-all” approach for pre-contractual disclosures on retail investment products, in response to the Communication on packaged retail investment products published today by the European Commission. The Federation says it supports the objective of helping retail investors to better understand the characteristics and risk and reward profiles of products offered to them. However, pre-contractual disclosure documents on investment products need to take account of the particular characteristics of the individual product.

Guido Ravoet, Secretary General of the EBF, said: “We acknowledge the reasoning behind the Commission's thinking and share the objective of making it easier for retail investors to understand products and to decide between them. However, the great degree of standardisation of product disclosures that the European Commission is aiming at must not result in misrepresentation of the most essential product characteristics.”

The announced regulatory steps foresee, *inter alia*, mandatory pre-contractual product disclosures for all non-UCITS (Undertakings for Collective Investments in Transferable Securities) retail investment products that are “packaged”, i.e. that have a modified risk profile as compared to the underlying financial assets. According to the European Commission's proposals, such disclosures should be designed so as to achieve the greatest possible degree of harmonisation and standardisation to allow for comparison between different products.

Furthermore, the Commission gives consideration to the sales practices for retail investment products, for which it identifies the existing standards under the Markets in Financial Instruments Directive (MiFID) as the benchmark. Mr Ravoet said the European Banking Federation agrees with this analysis: “It is important to consider the sales process in its entirety, where the direct adviser-client relationship is often more important than any written product information. The MiFID has therefore been designed to cover all aspects in the value chain in a horizontal and comprehensive manner.”

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### Note to the Editor

Set up in 1960, the European Banking Federation is the voice of the European banking sector (EU and EFTA countries). The EBF represents the interests of some 5000 European banks: large and small, wholesale and retail, local and cross-border financial institutions