

**Comments Template on EIOPA-CP 11/007**

**Deadline**  
**03.01.2012**  
**12:00 CET**

**Draft proposal for Report on**  
**Good Practices for Disclosure and Selling of Variable Annuities**

Company name:	Investment Management Association (IMA)	
Disclosure of comments:	EIOPA will make all comments available on its website, except where respondents specifically request that their comments remain confidential.  <i>Please indicate if your comments on this CP should be treated as confidential, by deleting the word <b>Public</b> in the column to the right and by inserting the word <b>Confidential</b>.</i>	Public
<p>The paragraph numbers below correspond to the questions raised in the grey boxes of EIOPA Consultation Paper No. 11/007.</p> <p><b>Please follow the instructions for filling in the template:</b></p> <ul style="list-style-type: none"> <li>⇒ <u>Do not change the numbering in column "Reference", or any other formatting in the file.</u></li> <li>⇒ 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.</li> <li>⇒ 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"> <li>○ 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.</li> </ul> </li> </ul> <p><b>Please send the completed template to <a href="mailto:CP_007@eiopa.europa.eu">CP_007@eiopa.europa.eu</a>, in MSWord Format, (our IT tool does not allow processing of any other formats).</b></p>		
<b>Reference</b>	<b>Comment</b>	
General Comment	The IMA represents the asset management industry operating in the UK. Our Members include independent fund managers, the investment arms of retail banks, life insurers and investment banks, and the managers of occupational pension schemes. They are responsible for the management of around £3.9 trillion of assets, which are invested on behalf of clients globally. These include authorised	

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investment funds, (UCITS and non-UCITS), institutional funds (e.g. pensions and life funds), private client accounts and a wide range of pooled investment vehicles.

It is as managers of the investments underpinning variable annuities and as providers of competing investment products that our members are interested in the outcome of this report and consultation.

The IMA fully supports the the PRIPs initiative, which seeks to address the lack of a level playing field in the distribution of retail investment products and inconsistent disclosures. Comparable rules on disclosure and selling practices are essential 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 PRIPs. 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). We strongly believe that the implementation of the PRIPs initiative must be coherent and must result in consistent regulation across all retail investment products. Furthermore, regulators must ensure there is coherence and consistency of implementation of any technical standards.

Variable annuities include an element of capital accumulation and consumers are subject to investment risk during the life of the product. As such, these annuities should provide the same level of disclosure and investor protection as other products. It is also important that legislation is sufficiently flexible to take account of any future development or innovation in product design.

Therefore all annuities (including variable annuities) should be subject to the definition test applicable to all PRIPs, and should be included in the PRIPs initiative when offered to retail investors.

Against this background, we welcome the Report on "Good practices for disclosure and selling of variable

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	<p>annuities". However, as EIOPA states that the Report "does not set forth any guidelines or recommendations" we do not see how its adoption can lead to significant improvements in industry practices. We suggest that EIOPA issues Level 3 recommendations as <u>temporary measures</u> before the adoption of new rules under the PRIPs regime.</p> <p>Both product disclosures and selling rules should, however, be regulated, using the UCITS KIID as the benchmark for product disclosure and MiFID for selling rules, with full consistency across all retail investment products within an overarching European PRIPs regime. Level 3 guidance or recommendations by regulators alone are not sufficient to provide an appropriate level of investor protection.</p> <p>We hope our comments will be helpful to EIOPA and remain at your disposal should you have any questions.</p>	
Q1.		
Q2.		
Q3.		
Q4.		
Q5.		
Q6.		
Q7.		
Q8.		
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Q10.		
Q11.		

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Q12.		
Q13.		
Q14.		
Q15.		