

<p style="text-align: center;">Comments Template on EIOPA-CP 11/007</p> <p style="text-align: center;">Draft proposal for Report on</p> <p style="text-align: center;">Good Practices for Disclosure and Selling of Variable Annuities</p>		<p style="text-align: right;">Deadline 03.01.2012 12:00 CET</p>
Company name:	EFAMA (European Fund and Asset Management Association)	
Disclosure of comments:	<p>EIOPA will make all comments available on its website, except where respondents specifically request that their comments remain confidential.</p> <p><i>Please indicate if your comments on this CP should be treated as confidential, by deleting the word Public in the column to the right and by inserting the word Confidential.</i></p>	Public
<p>The paragraph numbers below correspond to the questions raised in the grey boxes of EIOPA Consultation Paper No. 11/007.</p> <p>Please follow the instructions for filling in the template:</p> <ul style="list-style-type: none"> ⇒ <u>Do not change the numbering in column "Reference", or any other formatting in the file.</u> ⇒ Please fill in your comment in the relevant row. If you have <u>no comment</u> on a question, keep the row <u>empty</u>. Please do not delete rows in the table. ⇒ Our IT tool does not allow processing of comments which do not refer to the specific question numbers below. <ul style="list-style-type: none"> ○ If your comment refers to multiple questions, please insert your comment at the first relevant question and mention in your comment to which other questions this also applies. <p>Please send the completed template to CP_007@eiopa.europa.eu, in MSWord Format, (our IT tool does not allow processing of any other formats).</p>		
Reference	Comment	
General Comment	<p>EFAMA is the representative association for the European investment management industry. It represents through its 26 member associations and 56 corporate members approximately EUR 13.8 trillion in assets under management, of which EUR 7.7 trillion was managed by approximately 54,000 funds at end September 2011. Just over 36,000 of these funds were UCITS (Undertakings for Collective Investments in Transferable Securities) funds.</p>	

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EFAMA fully supports the PRIIPs initiative, which addresses crucial issues such as investor protection and the lack of level playing field among retail financial products in the distribution of retail financial products. A harmonized framework at EU level is essential to eliminate regulatory arbitrage in the distribution of financial products to retail investors and to ensure a high level of investor protection.

Our members strongly support a horizontal approach and welcome the fact that it will be used in the legislation for the disclosure elements of PRIIPs. Regarding selling practices, a similar horizontal approach would have been preferable, but the European Commission has chosen instead to revise sectoral regulation (MiFID and IMD respectively), an approach which might not lead to harmonized implementation of sales rules. We strongly believe that the implementation of the PRIIPs initiative must be coherent and harmonized not only at the principle level, but also in the details (Level 2). Furthermore, regulators must also ensure the same coherence and harmonized implementation in their technical standards and Level 3 work.

As long as they include an element of capital accumulation, annuities should provide the same level of disclosure and investor protection as other financial products. EFAMA therefore believes that all annuities (including variable annuities) should be subject to the definition test applicable to all PRIIPs, and should be included in the PRIIPs initiative when offered to retail investors.

Against this background, EFAMA welcomes the Report on “Good practices for disclosure and selling of variable annuities”. However, as EIOPA states that the Report “does not set forth any guidelines or recommendations” we unfortunately do not see how its adoption can lead to significant improvements in industry practices. We would suggest that EIOPA should put forth Level 3 recommendations as temporary measures before the adoption of new rules under the PRIIPs regime.

Both product disclosures and selling rules should, however, be eventually regulated taking the UCITS KIID as the benchmark for product disclosure and MiFID for selling rules, with full and detailed harmonization across retail financial products within an overarching European PRIIPs regime: simple Level 3 guidance or recommendations by regulators are not sufficient to provide equal levels of

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	investor protection. We hope our comments will be helpful to EIOPA and remain at your disposal should you have any questions.	
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