

Comments Template for Discussion paper on a possible EU-single market for personal pension products		Deadline 16 August 2013 18:00 CET
Name of Company:	UNI Europa Finance	
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 Public in the column to the right and by inserting the word Confidential.</i>	Public
<p>Please follow the following instructions for filling in the template:</p> <ul style="list-style-type: none"> ⇒ <u>Do not change the numbering</u> in the column "question"; if you change numbering, your comments cannot be processed by our IT tool. ⇒ Leave the last column <u>empty</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>. ⇒ Our IT tool does not allow processing of comments which do not refer to the specific 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. ○ If your comment refers to parts of a question, please indicate this in the comment itself. <p style="text-align: center;">Please send the completed template, <u>in Word Format</u>, to personalpensions@eiopa.europa.eu. Our IT tool does not allow processing of any other formats.</p>		

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Question	Comment	
General Comment	<p>Summary of main points</p> <ul style="list-style-type: none"> • UNI Europa Finance supports the aim of having multi-pillar pension systems in the EU. It is indeed important to ensure that workers have a sustainable income when they retire. But it must be ensured that well functioning national pension systems are safeguarded. The design and structure of the multi-pillar pension system must be decided by each member state and/or where relevant the national social partners . • It must be ensured that employees are given adequate time and resources to be able to provide all relevant information to clients. • Companies should ensure that employees possess an appropriate level of knowledge and competence in relation to the products offered. It is the responsibility of the company to ensure that employees gets the necessary training ,time and resources to be able to fulfil its task. • Rules on distribution and selling practices should not increase the administrative burden of individual employees. Adminstration already weighs heavily on the shoulders of many finance employees and new administrative requirements risk decreasing the quality of advice and service to customers. <p>General comments</p> <p>UNI Europa Finance welcomes the possibility to reply to the EIOPA discussion paper for personal pension products. We believe that EU member states would benefit from having multi-pillar pension systems, i.e. public pension (pillar 1), occupational pension (pillar 2) and personal pension products (pillar 3). These have the advantage of spreading the financial risks inherent in the pension systems.</p> <p>However, there are difficulties with promoting the same types pension systems or products all</p>	

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over the EU. Pension systems are very much linked to national tax and labour market systems, which is not for the EU to deal with. For instance, the Danish pension model with occupational pensions, where employers and employees together take responsibility for workers pension by contributing jointly throughout the working life of an employee, is working very well. This autonomy of the social partners has many advantages, and it must be ensured that any new rules on private pension products do not become an obstacle to well functioning pension systems rooted in collective bargaining agreements. The three pillars should co-exist, and there should be similar demands to pension providers, such as rules on transparency, but the design and structure should be left to the member states and/or the national social partners to decide upon.

Furthermore, attention needs to be put on the complexity of the European pension issue. Since there are many different pension system models throughout Europe, there is a need to make a comprehensive mapping of the different national systems as well as a thorough impact assessments. This must be done before any possible legislations on PPPs are proposed and implemented. It is furthermore important that these analyses takes the employee perspective into account.

Our further specific remarks are limited to the distribution and selling practices and the professional requirements, since these two areas are the most important from an employee perspective.

Relating to distribution and selling practices UNI Europa believes that a sound, trusting and sustainable relationship between employees and consumers in the financial sectors is absolutely vital for the well-functioning of the financial market at all levels. Aggressive sales targets and merit rating systems that are counterproductive to customer protection and qualified advice must be avoided. If not, the objectivity of employees stands the risk of being questioned, which will lead to a very unsatisfying work situation and have adverse effects on the reliability and image of the sectors.

UNI Europa Finance is thus in favour of sound and reliable rules for the distribution and selling of

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financial products. But any new rules in this area must not increase the administrative burden of individual employees, who in many cases are already under severe strain from administrative task connected to their role as advisors and sellers. In order to ensure that customers get the right products that are suited to their needs, finance employees must have adequate time and resources to provide qualified advice. On an aggregate level this also has an impact on systemic financial stability.

With regard to professional requirements UNI Europa Finance believes it is of utmost importance that employees have an appropriate level of knowledge and competence in relation to the products offered. UNI Europa Finance would like to stress that this must be ensured by the company by providing continuous training and professional development. It is furthermore necessary that staff is given adequate time and resources to be able to provide all relevant information to clients.

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Q56	<p>UNI Europa Finance believes that conflicts of interests can be avoided through the introduction of transparency with regard to products and prices. It must be apparent to customers which agreements the financial institution has reached regarding product sales including for example commission.</p> <p>The level of protection stated must consider the exposed situation of the employees who have to act in the best interest of the customers while at the same time following company policies.. To avoid conflicts of interest the company must ensure the right framework for providing quality advice, i.e. employees need adequate time and resources to be able to provide all relevant information to customers.</p>	

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Q57	<p>In general, distribution rules for different products should as far as possible be harmonised to ensure a level playing field and avoid regulatory arbitrage, currently the national schemes differ greatly across the member states. That being said, the differences between products and areas within the financial sector might require varying degrees of protection. It is UNI Europa Finance's opinion that the MiFID II distribution rules are adequate and should serve as a benchmark for any new rules in the area of personal pensions.</p> <p>The IMD II proposal lays out mis-leading transparency requirements in article 17.3 of the original proposal. Consumer protection is best achieved through personal advice and transparency in products and prices, not on the exact amount of remuneration that the employee receives. A sole focus on the remuneration of employees risks drawing focus away from the core consumer issue – the suitability of the product including its content and cost. Requirements for complete transparency on the level of individual employees are also problematic from a perspective of personal integrity.</p> <p>Conflicts of interest are best mitigated by addressing the issue of inducements in relation to excessive sales targets and sales pressure.</p>	
Q58	<p>UNI Europa Finance would like to see rules on distribution and selling practices aligned with MiFID II and IMD II in order to avoid legal uncertainty and to ensure a level playing field and minimise the risk of regulatory arbitrage.</p>	
Q59	<p>Yes, the suitability concept in the MiFID rules would be relevant also for personal pension products, taking into account the differences between categories of investment products in terms of risk, investment horizon, etc.</p>	

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Q60	<p>First and foremost UNI Europa Finance would like to remind EIOPA that remuneration issues is an area that is not for the EU to deal with. As stated in article 153.5 TFEU, pay is outside the scope of EU legislative competence. This has also been acknowledged several times in recent years' financial legislation, most recently in the CRD IV, recital 69, that states:</p> <p><i>(69) The provisions on remuneration should be without prejudice to the full exercise of fundamental rights guaranteed by Article 153(5) of the TFEU, general principles of national contract and labour law, legislation regarding shareholders' rights and involvement and the general responsibilities of the management bodies of the institution concerned, as well as the rights, where applicable, of the social partners to conclude and enforce collective agreements, in accordance with national law and customs.</i></p> <p>Moreover, as stated above, UNI Europa Finance is convinced that the disclosure rules in IMD II are too far-reaching, not contributing to increased consumer protection but instead obscuring it, whilst at the same time breaching the integrity of individual employees. Transparency in products and prices is key to avoid conflicts of interest.</p> <p>UNI Europa Finance would furthermore like to stress that no sanctions shall be applied to employees who have followed internal rules, instructions and/or practices, be they official or unofficial, within the institution. Individual employees should not be held responsible for a violation, which is encouraged by a tacit policy or practice in the institution.</p>	
Q61	<p>A trustworthy relationship between the customer and the advisor is needed to sustain credible and sustainable financial sectors. Against this background UNI Europa Finance believes that, as the wordings in IMD II recital 37 says: <i>Prior to the conclusion of a contract, including in the case of non-advised sales, the customer should be given the relevant information about the insurance product to allow the customer to make an informed decision. The insurance intermediary should be able to explain to the customer the key features of the insurance products it sells.</i></p>	

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	<p>However, UNI Europa Finance would like to highlight that staff must also be given adequate time and resources to be able to provide all relevant information to clients.</p>	
Q62	<p>With regard to complaints management policies or the like, it must be made clear that it is the responsibility of the employer to provide its staff with sufficient time and resources to fulfil adequate training requirements, not only consisting of e-learning courses.</p> <p>When it comes to internal information flows in relation to the organisation of internal complaints management functions, existing trade union structures for sharing and disseminating information from management to staff within the undertaking or intermediary must be respected. Where applicable, such trade union structures can be an important tool to ensure the necessary internal flows of information and reporting.</p>	
Q63		
Q64	<p>Staff of firms must possess an appropriate level of knowledge and competence in relation to the products offered. This is particularly important given the increased complexity and the continuous innovation in the design of financial products. Buying a product implies a certain risk and investors must be able to rely on the information and quality of assessments provided. It is, as stated above, furthermore necessary that staff is given adequate time and resources to be able to provide all relevant information to clients.</p> <p>The above text has been adopted in Recital 52a and Recital 52b in the European Parliament's plenary text on MiFID II, voted through 26 October, 2012. UNI Europa Finance welcomes this support and understanding of the employees' value and importance for consumer protection. We</p>	

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	<p>would therefore like to stress that the spirit of this paragraph should be carried forward also in any possible legislation for personal pension products.</p> <p>Professional requirements should be regulated through high-level principles and not specific details, thereby ensuring a level playing field and adequate flexibility to be able to maintain different national systems for professional requirements and development. UNI Europa Finance would like to highlight that it can be the task of the social partners to negotiate on a detailed level.</p>	
Q65	<p>High level principles on professional requirements should apply on community-wide level to ensure a level playing field and sound competition. The professional requirements set out in the IMD II could serve as a benchmark. Continuous application is desirable as long as any new rules incorporate review clauses to adjust for changing circumstances. The social partners must be given a role in these reviews to maximise their quality.</p>	
Q66	<p>As stated above, any new legislation on personal pension products should specify that it is the responsibility of the company to ensure that employees get the necessary training ,time and resources to be able to fulfil their tasks in a such way as to guarantee consumer protection and systemic financial stability.</p> <p>The IMD II proposal contains good wordings on the level of professionalism and competence needed, but more importantly it explicitly mentions that continuing education related to these requirements should be ensured. Again, we would like to stress that this is not enough - it should also be explicitly stated that continuous training and competence development must be the responsibility of the company.</p>	
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