



## ENSURING COHERENCE OF FINANCIAL SERVICES LEGISLATION – COMMISSION CALL FOR EVIDENCE AN EXCELLENT INITIATIVE AMONG THE MEASURES TO REACH CONSISTENCY

### EU regulation in the financial services sector has multiplied

Over the last years, regulation within the European financial sector has multiplied as a result of the financial crisis. Regulation has an important role in upholding the stability of the European financial markets, developing the internal market and protecting the investors and consumers. However, the vast amount of legislative measures and hast in the process, caused by the crisis, has sometimes resulted in regulation which is partly overlapping, contradictory or overly detailed and redundant. We welcome very much the initiatives taken by the European Commission and the European Parliament in order to review the regulation and processes in the field of financial services.

The next few years will also see a large volume of lower level regulation (level 2 and 3) finalised in the financial sector. This work involves national and European financial supervisors (EBA, ESMA and EIOPA), and will introduce a large amount of new and more detailed regulation into the financial sector.

FFI's opinion is that **the multi-level regulatory framework that has been prepared must first be finalised and implemented, before any new extensive legislative reforms are undertaken.** We need to safeguard first efficient implementation and uniform supervision of current rules in different EU Member States. **In legislative measures, priority needs to be given to reviews and amendments that aim to improve the coherence, consistency, quality and proportionality of the regulation.**

### EU regulation has conflicting goals

Better regulation also supports the goals of growth and employment, which are essential for Europe and which are the principal aims of the Commission work. **If the European financial market is to achieve the urgently sought growth in investment and capital markets, all regulation should consistently support this goal.** The Commission's key project of creating the Capital Markets Union should give focus to removing regulatory obstacles which hinder or prevent improvements to the funding of new companies, or diversification of funding in general. New regulation contradicting this goal should not be issued.

**All regulation should also be neutral towards technology to ensure that the advantages of digitalisation, pursued by the Commission, can truly be utilised.**

### Current actions in the Commission and Parliament highly supportable

Many concerns have been expressed in Europe regarding the expanding financial



regulation, its contradictions, complexity and lack of coherence. We welcome very much this Commission Call for evidence on EU regulatory framework for financial services. FFI recognizes the importance of this action and feels this is one of the major tools to take forward the aims of the Capital Markets Union. We hope to see the initiative will lead to concrete actions and legislative reviews.

As the Commission aims to analyse the cumulative impact of financial services legislation, we stress the importance of taking into account in this exercise also the vast reforms in the financial services regulation which are implemented in the next few years. Otherwise, the analyse on total impact will only be partial.

The European Parliament will discuss improvements to financial regulation this winter in the ECON committee. The Report by MEP Burkhard Balz, adopted in ECON in January, includes excellent suggestions for this purpose. The Report proposes to introduce annual proportionality, coherence and consistency checks on regulation. A larger research on the cumulative effects of regulation should be done every five years. We welcome the proposals of this report in most parts and feel it is important that the Parliament engages in this discussion.

### **Better regulation principles into concrete action in the legislative process**

FFI considers the Commission's Better Regulation programme (19.5.2015) highly supportable. Improving the system of impact assessments is necessary in order to provide high quality proposals. We also welcome the actions Commission has taken to coordinate the upcoming Commission proposals. This will improve regulatory coherence.

The new Inter-Institutional Agreement, proposed by the Commission, also aims to utilise the principles of better regulation and to better coordinate the negotiation process in the EU Council and Parliament. **FFI finds these ideas highly supportable. The principles of better regulation should be included in all stages of the law-making process**, in order to ensure considered actions through the lifetime of a proposal.

It is commendable that the REFIT programme has been given high priority in the Commission. **The process is on-going and we hope to see existing financial regulation examined to a more extensive extent and detail in the REFIT programme.**

In financial services, level 2 and 3 legislative measures have multiplied the amount and detail of regulation. **We feel same principles of better regulation and coherence should be extended to level 2 and 3 process.** Only this would ensure the coherence of financial services regulation in all aspects.

When new level 1 framework directives or regulations are issued, it must be carefully considered in what topics and to what extent level 1 legislation should give mandates to level 2 and 3 measures. European supervisors should exercise constraint in publishing own-initiative recommendations and guidelines before level 1 legislation in preparation has been finalised. **The supervisors should in general be obliged to take account of proportionality when issuing new guidelines on matters that are already regulated on level 1. It is of utmost importance that level 1 mandates issued by the European legislator are respected in level 2 and 3.**



# Call for evidence: EU regulatory framework for financial services

Fields marked with \* are mandatory.

## Introduction

The Commission is looking for empirical evidence and concrete feedback on:

- A. Rules affecting the ability of the economy to finance itself and growth;
- B. Unnecessary regulatory burdens;
- C. Interactions, inconsistencies and gaps;
- D. Rules giving rise to unintended consequences.

It is expected that the outcome of this consultation will provide a clearer understanding of the interaction of the individual rules and cumulative impact of the legislation as a whole including potential overlaps, inconsistencies and gaps. It will also help inform the individual reviews and provide a basis for concrete and coherent action where required.

Evidence is sought on the impacts of the EU financial legislation but also on the impacts of national implementation (e.g. gold-plating) and enforcement.

**Feedback provided should be supported by relevant and verifiable empirical evidence and concrete examples. Any underlying assumptions should be clearly set out.**

**Feedback should be provided only on rules adopted by co-legislators to date.**

**Please note:** In order to ensure a fair and transparent consultation process **only responses received through our online questionnaire will be taken into account** and included in the report

summarising the responses. Should you have a problem completing this questionnaire or if you require particular assistance, please contact [fisma-financial-regulatory-framework-review@ec.europa.eu](mailto:fisma-financial-regulatory-framework-review@ec.europa.eu).

More information:

- [on this consultation](#)
- [on the protection of personal data regime for this consultation](#) 

## 1. Information about you

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\* Are you replying as:

- a private individual
- an organisation or a company
- a public authority or an international organisation

\* Name of your organisation:

Federation of Finnish Financial Services

Contact email address:

The information you provide here is for administrative purposes only and will not be published

mari.pekonen-ranta@fkl.fi

\* Is your organisation included in the Transparency Register?

(If your organisation is not registered, [we invite you to register here](#), although it is not compulsory to be registered to reply to this consultation. [Why a transparency register?](#))

- Yes
- No

\* If so, please indicate your Register ID number:

7328496842-09

\* Type of organisation:

- Academic institution
- Consultancy, law firm
- Industry association
- Non-governmental organisation
- Trade union
- Company, SME, micro-enterprise, sole trader
- Consumer organisation
- Media
- Think tank
- Other

\* Where are you based and/or where do you carry out your activity?

Finland

\* Field of activity or sector (*if applicable*):

*at least 1 choice(s)*

- Accounting
- Auditing
- Banking
- Consumer protection
- Credit rating agencies
- Insurance
- Pension provision
- Investment management (e.g. hedge funds, private equity funds, venture capital funds, money market funds, securities)
- Market infrastructure operation (e.g. CCPs, CSDs, Stock exchanges)
- Social entrepreneurship
- Other
- Not applicable

\* Please specify your activity field(s) or sector(s):

Investment funds, securities dealers



## Important notice on the publication of responses

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\* Contributions received are intended for publication on the Commission's website. Do you agree to your contribution being published?

(see [specific privacy statement](#) )

- Yes, I agree to my response being published under the name I indicate (*name of your organisation/company/public authority or your name if your reply as an individual*)
- No, I do not want my response to be published

## 2. Your feedback

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In this section you will have the opportunity to provide evidence on the 15 issues set out in the consultation paper. You can provide up to 5 examples for each issue.

**If you would like to submit a cover letter or executive summary of the main points you will provide below, please upload it here:**

- 40496a27-f769-4704-9a3a-4f1371f5c87b/Call for Evidence - Annex 1.docx

Please choose at least one issue from at least one of the following four thematic areas on which you would like to provide evidence:

## A. Rules affecting the ability of the economy to finance itself and grow

You can select one or more issues, or leave all issues unselected

- Issue 1 - Unnecessary regulatory constraints on financing
- Issue 2 - Market liquidity
- Issue 3 - Investor and consumer protection
- Issue 4 - Proportionality / preserving diversity in the EU financial sector

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### Issue 1 – Unnecessary regulatory constraints on financing

The Commission launched a consultation in July on the impact of the Capital Requirements Regulation on bank financing of the economy. In addition to the feedback provided to that consultation, please identify undue obstacles to the ability of the wider financial sector to finance the economy, with a particular focus on SME financing, long-term innovation and infrastructure projects and climate finance. Where possible, please provide quantitative estimates to support your assessment.

How many examples do you want to provide for this issue?

- 1 example    2 examples    3 examples    4 examples    5 examples

Please fill in the fields below. For any additional documentation, please use the upload button at the end of the section dedicated to this issue.

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### Example 1 for Issue 1 (Unnecessary regulatory constraints on financing)

#### \* To which Directive(s) and/or Regulation(s) do you refer in your example?

Please select at least one item in the list of the main adopted EU legislative acts below.

Please do not tick the "other" box unless the example you want to provide refers to an legislative act which is not in the list (other adopted EU legislative acts, national legislative acts, etc..). In that case, please specify in the dedicated text box which other legislative act(s) the example refers to.

- |   |  |
|---|--|
| <input type="checkbox"/> Accounting Directive                                       | <input type="checkbox"/> AIFMD (Alternative Investment Funds Directive)                                      |
| <input type="checkbox"/> BRRD (Bank recovery and resolution Directive)              | <input type="checkbox"/> CRAs (credit rating agencies)- Directive and Regulation                             |
| <input type="checkbox"/> CRR III/CRD IV (Capital Requirements Regulation/Directive) | <input type="checkbox"/> CSDR (Central Securities Depositories Regulation )                                  |
| <input type="checkbox"/> DGS (Deposit Guarantee Schemes Directive)                  | <input type="checkbox"/> Directive on non-financial reporting  |
| <input type="checkbox"/> ELTIF (Long-term Investment Fund Regulation)               | <input type="checkbox"/> EMIR (Regulation of OTC derivatives, Central Counterparties and Trade Repositories) |

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|---|---|
| <input type="checkbox"/> E-Money Directive  | <input type="checkbox"/> ESAs regulations (European Supervisory Authorities)                  |
| <input type="checkbox"/> ESRB (European Systemic Risk Board Regulation)                             | <input type="checkbox"/> EuSEF (European Social Entrepreneurship Funds Regulation)            |
| <input type="checkbox"/> EuVECA (European venture capital funds Regulation)                         | <input type="checkbox"/> FCD (Financial Collateral Directive)                                 |
| <input type="checkbox"/> FICOD (Financial Conglomerates Directive)                                  | <input type="checkbox"/> IGS (Investor compensation Schemes Directive)                        |
| <input type="checkbox"/> IMD (Insurance Mediation Directive)  | <input type="checkbox"/> IORP (Directive on Institutions of Occupational Retirement Pensions) |
| <input type="checkbox"/> Life Insurance Directive   | <input type="checkbox"/> MAD/R (Market Abuse Regulation & Criminal Sanctions Directive)       |
| <input type="checkbox"/> MCD (Mortgage Credit Directive)  | <input type="checkbox"/> MIF (Multilateral Interchange Fees Regulation)                       |
| <input type="checkbox"/> MiFID II/R (Markets in Financial Instruments Directive & Regulation)       | <input type="checkbox"/> Motor Insurance Directive  |
| <input type="checkbox"/> Omnibus I (new EU supervisory framework)                                   | <input type="checkbox"/> Omnibus II: new European supervisory framework for insurers          |
| <input type="checkbox"/> PAD (Payments Account Directive)   | <input type="checkbox"/> PD (Prospectus Directive)  |
| <input type="checkbox"/> PRIPS (Packaged retail and insurance-based investment products Regulation) | <input type="checkbox"/> PSD (Payment Services Directive)                                     |
| <input type="checkbox"/> Qualifying holdings Directive  | <input type="checkbox"/> Regulations on IFRS (International Financial Reporting Standards)    |
| <input type="checkbox"/> Reinsurance Directive  | <input type="checkbox"/> SEPA Regulation (Single Euro Payments Area)                          |
| <input type="checkbox"/> SFD (Settlement Finality Directive)  | <input type="checkbox"/> SFTR (Securities Financing Transactions Regulation)                  |
| <input type="checkbox"/> Solvency II Directive  | <input type="checkbox"/> SRM (Single Resolution Mechanism Regulation)                         |
| <input type="checkbox"/> SSM Regulation (Single Supervisory Mechanism)                              | <input type="checkbox"/> SSR (Short Selling Regulation)                                       |
| <input type="checkbox"/> Statutory Audit - Directive and Regulation                                 | <input type="checkbox"/> Transparency Directive   |
| <input type="checkbox"/> UCITS (Undertakings for collective investment in transferable securities)  | <input checked="" type="checkbox"/> Other Directive(s) and/or Regulation(s)                   |

**\* Please specify to which other Directive(s) and/or Regulation(s) you refer in your example?**  
 (Please be short and clear: state only the common name and/or reference of the legislative act(s) you refer to.)

Bank Structural Reform

**\* Please provide us with an executive/succinct summary of your example:**  
 (If applicable, mention also the articles of the Directive(s) and/or Regulation(s) selected above and referred to in your example)

Structural restrictions on banks (Bank Structural Reform, BSR) would be disadvantageous to customers, because banks would have fewer opportunities to provide versatile service. For example, separating market-making from other banking activities would make it more difficult and more costly for companies to acquire securities-based financing from the market.

Market making means that banks pledge to buy and sell equities and bonds at a specific price. As investors can then be sure that there will always be a partner who is ready to buy and sell, it makes trading activities smoother and the markets more liquid. If market making is to be separated from other banking activities, banks would most likely reduce the number of securities they own with negative consequences to the liquidity of the markets.

Recent crises have shown that universal banks, which are engaged in various retail, wholesale and investment bank activities, have fared relatively well through the difficult times. Diverse activities have also meant diversified risks and steadier income, which has made the entire banking system more stable.

Restrictions to banking structures could be particularly harmful for Nordic banks and their customers. The background report on the Commission's BSR regulation proposal included 29 banks that could be affected by the implementation of said regulation. As many as six Nordic banks were included: Danske Bank, DNB, Handelsbanken, Nordea, SEB and Swedbank. All in all, the planned restrictions to banking structures would hinder banks' possibilities to serve their customers to the current extent and on current prices. The restrictions would also conflict with the aim to diversify corporate financing and with the goals of the Capital Markets Union. The Commission has indirectly admitted that the restrictions would have negative effects on corporate financing.

Presented in a package with the structural reform proposal, the Commission also gave a draft regulation on reporting and transparency of securities financing agreements. The reporting obligations therein concern the entire financial sector and also many other companies. The proposal also sets additional requirements on investment funds. The Commission justifies it with the risk that the structural restrictions on banks would move business outside traditional banking. If this proposal were to take effect, the market would become less attractive, thus raising financing costs.

**\* Please provide us with supporting relevant and verifiable empirical evidence for your example:**

(please give references to concrete examples, reports, literature references, data, etc.)

Please see answer below.

**\* If you have suggestions to remedy the issue(s) raised in your example, please make them here:**



The proposal should not be adopted.

## Example 2 for Issue 1 (Unnecessary regulatory constraints on financing)

### \* To which Directive(s) and/or Regulation(s) do you refer in your example?

Please select at least one item in the list of the main adopted EU legislative acts below.

Please do not tick the "other" box unless the example you want to provide refers to an legislative act which is not in the list (other adopted EU legislative acts, national legislative acts, etc..). In that case, please specify in the dedicated text box which other legislative act(s) the example refers to.

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| <input type="checkbox"/> Accounting Directive   | <input type="checkbox"/> AIFMD (Alternative Investment Funds Directive)                                      |
| <input type="checkbox"/> BRRD (Bank recovery and resolution Directive)                        | <input type="checkbox"/> CRAs (credit rating agencies)- Directive and Regulation                             |
| <input type="checkbox"/> CRR III/CRD IV (Capital Requirements Regulation/Directive)           | <input type="checkbox"/> CSDR (Central Securities Depositories Regulation )                                  |
| <input type="checkbox"/> DGS (Deposit Guarantee Schemes Directive)                            | <input type="checkbox"/> Directive on non-financial reporting  |
| <input type="checkbox"/> ELTIF (Long-term Investment Fund Regulation)                         | <input type="checkbox"/> EMIR (Regulation of OTC derivatives, Central Counterparties and Trade Repositories) |
| <input type="checkbox"/> E-Money Directive  | <input type="checkbox"/> ESAs regulations (European Supervisory Authorities)                                 |
| <input type="checkbox"/> ESRB (European Systemic Risk Board Regulation)                       | <input type="checkbox"/> EuSEF (European Social Entrepreneurship Funds Regulation)                           |
| <input type="checkbox"/> EuVECA (European venture capital funds Regulation)                   | <input type="checkbox"/> FCD (Financial Collateral Directive)  |
| <input type="checkbox"/> FICOD (Financial Conglomerates Directive)                            | <input type="checkbox"/> IGS (Investor compensation Schemes Directive)                                       |
| <input type="checkbox"/> IMD (Insurance Mediation Directive)                                  | <input type="checkbox"/> IORP (Directive on Institutions of Occupational Retirement Pensions)                |
| <input type="checkbox"/> Life Insurance Directive   | <input type="checkbox"/> MAD/R (Market Abuse Regulation & Criminal Sanctions Directive)                      |
| <input type="checkbox"/> MCD (Mortgage Credit Directive)                                      | <input type="checkbox"/> MIF (Multilateral Interchange Fees Regulation)                                      |
| <input type="checkbox"/> MiFID II/R (Markets in Financial Instruments Directive & Regulation) | <input type="checkbox"/> Motor Insurance Directive   |
| <input type="checkbox"/> Omnibus I (new EU supervisory framework)                             | <input type="checkbox"/> Omnibus II: new European supervisory framework for insurers                         |
| <input type="checkbox"/> PAD (Payments Account Directive)                                     | <input type="checkbox"/> PD (Prospectus Directive)   |
| <input type="checkbox"/> PRIIPS (Packaged retail and insurance-based investment products)     | <input type="checkbox"/> PSD (Payment Services Directive)  |

Regulation)

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|--|--|
| <input type="checkbox"/> Qualifying holdings Directive   | <input type="checkbox"/> Regulations on IFRS (International Financial Reporting Standards) |
| <input type="checkbox"/> Reinsurance Directive   | <input type="checkbox"/> SEPA Regulation (Single Euro Payments Area)                       |
| <input type="checkbox"/> SFD (Settlement Finality Directive)                                       | <input type="checkbox"/> SFTR (Securities Financing Transactions Regulation)               |
| <input type="checkbox"/> Solvency II Directive   | <input type="checkbox"/> SRM (Single Resolution Mechanism Regulation)                      |
| <input type="checkbox"/> SSM Regulation (Single Supervisory Mechanism)                             | <input type="checkbox"/> SSR (Short Selling Regulation)                                    |
| <input type="checkbox"/> Statutory Audit - Directive and Regulation                                | <input type="checkbox"/> Transparency Directive  |
| <input type="checkbox"/> UCITS (Undertakings for collective investment in transferable securities) | <input checked="" type="checkbox"/> Other Directive(s) and/or Regulation(s)                |

- \* **Please specify to which other Directive(s) and/or Regulation(s) you refer in your example?**  
(Please be short and clear: state only the common name and/or reference of the legislative act(s) you refer to.)

Financial Transaction Tax

- \* **Please provide us with an executive/succinct summary of your example:**  
(If applicable, mention also the articles of the Directive(s) and/or Regulation(s) selected above and referred to in your example)

The implementation of a Financial Transaction Tax (FTT) would increase costs for the financial sector and its customers, impair functioning of the financial market, and drive market functions to less taxed countries. Overall, the tax would weaken financial markets in EU countries and would counteract the Commission's goals for the Capital Markets Union.

The tax is currently being prepared by 11 EU countries. Although Finland is not one of them, the tax would still be harmful to the Finnish economy, because Finnish financial institutions would have to pay the tax on the types of trade the tax applies to.

Banks and other financial institutions act as intermediaries in the market. Tax targeted at the intermediation would mostly end up being paid by their customers.

Implementation of the FTT would have a direct negative effect also on for example the profits of Finnish employee pension funds. Costs of the tax would have to be covered either by raising pension contributions, or by lowering pension benefits.

- \* **Please provide us with supporting relevant and verifiable empirical evidence for your example:**  
(please give references to concrete examples, reports, literature references, data, etc.)

Please see answer below.

**\* If you have suggestions to remedy the issue(s) raised in your example, please make them here:**

The proposal should not be adopted.

### Example 3 for Issue 1 (Unnecessary regulatory constraints on financing)

**\* To which Directive(s) and/or Regulation(s) do you refer in your example?**

Please select at least one item in the list of the main adopted EU legislative acts below.

Please do not tick the "other" box unless the example you want to provide refers to an legislative act which is not in the list (other adopted EU legislative acts, national legislative acts, etc..). In that case, please specify in the dedicated text box which other legislative act(s) the example refers to.

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|---|---|
| <input type="checkbox"/> Accounting Directive                                       | <input type="checkbox"/> AIFMD (Alternative Investment Funds Directive)   |
| <input type="checkbox"/> BRRD (Bank recovery and resolution Directive)              | <input type="checkbox"/> CRAs (credit rating agencies)- Directive and Regulation  |
| <input type="checkbox"/> CRR III/CRD IV (Capital Requirements Regulation/Directive) | <input type="checkbox"/> CSDR (Central Securities Depositories Regulation )   |
| <input type="checkbox"/> DGS (Deposit Guarantee Schemes Directive)                  | <input type="checkbox"/> Directive on non-financial reporting   |
| <input type="checkbox"/> ELTIF (Long-term Investment Fund Regulation)               | <input checked="" type="checkbox"/> EMIR (Regulation of OTC derivatives, Central Counterparties and Trade Repositories) |
| <input type="checkbox"/> E-Money Directive  | <input type="checkbox"/> ESAs regulations (European Supervisory Authorities)  |
| <input type="checkbox"/> ESRB (European Systemic Risk Board Regulation)             | <input type="checkbox"/> EuSEF (European Social Entrepreneurship Funds Regulation)                                      |
| <input type="checkbox"/> EuVECA (European venture capital funds Regulation)         | <input type="checkbox"/> FCD (Financial Collateral Directive)   |
| <input type="checkbox"/> FICOD (Financial Conglomerates Directive)                  | <input type="checkbox"/> IGS (Investor compensation Schemes Directive)  |
| <input type="checkbox"/> IMD (Insurance Mediation Directive)                        | <input type="checkbox"/> IORP (Directive on Institutions of Occupational Retirement Pensions)                           |
| <input type="checkbox"/> Life Insurance Directive                                   | <input type="checkbox"/> MAD/R (Market Abuse Regulation & Criminal Sanctions Directive)                                 |
|   | <input type="checkbox"/> MIF (Multilateral Interchange Fees)  |

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| <input type="checkbox"/> MCD (Mortgage Credit Directive)  | <input type="checkbox"/> Regulation)   |
| <input type="checkbox"/> MiFID II/R (Markets in Financial Instruments Directive & Regulation)       | <input type="checkbox"/> Motor Insurance Directive   |
| <input type="checkbox"/> Omnibus I (new EU supervisory framework)                                   | <input type="checkbox"/> Omnibus II: new European supervisory framework for insurers       |
| <input type="checkbox"/> PAD (Payments Account Directive)   | <input type="checkbox"/> PD (Prospectus Directive)   |
| <input type="checkbox"/> PRIPS (Packaged retail and insurance-based investment products Regulation) | <input type="checkbox"/> PSD (Payment Services Directive)                                  |
| <input type="checkbox"/> Qualifying holdings Directive  | <input type="checkbox"/> Regulations on IFRS (International Financial Reporting Standards) |
| <input type="checkbox"/> Reinsurance Directive  | <input type="checkbox"/> SEPA Regulation (Single Euro Payments Area)                       |
| <input type="checkbox"/> SFD (Settlement Finality Directive)  | <input type="checkbox"/> SFTR (Securities Financing Transactions Regulation)               |
| <input type="checkbox"/> Solvency II Directive  | <input type="checkbox"/> SRM (Single Resolution Mechanism Regulation)                      |
| <input type="checkbox"/> SSM Regulation (Single Supervisory Mechanism)                              | <input type="checkbox"/> SSR (Short Selling Regulation)                                    |
| <input type="checkbox"/> Statutory Audit - Directive and Regulation                                 | <input type="checkbox"/> Transparency Directive  |
| <input type="checkbox"/> UCITS (Undertakings for collective investment in transferable securities)  | <input type="checkbox"/> Other Directive(s) and/or Regulation(s)                           |

**\* Please provide us with an executive/succinct summary of your example:**

(If applicable, mention also the articles of the Directive(s) and/or Regulation(s) selected above and referred to in your example)

The introduction and enter into force of the EMIR regulation has had a rather dramatic consequence already when it comes to collateral requirements. Rise in collateral costs is one of the most severe consequences of EMIR regulation. Even though it correctly seems that most non-financial counterparties are not obliged to post collateral for their non-centrally cleared transactions, indirect consequences can already be seen.

Stricter rules on the eligibility and amount of collateral targeted for financial counterparties have led to a collateral squeeze which in turn means that to overcome their own collateral requirements, financial counterparties need to receive more and diverse collateral from their non-financial counterparties than before. The most detrimental consequence of the EMIR regulation seems to fall on energy companies and therefore indirectly to all companies and citizens when it was decided that bank guarantees as such are no longer eligible collateral for EMIR clearing purposes.

Further, according to our observations a significant move to fixed rate contracts has occurred especially in commodities markets. Compliance costs related to trade reporting are regularly discussed when entering into FX forward contracts where they seem disproportionate and create disincentives for hedging. Smaller companies have also reduced their hedging activity with regard to interest rates which creates a risk of increased interest rate costs in the future as the rates start rising. Most of these moves are due to the fact that unit costs for derivatives contracts have multiplied since the time

before EMIR and the possible benefits at hand may not overcome the costs. It can only be hoped for that the risks that are now left unhedged do not materialize in the future.

Reporting costs may seem low at first but are often disproportionate to the amount of contracts which even are mostly used for hedging purposes. The cost to obtain and maintain an LEI-code has in some cases proven to be too expensive in proportion to the contract value. In the most disproportionate cases the LEI code has to be maintained and paid for 30 years in order to enter into one hedging derivatives contract. These issues in turn mean that for example currency risks have remained in the small undertaking's portfolio. Compliance with reporting obligation means also that even in cases where the reporting has been outsourced to another entity, a simple IT-system for reporting and a detailed documentation system must be in place.

The changes in the market are also happening due to indirect consequences of the EMIR regulation. Lower liquidity in general accelerates the rise in the prices and this combined with compliance costs both for derivatives users and their counterparties creates a major disincentive to use derivatives products. The vicious circle is thus created that ultimately means fewer and more expensive financing for European companies. Non-financial companies become more risky even from a traditional lending perspective as more traditional risks are no longer hedged due to the EMIR requirements and their indirect consequences. The financial counterparties must take this increased counterparty risk into account when considering the availability and costs for finance. This circle should be broken as soon as possible to balance the European companies' access to finance in light of the Capital Markets Union objectives.

**\* Please provide us with supporting relevant and verifiable empirical evidence for your example:**

(please give references to concrete examples, reports, literature references, data, etc.)

Please see answer below.

**\* If you have suggestions to remedy the issue(s) raised in your example, please make them here:**

We are of the opinion that EMIR regulation should in the upcoming review be amended in a way that better suits for the European derivatives markets. In principle, the rules should respond in an efficient and proportionate manner to the ultimate goal of avoiding systemic risks. Especially the reporting obligation should be amended to reduce the costs of hedging. First of all, a single-sided reporting obligation should be in place instead of the current dual-sided reporting system. Secondly, exchange traded derivatives should not

be in the scope of EMIR reporting obligations. Finally and most importantly, a volume threshold similar to the clearing obligation should be drafted to avoid the burden on European non-financial firms.

**If you have further quantitative or qualitative evidence related to issue 1 that you would like to submit, please upload it here:**

#### **Issue 4 – Proportionality / preserving diversity in the EU financial sector**

Are EU rules adequately suited to the diversity of financial institutions in the EU? Are these rules adapted to the emergence of new business models and the participation of non-financial actors in the market place? Is further adaptation needed and justified from a risk perspective? If so, which, and how?

How many examples do you want to provide for this issue?

- 1 example    2 examples    3 examples    4 examples    5 examples

Please fill in the fields below. For any additional documentation, please use the upload button at the end of the section dedicated to this issue.

#### **Example 1 for Issue 4 (Proportionality / preserving diversity in the EU financial sector)**

##### **\* To which Directive(s) and/or Regulation(s) do you refer in your example?**

Please select at least one item in the list of the main adopted EU legislative acts below.

Please do not tick the "other" box unless the example you want to provide refers to an legislative act which is not in the list (other adopted EU legislative acts, national legislative acts, etc..). In that case, please specify in the dedicated text box which other legislative act(s) the example refers to.

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|---|--|
| <input type="checkbox"/> Accounting Directive                                       | <input type="checkbox"/> AIFMD (Alternative Investment Funds Directive)                                      |
| <input type="checkbox"/> BRRD (Bank recovery and resolution Directive)              | <input type="checkbox"/> CRAs (credit rating agencies)- Directive and Regulation                             |
| <input type="checkbox"/> CRR III/CRD IV (Capital Requirements Regulation/Directive) | <input type="checkbox"/> CSDR (Central Securities Depositories Regulation )                                  |
| <input type="checkbox"/> DGS (Deposit Guarantee Schemes Directive)                  | <input type="checkbox"/> Directive on non-financial reporting  |
| <input type="checkbox"/> ELTIF (Long-term Investment Fund Regulation)               | <input type="checkbox"/> EMIR (Regulation of OTC derivatives, Central Counterparties and Trade Repositories) |
| <input type="checkbox"/>  | <input type="checkbox"/> ESAs regulations (European Supervisory  |

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|--|---|
| <input type="checkbox"/> E-Money Directive   | <input type="checkbox"/> Authorities)   |
| <input type="checkbox"/> ESRB (European Systemic Risk Board Regulation)                              | <input type="checkbox"/> EuSEF (European Social Entrepreneurship Funds Regulation)            |
| <input type="checkbox"/> EuVECA (European venture capital funds Regulation)                          | <input type="checkbox"/> FCD (Financial Collateral Directive)                                 |
| <input type="checkbox"/> FICOD (Financial Conglomerates Directive)                                   | <input type="checkbox"/> IGS (Investor compensation Schemes Directive)                        |
| <input type="checkbox"/> IMD (Insurance Mediation Directive)   | <input type="checkbox"/> IORP (Directive on Institutions of Occupational Retirement Pensions) |
| <input type="checkbox"/> Life Insurance Directive  | <input type="checkbox"/> MAD/R (Market Abuse Regulation & Criminal Sanctions Directive)       |
| <input type="checkbox"/> MCD (Mortgage Credit Directive)   | <input type="checkbox"/> MIF (Multilateral Interchange Fees Regulation)                       |
| <input type="checkbox"/> MiFID II/R (Markets in Financial Instruments Directive & Regulation)        | <input type="checkbox"/> Motor Insurance Directive  |
| <input type="checkbox"/> Omnibus I (new EU supervisory framework)                                    | <input type="checkbox"/> Omnibus II: new European supervisory framework for insurers          |
| <input type="checkbox"/> PAD (Payments Account Directive)  | <input type="checkbox"/> PD (Prospectus Directive)  |
| <input type="checkbox"/> PRIIPS (Packaged retail and insurance-based investment products Regulation) | <input type="checkbox"/> PSD (Payment Services Directive)                                     |
| <input type="checkbox"/> Qualifying holdings Directive   | <input type="checkbox"/> Regulations on IFRS (International Financial Reporting Standards)    |
| <input type="checkbox"/> Reinsurance Directive   | <input type="checkbox"/> SEPA Regulation (Single Euro Payments Area)                          |
| <input type="checkbox"/> SFD (Settlement Finality Directive)   | <input type="checkbox"/> SFTR (Securities Financing Transactions Regulation)                  |
| <input type="checkbox"/> Solvency II Directive   | <input type="checkbox"/> SRM (Single Resolution Mechanism Regulation)                         |
| <input type="checkbox"/> SSM Regulation (Single Supervisory Mechanism)                               | <input type="checkbox"/> SSR (Short Selling Regulation)                                       |
| <input type="checkbox"/> Statutory Audit - Directive and Regulation                                  | <input type="checkbox"/> Transparency Directive   |
| <input type="checkbox"/> UCITS (Undertakings for collective investment in transferable securities)   | <input checked="" type="checkbox"/> Other Directive(s) and/or Regulation(s)                   |

**\* Please specify to which other Directive(s) and/or Regulation(s) you refer in your example?**  
(Please be short and clear: state only the common name and/or reference of the legislative act(s) you refer to.)

Insurance crisis resolution and guarantee schemes

**\* Please provide us with an executive/succinct summary of your example:**  
(If applicable, mention also the articles of the Directive(s) and/or Regulation(s) selected above and referred to in your example)

The Commission is considering whether to issue crisis management regulation on insurance companies' insolvency, and a communication might be expected in

2016. The Commission has also looked into the possibility of insurance companies' guarantee schemes, which would cover possible cases of insolvency from funds that all the companies contribute in.

The Solvency II Directive has come into effect in January 2016, and will fully harmonise the solvency, administration, reporting and supervision regulation of insurance companies in all member states. Solvency II will improve stability of the insurance sector, and harmonised supervision will ensure that the regulation is implemented similarly in all member states. At this stage it is important to focus on the efficiency of supervision and harmonisation of supervisory practices, instead of new regulation. If crisis management regulation was to be issued, it should be specifically limited to apply only to major insurers that are systemically important in the European context.

Insurance guarantee schemes created through EU regulation would in no case mean a 100% guarantee for the customers of insurance companies. EU regulation would likely even be a step back compared to the national statutory guarantee schemes already in place in Finland. The Commission's earlier drafts also treat smaller and more focused insurance markets unfavourably, compared to other markets, which means their implementation as such would hinder the operations of companies in these markets and create unlevel playing field in Europe.

**\* Please provide us with supporting relevant and verifiable empirical evidence for your example:**

(please give references to concrete examples, reports, literature references, data, etc.)

Please see answer below.

**\* If you have suggestions to remedy the issue(s) raised in your example, please make them here:**

Instead of issuing new regulation, the Commission should look into alternative ways to improve customer protection. For example in the Finnish Insurance Company Act, the customers' assets have priority in case of a non-life insurance company's bankruptcy. Portfolio transfers of insurance policies into another company is another means used in many EU countries.

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**Example 2 for Issue 4 (Proportionality / preserving diversity in the EU financial sector)**

**\* To which Directive(s) and/or Regulation(s) do you refer in your example?**



Please select at least one item in the list of the main adopted EU legislative acts below.

Please do not tick the "other" box unless the example you want to provide refers to an legislative act which is not in the list (other adopted EU legislative acts, national legislative acts, etc..). In that case, please specify in the dedicated text box which other legislative act(s) the example refers to.

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|--|--|
| <input type="checkbox"/> Accounting Directive  | <input type="checkbox"/> AIFMD (Alternative Investment Funds Directive)                                      |
| <input checked="" type="checkbox"/> BRRD (Bank recovery and resolution Directive)                    | <input type="checkbox"/> CRAs (credit rating agencies)- Directive and Regulation                             |
| <input type="checkbox"/> CRR III/CRD IV (Capital Requirements Regulation/Directive)                  | <input type="checkbox"/> CSDR (Central Securities Depositories Regulation )                                  |
| <input type="checkbox"/> DGS (Deposit Guarantee Schemes Directive)                                   | <input type="checkbox"/> Directive on non-financial reporting  |
| <input type="checkbox"/> ELTIF (Long-term Investment Fund Regulation)                                | <input type="checkbox"/> EMIR (Regulation of OTC derivatives, Central Counterparties and Trade Repositories) |
| <input type="checkbox"/> E-Money Directive   | <input type="checkbox"/> ESAs regulations (European Supervisory Authorities)                                 |
| <input type="checkbox"/> ESRB (European Systemic Risk Board Regulation)                              | <input type="checkbox"/> EuSEF (European Social Entrepreneurship Funds Regulation)                           |
| <input type="checkbox"/> EuVECA (European venture capital funds Regulation)                          | <input type="checkbox"/> FCD (Financial Collateral Directive)  |
| <input type="checkbox"/> FICOD (Financial Conglomerates Directive)                                   | <input type="checkbox"/> IGS (Investor compensation Schemes Directive)                                       |
| <input type="checkbox"/> IMD (Insurance Mediation Directive)   | <input type="checkbox"/> IORP (Directive on Institutions of Occupational Retirement Pensions)                |
| <input type="checkbox"/> Life Insurance Directive  | <input type="checkbox"/> MAD/R (Market Abuse Regulation & Criminal Sanctions Directive)                      |
| <input type="checkbox"/> MCD (Mortgage Credit Directive)   | <input type="checkbox"/> MIF (Multilateral Interchange Fees Regulation)                                      |
| <input type="checkbox"/> MiFID II/R (Markets in Financial Instruments Directive & Regulation)        | <input type="checkbox"/> Motor Insurance Directive   |
| <input type="checkbox"/> Omnibus I (new EU supervisory framework)                                    | <input type="checkbox"/> Omnibus II: new European supervisory framework for insurers                         |
| <input type="checkbox"/> PAD (Payments Account Directive)  | <input type="checkbox"/> PD (Prospectus Directive)   |
| <input type="checkbox"/> PRIIPS (Packaged retail and insurance-based investment products Regulation) | <input type="checkbox"/> PSD (Payment Services Directive)  |
| <input type="checkbox"/> Qualifying holdings Directive   | <input type="checkbox"/> Regulations on IFRS (International Financial Reporting Standards)                   |
| <input type="checkbox"/> Reinsurance Directive   | <input type="checkbox"/> SEPA Regulation (Single Euro Payments Area)   |
| <input type="checkbox"/> SFD (Settlement Finality Directive)   | <input type="checkbox"/> SFTR (Securities Financing Transactions Regulation)                                 |
| <input type="checkbox"/> Solvency II Directive   | <input type="checkbox"/> SRM (Single Resolution Mechanism Regulation)  |
| <input type="checkbox"/> SSM Regulation (Single Supervisory Mechanism)                               | <input type="checkbox"/> SSR (Short Selling Regulation)  |
| <input type="checkbox"/> Statutory Audit - Directive and Regulation                                  | <input type="checkbox"/> Transparency Directive  |
| <input type="checkbox"/> UCITS (Undertakings for collective  |  |

investment in transferable securities)

Other Directive(s) and/or Regulation(s)

**\* Please provide us with an executive/succinct summary of your example:**

(If applicable, mention also the articles of the Directive(s) and/or Regulation(s) selected above and referred to in your example)

Obligation for small banks and investment service providers to pay stability fee pursuant to BRRD Art. 103 is not proportionate to their likelihood to be resolved within the resolution framework. The costs of resolving crises should be borne by only those institution that are significant in terms of financial stability.

**\* Please provide us with supporting relevant and verifiable empirical evidence for your example:**

(please give references to concrete examples, reports, literature references, data, etc.)

Please see answer below.

**\* If you have suggestions to remedy the issue(s) raised in your example, please make them here:**

The entire scope of the BRRD/SRM could be limited to G-SIIs and O-SIIs (given that the necessary flexibility is already embedded in the process of determining national O-SIIs).

**If you have further quantitative or qualitative evidence related to issue 4 that you would like to submit, please upload it here:**

## B. Unnecessary regulatory burdens

You can select one or more issues, or leave all issues unselected

Issue 5 - Excessive compliance costs and complexity

Issue 6 - Reporting and disclosure obligations

- Issue 7 - Contractual documentation
- Issue 8 - Rules outdated due to technological change
- Issue 9 - Barriers to entry

## Issue 5 – Excessive compliance costs and complexity

In response to some of the practices seen in the run-up to the crisis, EU rules have necessarily become more prescriptive. This will help to ensure that firms are held to account, but it can also increase costs and complexity, and weaken a sense of individual responsibility. Please identify and justify such burdens that, in your view, do not meet the objectives set out above efficiently and effectively. Please provide quantitative estimates to support your assessment and distinguish between direct and indirect impacts, and between one-off and recurring costs. Please identify areas where they could be simplified, to achieve more efficiently the intended regulatory objective.

How many examples do you want to provide for this issue?

- 1 example  
  2 examples  
  3 examples  
  4 examples  
  5 examples

Please fill in the fields below. For any additional documentation, please use the upload button at the end of the section dedicated to this issue.

### Example 1 for Issue 5 (Excessive compliance costs and complexity)

#### \* To which Directive(s) and/or Regulation(s) do you refer in your example?

Please select at least one item in the list of the main adopted EU legislative acts below.

Please do not tick the "other" box unless the example you want to provide refers to an legislative act which is not in the list (other adopted EU legislative acts, national legislative acts, etc..). In that case, please specify in the dedicated text box which other legislative act(s) the example refers to.

- |   |  |
|---|--|
| <input type="checkbox"/> Accounting Directive                                       | <input type="checkbox"/> AIFMD (Alternative Investment Funds Directive)                                      |
| <input type="checkbox"/> BRRD (Bank recovery and resolution Directive)              | <input type="checkbox"/> CRAs (credit rating agencies)- Directive and Regulation                             |
| <input type="checkbox"/> CRR III/CRD IV (Capital Requirements Regulation/Directive) | <input type="checkbox"/> CSDR (Central Securities Depositories Regulation )                                  |
| <input type="checkbox"/> DGS (Deposit Guarantee Schemes Directive)                  | <input type="checkbox"/> Directive on non-financial reporting  |
| <input type="checkbox"/> ELTIF (Long-term Investment Fund Regulation)               | <input type="checkbox"/> EMIR (Regulation of OTC derivatives, Central Counterparties and Trade Repositories) |
| <input type="checkbox"/> E-Money Directive  | <input type="checkbox"/> ESAs regulations (European Supervisory Authorities)                                 |
| <input type="checkbox"/> ESRB (European Systemic Risk Board Regulation)             | <input type="checkbox"/> EuSEF (European Social Entrepreneurship Funds Regulation)                           |
| <input type="checkbox"/> EuVECA (European venture capital funds Regulation)         | <input type="checkbox"/> FCD (Financial Collateral Directive)  |

- |   |   |
|---|---|
| <input type="checkbox"/> FICOD (Financial Conglomerates Directive)  | <input type="checkbox"/> IGS (Investor compensation Schemes Directive)                        |
| <input checked="" type="checkbox"/> IMD (Insurance Mediation Directive)   | <input type="checkbox"/> IORP (Directive on Institutions of Occupational Retirement Pensions) |
| <input type="checkbox"/> Life Insurance Directive   | <input type="checkbox"/> MAD/R (Market Abuse Regulation & Criminal Sanctions Directive)       |
| <input checked="" type="checkbox"/> MCD (Mortgage Credit Directive)   | <input type="checkbox"/> MIF (Multilateral Interchange Fees Regulation)                       |
| <input checked="" type="checkbox"/> MiFID II/R (Markets in Financial Instruments Directive & Regulation)        | <input type="checkbox"/> Motor Insurance Directive  |
| <input type="checkbox"/> Omnibus I (new EU supervisory framework)   | <input type="checkbox"/> Omnibus II: new European supervisory framework for insurers          |
| <input checked="" type="checkbox"/> PAD (Payments Account Directive)  | <input type="checkbox"/> PD (Prospectus Directive)  |
| <input checked="" type="checkbox"/> PRIIPS (Packaged retail and insurance-based investment products Regulation) | <input type="checkbox"/> PSD (Payment Services Directive)                                     |
| <input type="checkbox"/> Qualifying holdings Directive  | <input type="checkbox"/> Regulations on IFRS (International Financial Reporting Standards)    |
| <input type="checkbox"/> Reinsurance Directive  | <input type="checkbox"/> SEPA Regulation (Single Euro Payments Area)                          |
| <input type="checkbox"/> SFD (Settlement Finality Directive)  | <input type="checkbox"/> SFTR (Securities Financing Transactions Regulation)                  |
| <input type="checkbox"/> Solvency II Directive  | <input type="checkbox"/> SRM (Single Resolution Mechanism Regulation)                         |
| <input type="checkbox"/> SSM Regulation (Single Supervisory Mechanism)  | <input type="checkbox"/> SSR (Short Selling Regulation)                                       |
| <input type="checkbox"/> Statutory Audit - Directive and Regulation   | <input type="checkbox"/> Transparency Directive   |
| <input type="checkbox"/> UCITS (Undertakings for collective investment in transferable securities)              | <input type="checkbox"/> Other Directive(s) and/or Regulation(s)                              |

**\* Please provide us with an executive/succinct summary of your example:**

(If applicable, mention also the articles of the Directive(s) and/or Regulation(s) selected above and referred to in your example)

EU regulations on investor protection contain partially overlapping provisions on same investment products and retail investor services, and the provisions contradict one another.

The Commission's original goal was to place various different types of investment products and service providers under uniform regulation. Thus the same rules would have governed securities and life insurance policies, for example, or banks and insurance companies. This is a supportable idea. However, in practice the regulation didn't reach this goal; now the same types of products can be governed by different rules.

This type of regulation includes the reviewed Markets in Financial Instruments Directive (MiFID2), regulation on Packaged retail and insurance-based investment products (PRIIPs), Mortgage Credit directive (MCD), and Insurance Distribution directive (IDD). The PRIIPs regulation, for example, contains provisions on disclosure of costs and risks (article 8.3) that contradict the obligations in MiFID2 (article 24.4) and IDD (article 29). Information given

to retail investors should be concise, consistent and clear. We feel the quality of the information given is more important than its quantity. Conflicting obligations might end up confusing the customer even more, if the customer receives different information on the same product in multiple form. These kind of detailed and overlapping obligations also make it difficult to use electronic channels in selling products. Regulation should flexibly allow the advancements of digitalisation.

Another example of inconsistency is rules on cross selling of financial products. These rules exist in for example MiFID2 (article 24.11), Mortgage Credit directive (article 12), Insurance Distribution directive (article 24), Payment Accounts directive (article . Rules have been drafted in different times and in different regimes, although the products sold together might be covered by several directives. The rules are not consistent and at the moment, the implementation is unclear.

**\* Please provide us with supporting relevant and verifiable empirical evidence for your example:**

(please give references to concrete examples, reports, literature references, data, etc.)

Please see answer below.

**\* If you have suggestions to remedy the issue(s) raised in your example, please make them here:**

Certain parts in investor protection rules should be reviewed and coordinated.

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## Example 2 for Issue 5 (Excessive compliance costs and complexity)

**\* To which Directive(s) and/or Regulation(s) do you refer in your example?**

Please select at least one item in the list of the main adopted EU legislative acts below.

Please do not tick the "other" box unless the example you want to provide refers to an legislative act which is not in the list (other adopted EU legislative acts, national legislative acts, etc..). In that case, please specify in the dedicated text box which other legislative act(s) the example refers to.

Accounting Directive

AIFMD (Alternative Investment Funds Directive)

- |   |  |
|---|--|
| <input type="checkbox"/> BRRD (Bank recovery and resolution Directive)                              | <input type="checkbox"/> CRAs (credit rating agencies)- Directive and Regulation                             |
| <input type="checkbox"/> CRR III/CRD IV (Capital Requirements Regulation/Directive)                 | <input type="checkbox"/> CSDR (Central Securities Depositories Regulation )                                  |
| <input type="checkbox"/> DGS (Deposit Guarantee Schemes Directive)                                  | <input type="checkbox"/> Directive on non-financial reporting  |
| <input type="checkbox"/> ELTIF (Long-term Investment Fund Regulation)                               | <input type="checkbox"/> EMIR (Regulation of OTC derivatives, Central Counterparties and Trade Repositories) |
| <input type="checkbox"/> E-Money Directive  | <input type="checkbox"/> ESAs regulations (European Supervisory Authorities)                                 |
| <input type="checkbox"/> ESRB (European Systemic Risk Board Regulation)                             | <input type="checkbox"/> EuSEF (European Social Entrepreneurship Funds Regulation)                           |
| <input type="checkbox"/> EuVECA (European venture capital funds Regulation)                         | <input type="checkbox"/> FCD (Financial Collateral Directive)  |
| <input type="checkbox"/> FICOD (Financial Conglomerates Directive)                                  | <input type="checkbox"/> IGS (Investor compensation Schemes Directive)                                       |
| <input type="checkbox"/> IMD (Insurance Mediation Directive)  | <input type="checkbox"/> IORP (Directive on Institutions of Occupational Retirement Pensions)                |
| <input type="checkbox"/> Life Insurance Directive   | <input type="checkbox"/> MAD/R (Market Abuse Regulation & Criminal Sanctions Directive)                      |
| <input checked="" type="checkbox"/> MCD (Mortgage Credit Directive)                                 | <input type="checkbox"/> MIF (Multilateral Interchange Fees Regulation)                                      |
| <input type="checkbox"/> MiFID II/R (Markets in Financial Instruments Directive & Regulation)       | <input type="checkbox"/> Motor Insurance Directive   |
| <input type="checkbox"/> Omnibus I (new EU supervisory framework)                                   | <input type="checkbox"/> Omnibus II: new European supervisory framework for insurers                         |
| <input type="checkbox"/> PAD (Payments Account Directive)   | <input type="checkbox"/> PD (Prospectus Directive)   |
| <input type="checkbox"/> PRIPS (Packaged retail and insurance-based investment products Regulation) | <input type="checkbox"/> PSD (Payment Services Directive)  |
| <input type="checkbox"/> Qualifying holdings Directive  | <input type="checkbox"/> Regulations on IFRS (International Financial Reporting Standards)                   |
| <input type="checkbox"/> Reinsurance Directive  | <input type="checkbox"/> SEPA Regulation (Single Euro Payments Area)   |
| <input type="checkbox"/> SFD (Settlement Finality Directive)  | <input type="checkbox"/> SFTR (Securities Financing Transactions Regulation)                                 |
| <input type="checkbox"/> Solvency II Directive  | <input type="checkbox"/> SRM (Single Resolution Mechanism Regulation)  |
| <input type="checkbox"/> SSM Regulation (Single Supervisory Mechanism)                              | <input type="checkbox"/> SSR (Short Selling Regulation)  |
| <input type="checkbox"/> Statutory Audit - Directive and Regulation                                 | <input type="checkbox"/> Transparency Directive  |
| <input type="checkbox"/> UCITS (Undertakings for collective investment in transferable securities)  | <input type="checkbox"/> Other Directive(s) and/or Regulation(s)   |

**\* Please provide us with an executive/succinct summary of your example:**

(If applicable, mention also the articles of the Directive(s) and/or Regulation(s) selected above and referred to in your example)

Professional qualifications for sales staff covered by Mortgage credit directive are not proportionate in respect to the risk they represent and in comparison to requirements in other financial services field directives. Mortgage credit products are not considered as more complex products than other financial services products, on the contrary. The nature of the products or the selling environment doesn't require the stricter rules for mortgage credit sales staff.

**\* Please provide us with supporting relevant and verifiable empirical evidence for your example:**

(please give references to concrete examples, reports, literature references, data, etc.)

Please see answer below.

**\* If you have suggestions to remedy the issue(s) raised in your example, please make them here:**

The requirements on professional qualifications should be aligned with other financial services directives.

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### Example 3 for Issue 5 (Excessive compliance costs and complexity)

**\* To which Directive(s) and/or Regulation(s) do you refer in your example?**

Please select at least one item in the list of the main adopted EU legislative acts below.

Please do not tick the "other" box unless the example you want to provide refers to an legislative act which is not in the list (other adopted EU legislative acts, national legislative acts, etc..). In that case, please specify in the dedicated text box which other legislative act(s) the example refers to.

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|---|--|
| <input type="checkbox"/> Accounting Directive                                       | <input type="checkbox"/> AIFMD (Alternative Investment Funds Directive)          |
| <input type="checkbox"/> BRRD (Bank recovery and resolution Directive)              | <input type="checkbox"/> CRAs (credit rating agencies)- Directive and Regulation |
| <input type="checkbox"/> CRR III/CRD IV (Capital Requirements Regulation/Directive) | <input type="checkbox"/> CSDR (Central Securities Depositories Regulation )      |
| <input type="checkbox"/> DGS (Deposit Guarantee Schemes Directive)                  | <input type="checkbox"/> Directive on non-financial reporting                    |
| <input type="checkbox"/> ELTIF (Long-term Investment Fund                           | <input type="checkbox"/> EMIR (Regulation of OTC derivatives, Central            |

- |   |   |
|---|---|
| <input type="checkbox"/> Regulation)  | <input checked="" type="checkbox"/> Counterparties and Trade Repositories)                    |
| <input type="checkbox"/> E-Money Directive  | <input type="checkbox"/> ESAs regulations (European Supervisory Authorities)                  |
| <input type="checkbox"/> ESRB (European Systemic Risk Board Regulation)                             | <input type="checkbox"/> EuSEF (European Social Entrepreneurship Funds Regulation)            |
| <input type="checkbox"/> EuVECA (European venture capital funds Regulation)                         | <input type="checkbox"/> FCD (Financial Collateral Directive)                                 |
| <input type="checkbox"/> FICOD (Financial Conglomerates Directive)                                  | <input type="checkbox"/> IGS (Investor compensation Schemes Directive)                        |
| <input type="checkbox"/> IMD (Insurance Mediation Directive)  | <input type="checkbox"/> IORP (Directive on Institutions of Occupational Retirement Pensions) |
| <input type="checkbox"/> Life Insurance Directive   | <input type="checkbox"/> MAD/R (Market Abuse Regulation & Criminal Sanctions Directive)       |
| <input type="checkbox"/> MCD (Mortgage Credit Directive)  | <input type="checkbox"/> MIF (Multilateral Interchange Fees Regulation)                       |
| <input type="checkbox"/> MiFID II/R (Markets in Financial Instruments Directive & Regulation)       | <input type="checkbox"/> Motor Insurance Directive  |
| <input type="checkbox"/> Omnibus I (new EU supervisory framework)                                   | <input type="checkbox"/> Omnibus II: new European supervisory framework for insurers          |
| <input type="checkbox"/> PAD (Payments Account Directive)   | <input type="checkbox"/> PD (Prospectus Directive)  |
| <input type="checkbox"/> PRIPS (Packaged retail and insurance-based investment products Regulation) | <input type="checkbox"/> PSD (Payment Services Directive)                                     |
| <input type="checkbox"/> Qualifying holdings Directive  | <input type="checkbox"/> Regulations on IFRS (International Financial Reporting Standards)    |
| <input type="checkbox"/> Reinsurance Directive  | <input type="checkbox"/> SEPA Regulation (Single Euro Payments Area)                          |
| <input type="checkbox"/> SFD (Settlement Finality Directive)  | <input type="checkbox"/> SFTR (Securities Financing Transactions Regulation)                  |
| <input type="checkbox"/> Solvency II Directive  | <input type="checkbox"/> SRM (Single Resolution Mechanism Regulation)                         |
| <input type="checkbox"/> SSM Regulation (Single Supervisory Mechanism)                              | <input type="checkbox"/> SSR (Short Selling Regulation)                                       |
| <input type="checkbox"/> Statutory Audit - Directive and Regulation                                 | <input type="checkbox"/> Transparency Directive   |
| <input type="checkbox"/> UCITS (Undertakings for collective investment in transferable securities)  | <input type="checkbox"/> Other Directive(s) and/or Regulation(s)                              |

**\* Please provide us with an executive/succinct summary of your example:**

(If applicable, mention also the articles of the Directive(s) and/or Regulation(s) selected above and referred to in your example)

Many entities have had to cope with the challenges in the implementation of EMIR regulation. In total, the implementation of the EMIR regulation has been a costly exercise for the market. The costs derive in principle from three different sources: 1. compliance costs, 2. reporting costs and 3. collateral costs.

Compliance with EMIR regulation and the complex framework - with different levels of regulation, additional guidelines and Questions & Answers documents



- requires in-depth legal knowledge both of the content and of the multi-level legal structure, not to forget the business implications. The structure is very specific to financial markets only and this in itself creates a challenge for non-financial companies.

Non-financial counterparties have been the ones who have probably suffered the most from the broad scope of the regulation whereas small financial firms have suffered from the lack of proportionality principle. Inclusion of all derivatives users in the scope has meant increased costs and heavy documentation for all non-financial firms. In many cases, the costs are by no means reasonable to the risk these transactions and entities create.

In addition, similar unintended consequences apply also to small financial counterparties. The costs for regulatory compliance are even higher as for example the clearing obligation will apply to any financial counterparty regardless of their trading activity and trading frequency. These costs have already brought some financial counterparties to a situation where they are forced to discontinue their derivatives offering and/or their hedging activity. This should not be the case as it not only concentrates the market to even larger players but also increases the overall risks in the financial system.

The problems with access to clearing services should be solved quickly. Regarding EMIR Article 39, the individual segregation has proven difficult to implement. There are operational challenges and the differences in insolvency legislation pose legal difficulties and compliance costs that easily lead to too high account costs. Similarly, the proposed frontloading requirements lead to legal uncertainties, operational challenges, massive classification of counterparties and ultimately even to unintended, immeasurable pricing issues. Termination of thousands of contracts is probably especially if the issues with access to clearing have not been solved. Such terminations and market activity during the last days of frontloading period puts the stability of the markets at risk. We strongly suggest that the clearing obligation should only apply to new contracts in the light of this review and the better regulation principles.

The fact that client clearing accounts are not offered in the market, seems to put smaller players' participation in the derivatives market at risk. Regulations should not result in a situation where small players are forced out of the market entirely. There is an imminent risk that this will happen when clearing obligations for all financial counterparties enter into force. Should there not be clearing offering for smaller financial counterparties, they will need to refrain from trading in derivatives.

**\* Please provide us with supporting relevant and verifiable empirical evidence for your example:**

(please give references to concrete examples, reports, literature references, data, etc.)

Please see answer below.

- \* **If you have suggestions to remedy the issue(s) raised in your example, please make them here:**

The best way to address these problems is to limit the scope of the EMIR regulation to entities that are significant from a systemic risk perspective. This means that at least some thresholds into the scope have to be introduced. Further, the unforeseen combined effects for non-financial firms could be further minimized by the introduction of a single-sided reporting obligation.

Therefore a threshold of application should apply also to financial counterparties when they are using derivatives only for hedging purposes. If principles of better regulation are followed, this could mean one simple threshold for all derivatives users regardless of whether they are financial or non-financial counterparties. From a systemic risk perspective, these entities could be considered as the same based on their trading activity only.

#### Example 4 for Issue 5 (Excessive compliance costs and complexity)

- \* **To which Directive(s) and/or Regulation(s) do you refer in your example?**

Please select at least one item in the list of the main adopted EU legislative acts below.

Please do not tick the "other" box unless the example you want to provide refers to an legislative act which is not in the list (other adopted EU legislative acts, national legislative acts, etc..). In that case, please specify in the dedicated text box which other legislative act(s) the example refers to.

- |   |  |
|---|--|
| <input type="checkbox"/> Accounting Directive                                       | <input type="checkbox"/> AIFMD (Alternative Investment Funds Directive)                                      |
| <input checked="" type="checkbox"/> BRRD (Bank recovery and resolution Directive)   | <input type="checkbox"/> CRAs (credit rating agencies)- Directive and Regulation                             |
| <input type="checkbox"/> CRR III/CRD IV (Capital Requirements Regulation/Directive) | <input type="checkbox"/> CSDR (Central Securities Depositories Regulation )                                  |
| <input checked="" type="checkbox"/> DGS (Deposit Guarantee Schemes Directive)       | <input type="checkbox"/> Directive on non-financial reporting  |
| <input type="checkbox"/> ELTIF (Long-term Investment Fund Regulation)               | <input type="checkbox"/> EMIR (Regulation of OTC derivatives, Central Counterparties and Trade Repositories) |
| <input type="checkbox"/> E-Money Directive  | <input type="checkbox"/> ESAs regulations (European Supervisory Authorities)                                 |
| <input type="checkbox"/> ESRB (European Systemic Risk Board Regulation)             | <input type="checkbox"/> EuSEF (European Social Entrepreneurship Funds Regulation)                           |
| <input type="checkbox"/> EuVECA (European venture capital funds Regulation)         | <input type="checkbox"/> FCD (Financial Collateral Directive)  |
| <input type="checkbox"/> FICOD (Financial Conglomerates Directive)                  | <input type="checkbox"/> IGS (Investor compensation Schemes Directive)                                       |
| <input type="checkbox"/> IMD (Insurance Mediation Directive)                        | <input type="checkbox"/> IORP (Directive on Institutions of Occupational Retirement Pensions)                |

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|--|--|
| <input type="checkbox"/> Life Insurance Directive  | <input type="checkbox"/> MAD/R (Market Abuse Regulation & Criminal Sanctions Directive)    |
| <input type="checkbox"/> MCD (Mortgage Credit Directive)   | <input type="checkbox"/> MIF (Multilateral Interchange Fees Regulation)                    |
| <input type="checkbox"/> MiFID II/R (Markets in Financial Instruments Directive & Regulation)        | <input type="checkbox"/> Motor Insurance Directive   |
| <input type="checkbox"/> Omnibus I (new EU supervisory framework)                                    | <input type="checkbox"/> Omnibus II: new European supervisory framework for insurers       |
| <input type="checkbox"/> PAD (Payments Account Directive)  | <input type="checkbox"/> PD (Prospectus Directive)   |
| <input type="checkbox"/> PRIIPS (Packaged retail and insurance-based investment products Regulation) | <input type="checkbox"/> PSD (Payment Services Directive)                                  |
| <input type="checkbox"/> Qualifying holdings Directive   | <input type="checkbox"/> Regulations on IFRS (International Financial Reporting Standards) |
| <input type="checkbox"/> Reinsurance Directive   | <input type="checkbox"/> SEPA Regulation (Single Euro Payments Area)                       |
| <input type="checkbox"/> SFD (Settlement Finality Directive)   | <input type="checkbox"/> SFTR (Securities Financing Transactions Regulation)               |
| <input type="checkbox"/> Solvency II Directive   | <input checked="" type="checkbox"/> SRM (Single Resolution Mechanism Regulation)           |
| <input type="checkbox"/> SSM Regulation (Single Supervisory Mechanism)                               | <input type="checkbox"/> SSR (Short Selling Regulation)                                    |
| <input type="checkbox"/> Statutory Audit - Directive and Regulation                                  | <input type="checkbox"/> Transparency Directive  |
| <input type="checkbox"/> UCITS (Undertakings for collective investment in transferable securities)   | <input type="checkbox"/> Other Directive(s) and/or Regulation(s)                           |

**\* Please provide us with an executive/succinct summary of your example:**

(If applicable, mention also the articles of the Directive(s) and/or Regulation(s) selected above and referred to in your example)

The criteria for determining the annual contributions to the DGSS and stability funds is by far unnecessarily complicated and also inconsistent. Given that for all practical purposes all quantifiable risks are covered by the harmonised rules, it would be consistent and adequate for a risk-based approach to determine the contributions on the basis of the amount of capital and liquidity by which the institutions exceed the minimum regulatory requirements (as each institution that meet the prudential requirements at the required level is, by definition, equally risky in terms of quantifiable risk; should such institutions differ from each other in terms of quantifiable risk, the prudential framework should be amended instead of bringing in new quantitative risk measures for the sole purpose of determining contributions.

**\* Please provide us with supporting relevant and verifiable empirical evidence for your example:**

(please give references to concrete examples, reports, literature references, data, etc.)

Please see answer below.

**\* If you have suggestions to remedy the issue(s) raised in your example, please make them here:**

The criteria for determining the annual contributions to the DGSs and stability funds is by far unnecessarily complicated and also inconsistent.

**If you have further quantitative or qualitative evidence related to issue 5 that you would like to submit, please upload it here:**

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## Issue 6 – Reporting and disclosure obligations

The EU has put in place a range of rules designed to increase transparency and provide more information to regulators, investors and the public in general. The information contained in these requirements is necessary to improve oversight and confidence and will ultimately improve the functioning of markets. In some areas, however, the same or similar information may be required to be reported more than once, or requirements may result in information reported in a way which is not useful to provide effective oversight or added value for investors.

Please identify the reporting provisions, either publicly or to supervisory authorities, which in your view either do not meet sufficiently the objectives above or where streamlining/clarifying the obligations would improve quality, effectiveness and coherence. If applicable, please provide specific proposals.

Specifically for investors and competent authorities, please provide an assessment whether the current reporting and disclosure obligations are fit for the purpose of public oversight and ensuring transparency. If applicable, please provide specific examples of missing reporting or disclosure obligations or existing obligations without clear added value.

How many examples do you want to provide for this issue?

1 example    2 examples    3 examples    4 examples    5 examples

Please fill in the fields below. For any additional documentation, please use the upload button at the end of the section dedicated to this issue.

## Example 1 for Issue 6 (Reporting and disclosure obligations)

### \* To which Directive(s) and/or Regulation(s) do you refer in your example?

Please select at least one item in the list of the main adopted EU legislative acts below.

Please do not tick the "other" box unless the example you want to provide refers to an legislative act which is not in the list (other adopted EU legislative acts, national legislative acts, etc..). In that case, please specify in the dedicated text box which other legislative act(s) the example refers to.

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| <input type="checkbox"/> Accounting Directive  | <input type="checkbox"/> AIFMD (Alternative Investment Funds Directive)   |
| <input type="checkbox"/> BRRD (Bank recovery and resolution Directive)                               | <input type="checkbox"/> CRAs (credit rating agencies)- Directive and Regulation  |
| <input checked="" type="checkbox"/> CRR III/CRD IV (Capital Requirements Regulation/Directive)       | <input type="checkbox"/> CSDR (Central Securities Depositories Regulation )   |
| <input type="checkbox"/> DGS (Deposit Guarantee Schemes Directive)                                   | <input type="checkbox"/> Directive on non-financial reporting   |
| <input type="checkbox"/> ELTIF (Long-term Investment Fund Regulation)                                | <input checked="" type="checkbox"/> EMIR (Regulation of OTC derivatives, Central Counterparties and Trade Repositories) |
| <input type="checkbox"/> E-Money Directive   | <input type="checkbox"/> ESAs regulations (European Supervisory Authorities)  |
| <input type="checkbox"/> ESRB (European Systemic Risk Board Regulation)                              | <input type="checkbox"/> EuSEF (European Social Entrepreneurship Funds Regulation)                                      |
| <input type="checkbox"/> EuVECA (European venture capital funds Regulation)                          | <input type="checkbox"/> FCD (Financial Collateral Directive)   |
| <input type="checkbox"/> FICOD (Financial Conglomerates Directive)                                   | <input type="checkbox"/> IGS (Investor compensation Schemes Directive)  |
| <input type="checkbox"/> IMD (Insurance Mediation Directive)   | <input type="checkbox"/> IORP (Directive on Institutions of Occupational Retirement Pensions)                           |
| <input type="checkbox"/> Life Insurance Directive  | <input type="checkbox"/> MAD/R (Market Abuse Regulation & Criminal Sanctions Directive)                                 |
| <input type="checkbox"/> MCD (Mortgage Credit Directive)   | <input type="checkbox"/> MIF (Multilateral Interchange Fees Regulation)   |
| <input type="checkbox"/> MiFID II/R (Markets in Financial Instruments Directive & Regulation)        | <input type="checkbox"/> Motor Insurance Directive  |
| <input type="checkbox"/> Omnibus I (new EU supervisory framework)                                    | <input type="checkbox"/> Omnibus II: new European supervisory framework for insurers                                    |
| <input type="checkbox"/> PAD (Payments Account Directive)  | <input type="checkbox"/> PD (Prospectus Directive)  |
| <input type="checkbox"/> PRIIPS (Packaged retail and insurance-based investment products Regulation) | <input type="checkbox"/> PSD (Payment Services Directive)   |
| <input type="checkbox"/> Qualifying holdings Directive   | <input type="checkbox"/> Regulations on IFRS (International Financial Reporting Standards)                              |
| <input type="checkbox"/> Reinsurance Directive   | <input type="checkbox"/> SEPA Regulation (Single Euro Payments Area)  |
| <input type="checkbox"/> SFD (Settlement Finality Directive)   | <input type="checkbox"/> SFTR (Securities Financing Transactions Regulation)  |
|  | <input type="checkbox"/> SRM (Single Resolution Mechanism)  |

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| <input checked="" type="checkbox"/> Solvency II Directive  | <input type="checkbox"/> Regulation)                             |
| <input checked="" type="checkbox"/> SSM Regulation (Single Supervisory Mechanism)                  | <input type="checkbox"/> SSR (Short Selling Regulation)          |
| <input type="checkbox"/> Statutory Audit - Directive and Regulation                                | <input type="checkbox"/> Transparency Directive                  |
| <input type="checkbox"/> UCITS (Undertakings for collective investment in transferable securities) | <input type="checkbox"/> Other Directive(s) and/or Regulation(s) |

**\* Please provide us with an executive/succinct summary of your example:**

(If applicable, mention also the articles of the Directive(s) and/or Regulation(s) selected above and referred to in your example)

The regulations regarding financial sector reporting should be more efficient and overlapping reporting obligations should be avoided. Reporting obligations have increased substantially due to diverse regulation that affects the entire sector, for example the European Market Infrastructure Regulation (EMIR), Single Supervisory Mechanism (SSM) and Solvency II. In addition, European financial supervisors EBA, EIOPA and ESMA have in recent years issued several dozens of reporting standards (for example Finrep, part of EBA's ITS) that concern all companies in the European financial sector, and often other non-financial companies as well. Requirements issued by different authorities are becoming increasingly overlapping and differently defined.

The ECB is planning to extend data collection to suit the needs of, for example, SSM and monetary policy. Often, this type of information is already reported to specific trade repositories, as per binding EU legislation. ECB could therefore utilise information from the repositories instead of requesting that banks report it a second time. ECB is also planning to establish entirely new information collection schemes in addition to existing ones; for example, from late 2017 onward, ECB will collect loan-specific information from bank customers (AnaCredit). The report of each loan will contain 110 data fields. This type of reporting overlaps with the data collections set out in the Capital Requirements Regulation (CRR).

EBA's data collection is affected also by the recommendations of the European Systemic Risk Board, which often add to the reporting burden. Eurostat collects the statistics it requires from Statistics Finland, and for example the implementation of the 2010 European System of Accounts (ESA2010) caused considerable changes to banks' information systems due to a new sector definition. Moreover, the Financial Stability Board and the Bank for International Settlements add their own reporting requirements to the list. Their requirements are mostly overlapping, but slightly differently defined than EU requirements. The FFI urges authorities to cooperate with one another so that the same information would not be requested several times.

**\* Please provide us with supporting relevant and verifiable empirical evidence for your example:**

(please give references to concrete examples, reports, literature references, data, etc.)

As a few practical examples, there is double reporting within the Finrep templates:

- template 9.01 requires the same data than template 18.00

- template 7 (financial assets for which payment is delayed or the value is decreased), same information is reported in the template 18.00
- o application of thresholds is also problem; different application of thresholds for the same information but in different reporting purpose causes problems for reporting systems
- o different classification for business sectors; in template 7 it is according to official classification and for template 18.00 classification is from Corep

As an example of overlapping requirements at EU and national level, Solo Finrep reporting is similar to Bank of Finland's MFI (Monetary Financial Institution) data concerning the balance sheet. Finrep is covering also the profit and loss account. Finrep is also similar to Bank of Finland's KOTI reporting requirement.

**\* If you have suggestions to remedy the issue(s) raised in your example, please make them here:**

Overlaps and duplications explained above should be removed.

**If you have further quantitative or qualitative evidence related to issue 6 that you would like to submit, please upload it here:**

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### **Issue 8 – Rules outdated due to technological change**

Please specify where the effectiveness of rules could be enhanced to respond to increasingly online-based services and the development of financial technology solutions for the financial services sector.

How many examples do you want to provide for this issue?

- 1 example    2 examples    3 examples    4 examples    5 examples

Please fill in the fields below. For any additional documentation, please use the upload button at the end of the section dedicated to this issue.

## Example 1 for Issue 8 (Rules outdated due to technological change)

### \* To which Directive(s) and/or Regulation(s) do you refer in your example?

Please select at least one item in the list of the main adopted EU legislative acts below.

Please do not tick the "other" box unless the example you want to provide refers to an legislative act which is not in the list (other adopted EU legislative acts, national legislative acts, etc..). In that case, please specify in the dedicated text box which other legislative act(s) the example refers to.

- |  |  |
|--|--|
| <input type="checkbox"/> Accounting Directive  | <input type="checkbox"/> AIFMD (Alternative Investment Funds Directive)                                      |
| <input type="checkbox"/> BRRD (Bank recovery and resolution Directive)                               | <input type="checkbox"/> CRAs (credit rating agencies)- Directive and Regulation                             |
| <input type="checkbox"/> CRR III/CRD IV (Capital Requirements Regulation/Directive)                  | <input type="checkbox"/> CSDR (Central Securities Depositories Regulation )                                  |
| <input type="checkbox"/> DGS (Deposit Guarantee Schemes Directive)                                   | <input type="checkbox"/> Directive on non-financial reporting  |
| <input type="checkbox"/> ELTIF (Long-term Investment Fund Regulation)                                | <input type="checkbox"/> EMIR (Regulation of OTC derivatives, Central Counterparties and Trade Repositories) |
| <input type="checkbox"/> E-Money Directive   | <input type="checkbox"/> ESAs regulations (European Supervisory Authorities)                                 |
| <input type="checkbox"/> ESRB (European Systemic Risk Board Regulation)                              | <input type="checkbox"/> EuSEF (European Social Entrepreneurship Funds Regulation)                           |
| <input type="checkbox"/> EuVECA (European venture capital funds Regulation)                          | <input type="checkbox"/> FCD (Financial Collateral Directive)  |
| <input type="checkbox"/> FICOD (Financial Conglomerates Directive)                                   | <input type="checkbox"/> IGS (Investor compensation Schemes Directive)                                       |
| <input type="checkbox"/> IMD (Insurance Mediation Directive)   | <input type="checkbox"/> IORP (Directive on Institutions of Occupational Retirement Pensions)                |
| <input type="checkbox"/> Life Insurance Directive  | <input type="checkbox"/> MAD/R (Market Abuse Regulation & Criminal Sanctions Directive)                      |
| <input type="checkbox"/> MCD (Mortgage Credit Directive)   | <input type="checkbox"/> MIF (Multilateral Interchange Fees Regulation)                                      |
| <input type="checkbox"/> MiFID II/R (Markets in Financial Instruments Directive & Regulation)        | <input type="checkbox"/> Motor Insurance Directive   |
| <input type="checkbox"/> Omnibus I (new EU supervisory framework)                                    | <input type="checkbox"/> Omnibus II: new European supervisory framework for insurers                         |
| <input type="checkbox"/> PAD (Payments Account Directive)  | <input type="checkbox"/> PD (Prospectus Directive)   |
| <input type="checkbox"/> PRIIPS (Packaged retail and insurance-based investment products Regulation) | <input type="checkbox"/> PSD (Payment Services Directive)  |
| <input type="checkbox"/> Qualifying holdings Directive   | <input type="checkbox"/> Regulations on IFRS (International Financial Reporting Standards)                   |
| <input type="checkbox"/> Reinsurance Directive   | <input type="checkbox"/> SEPA Regulation (Single Euro Payments Area)   |
| <input type="checkbox"/> SFD (Settlement Finality Directive)   | <input type="checkbox"/> SFTR (Securities Financing Transactions Regulation)                                 |
| <input type="checkbox"/> Solvency II Directive   | <input type="checkbox"/> SRM (Single Resolution Mechanism Regulation)  |



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|--|---|
| <input type="checkbox"/> SSM Regulation (Single Supervisory Mechanism)                             | <input type="checkbox"/> SSR (Short Selling Regulation)                     |
| <input type="checkbox"/> Statutory Audit - Directive and Regulation                                | <input type="checkbox"/> Transparency Directive                             |
| <input type="checkbox"/> UCITS (Undertakings for collective investment in transferable securities) | <input checked="" type="checkbox"/> Other Directive(s) and/or Regulation(s) |

- \* Please specify to which other Directive(s) and/or Regulation(s) you refer in your example?**  
(Please be short and clear: state only the common name and/or reference of the legislative act(s) you refer to.)

Data Protection Regulation

- \* Please provide us with an executive/succinct summary of your example:**  
(If applicable, mention also the articles of the Directive(s) and/or Regulation(s) selected above and referred to in your example)

A deal between European institutions on Data Protection Regulation has been reached at the end of year 2015. It would have been important to keep the preparation of this regulation in proportion with its goals. FFI has supported the main goals of the regulation, but has been concerned by the risks of overregulation and barriers it can create to digitalisation. The regulation includes detailed provisions e.g. on automated decision-making and similar issues, which concern the internal information systems of companies. This type of regulation can, if now interpreted in an overly tight way, impede the development of electronic services in financial services companies. We also feel it is not in line with the goals on promoting the Digital Single market, which the Commission keeps as a high priority on the other hand.

Data protection obligations posed to data controllers add significantly the administrative burden and costs to financial services providers. Additional requirements related to data protection are mostly duplicative with the requirements posed to the financial services providers in financial services regulations.

- \* Please provide us with supporting relevant and verifiable empirical evidence for your example:**  
(please give references to concrete examples, reports, literature references, data, etc.)

Please see answer below.

- \* If you have suggestions to remedy the issue(s) raised in your example, please make them here:**

Requirements in Data Protection Regulation should allow for future measures in the area of digitalisation. Duplicative obligations with sectoral legislation should be removed.

## Example 2 for Issue 8 (Rules outdated due to technological change)

### \* To which Directive(s) and/or Regulation(s) do you refer in your example?

Please select at least one item in the list of the main adopted EU legislative acts below.

Please do not tick the "other" box unless the example you want to provide refers to an legislative act which is not in the list (other adopted EU legislative acts, national legislative acts, etc..). In that case, please specify in the dedicated text box which other legislative act(s) the example refers to.

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| <input type="checkbox"/> Accounting Directive   | <input type="checkbox"/> AIFMD (Alternative Investment Funds Directive)                                      |
| <input type="checkbox"/> BRRD (Bank recovery and resolution Directive)                        | <input type="checkbox"/> CRAs (credit rating agencies)- Directive and Regulation                             |
| <input type="checkbox"/> CRR III/CRD IV (Capital Requirements Regulation/Directive)           | <input type="checkbox"/> CSDR (Central Securities Depositories Regulation )                                  |
| <input type="checkbox"/> DGS (Deposit Guarantee Schemes Directive)                            | <input type="checkbox"/> Directive on non-financial reporting  |
| <input type="checkbox"/> ELTIF (Long-term Investment Fund Regulation)                         | <input type="checkbox"/> EMIR (Regulation of OTC derivatives, Central Counterparties and Trade Repositories) |
| <input type="checkbox"/> E-Money Directive  | <input type="checkbox"/> ESAs regulations (European Supervisory Authorities)                                 |
| <input type="checkbox"/> ESRB (European Systemic Risk Board Regulation)                       | <input type="checkbox"/> EuSEF (European Social Entrepreneurship Funds Regulation)                           |
| <input type="checkbox"/> EuVECA (European venture capital funds Regulation)                   | <input type="checkbox"/> FCD (Financial Collateral Directive)  |
| <input type="checkbox"/> FICOD (Financial Conglomerates Directive)                            | <input type="checkbox"/> IGS (Investor compensation Schemes Directive)                                       |
| <input type="checkbox"/> IMD (Insurance Mediation Directive)                                  | <input type="checkbox"/> IORP (Directive on Institutions of Occupational Retirement Pensions)                |
| <input type="checkbox"/> Life Insurance Directive   | <input type="checkbox"/> MAD/R (Market Abuse Regulation & Criminal Sanctions Directive)                      |
| <input type="checkbox"/> MCD (Mortgage Credit Directive)                                      | <input type="checkbox"/> MIF (Multilateral Interchange Fees Regulation)                                      |
| <input type="checkbox"/> MiFID II/R (Markets in Financial Instruments Directive & Regulation) | <input type="checkbox"/> Motor Insurance Directive   |
| <input type="checkbox"/> Omnibus I (new EU supervisory framework)                             | <input type="checkbox"/> Omnibus II: new European supervisory framework for insurers                         |
| <input type="checkbox"/> PAD (Payments Account Directive)                                     | <input type="checkbox"/> PD (Prospectus Directive)   |
| <input type="checkbox"/> PRIIPS (Packaged retail and insurance-based investment products)     | <input type="checkbox"/> PSD (Payment Services Directive)  |

Regulation)

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|--|--|
| <input type="checkbox"/> Qualifying holdings Directive   | <input type="checkbox"/> Regulations on IFRS (International Financial Reporting Standards) |
| <input type="checkbox"/> Reinsurance Directive   | <input type="checkbox"/> SEPA Regulation (Single Euro Payments Area)                       |
| <input type="checkbox"/> SFD (Settlement Finality Directive)                                       | <input type="checkbox"/> SFTR (Securities Financing Transactions Regulation)               |
| <input type="checkbox"/> Solvency II Directive   | <input type="checkbox"/> SRM (Single Resolution Mechanism Regulation)                      |
| <input type="checkbox"/> SSM Regulation (Single Supervisory Mechanism)                             | <input type="checkbox"/> SSR (Short Selling Regulation)                                    |
| <input type="checkbox"/> Statutory Audit - Directive and Regulation                                | <input type="checkbox"/> Transparency Directive  |
| <input type="checkbox"/> UCITS (Undertakings for collective investment in transferable securities) | <input checked="" type="checkbox"/> Other Directive(s) and/or Regulation(s)                |

- \* **Please specify to which other Directive(s) and/or Regulation(s) you refer in your example?**  
(Please be short and clear: state only the common name and/or reference of the legislative act(s) you refer to.)

Financial services legislation is still drafted by keeping the paper form disclosure as a main principle

- \* **Please provide us with an executive/succinct summary of your example:**  
(If applicable, mention also the articles of the Directive(s) and/or Regulation(s) selected above and referred to in your example)

Financial services legislation contains detailed requirements to disclose information for clients. These rules have been mostly drafted by keeping the paper disclosure form as the starting point and as the main principle. Disclosure by using electronic form is considered as an exception to the rule and additional requirements are set in the regulation. These requirements are found for example in IDD article 20 and PRIIPs regulation article 14.

Legislation should be technology neutral and take into account of the different ways to serve the customer in a digital friendly way. New innovations should not be hampered by the legislative stiffleness.

- \* **Please provide us with supporting relevant and verifiable empirical evidence for your example:**  
(please give references to concrete examples, reports, literature references, data, etc.)

Please see answer below.

**\* If you have suggestions to remedy the issue(s) raised in your example, please make them here:**

Legislation should be technology neutral and take into account of the different ways to serve the customer in a digital friendly way.

**If you have further quantitative or qualitative evidence related to issue 8 that you would like to submit, please upload it here:**

### C. Interactions of individual rules, inconsistencies and gaps

You can select one or more issues, or leave all issues unselected

- Issue 10 - Links between individual rules and overall cumulative impact
- Issue 11 - Definitions
- Issue 12 - Overlaps, duplications and inconsistencies
- Issue 13 - Gaps

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### Issue 10 – Links between individual rules and overall cumulative impact

Given the interconnections within the financial sector, it is important to understand whether the rules on banking, insurance, asset management and other areas are interacting as intended. Please identify and explain why interactions may give rise to unintended consequences that should be taken into account in the review process. Please provide an assessment of their cumulative impact. Please consider whether changes in the sectoral rules have affected the relevancy or effectiveness of the cross-sectoral rules (for example with regard to financial conglomerates). Please explain in what way and provide concrete examples.

How many examples do you want to provide for this issue?

- 1 example    2 examples    3 examples    4 examples    5 examples

Please fill in the fields below. For any additional documentation, please use the upload button at the end of the section dedicated to this issue.

## Example 1 for Issue 10 (Links between individual rules and overall cumulative impact)

### \* To which Directive(s) and/or Regulation(s) do you refer in your example?

Please select at least one item in the list of the main adopted EU legislative acts below.

Please do not tick the "other" box unless the example you want to provide refers to an legislative act which is not in the list (other adopted EU legislative acts, national legislative acts, etc..). In that case, please specify in the dedicated text box which other legislative act(s) the example refers to.

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|--|--|
| <input checked="" type="checkbox"/> Accounting Directive   | <input type="checkbox"/> AIFMD (Alternative Investment Funds Directive)                                      |
| <input type="checkbox"/> BRRD (Bank recovery and resolution Directive)                               | <input type="checkbox"/> CRAs (credit rating agencies)- Directive and Regulation                             |
| <input checked="" type="checkbox"/> CRR III/CRD IV (Capital Requirements Regulation/Directive)       | <input type="checkbox"/> CSDR (Central Securities Depositories Regulation )                                  |
| <input type="checkbox"/> DGS (Deposit Guarantee Schemes Directive)                                   | <input type="checkbox"/> Directive on non-financial reporting  |
| <input type="checkbox"/> ELTIF (Long-term Investment Fund Regulation)                                | <input type="checkbox"/> EMIR (Regulation of OTC derivatives, Central Counterparties and Trade Repositories) |
| <input type="checkbox"/> E-Money Directive   | <input type="checkbox"/> ESAs regulations (European Supervisory Authorities)                                 |
| <input type="checkbox"/> ESRB (European Systemic Risk Board Regulation)                              | <input type="checkbox"/> EuSEF (European Social Entrepreneurship Funds Regulation)                           |
| <input type="checkbox"/> EuVECA (European venture capital funds Regulation)                          | <input type="checkbox"/> FCD (Financial Collateral Directive)  |
| <input type="checkbox"/> FICOD (Financial Conglomerates Directive)                                   | <input type="checkbox"/> IGS (Investor compensation Schemes Directive)                                       |
| <input type="checkbox"/> IMD (Insurance Mediation Directive)   | <input type="checkbox"/> IORP (Directive on Institutions of Occupational Retirement Pensions)                |
| <input type="checkbox"/> Life Insurance Directive  | <input type="checkbox"/> MAD/R (Market Abuse Regulation & Criminal Sanctions Directive)                      |
| <input type="checkbox"/> MCD (Mortgage Credit Directive)   | <input type="checkbox"/> MIF (Multilateral Interchange Fees Regulation)                                      |
| <input type="checkbox"/> MiFID II/R (Markets in Financial Instruments Directive & Regulation)        | <input type="checkbox"/> Motor Insurance Directive   |
| <input type="checkbox"/> Omnibus I (new EU supervisory framework)                                    | <input type="checkbox"/> Omnibus II: new European supervisory framework for insurers                         |
| <input type="checkbox"/> PAD (Payments Account Directive)  | <input type="checkbox"/> PD (Prospectus Directive)   |
| <input type="checkbox"/> PRIIPS (Packaged retail and insurance-based investment products Regulation) | <input type="checkbox"/> PSD (Payment Services Directive)  |
| <input type="checkbox"/> Qualifying holdings Directive   | <input type="checkbox"/> Regulations on IFRS (International Financial Reporting Standards)                   |
| <input type="checkbox"/> Reinsurance Directive   | <input type="checkbox"/> SEPA Regulation (Single Euro Payments Area)   |
| <input type="checkbox"/> SFD (Settlement Finality Directive)   | <input type="checkbox"/> SFTR (Securities Financing Transactions Regulation)                                 |
| <input checked="" type="checkbox"/> Solvency II Directive  | <input type="checkbox"/> SRM (Single Resolution Mechanism Regulation)  |

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|--|--|
| <input type="checkbox"/> SSM Regulation (Single Supervisory Mechanism)                             | <input type="checkbox"/> SSR (Short Selling Regulation)          |
| <input type="checkbox"/> Statutory Audit - Directive and Regulation                                | <input type="checkbox"/> Transparency Directive                  |
| <input type="checkbox"/> UCITS (Undertakings for collective investment in transferable securities) | <input type="checkbox"/> Other Directive(s) and/or Regulation(s) |

**\* Please provide us with an executive/succinct summary of your example:**

(If applicable, mention also the articles of the Directive(s) and/or Regulation(s) selected above and referred to in your example)

There is a need to investigate ways of aligning accounting and prudential reporting requirements. For example there is a growing divergence in the banking sector between accounting and prudential rules for calculating data (for example valuation, impairment (expected loss, default), definition of capital, forbearance, FINREP...). A holistic view of the current accounting and prudential landscape is lacking.

There is a need for a better coordination between accounting standard setters and enforcement authorities (IASB, ESMA), the exchange of information between accounting standard setters and prudential regulators and the impact analysis of new requirements. This coordination and exchange of information should be part of the drafting process. The problems of coordination relate both to banking and insurance sectors.

**\* Please provide us with supporting relevant and verifiable empirical evidence for your example:**

(please give references to concrete examples, reports, literature references, data, etc.)

Please see answer below.

**\* If you have suggestions to remedy the issue(s) raised in your example, please make them here:**

There is a need for a better coordination between accounting standard setters and enforcement authorities (IASB, ESMA), the exchange of information between accounting standard setters and prudential regulators and the impact analysis of new requirements.

If you have further quantitative or qualitative evidence related to issue 10 that you would like to submit, please upload it here:

## Issue 11 – Definitions

Different pieces of financial services legislation contain similar definitions, but the definitions sometimes vary (for example, the definition of SMEs). Please indicate specific areas of financial services legislation where further clarification and/or consistency of definitions would be beneficial.

How many examples do you want to provide for this issue?

1 example    2 examples    3 examples    4 examples    5 examples

Please fill in the fields below. For any additional documentation, please use the upload button at the end of the section dedicated to this issue.

### Example 1 for Issue 11 (Definitions)

#### \* To which Directive(s) and/or Regulation(s) do you refer in your example?

Please select at least one item in the list of the main adopted EU legislative acts below.

Please do not tick the "other" box unless the example you want to provide refers to an legislative act which is not in the list (other adopted EU legislative acts, national legislative acts, etc..). In that case, please specify in the dedicated text box which other legislative act(s) the example refers to.

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|---|--|
| <input type="checkbox"/> Accounting Directive                                       | <input checked="" type="checkbox"/> AIFMD (Alternative Investment Funds Directive)                           |
| <input type="checkbox"/> BRRD (Bank recovery and resolution Directive)              | <input type="checkbox"/> CRAs (credit rating agencies)- Directive and Regulation                             |
| <input type="checkbox"/> CRR III/CRD IV (Capital Requirements Regulation/Directive) | <input type="checkbox"/> CSDR (Central Securities Depositories Regulation )                                  |
| <input type="checkbox"/> DGS (Deposit Guarantee Schemes Directive)                  | <input type="checkbox"/> Directive on non-financial reporting  |
| <input type="checkbox"/> ELTIF (Long-term Investment Fund Regulation)               | <input type="checkbox"/> EMIR (Regulation of OTC derivatives, Central Counterparties and Trade Repositories) |
| <input type="checkbox"/> E-Money Directive  | <input type="checkbox"/> ESAs regulations (European Supervisory Authorities)                                 |
| <input type="checkbox"/> ESRB (European Systemic Risk Board Regulation)             | <input type="checkbox"/> EuSEF (European Social Entrepreneurship Funds Regulation)                           |
| <input type="checkbox"/> EuVECA (European venture capital funds Regulation)         | <input type="checkbox"/> FCD (Financial Collateral Directive)  |
| <input type="checkbox"/> FICOD (Financial Conglomerates Directive)                  | <input type="checkbox"/> IGS (Investor compensation Schemes Directive)                                       |
| <input type="checkbox"/>  | <input type="checkbox"/> IORP (Directive on Institutions of  |

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|--|--|
| <input type="checkbox"/> IMD (Insurance Mediation Directive)   | <input type="checkbox"/> Occupational Retirement Pensions)                                 |
| <input type="checkbox"/> Life Insurance Directive  | <input type="checkbox"/> MAD/R (Market Abuse Regulation & Criminal Sanctions Directive)    |
| <input type="checkbox"/> MCD (Mortgage Credit Directive)   | <input type="checkbox"/> MIF (Multilateral Interchange Fees Regulation)                    |
| <input checked="" type="checkbox"/> MiFID II/R (Markets in Financial Instruments Directive & Regulation) | <input type="checkbox"/> Motor Insurance Directive   |
| <input type="checkbox"/> Omnibus I (new EU supervisory framework)  | <input type="checkbox"/> Omnibus II: new European supervisory framework for insurers       |
| <input type="checkbox"/> PAD (Payments Account Directive)  | <input type="checkbox"/> PD (Prospectus Directive)   |
| <input type="checkbox"/> PRIIPS (Packaged retail and insurance-based investment products Regulation)     | <input type="checkbox"/> PSD (Payment Services Directive)                                  |
| <input type="checkbox"/> Qualifying holdings Directive   | <input type="checkbox"/> Regulations on IFRS (International Financial Reporting Standards) |
| <input type="checkbox"/> Reinsurance Directive   | <input type="checkbox"/> SEPA Regulation (Single Euro Payments Area)                       |
| <input type="checkbox"/> SFD (Settlement Finality Directive)   | <input type="checkbox"/> SFTR (Securities Financing Transactions Regulation)               |
| <input type="checkbox"/> Solvency II Directive   | <input type="checkbox"/> SRM (Single Resolution Mechanism Regulation)                      |
| <input type="checkbox"/> SSM Regulation (Single Supervisory Mechanism)                                   | <input type="checkbox"/> SSR (Short Selling Regulation)                                    |
| <input type="checkbox"/> Statutory Audit - Directive and Regulation                                      | <input type="checkbox"/> Transparency Directive  |
| <input type="checkbox"/> UCITS (Undertakings for collective investment in transferable securities)       | <input type="checkbox"/> Other Directive(s) and/or Regulation(s)                           |

**\* Please provide us with an executive/succinct summary of your example:**

(If applicable, mention also the articles of the Directive(s) and/or Regulation(s) selected above and referred to in your example)

EU regulation differentiates investor protection on the basis of the experience, know-how and professional skill of the investor. This has been implemented so that investors are divided into professional and non-professional investors. The definition was originally taken into use in the Markets in Financial Instruments Directive (MiFID), which mainly regulates the relationships between customers and investment service providers. The professional or non-professional status of the client determines what responsibilities the investment service provider has towards them. A professional client is expected to take care of their own interests better than a non-professional client. Although the term "non-professional client" is used in the law, these clients are often also referred to as "retail clients". The criteria for a professional client are quite strict. The regulation assumes that the investment service provider is in a superior position to the client, and that clients aren't necessarily familiar with investment-related procedures. Professional clients include certain active financial market parties such as banks, insurance companies and pension companies. Other investors can also apply for a professional status by following a set procedure, in which the criteria may concern the company size or the



investment activities.

If the client is a non-professional investor, they must be given more information on the service in question, and depending on the service, the provider must look after the client's interests. As long as the investors are true "retail investors", that is, small investors investing their own funds, this division works rather well.

In addition to investment services, the professional and non-professional investor definitions are increasingly applied in the way that the provision of specific investment products is restricted only for specific client types. Using a definition that was originally designed for trading to such purposes is problematic in many ways.

The Alternative Investment Funds Managers Directive (AIFMD) differentiates alternative investment funds based on whether they're offered to professional or non-professional clients. There are many different types of alternative investment funds, from "regular" equity funds to hedge funds, private equity funds and real estate funds. Some of these include high risk, but not all. Applying the definition of professional clients makes it considerably more difficult to offer these funds to for example institutional investors or well-experienced investors that are nevertheless classified as non-professional ones.

Mandatory information on packaged retail and insurance-based investment products is defined in the PRIIPS regulation. It requires a key investor information document (KIID) to be given on all packaged investment products when they're being sold to non-professional clients. It is basically a good idea, and the FFI has supported it. But again, the problem arises from the retail investor's definition of being anything else than a non-professional investor. It means its scope includes many institutional or otherwise experienced investors, who do not require the KIID.

In offering investment services, the professional status primarily affects the service content. Using it to limit the sales of a product is more categorical use and in many cases makes it impossible to sell the product the client wants. Criteria designed for trading, particularly investment activity, is ill suited for this purpose. For example, the 10 trades per quarter year, as required by MiFID, is a really rare scenario for real estate or wind power funds, and does not reflect professional skill.

**\* Please provide us with supporting relevant and verifiable empirical evidence for your example:**

(please give references to concrete examples, reports, literature references, data, etc.)

Please see answer below.

\*

**If you have suggestions to remedy the issue(s) raised in your example, please make them here:**

Professional / non-professional status should not be used to determine who can buy or who can be offerered certain products. It might be necessary to reflect whether there is a need to create a new middle category of investors between non-professional and professional clients. This category would be needed for non-professional client which is not a traditional retail client, but merely an insititutional investor. This group of clients should not be denied from obtaining certain products which might not suit traditional retail clients.

**If you have further quantitative or qualitative evidence related to issue 11 that you would like to submit, please upload it here:**

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## Issue 12 – Overlaps, duplications and inconsistencies

Please indicate specific areas of financial services legislation where there are overlapping, duplicative or inconsistent requirements.

How many examples do you want to provide for this issue?

1 example    2 examples    3 examples    4 examples    5 examples

Please fill in the fields below. For any additional documentation, please use the upload button at the end of the section dedicated to this issue.

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### Example 1 for Issue 12 (Overlaps, duplications and inconsistencies)

**\* To which Directive(s) and/or Regulation(s) do you refer in your example?**

Please select at least one item in the list of the main adopted EU legislative acts below.

Please do not tick the "other" box unless the example you want to provide refers to an legislative act which is not in the list (other adopted EU legislative acts, national legislative acts, etc..). In that case, please specify in the dedicated text box which other legislative act(s) the example refers to.

Accounting Directive

BRRD (Bank recovery and resolution Directive)

CRR III/CRD IV (Capital Requirements Regulation/Directive)

AIFMD (Alternative Investment Funds Directive)

CRAs (credit rating agencies)- Directive and Regulation

CSDR (Central Securities Depositories Regulation )

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|--|--|
| <input type="checkbox"/> DGS (Deposit Guarantee Schemes Directive)                                   | <input type="checkbox"/> Directive on non-financial reporting  |
| <input type="checkbox"/> ELTIF (Long-term Investment Fund Regulation)                                | <input type="checkbox"/> EMIR (Regulation of OTC derivatives, Central Counterparties and Trade Repositories) |
| <input type="checkbox"/> E-Money Directive   | <input type="checkbox"/> ESAs regulations (European Supervisory Authorities)                                 |
| <input type="checkbox"/> ESRB (European Systemic Risk Board Regulation)                              | <input type="checkbox"/> EuSEF (European Social Entrepreneurship Funds Regulation)                           |
| <input type="checkbox"/> EuVECA (European venture capital funds Regulation)                          | <input type="checkbox"/> FCD (Financial Collateral Directive)  |
| <input checked="" type="checkbox"/> FICOD (Financial Conglomerates Directive)                        | <input type="checkbox"/> IGS (Investor compensation Schemes Directive)                                       |
| <input type="checkbox"/> IMD (Insurance Mediation Directive)   | <input type="checkbox"/> IORP (Directive on Institutions of Occupational Retirement Pensions)                |
| <input type="checkbox"/> Life Insurance Directive  | <input type="checkbox"/> MAD/R (Market Abuse Regulation & Criminal Sanctions Directive)                      |
| <input type="checkbox"/> MCD (Mortgage Credit Directive)   | <input type="checkbox"/> MIF (Multilateral Interchange Fees Regulation)                                      |
| <input type="checkbox"/> MiFID II/R (Markets in Financial Instruments Directive & Regulation)        | <input type="checkbox"/> Motor Insurance Directive   |
| <input type="checkbox"/> Omnibus I (new EU supervisory framework)                                    | <input type="checkbox"/> Omnibus II: new European supervisory framework for insurers                         |
| <input type="checkbox"/> PAD (Payments Account Directive)  | <input type="checkbox"/> PD (Prospectus Directive)   |
| <input type="checkbox"/> PRIIPS (Packaged retail and insurance-based investment products Regulation) | <input type="checkbox"/> PSD (Payment Services Directive)  |
| <input type="checkbox"/> Qualifying holdings Directive   | <input type="checkbox"/> Regulations on IFRS (International Financial Reporting Standards)                   |
| <input type="checkbox"/> Reinsurance Directive   | <input type="checkbox"/> SEPA Regulation (Single Euro Payments Area)   |
| <input type="checkbox"/> SFD (Settlement Finality Directive)   | <input type="checkbox"/> SFTR (Securities Financing Transactions Regulation)                                 |
| <input checked="" type="checkbox"/> Solvency II Directive  | <input type="checkbox"/> SRM (Single Resolution Mechanism Regulation)  |
| <input type="checkbox"/> SSM Regulation (Single Supervisory Mechanism)                               | <input type="checkbox"/> SSR (Short Selling Regulation)  |
| <input type="checkbox"/> Statutory Audit - Directive and Regulation                                  | <input type="checkbox"/> Transparency Directive  |
| <input type="checkbox"/> UCITS (Undertakings for collective investment in transferable securities)   | <input type="checkbox"/> Other Directive(s) and/or Regulation(s)   |

**\* Please provide us with an executive/succinct summary of your example:**

(If applicable, mention also the articles of the Directive(s) and/or Regulation(s) selected above and referred to in your example)

In general, the Financial Conglomerates Directive should be revisited in the light of the fundamental revisions of the sectoral rules. Details include e.g. the definition of own funds and supervision of intra-group transactions and large exposures/risk concentrations, where there are no theoretically

justified differences either between sectors or in respect of financial conglomerates. In particular, there should be no need for separate rules for intra-group transactions within financial conglomerates (and having no such rules at all in the banking sector) as the rationale for supervising such transactions does not depend on the sector of the counterparty of such a transaction.

Moreover, in order to ensure a level playing field, an effort should be made to reduce supervisory discretion such as the case-by case-approach currently adopted at level 2 for the supervision of intra-group transactions and risk concentrations.

Such differences only increase the administrative burden of both banks and supervisors and result in market inefficiencies by creating distortive incentives.

**\* Please provide us with supporting relevant and verifiable empirical evidence for your example:**

(please give references to concrete examples, reports, literature references, data, etc.)

Please see answer below.

**\* If you have suggestions to remedy the issue(s) raised in your example, please make them here:**

In general, the Financial Conglomerates Directive should be revisited in the light of the fundamental revisions of the sectoral rules.

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## Example 2 for Issue 12 (Overlaps, duplications and inconsistencies)

**\* To which Directive(s) and/or Regulation(s) do you refer in your example?**

Please select at least one item in the list of the main adopted EU legislative acts below.

Please do not tick the "other" box unless the example you want to provide refers to an legislative act which is not in the list (other adopted EU legislative acts, national legislative acts, etc..). In that case, please specify in the dedicated text box which other legislative act(s) the example refers to.

Accounting Directive

BRRD (Bank recovery and resolution



AIFMD (Alternative Investment Funds Directive)

CRAs (credit rating agencies)- Directive and



- |   |  |
|---|--|
| Directive)  | Regulation   |
| <input checked="" type="checkbox"/> CRR III/CRD IV (Capital Requirements Regulation/Directive)                | <input type="checkbox"/> CSDR (Central Securities Depositories Regulation )                                  |
| <input type="checkbox"/> DGS (Deposit Guarantee Schemes Directive)  | <input type="checkbox"/> Directive on non-financial reporting  |
| <input type="checkbox"/> ELTIF (Long-term Investment Fund Regulation)   | <input type="checkbox"/> EMIR (Regulation of OTC derivatives, Central Counterparties and Trade Repositories) |
| <input type="checkbox"/> E-Money Directive  | <input type="checkbox"/> ESAs regulations (European Supervisory Authorities)                                 |
| <input type="checkbox"/> ESRB (European Systemic Risk Board Regulation)                                       | <input type="checkbox"/> EuSEF (European Social Entrepreneurship Funds Regulation)                           |
| <input type="checkbox"/> EuVECA (European venture capital funds Regulation)                                   | <input type="checkbox"/> FCD (Financial Collateral Directive)  |
| <input type="checkbox"/> FICOD (Financial Conglomerates Directive)  | <input type="checkbox"/> IGS (Investor compensation Schemes Directive)                                       |
| <input type="checkbox"/> IMD (Insurance Mediation Directive)  | <input type="checkbox"/> IORP (Directive on Institutions of Occupational Retirement Pensions)                |
| <input type="checkbox"/> Life Insurance Directive   | <input type="checkbox"/> MAD/R (Market Abuse Regulation & Criminal Sanctions Directive)                      |
| <input type="checkbox"/> MCD (Mortgage Credit Directive)  | <input type="checkbox"/> MIF (Multilateral Interchange Fees Regulation)                                      |
| <input checked="" type="checkbox"/> MiFID II/R (Markets in Financial Instruments Directive & Regulation)      | <input type="checkbox"/> Motor Insurance Directive   |
| <input type="checkbox"/> Omnibus I (new EU supervisory framework)   | <input type="checkbox"/> Omnibus II: new European supervisory framework for insurers                         |
| <input type="checkbox"/> PAD (Payments Account Directive)   | <input type="checkbox"/> PD (Prospectus Directive)   |
| <input type="checkbox"/> PRIPS (Packaged retail and insurance-based investment products Regulation)           | <input type="checkbox"/> PSD (Payment Services Directive)  |
| <input type="checkbox"/> Qualifying holdings Directive  | <input type="checkbox"/> Regulations on IFRS (International Financial Reporting Standards)                   |
| <input type="checkbox"/> Reinsurance Directive  | <input type="checkbox"/> SEPA Regulation (Single Euro Payments Area)   |
| <input type="checkbox"/> SFD (Settlement Finality Directive)  | <input type="checkbox"/> SFTR (Securities Financing Transactions Regulation)                                 |
| <input checked="" type="checkbox"/> Solvency II Directive   | <input type="checkbox"/> SRM (Single Resolution Mechanism Regulation)  |
| <input type="checkbox"/> SSM Regulation (Single Supervisory Mechanism)  | <input type="checkbox"/> SSR (Short Selling Regulation)  |
| <input type="checkbox"/> Statutory Audit - Directive and Regulation   | <input type="checkbox"/> Transparency Directive  |
| <input checked="" type="checkbox"/> UCITS (Undertakings for collective investment in transferable securities) | <input type="checkbox"/> Other Directive(s) and/or Regulation(s)   |

**\* Please provide us with an executive/succinct summary of your example:**

(If applicable, mention also the articles of the Directive(s) and/or Regulation(s) selected above and referred to in your example)

The basic premise on which the remuneration of leaders and other key persons in financial sector companies has been regulated has been appropriate. The general principles of this regulation are possible to implement to various different kinds of players in the financial sector. Remuneration schemes should not encourage excessive risk-taking in the hopes of short-term gains. Unfortunately the current implementation of this regulation leads to obscure, overlapping and inconsistent regulation.

Remuneration is regulated separately for credit institutions, insurance companies, investment firms, fund management companies and alternative investment funds. When parts of this regulation is being prepared by different parties and at different times, the small differences in their provisions may cause considerable problems in practice. At some points, companies are expected to comply to two sets of rules that contradict one another. For example, a mutual fund company has to comply with remuneration codes set out in the UCITS Directive, but if it has outsourced the fund management to a bank, for instance, the bank could be subject to remuneration regulation made for fund management companies. But the outsourced companies, typically banks or investment firms, already have their own regulation in place.

Certain details in remuneration regulation have been prepared with large, often listed, companies in mind. These provisions, e.g. the requirement to pay variable remunerations as financial instruments that reflect the development of the company's capital or creditworthiness, are ill-suited for small unlisted companies and any other entities besides limited companies. In these kinds of cases the rules should be flexible in their detailed implementation.

**\* Please provide us with supporting relevant and verifiable empirical evidence for your example:**

(please give references to concrete examples, reports, literature references, data, etc.)

Please see answer below.

**\* If you have suggestions to remedy the issue(s) raised in your example, please make them here:**

Rules relate to compensation should be coordinated in different financial services regulations in order to avoid overlaps and inconsistencies.

### Example 3 for Issue 12 (Overlaps, duplications and inconsistencies)

#### \* To which Directive(s) and/or Regulation(s) do you refer in your example?

Please select at least one item in the list of the main adopted EU legislative acts below.

Please do not tick the "other" box unless the example you want to provide refers to an legislative act which is not in the list (other adopted EU legislative acts, national legislative acts, etc..). In that case, please specify in the dedicated text box which other legislative act(s) the example refers to.

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|--|--|
| <input type="checkbox"/> Accounting Directive  | <input type="checkbox"/> AIFMD (Alternative Investment Funds Directive)                                      |
| <input type="checkbox"/> BRRD (Bank recovery and resolution Directive)                                   | <input type="checkbox"/> CRAs (credit rating agencies)- Directive and Regulation                             |
| <input type="checkbox"/> CRR III/CRD IV (Capital Requirements Regulation/Directive)                      | <input type="checkbox"/> CSDR (Central Securities Depositories Regulation )                                  |
| <input type="checkbox"/> DGS (Deposit Guarantee Schemes Directive)                                       | <input type="checkbox"/> Directive on non-financial reporting  |
| <input type="checkbox"/> ELTIF (Long-term Investment Fund Regulation)                                    | <input type="checkbox"/> EMIR (Regulation of OTC derivatives, Central Counterparties and Trade Repositories) |
| <input type="checkbox"/> E-Money Directive   | <input type="checkbox"/> ESAs regulations (European Supervisory Authorities)                                 |
| <input type="checkbox"/> ESRB (European Systemic Risk Board Regulation)                                  | <input type="checkbox"/> EuSEF (European Social Entrepreneurship Funds Regulation)                           |
| <input type="checkbox"/> EuVECA (European venture capital funds Regulation)                              | <input type="checkbox"/> FCD (Financial Collateral Directive)  |
| <input type="checkbox"/> FICOD (Financial Conglomerates Directive)                                       | <input type="checkbox"/> IGS (Investor compensation Schemes Directive)                                       |
| <input checked="" type="checkbox"/> IMD (Insurance Mediation Directive)                                  | <input type="checkbox"/> IORP (Directive on Institutions of Occupational Retirement Pensions)                |
| <input type="checkbox"/> Life Insurance Directive  | <input type="checkbox"/> MAD/R (Market Abuse Regulation & Criminal Sanctions Directive)                      |
| <input type="checkbox"/> MCD (Mortgage Credit Directive)   | <input type="checkbox"/> MIF (Multilateral Interchange Fees Regulation)                                      |
| <input checked="" type="checkbox"/> MiFID II/R (Markets in Financial Instruments Directive & Regulation) | <input type="checkbox"/> Motor Insurance Directive   |
| <input type="checkbox"/> Omnibus I (new EU supervisory framework)  | <input type="checkbox"/> Omnibus II: new European supervisory framework for insurers                         |
| <input checked="" type="checkbox"/> PAD (Payments Account Directive)                                     | <input type="checkbox"/> PD (Prospectus Directive)   |
| <input type="checkbox"/> PRIIPS (Packaged retail and insurance-based investment products Regulation)     | <input type="checkbox"/> PSD (Payment Services Directive)  |
| <input type="checkbox"/> Qualifying holdings Directive   | <input type="checkbox"/> Regulations on IFRS (International Financial Reporting Standards)                   |
| <input type="checkbox"/> Reinsurance Directive   | <input type="checkbox"/> SEPA Regulation (Single Euro Payments Area)   |
| <input type="checkbox"/> SFD (Settlement Finality Directive)   | <input type="checkbox"/> SFTR (Securities Financing Transactions Regulation)                                 |
| <input type="checkbox"/> Solvency II Directive   | <input type="checkbox"/> SRM (Single Resolution Mechanism Regulation)  |

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|--|--|
| <input type="checkbox"/> SSM Regulation (Single Supervisory Mechanism)                             | <input type="checkbox"/> SSR (Short Selling Regulation)          |
| <input type="checkbox"/> Statutory Audit - Directive and Regulation                                | <input type="checkbox"/> Transparency Directive                  |
| <input type="checkbox"/> UCITS (Undertakings for collective investment in transferable securities) | <input type="checkbox"/> Other Directive(s) and/or Regulation(s) |

**\* Please provide us with an executive/succinct summary of your example:**

(If applicable, mention also the articles of the Directive(s) and/or Regulation(s) selected above and referred to in your example)

EU regulations on investor protection contain partially overlapping provisions on same investment products and retail investor services, and the provisions contradict one another.

The Commission's original goal was to place various different types of investment products and service providers under harmonised regulation. Thus the same rules would have governed securities and life insurance policies, for example, or banks and insurance companies. This is a supportable idea. However, in practice the regulation didn't reach this goal; now the same types of products can be governed different rules.

This type of regulation includes the reviewed Markets in Financial Instruments Directive (MiFID2), regulation on Packaged retail and insurance-based investment products (PRIIPs), Mortgage Credit directive (MCD), and Insurance Distribution directive (IDD). The PRIIPs regulation, for example, contains provisions on disclosure of costs and risks (article 8.3) that contradict the obligations in MiFID2 (article 24.4) and IDD (article 29). Information given to retail investors should be concise, consistent and clear. We feel the quality of the information given is more important than its quantity. Conflicting obligations might end up confusing the customer even more, if the customer receives different information on the same product in multiple form. These kind of detailed and overlapping obligations also make it difficult to use electronic channels in selling products. Regulation should flexibly allow the advancements of digitalisation.

Another example of inconsistency is rules on cross selling of financial products. These rules exist in for example MiFID2 (article 24.11), Mortgage Credit directive (article 12), Insurance Distribution directive (article 24), Payment Accounts directive (article . Rules have been drafted in different times and in different regimes, although the products sold together might be covered by several directives. The rules are not consistent and at the moment, the implementation is unclear.

**\* Please provide us with supporting relevant and verifiable empirical evidence for your example:**

(please give references to concrete examples, reports, literature references, data, etc.)

Please see answer below.



**\* If you have suggestions to remedy the issue(s) raised in your example, please make them here:**

Rules relate to different parts of investor protection should be coordinated in different financial services regulations in order to avoid overlaps and inconsistencies.

#### Example 4 for Issue 12 (Overlaps, duplications and inconsistencies)

**\* To which Directive(s) and/or Regulation(s) do you refer in your example?**

Please select at least one item in the list of the main adopted EU legislative acts below.

Please do not tick the "other" box unless the example you want to provide refers to an legislative act which is not in the list (other adopted EU legislative acts, national legislative acts, etc..). In that case, please specify in the dedicated text box which other legislative act(s) the example refers to.

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|---|--|
| <input checked="" type="checkbox"/> Accounting Directive                            | <input type="checkbox"/> AIFMD (Alternative Investment Funds Directive)                                      |
| <input type="checkbox"/> BRRD (Bank recovery and resolution Directive)              | <input type="checkbox"/> CRAs (credit rating agencies)- Directive and Regulation                             |
| <input type="checkbox"/> CRR III/CRD IV (Capital Requirements Regulation/Directive) | <input type="checkbox"/> CSDR (Central Securities Depositories Regulation )                                  |
| <input type="checkbox"/> DGS (Deposit Guarantee Schemes Directive)                  | <input type="checkbox"/> Directive on non-financial reporting  |
| <input type="checkbox"/> ELTIF (Long-term Investment Fund Regulation)               | <input type="checkbox"/> EMIR (Regulation of OTC derivatives, Central Counterparties and Trade Repositories) |
| <input type="checkbox"/> E-Money Directive  | <input type="checkbox"/> ESAs regulations (European Supervisory Authorities)                                 |
| <input type="checkbox"/> ESRB (European Systemic Risk Board Regulation)             | <input type="checkbox"/> EuSEF (European Social Entrepreneurship Funds Regulation)                           |
| <input type="checkbox"/> EuVECA (European venture capital funds Regulation)         | <input type="checkbox"/> FCD (Financial Collateral Directive)  |
| <input type="checkbox"/> FICOD (Financial Conglomerates Directive)                  | <input type="checkbox"/> IGS (Investor compensation Schemes Directive)                                       |
| <input type="checkbox"/> IMD (Insurance Mediation Directive)                        | <input type="checkbox"/> IORP (Directive on Institutions of Occupational Retirement Pensions)                |
| <input type="checkbox"/> Life Insurance Directive                                   | <input type="checkbox"/> MAD/R (Market Abuse Regulation & Criminal Sanctions Directive)                      |
| <input type="checkbox"/> MCD (Mortgage Credit Directive)                            | <input type="checkbox"/> MIF (Multilateral Interchange Fees Regulation)                                      |
| <input type="checkbox"/> MiFID II/R (Markets in Financial                           | <input type="checkbox"/>   |

- |   |  |
|---|--|
| <input type="checkbox"/> Instruments Directive & Regulation)  | <input type="checkbox"/> Motor Insurance Directive   |
| <input type="checkbox"/> Omnibus I (new EU supervisory framework)                                   | <input type="checkbox"/> Omnibus II: new European supervisory framework for insurers       |
| <input type="checkbox"/> PAD (Payments Account Directive)   | <input type="checkbox"/> PD (Prospectus Directive)   |
| <input type="checkbox"/> PRIPS (Packaged retail and insurance-based investment products Regulation) | <input type="checkbox"/> PSD (Payment Services Directive)                                  |
| <input type="checkbox"/> Qualifying holdings Directive  | <input type="checkbox"/> Regulations on IFRS (International Financial Reporting Standards) |
| <input type="checkbox"/> Reinsurance Directive  | <input type="checkbox"/> SEPA Regulation (Single Euro Payments Area)                       |
| <input type="checkbox"/> SFD (Settlement Finality Directive)  | <input type="checkbox"/> SFTR (Securities Financing Transactions Regulation)               |
| <input type="checkbox"/> Solvency II Directive  | <input type="checkbox"/> SRM (Single Resolution Mechanism Regulation)                      |
| <input type="checkbox"/> SSM Regulation (Single Supervisory Mechanism)                              | <input type="checkbox"/> SSR (Short Selling Regulation)                                    |
| <input type="checkbox"/> Statutory Audit - Directive and Regulation                                 | <input type="checkbox"/> Transparency Directive  |
| <input type="checkbox"/> UCITS (Undertakings for collective investment in transferable securities)  | <input type="checkbox"/> Other Directive(s) and/or Regulation(s)                           |

**\* Please provide us with an executive/succinct summary of your example:**

(If applicable, mention also the articles of the Directive(s) and/or Regulation(s) selected above and referred to in your example)

Accounting directives in the banking and insurance fields should be harmonised with the general Accounting directive (2013/34/EU), as there are overlaps in many crucial areas.

**\* Please provide us with supporting relevant and verifiable empirical evidence for your example:**

(please give references to concrete examples, reports, literature references, data, etc.)

Please see answer below.

**\* If you have suggestions to remedy the issue(s) raised in your example, please make them here:**

Accounting directives in the banking and insurance fields should be harmonised with the general Accounting directive (2013/34/EU), as there are overlaps in many crucial areas.

**If you have further quantitative or qualitative evidence related to issue 12 that you would like to submit, please upload it here:**

## D. Rules giving rise to possible other unintended consequences

You can select one or more issues, or leave all issues unselected

- Issue 14 - Risk  
 Issue 15 - Procyclicality

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### Issue 14 – Risk

EU rules have been put in place to reduce risk in the financial system and to discourage excessive risk-taking, without unduly dampening sustainable growth. However, this may have led to risk being shifted elsewhere within the financial system to avoid regulation or indeed the rules unintentionally may have led to less resilient financial institutions. Please indicate whether, how and why in your view such unintended consequences have emerged.

How many examples do you want to provide for this issue?

- 1 example    2 examples    3 examples    4 examples    5 examples

Please fill in the fields below. For any additional documentation, please use the upload button at the end of the section dedicated to this issue.

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#### Example 1 for Issue 14 (Risk)

#### \* To which Directive(s) and/or Regulation(s) do you refer in your example?

Please select at least one item in the list of the main adopted EU legislative acts below.

Please do not tick the "other" box unless the example you want to provide refers to an legislative act which is not in the list (other adopted EU legislative acts, national legislative acts, etc..). In that case, please specify in the dedicated text box which other legislative act(s) the example refers to.

- |   |  |
|---|--|
| <input type="checkbox"/> Accounting Directive   | <input type="checkbox"/> Directive)  |
| <input type="checkbox"/> BRRD (Bank recovery and resolution Directive)                              | <input type="checkbox"/> CRAs (credit rating agencies)- Directive and Regulation                             |
| <input type="checkbox"/> CRR III/CRD IV (Capital Requirements Regulation/Directive)                 | <input type="checkbox"/> CSDR (Central Securities Depositories Regulation )                                  |
| <input type="checkbox"/> DGS (Deposit Guarantee Schemes Directive)                                  | <input type="checkbox"/> Directive on non-financial reporting  |
| <input type="checkbox"/> ELTIF (Long-term Investment Fund Regulation)                               | <input type="checkbox"/> EMIR (Regulation of OTC derivatives, Central Counterparties and Trade Repositories) |
| <input type="checkbox"/> E-Money Directive  | <input type="checkbox"/> ESAs regulations (European Supervisory Authorities)                                 |
| <input type="checkbox"/> ESRB (European Systemic Risk Board Regulation)                             | <input type="checkbox"/> EuSEF (European Social Entrepreneurship Funds Regulation)                           |
| <input type="checkbox"/> EuVECA (European venture capital funds Regulation)                         | <input type="checkbox"/> FCD (Financial Collateral Directive)  |
| <input type="checkbox"/> FICOD (Financial Conglomerates Directive)                                  | <input type="checkbox"/> IGS (Investor compensation Schemes Directive)                                       |
| <input type="checkbox"/> IMD (Insurance Mediation Directive)  | <input type="checkbox"/> IORP (Directive on Institutions of Occupational Retirement Pensions)                |
| <input type="checkbox"/> Life Insurance Directive   | <input type="checkbox"/> MAD/R (Market Abuse Regulation & Criminal Sanctions Directive)                      |
| <input type="checkbox"/> MCD (Mortgage Credit Directive)  | <input type="checkbox"/> MIF (Multilateral Interchange Fees Regulation)                                      |
| <input type="checkbox"/> MiFID II/R (Markets in Financial Instruments Directive & Regulation)       | <input type="checkbox"/> Motor Insurance Directive   |
| <input type="checkbox"/> Omnibus I (new EU supervisory framework)                                   | <input type="checkbox"/> Omnibus II: new European supervisory framework for insurers                         |
| <input type="checkbox"/> PAD (Payments Account Directive)   | <input type="checkbox"/> PD (Prospectus Directive)   |
| <input type="checkbox"/> PRIPS (Packaged retail and insurance-based investment products Regulation) | <input type="checkbox"/> PSD (Payment Services Directive)  |
| <input type="checkbox"/> Qualifying holdings Directive  | <input type="checkbox"/> Regulations on IFRS (International Financial Reporting Standards)                   |
| <input type="checkbox"/> Reinsurance Directive  | <input type="checkbox"/> SEPA Regulation (Single Euro Payments Area)   |
| <input type="checkbox"/> SFD (Settlement Finality Directive)  | <input type="checkbox"/> SFTR (Securities Financing Transactions Regulation)                                 |
| <input type="checkbox"/> Solvency II Directive  | <input type="checkbox"/> SRM (Single Resolution Mechanism Regulation)  |
| <input type="checkbox"/> SSM Regulation (Single Supervisory Mechanism)                              | <input type="checkbox"/> SSR (Short Selling Regulation)  |
| <input type="checkbox"/> Statutory Audit - Directive and Regulation                                 | <input type="checkbox"/> Transparency Directive  |
| <input type="checkbox"/> UCITS (Undertakings for collective investment in transferable securities)  | <input checked="" type="checkbox"/> Other Directive(s) and/or Regulation(s)                                  |

**\* Please specify to which other Directive(s) and/or Regulation(s) you refer in your example?**  
(Please be short and clear: state only the common name and/or reference of the legislative act(s) you refer to.)

**\* Please provide us with an executive/succinct summary of your example:**

(If applicable, mention also the articles of the Directive(s) and/or Regulation(s) selected above and referred to in your example)

The Commission is considering whether to issue crisis management regulation on insurance companies' insolvency, and a communication might be expected in winter 2015-16. The Commission has also looked into the possibility of insurance companies' guarantee schemes, which would cover possible cases of insolvency from funds that all the companies contribute in.

The Solvency II Directive has come into effect in January 2016, and will fully harmonise the solvency, administration, reporting and supervision regulation of insurance companies in all member states. Solvency II will improve stability of the insurance sector, and harmonised supervision will ensure that the regulation is implemented similarly in all member states. At this stage it is important to focus on the efficiency of supervision and harmonisation of supervisory practices, instead of new regulation. If crisis management regulation was to be issued, it should be specifically limited to apply only to major insurers that are systemically important in the European context. Insurance guarantee schemes created through EU regulation would in no case mean a 100% guarantee for the customers of insurance companies. EU regulation would likely even be a step back compared to the national statutory guarantee schemes already in place in Finland. The Commission's earlier drafts also treat smaller and more focused insurance markets unfavourably, compared to other markets, which means their implementation as such would hinder the operations of companies in these markets and create unlevel playing field in Europe.

Instead of issuing new regulation, the Commission should look into alternative ways to improve customer protection. For example in the Finnish Insurance Company Act, the customers' assets have priority in case of a non-life insurance company's bankruptcy. Portfolio transfers of insurance policies into another company is another means used in many EU countries.

**\* Please provide us with supporting relevant and verifiable empirical evidence for your example:**

(please give references to concrete examples, reports, literature references, data, etc.)

Please see answer below.

**If you have suggestions to remedy the issue(s) raised in your example, please make them here:**

Disproportionate burden on systematically not important insurance companies might distort the markets in smaller member states. Posing more burden sharing on healthy insurance companies by requirements related to joint liability might even create a systemic risk in a situation where the bankrupt insurance company is one of the bigger ones in the market.

**If you have further quantitative or qualitative evidence related to issue 14 that you would like to submit, please upload it here:**

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#### Useful links

##### Consultation details

([http://ec.europa.eu/finance/consultations/2015/financial-regulatory-framework-review/index\\_en.htm](http://ec.europa.eu/finance/consultations/2015/financial-regulatory-framework-review/index_en.htm))

##### Consultation document

(<http://ec.europa.eu/finance/consultations/2015/financial-regulatory-framework-review/docs/consultation-document>)

##### Specific privacy statement

([http://ec.europa.eu/finance/consultations/2015/financial-regulatory-framework-review/docs/privacy-statement\\_en](http://ec.europa.eu/finance/consultations/2015/financial-regulatory-framework-review/docs/privacy-statement_en))

More on the Transparency register (<http://ec.europa.eu/transparencyregister/public/homePage.do?locale=en>)

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#### Contact

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