

Comments Template on Consultation Paper on Technical Advice on possible delegated acts concerning the Insurance Distribution Directive		Deadline 3 October 2016 18:00 CET
Name of Company:	Eurosif Aisbl	
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Reference	Comment	
General Comment	<p>Eurosif promotes the inclusion of Environmental, Social and Governance considerations in retail insurance products. These considerations should be taken into account throughout the investment life-cycle and in the marketing and distribution strategy. Retail investors need to be able to understand the risks of the products in which they invest by assessing the financial risks and ESG-related risks. An</p>	

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	<p>important aspect to be considered is that different products will not have the same type of risk attached and avoiding a “one-size-fits-all” approach is essential. As already mentioned in previous consultations, techniques such as visual approaches to make the risk information more accessible to retail investors are worth exploring and can have greater impact if combined with textual risk description. Finally, Eurosif wishes to draw attention to the importance of a forward-looking approach in assessing risks, whether financial or ESG-related, in order to complement the historical, backward looking approach. To make successful long-term decisions, an investor needs to understand not only the past performance and risks involved of a certain fund, but more importantly, to understand how current risks are dealt with and what the forward-looking approach is on risk-management (i.e. carbon emissions, corporate governance practices, etc).</p>	
Question 1		
Question 2	<p>Eurosif believes the product oversight could be further enhanced and supports further level of detail as per the monitoring of the alignment with the interests, objectives and characteristics of the product.</p>	
Question 3		
Question 4		
Question 5		
Question 6		
Question 7	<p>Eurosif fully supports the application of the principle of granularity in the definition of the target market primarily for two reasons: ensuring investments products available to retail investors have an appropriate risk/reward profile consistent with the specific target market; and allowing retail investors to choose products that reflect their values and objectives also of a non-financial nature. These two considerations are in line with the legislative package dedicated to rebuilding consumer trust in financial markets which particularly affects retail and insurance</p>	

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based investment products. As the European Commission has already recognised, retail investors are increasingly pursuing, along with the financial returns, also additional purposes such as social or environmental goals of their investments. Specific inclusion of Environmental, Social and Governance criteria, in the identification of the target market, would constitute an important set of criteria with relevant implications for the investor. The retail Sustainable and Responsible Investment (SRI) industry is experiencing growth on a sustained level, but so far the market has been mainly led by institutional investors. Although we are seeing interest from retail investors become more prominent, their demand is still hampered by available products and accessible information. Much can be done by regulators to reverse this trend.

Question 8

Question 9

Question 10

Question 11

Question 12

Question 13

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Question 17

Question 18

Question 19

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Question 21

Question 22

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