



The European Federation of Financial Services Users

BETTER FINANCE for all

ANNUAL REPORT 2013



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ANNUAL ACTIVITY REPORT

BETTER FINANCE 2013

Who We Are



The European Federation of Financial Services Users, now going by the brand name « BETTER FINANCE for all », is an independent organisation of public interest and centre of expertise advocating and defending the interests of retail investors, private shareholders and users of financial services vis-à-vis the European authorities and lawmakers. BETTER FINANCE is the merger of Euroshareholders and EuroFinUse (formerly EuroInvestors).



The Situation

Financial institutions and related businesses exert substantial influence on the policy-making process through lobbies who seek to adjust financial regulation to their liking. Without an effective counterweight, it is the end-users and the other non-industry stakeholders who tend to pay the price. Serving as counterbalance, the European Federation of Financial Services Users (BETTER FINANCE) is the only independent organisation dedicated to the interests of end-users of financial services at European level. BETTER FINANCE successfully engaged in campaigns to provide better protection for end-users, achieve more market integrity and transparency and establish better governance of financial supervision.

2013

During 2013, BETTER FINANCE continued to increase the amount and expand the scope of activities, including the first phase of the research project on the real return of pension savings and an important intensification of the BETTER FINANCE participation in advisory bodies, working groups, workshops, hearings and other events sponsored by EU Authorities. Better Finance is now by far the best represented retail user side organisation involved in the EU advisory groups that deal with financial policies. 2013 was also a successful year in terms of the number of responses to consultations by the EC and the three ESAs.

In 2013 Better Finance established itself as the main user-side player in EU financial policy advisory bodies and was at the initiator of a breakthrough in terms of measuring and reporting consumer trends related to the real performance of households' savings and investments. Better Finance demonstrated its capability to create and manage international events, attracting high level speakers and participants as well as securing top locations.

In 2013 BETTER FINANCE successfully:

...influenced policy through targeted advocacy

For instance, BETTER FINANCE is the only consumer-side organisation to have raised concerns about the implementation of the FTT and the EC proposal not meeting its stated objective of "ensuring that financial institutions make a substantial contribution to covering the costs of the crisis".





...raised awareness among stakeholders

For the first time BETTER FINANCE made “Financial Repression” the core topic of an international conference. Prominent finance authorities acknowledged that institutions specifically created for financial repression are being set up... and this in flagrant contradiction to the EC green paper citing individual savers and investors as the primary providers of the long-term financing of the economy.

...raised awareness among the wider public

BETTER FINANCE’s research report on ‘The Real Return of Private Pensions’ attracted a lot of media attention. The research, showing that real pension returns after inflation have been negative in many EU countries, roused pension savers across Europe.

...increased user-side visibility and presence

There is an urgent need for a balanced representation of interests between industry and user-side when designing and implementing financial policies. BETTER FINANCE managed to increase user-side representation in regulatory consultative groups such as those of EIOPA, EBA, ESMA and the EC (FSUG).

...achieved more transparency

Thanks in part to persistent advocacy efforts by BETTER FINANCE, amendments to take life insurance out of the scope of the “KID-regulation” were not included in the final parliamentary vote. We are now one step closer to adopting essential legislation towards the harmonisation of key disclosure requirements and better protection of individual investors and pension-savers in Europe.

International

The financial crisis clearly demonstrates that in our globalised world, financial policies and regulation have impacts across borders. BETTER FINANCE reflects this reality and today BETTER FINANCE acts as an «umbrella organisation» or federation for more than 50 independent, national and international member and sub-member organisations from the European Member States and beyond.

Our mission

BETTER FINANCE believes that the financial system exists to serve the real economy by ensuring the optimal allocation of capital, providing financial services and coping with the risks that are part and parcel of economic life. However, the real economy increasingly finds itself at the mercy of a powerful global financial industry pursuing its own interests with increasingly negative impacts on real economic performance.

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understate the public interest of the role of finance in the economy, but rather to restore the balance between the real economy and the financial services that are provided to it.

BETTER FINANCE aims to establish itself as the go-to reference for independent financial expertise in the EU, fighting for better governance of financial regulation with as overall objective the establishment of an open, transparent and efficient real economy served by financial institutions that have the interests of customers and society in mind.

BETTER FINANCE 2014 MANIFESTO: OUR PRIORITIES FOR THE NEXT 5 YEARS

SAVING FOR GROWTH AND JOBS

« Households are the main source of funds to finance investment »¹

This is one reason why European Authorities must restore confidence in the financial system. Confidence was lost when the 2008 financial crisis all too often led to “privatizing” profits and

It is time for EU politicians and regulators to now combine their existing focus on “financial stability” with a new focus on fairness and on shoring up the real economy by engaging in the protection of savers and investors, concentrating on long term investment for job creation, and

“socializing” losses. It is time for EU politicians and regulators to now combine their existing focus on “financial stability” with a new focus on fairness and on shoring up the real economy by engaging in the protection of savers and investors, concentrating on long term investment for job creation, and improving corporate governance.

In our manifesto we outline the priorities that would go a long way in addressing the protection of savers and investors and strongly benefit the real economy:

1. Ensure households provide adequate long term savings for the real economy:
 - Putting an end to the ongoing destruction of the real value of their savings:
 - through the inclusion of all long term and pension saving products in the scope of investor protection rules,
 - through the simplification and cost reduction of “packaged” product offerings,
 - and by systematically reducing all forms of “financial repression”²
 - Promoting the role and involvement of individual shareholders in the long term financing of the EU economy through enhancing minority shareholders rights and facilitating the exercise of voting rights, especially for cross-border voting.

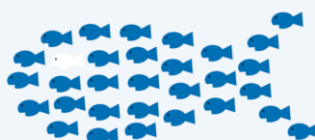
¹ Green Paper on the long-term financing of the European economy - European Commission, March 2013

² Financial repression is any of the measures that governments employ to channel funds to themselves, that, in a deregulated market, would go elsewhere.





- Promoting equities as an adequate, simple, cheap, liquid and transparent long term investment tool, and ending their discrimination at the retail point of sale.
 - Returning capital markets (equities and bonds) to their natural participants - end-investors and non-financial issuers - and limit their “re-intermediation” by financial institutions.
 - Thoroughly improving the governance of listed companies and of investment intermediaries to avoid situations where executives depart with exorbitant bonuses and non-insider shareholders and taxpayers end up with many more billions of losses.
2. Improve and harmonise savers and investors’ protection (whatever the product and whoever the distributor), by:
- Allowing all EU citizens to access unbiased and cost-efficient financial advice; whilst at the same time ensuring direct access for citizens to capital markets;
 - Achieving a “level playing field” for pre-contractual information for investment products’, no matter the type of product (plain vanilla products or packaged), wrapper (insurance, investment or pension plan) or channel (“execution-only” or through financial “advisers”);
 - Guaranteeing same conduct-of-business rules to apply to all distributors of investment products available at retail level.
3. Further improve European financial supervision and enforcement, by:
- Enforcing a balanced representation of retail users in the EU Authorities’ advisory processes and groups;
 - Establishing an EU-wide collective redress scheme to guarantee effective and equal redress of financial users no matter which EU jurisdiction they are based in;
 - Reforming “bail-in” rules to ensure the parties responsible for bank failures are the first to pay for resolutions instead of depositors and savers.
4. Stop tax discrimination against European savers, by:
- Truly exempting individual investors and other real economy financial users from all FTTs (financial transaction taxes);
 - Putting an end to the double taxation of cross-border dividends for individuals holding shares issued in another Member State;
 - Forbidding taxation above 100% of real income from savings.





Interview with Jella Benner-Heinacher



A few years ago, in your capacity as President of EuroShareholders and of EuroInvestors (now united into Better Finance), you were closely involved with matters of European financial regulation. How do you evaluate the last few years and the role Better Finance was able to play on the European financial regulation scene?

The financial crisis that started at the end of 2007 and still dominates the European economy today clearly demonstrated the need for financial expertise centres. Several organisations took up that role, but « BETTER FINANCE for all » is the only and largest organisation that directly represents financial end-users at the European level. Whether as individual investors, shareholders, savers, life insurance policy holders, pension fund participants or borrowers, European citizens are all in one way or another users and consumers of financial products and services. In this respect, the financial crisis has affected every single household in the European Union.

Decision makers in Brussels have started to improve the situation by passing new financial legislation and introducing reforms. At the same time they declared that households are the main source of funds to finance long term investment in the European economy, policy makers, in their reformatory zeal, sacrificed the wellbeing of European citizens in their dogmatic quest for a sacrosanct «financial stability».

Thanks to BETTER FINANCE and the enormous efforts put in, a lot of improvements for investors could be attained. Also the organization was increasingly present and able to influence the decision-making processes in Brussels. Exemplary for the excellent research work carried out by Better Finance stands the study on “the real return of pension savings” as well as the study on “cross border voting in Europe”. Better Finance’s presence in multiple stakeholder and expert groups of European supervisory and legislative bodies (the FSUG³, the EBA’s BSG⁴, ESMA’s SMSG⁵ and EIOPA’s IRSG⁶ and OPSG⁷, amongst others) also show clearly that the voice of retail users is increasingly being heard by decision makers.

In your view, what are Better Finance's priorities for 2014-2015, what are the main challenges to overcome and what should be the focus in terms of financial legislation for the next European Parliament?

Better Finance is a small but influential organisation thanks to its strong team under the lead of Guillaume Prache which is very active in the broad field of European financial policy. There are many issues that Better Finance seeks to address in order to improve the situation for European consumers of financial services and products. However, Better Finance needs to focus on a few key issues that

³ Financial Services Users Group

⁴ Banking Stakeholder Group

⁵ Securities and Markets Stakeholder Group

⁶ Insurance and Reinsurance Stakeholder Group

⁷ Occupational Pensions Stakeholder Group





are likely to have the most impact on consumers and continue to draw attention to the financial repression that is affecting all European citizens. We do see quite a few key challenges ahead.

On the one hand financial repression is increasingly being seen as necessary and inevitable in

There should be free of charge voting of shares for all shareholders including retail investors across borders in Europe as the voting right is one of the most fundamental rights for the shareholder.

European circles, although it is at the same time penalizing the interests of financial users such as savers, insurance policy holders and pension fund participants.

On the other hand, as part of the banking reform, bail-in measures are also enjoying widespread support but may very well end up targeting individual small shareholders, depositors and investors. These measures are aimed at establishing financial stability,

which is obviously important, but fail to take into account financial users' protection issues. Better Finance will continue raising awareness about the fact that end-users should not be the ones footing the bill for the mistakes of other parties.

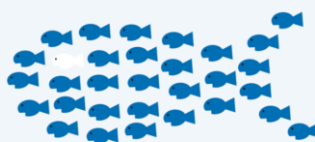
What do you think about some of the recent proposals aimed at improving shareholder rights in the proposal for a new Shareholder Rights' Directive for the EU?

The Shareholder Rights Directive and its key issues will be next on the agenda of Better Finance. We are supportive of the idea to give shareholders more power with regard to directors' pay via a shareholders' vote and also in case of material related parties' transactions. I believe we are on the right track.

Also, and even more important, there should be free of charge voting of shares for all shareholders including retail investors across borders in Europe as the voting right is one of the most fundamental rights for the shareholder.

What were the main obstacles and challenges you encountered during your career as a woman in the world of finance, which remains a male dominated world after all?

Whereas studies show that men and women bring different and complementary skills, sensibilities as well as management styles to the table, female representation in the financial services industry remains low. As Chief Deputy Managing Director of DSW, German's largest association for private investors, I can't help but notice that the board positions across Germany's most influential and powerful companies are mainly held by men. As women are still not as publicly visible as men and lack access to important networks, there is room for improvement. It may still be necessary to give women a head start in their careers and to this end I would like to see first a national data bank set up that would list all of Germany's many highly qualified women with their abilities and qualifications and then, in a second phase, a respective European databank to promote the issue of diversity not only in Germany but all over Europe. Head-hunters and companies could then use this source to identify the right candidates for recruiting purposes.





BETTER FINANCE Member Organisations

BETTER FINANCE advocates and defends the interests of financial services users and other independent stakeholders at European level, by promoting awareness, research and information in relation to «Investments, Savings and Personal Finances». To this end BETTER FINANCE brings together member organisations pursuing the same objectives in one organisation, structured on a supranational level all the while respecting the European principle of subsidiarity. BETTER FINANCE is composed of active, associate and honorary members.

Members are invited to help determine BETTER FINANCE's strategic and operational priorities by participating in the drafting of responses to public consultations and in General Assemblies. The General Assembly is composed of all BETTER FINANCE members and usually meets twice a year to determine our objectives and priorities. Hereunder you will find a list of all our members listed alphabetically by country:

Austria

IVA - Interessenverband für Anleger

The IVA Investors' Association is an independent advocacy group for private minority shareholders and investors. IVA can only enforce the rights of minority shareholders and investors effectively if they get together and pool their votes at general meetings.

Belgium

VFB - Vlaamse Federatie van Beleggingsclubs en Beleggers

The Flemish Federation of Investment Clubs and Investors is a non-profit organisation that informs individual investors and investment clubs on the management of financial assets. Communication, information and training focuses primarily on equities. The organisation counts 82 corporate and 6600 paying individual members.

INVESTA - Association des Investisseurs Actifs

INVESTA is an independent organisation providing numerous activities such as conferences, training on methods of technical and fundamental analysis of securities for club

members and investors and anyone with a particular interest in the financial world.

Bulgaria

Bulgarian Investors Association – Investassoc

The Bulgarian Investors Association is protecting the interests and expanding the investment culture of retail investors. In addition it supports the development of the capital market in Bulgaria, the harmonization of the Bulgarian legislation affecting corporate governance and capital market thereby upholding the principles of awareness, transparency and integrity of the capital market.

Cyprus

Cyprus Association of Stock Market Investors

The Cypriote Association of Stock Market Investors is an investor association whose purpose is to defend the collective interests of investors in Cyprus.

Czech Republic

SCS - Sdružení českých spotřebitelů, o.s.

SČS activities are focused on the regional dimension of security and development services in the field of consumer protection. This includes providing advice and ensuring





the flow of information, but also and especially the development of contacts and cooperation with various stakeholders at regional level.

Denmark

DAF - Dansk Aktionærforening

The Danish Shareholders Association is striving to promote shareholding among private investors and to become an active policy-maker and lobbyist regarding stock market questions.

Finland

Osakesäästäjien Keskusliitto ry

The Finish Shareholders Federation is a national association of shareholders; its purpose is to promote shares as savings and other personal assets management. The main tasks of the Alliance are lobbying and providing the right information to authorities and the general public.

France

FAIDER - Fédération des Associations Indépendantes de Défense des Epargnants pour la Retraite

FAIDER is the French federation of investors and life insurance policy holders associations. It is a Federation of 15 associations counting in turn about 1.5 million individual members.

A.D.A.M. - Association pour la défense des Actionnaires Minoritaires

A.D.A.M. the Association of Minority Shareholders is an association founded in 1991 whose purpose is to defend the collective interests of investors. The president Colette Neuville represents about 5,000 members as investors.

F2iC - Fédération Française des Clubs d'Investissement

F2iC is the Federation of Individual Investors and Investment Clubs an independent non-profit organisation that serves individual shareholders, members or investment clubs. In over 40 years F2iC has trained approximately 3 million individuals in the stock market.

Germany

DSW - Deutsche Schutzvereinigung für Wertpapierbesitz

DSW is Germany's oldest and largest association for private investors. Founded in 1947, DSW has a longstanding tradition in representing the interests of individual investors and in providing investment education. It has more than 25,000 members and represents them at more than 650 general meetings in Germany and abroad.

Greece

Association des Actionnaires à la Bourse d'Athènes

The Greek Association des Actionnaires à la Bourse d'Athènes is an independent shareholders organisation which represents the interests of private shareholders in Greece.

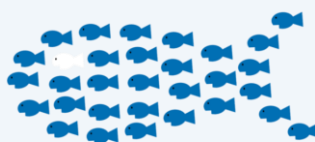
Italy

Consumatori Associati

The Association was set up in 2002 as a clearing house between companies and consumers. It maintains complete independence from political parties.

Assorisparmio

The Associazione Italiana Risparmiatori - located in Milano - is the first Italian association to develop material and promote knowledge about capital markets and investment products among citizens. Assorisparmio supports non-institutional





investors across Italy and provides its partners with advice and assurances, including in front of all competent courts.

Latvia and Lithuania

Lietuvos Vartotojų Institutas

The Lithuanian Consumer Institute is a non-governmental non-profit organisation and was established in 2000. The goals of the Lithuanian Consumer Institute include the protection of consumers economic and safety interests; education, training, consultation of consumers and professionals; promotion of fair commercial practices.

Lithuanian Investors / Lithuanian and Latvian Shareholders Association

The Lithuanian and Latvian Shareholders Association promotes investment in the securities markets in Lithuania and Latvia. The association covers both Latvia and Lithuania.

Luxembourg

INVESTAS asbl - Association Luxembourgeoise des Investisseurs Privés

INVESTAS' mission is to promote savings, encourage investments and defend the interests of securities holders.

Malta

Malta & Gozo Shareholders Association

The Maltese Shareholders' Association is an independent organisation which represents the interests of private shareholders in Malta.

The Netherlands

VEB - Vereniging VEB NCVB

The association has about 48.500 members, including private and institutional investors, and traces its history back to 1924. It has a reputation of being a strong advocate for shareholders' and investors' rights, both in and out of court. As initiator of securities' class actions (inter alia in the Shell, Ahold and

World Online cases) VEB has been instrumental in obtaining more than € 3bn in investors' compensation.

Norway

Aksjonaerforeningen i Norge

Aksjonaerforeningen i Norge the Norwegian Shareholders Association represents and assists private shareholders in the Norwegian securities market. Members of the Association answer questions, provide support and safeguard the interests of retail investors to companies, brokers, fund managers and the public. Aksjonaerforeningen hosts a variety of events, seminars, conferences and lectures, and publishes the journal "shareholder".

Poland

SII - Stowarzyszenie Inwestorów Indywidualnych

SII the Polish Association of Individual Investors is the largest organisation of stock investors in Poland, which has been operating since 1999. It focuses on the comprehensive support of investors through education and analysis, conferences and training, and legal activities.

Portugal

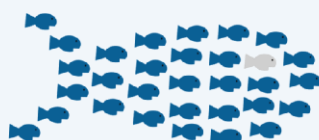
ATM - Associação dos Investidores e Analistas Técnicos do Mercado de Capitais – ATM

ATM - the Portuguese Investor Association was founded in 1998 with the main objective of providing training and information to investors in the capital market and to further promote investment.

Romania

AARO - Asociația Acționarilor Din România Romanian Shareholders Association

AIPC - Romanian Capital Market Investors Association





The AIPC is an independent organisation which represents the interests of private investors in Romania. Apart from helping private investors to invest more wisely, the AIPC campaigns to protect the rights of shareholders in public companies and promotes improved standards of corporate governance.

AURSF – Asociata Utilizatorilor Romani de Servicii Financiare

AURSF is a newly created association aiming at representing the interests of Romanian financial services' users at national and European levels. AURSF focuses on solving key issues that affect greatly Romanian investors such as the personal bankruptcy law and restrictions on abusive practices of debt collectors, fighting for a clearer framework for taking collective action against abusive clauses and for the introduction of caps on interest rates.

Russia

USIR - Russian Union of Shareholders and Investors

USIR, the Russian Union of Shareholders and Investors, is focusing on improving financial literacy of minority shareholders through the exchange of best practice. In addition USIR monitors the activities of management boards in major shareholders of companies, implements new forms of international cooperation to protect the rights and interests of minority shareholders, and facilitates the exchange of experience between the Russian stock market and their counterparts from other countries.

Slovakia

iNDEPENDENT TRADERS CLUB

The iTC is an independent, non-political and non-profit association concerned with the

education of and support for its members in relation to financial markets. The purpose of the iTC is to support and provide educational activities related to investing and trading on international financial markets. To this end iTC publishes educational material and provides mentoring activities aimed at developing expertise and knowledge in financial matters.

Slovenia & Croatia

Vseslovensko združenje malih delničarjev

VZMD is a non-governmental organization representing the rights and interests of minority shareholders in the Republic of Slovenia. It is trustworthy and respected partner both in preparing legislation in the area as well making decisions on the future of many companies and in a broader social, European and international context.

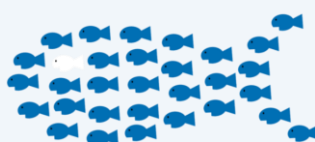
Spain

ADICAE - Asociacion de Usuarios de Bancos Cajas y Seguros

ADICAE is a Spanish consumer organisation specializing in the protection, training, complaint, claim information and the rights of banking and insurance service users. ADICAE was founded in 1990 and has established itself as one of the largest consumer associations with nationwide presence. ADICAE is member of the Council of Consumers and Users of Spain and represents consumers on the Advisory Committee of the National Stock Exchange and on the Advisory Board of the Department of Insurance.

AEMEC - Asociación Española de Accionistas Minoritarios de Empresas Cotizadas

AEMEC the Spanish Association of Minority Shareholders of Listed Companies, is a non-profit organisation created to defend and protect the interests of minority shareholders, creating channels of communication between





listed companies and their shareholders and encourage effective participation and exchange generating a climate that encourages associative collective defence of shareholder rights.

Sweden

Aktiespararna - Swedish Shareholders Association

Aktiespararna, founded in 1966, is an NGO with some 60.000 individual and paying members. SARF focuses on consumer protection by lobbying for legislation that promotes and defends private investments in shares and related products. Companies in the market are monitored and SARF members professionally represented at close to 500 GAM's each year. The private long-term investment strategy is conveyed through extensive information in the monthly house journal "Aktiespararen" (The Investor) and through training seminars and website programs. Across the country some 150 local clubs offer close to 1.000 meetings each year with company presentations and market comments. The affiliated youth organization "Young Shareholders" manages a nationwide PPP-project on private economy and investments for high school students with 20.000 participants.

United Kingdom

ShareSoc

ShareSoc is dedicated to the support of individual investors - private shareholders - as opposed to institutional investors although directors or employees of institutions can join as individual members if they wish.

UKSA – UK Shareholders Association

UKSA the UK Shareholders' Association is the independent organisation which represents the interests of private shareholders in the United Kingdom. Apart from helping private shareholders to invest more wisely, UKSA campaigns to protect the rights of shareholders in public companies and promotes improved standards of corporate governance.

International Associate Members

EFES - European Federation of Employee Share Ownership

The European Federation of Employee Share Ownership acts as the umbrella organisation of employee shareholders and all companies, persons, trade unions, experts, researchers, institutions looking to promote employee ownership and participation in Europe. EFES in turn has many member organisations from civil society including trade unions and other employee organisations.

CFA Institute

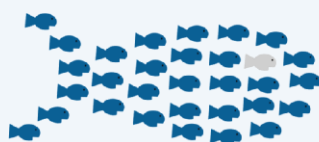
The CFA Institute is the largest global association that certifies financial analysts with more than 115,000 members working to shape an investment industry where investors' interests come first, financial markets function at their best, and economies grow.

Cameroun

Association de Défense des Actionnaires Minoritaires du Cameroun

Lebanon

Boulos Law Office



Who is who in Better Finance?



JEAN BERTHON is President of BETTER FINANCE and since January 2009 President of FAIDER, the investor association in France. He is a financial expert for the European Commission serving as Alternate of the Financial Services User Group. He is also expert in several committees and working groups of the European Securities and Markets Authority (ESMA), the French Financial Markets regulator (AMF) and the French Banking, Insurance and Pensions regulator (ACP). He also serves as Officer in the Groupe Consultatif Actuariel Européen, the European organisation of actuaries.

He started his career as an actuary at Caisse des Dépôts et Consignations in France, and worked in several French Banks, most recently as Chairman and Managing Director of Demachy-Worms & Cie Gestion. Mr Berthon also founded and is Vice Chairman of the Board of Directors of la Fondation du Risque, a French foundation which aims to finance and develop academic and business oriented research in risks.



JELLA BENNER-HEINACHER is Vice-President of BETTER FINANCE and managing director of the Deutsche Schutzvereinigung für Wertpapierbesitz (DSW), the leading shareholder association in Germany. As a German attorney who studied in France, Switzerland and the U.S., she is responsible for international activities.

Ms Benner-Heinacher is also chairwoman of the European Corporate Governance Services (ECGS) in London, and a member of the Stock Exchange Board in Düsseldorf. Furthermore she is responsible for Corporate Governance issues as well as for DSW's participation in the legislation procedure at both national and international level. Additionally, she is a member of the supervisory boards of K+S AG, and A.S. Creation AG.



JAN MAARTEN SLAGTER is Vice-President of BETTER FINANCE and the Managing Director of the Dutch shareholders' association VEB since October 2007. He studied law at Leiden University and spent four years working in the field of mergers and acquisition at Loeff Claey Verbeke (currently Allen & Overy). In 1998 he moved to financial journalism, writing for the Dutch financial daily Het Financieele Dagblad, and from 2000 to 2004 he was the newspaper's banking editor. From 2004 to 2007 he worked in London as correspondent for Het Financieele Dagblad, BNR News Radio and Belgian daily

De Tijd.





LEIF VINDEVAG is Vice-President of BETTER FINANCE and has been with us since its creation in 2009, representing the Swedish Shareholders Association (SARF). Leif holds a Master's degree in Political Sciences and Economics. Since 1972 he has been working as a macro-economist in Sweden's leading commercial bank (SEB), and later moved on to the capital markets division to work in global marketing of Swedish securities as Senior Vice President. From 1987 to 2009 he was employed as a macro-economist and Head of Research at the Stockholm Stock Exchange, principally engaged in the Nordic Cooperation of Exchanges and the European work in the Federation of European Securities Exchanges (FESE).



GUILLAUME PRACHE is the Managing Director of BETTER FINANCE and one of the experts representing financial services users' vis-à-vis the European Union in his role as chairman of the ESMA Securities and Markets Stakeholder Group and as vice chair of the European Commission's Financial Services User Group (FSUG). He also acts as vice chair of FAIDER, the investor association in France, and is member of the Retail Investors Commission of the French financial regulator AMF.

He started as a magistrate at the French Court of Auditors, and has extensive international experience in financial matters, most recently as chief financial officer of Rhône-Poulenc Rorer, a «Fortune 500» publicly-listed pharmaceutical company from 1997 to 2000, and as managing director of the European subsidiary of the Vanguard Group, a global leader in asset management from 2000 to 2006.



JUAN MANUEL VIVER is Policy Officer at BETTER FINANCE. He earned a Degree in Economics from the University of Zaragoza and started working for ADICAE, the Spanish Financial Services' Consumer Association as a project manager. Juan was responsible for all international projects of the association. He was then appointed from the University of Zaragoza to the United Nations Institute for Training and Research, where he gained practical experience in development economics.

In 2011 he was awarded a full scholarship to attend the College of Europe in Brugge, where he earned a Master in European Economics. After successfully completing his studies he joined BETTER FINANCE. As policy officer Juan is mainly involved in advocacy and research activities related to financial markets regulation, consumer protection for financial services, shareholder-related issues and financial supervision. Juan is a Spanish national and speaks fluent Catalan and English. He has a good working knowledge of French and notions of Arabic.

ARNAUD HOUDMONT joined the team at BETTER FINANCE as Communications Officer following a varied and multi-faceted career in the world of communication, press relations and research at the heart of Europe. During this time he worked closely with policy makers from the European Commission, the European Parliament and private sector stakeholders on topics such as youth





employment, entrepreneurship, health policy, sustainability and innovation. Prior to this he earned a master's degree in Global Communication from Goldsmith's College (University of London) and a bachelor's degree in International relations from Sussex University.

At BETTER FINANCE Arnaud is responsible for all communications activities and the continued development of an inclusive communication strategy aimed at reaching all interested parties and stakeholders. He speaks fluent Dutch, English and French and has a very good working level of Spanish.



SIBILLE ALLGAYER recently joined the BETTER FINANCE team as Office Manager. Before that Sibille worked on EC-funded projects for an international development consultancy as well as various NGOs. She has worked on the topic including public financial management, good governance, socio-economic development and migration, thereby gaining a good understanding of EC regulations and financial procedures, as well as wider project management experience. Sibille has a master's degree in International Relations from Sussex University, UK, and a bachelor's degree in Development Studies and Economics from the School of Oriental and African Studies (University of London).

At BETTER FINANCE, Sibille is in charge of the office management and responsible for the administrative and financial aspects of the Organization. She is fluent in French, English and German.

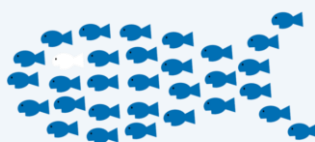


FILIPA SILVA is Communications Assistant at BETTER FINANCE. She completed her Law degree at the University of Coimbra and she is currently taking a Master degree in European Union Law at the University of Minho (both in Portugal). She has also undertaken a student mobility period in Italy for six months in which she had the opportunity to interact with other cultures and to experience a new and foreign working environment.

Core Activities and Approach

BETTER FINANCE's core activities consist mainly of research, delivery of expert advice, awareness raising and advocacy.

Advocacy is the process by which an interest group aims to influence public policy within political, economic, and social systems and institutions by undertaking activities such as research, publishing research findings, public speaking, carrying out media campaigns and direct lobbying of policy makers.





For BETTER FINANCE the advocacy process starts with the analysis of legislative proposals in financial matters or even existing financial legislation. Based on this analysis our financial experts produce positions that are subsequently presented to policymakers and the wider public by the various means mentioned above.

BETTER FINANCE challenges financial policy initiatives and legislative proposals from an established standpoint and within a predefined context in order to provide structured and constructive positions that are aligned with the BETTER FINANCE vision and our perceived key priorities.

In order to successfully influence EU policy making based on these key priorities and the BETTER FINANCE vision in general, our members and staff are actively involved in performing the following tasks:

Advocacy

Advocacy comes down to maintaining a dialogue with legislators, elected officials, administrative authorities and regulators on relevant dossiers in the European legislature.

The EU decision making process is long and complex – but it is still possible to influence it. It simply takes time and commitment. The so-called ordinary legislative procedure, the most common way to pass EU legislation, works in the following way:

PHASE 1 – THE EUROPEAN COMMISSION PREPARES A PROPOSAL

The European Commission is the only body who can initiate and draft EU legislation. When the Commission prepares a proposal, a process of consultation always follows. This means that the Commission presents its ideas and intentions in the form of a consultation paper or a so-called Green Paper. Thereafter stakeholders are invited to provide feedback. BETTER FINANCE gives written input on all matters that concern end-users of the financial sectors and meets regularly with the Commission. After the Commission has received the input, they draft a final proposal which might well include changes based on the input they have received. The team at BETTER FINANCE works hard to have our points of view included.

PHASE 2 – NEGOTIATION AND DECISION IN THE EUROPEAN PARLIAMENT

When the final proposal is tabled, it is sent to both the European Parliament and the Council of Ministers. In the Parliament a Committee will be responsible for reviewing the proposal. BETTER FINANCE again analyses the text and its effect on its stakeholders, and writes further proposals for amendments. We meet with Members of the European Parliament (MEPs) and ask them to put our amendments forward and argue for them. In the Parliament, a process of negotiation and voting takes place, first in the Committee and then in Plenary until the Parliament agrees on a final text. BETTER FINANCE follows the entire procedure closely in order to do all we possibly can to get our suggestions included.





PHASE 3 – NEGOTIATION AND DECISION IN THE COUNCIL OF MINISTERS

Simultaneous to the discussions in the Parliament, the proposal is also discussed in the Council of Ministers. The Council of Ministers is made up of ministers from all EU Member States and they all represent the opinion of their national government. In the process of forming the national opinion, the governments usually hold consultations to receive input from national stakeholders. BETTER FINANCE's national member organisations try to influence this process by meeting with government representatives, taking part in the national discussion and defending the view held by BETTER FINANCE and its members.

PHASE 4 – NEW EU LEGISLATION

When both the Council and the Parliament have made their decision they select representatives who meet to negotiate the final decision. The Commission facilitates and participates in these negotiations (the so-called *Trilogues*).

PHASE 5 – IMPLEMENTATION IN MEMBER STATES

The EU decisions then have to be implemented in all EU Member States where the EU Directives will be adapted to correspond to national laws and conditions (EU Regulations on the other hand immediately enter into effect following their approval). Again national advocacy organisations can take part in the implementation process, to ensure that the national legislation correlates as closely as possible with the views held by BETTER FINANCE and its members. In this last part of the process, it is also important to work towards a similar implementation in all countries in order to achieve a level playing field where all stakeholders play by the same rules.

Research

Research consists of analysing European legislative proposals and preparing public consultation responses, position papers, studies, reports and other publications as well as organising working groups consisting of members, academics, and finance specialist to support the development of our responses. Research carried out by BETTER FINANCE also includes own initiative reports on relevant matters to financial services users.

WORKING GROUPS

In order to provide quality research, assessment and analysis of current policy issues relevant to financial services users BETTER FINANCE set up five individual Working Groups (Shareholders/Corporate Governance, Pensions, Packaged Investments, Insurance and Audit). Their purpose is to feed consultations and studies with expertise, knowledge and best practice examples.





POSITION PAPERS (REPONSES TO PUBLIC AUTHORITIES, CONSULTATIONS & OWN INITIATIVE POSITION PAPERS)

The purpose of our position papers is to generate support on issues that are crucial for the protection of Financial Services Users, and to influence policy making on EU level. All our papers describe in detail our position on legislative issues that are or have been under discussion such as Financial Regulation Securities Markets, Auditing, Corporate Governance, Market Infrastructure, Banking, Insurance, Pensions, Investment Products and Funds, Collective Redress, Taxation and Securities Law. Each position paper is based on facts and validated evidence, such as statistical data, authoritative references or primary source quotations, and provides a solid foundation for our argument. We carefully examine the strengths and weaknesses of our arguments and evaluate possible solutions before suggesting a course of action.

INDEPENDENT RESEARCH

BETTER FINANCE in collaboration with our member organisations is carrying out research on savings and investments and on financial regulation. Among other things, we are interested in examining the extent and effects of specific regulations, their impact on investors, and the political process by which regulation is enacted. We intend to bring clear economic thinking to bear on current regulatory rules while informing and engaging regulators, politicians and the public.

COMMUNICATION

BETTER FINANCE aims to raise awareness among financial industry stakeholders, policy makers, consumers and the public at large of its activities, the impact of financial regulation on society and the issues at hand. In order to successfully lobby for our stakeholders, we need to get the message out in the open.

BETTER FINANCE continuously seeks to gain as much press and broadcast coverage and other exposure as possible in order to communicate our views as widely as possible. We achieve visibility through the BETTER FINANCE website, social media activity, press releases, press conferences, media interviews, publication of reports and position papers, participation in workshops and conferences and the organisation of events.

Since the beginning of 2012, when our organisation changed name to the current European Federation of Financial Services Users, BETTER FINANCE has appeared widely in European newspapers, magazines, online, and in radio and television broadcasts.

CONFERENCES AND TRAINING

BETTER FINANCE organises international conferences on issues such as Financial Education, Financial Services Users Protection or Investor Protection that not only provide training but also allow for the exchange of best practices and for an effective two-way communication between Members, BETTER FINANCE, the industry, policy makers and the public at large.





2013 ACTIVITY REPORT

EFI EuroInvestors



Policy Areas – Focus 2013 / 2014

Shareholders/Corporate Governance

Good principles of corporate governance and their proper implementation in all listed companies play a crucial role in their long-term survival, growth and stability by ensuring that the long-term interests of shareholders are not overlooked and that the stability and sustainable development of the economy and the financial system are kept in check. We believe that many problems concerning corporate governance arise from one of the following failures: broken links in the governance chain between directors and shareholders on the one hand and the fact that the shareholders who exert control over the company are not necessarily the beneficial owners who carry the economic risks and rewards of ownership. Through various activities – by providing independent tools and guidelines and in particular through its unique web-based « EuroVote » platform (providing free of cost vote execution for individual shareholders) - BETTER FINANCE is promoting the engagement of the small European shareholders.

Pension Savings

In 2007 the European Commission communicated that «due to the nature of long-term savings and pension plans, particular care is needed to ensure that consumers are being offered products that are really adapted to their needs and marketed appropriately. These are major, once in a lifetime, financial decisions for consumers». However, the reality on the ground is that currently pension savings remain the most opaque, complex, cost laden and poorly performing financial services, potentially affecting every single EU citizen. In the course of 2013 BETTER FINANCE rolled out a research project on the real returns of private pension products. The first phase of this research covered 3 EU Member States and will be followed by a second phase covering 5 other EU jurisdictions.

Packaged Investments

The retail investment market is largely dominated by «packaged retail investment products» (PRIPs) which provide retail investors with easy but indirect access to financial markets. PRIPs mainly consist of investment funds - including «UCITS» (Undertakings for Collective Investment in Transferable Securities) that are regulated by the EU and can be marketed to individual investors in all EU Member States - life insurance contracts and banking products. For the PRIPs market, the regulation of sales and advice is dominated by two major pieces of legislation: the Markets in Financial Instruments Directive (MiFID) on the one hand and the Insurance Mediation Directive (IMD) on the other. These two directives aim to protect individual investors from certain inherent risks that stem from the fact that those selling these products frequently face conflicts of interest in that they are often remunerated by the product manufacturers rather than directly by the retail investors. A





complex patchwork of regulation has seen the light of day in order to address these risks, inconsistencies and gaps, but ultimately the directives remain unfortunately quite inconsistent. Furthermore, MiFID conduct of business rules have not been properly implemented in EU Member States, particularly where fair and accurate information as well as competent and unbiased advice are concerned. This has raised concerns as to the overall effectiveness of the regulatory regime, both in relation to its capacity to protect investors and its ability to ensure market efficiency. These concerns intensified further in light of the financial crisis.

Reform of European Banking structures

The reform of banking structures at European level could be a milestone on the path towards getting commercial banks back to focus on their core business of collecting deposits and lending to the real economy, rather than increasingly using funds provided by central banks and the taxpayer to expand into capital markets - and other businesses. Whereas we very much welcome this reform, we are concerned that the end result might be very disappointing. We also urge European policymakers to finalise this highly anticipated piece of legislation as soon as possible, especially given the progress already made in United States owing to the Dodd-Frank legislation as well as by certain EU Member States at a national level. It is important to ensure maximum harmonization at international level as to not hamper cross-border investments.

Financial reporting and Audit

Audit services have proven to be vital in guaranteeing long-term shareholder value and the financial crisis revealed the necessity to upgrade the EU regulatory framework for auditors. Based on an ambitious proposal from the European Commission, the European Parliament is currently discussing a new Directive and Regulation to this end. The envisaged Audit Reform should enhance the quality of statutory audits in the EU and restore confidence in audited financial statements, in particular those of banks, insurers and large listed companies.

Responses to Public Authorities Consultations and Own Initiative Position Papers

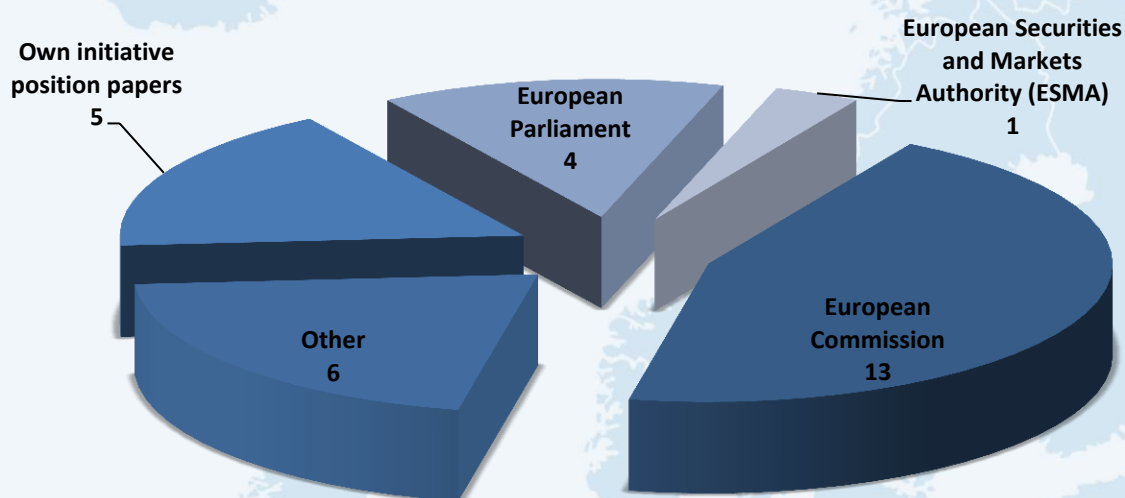
Throughout 2013 BETTER FINANCE responded to public authorities' consultations in the area of financial regulation impacting financial services users and non-industry stakeholders. This was achieved by drawing on the expertise of our unique network of independent experts from national member organisations. BETTER FINANCE advocacy work goes well beyond written responses and position papers as the section "Summary of activities relating to the overall advocacy work of BETTER FINANCE" shows.

All BETTER FINANCE papers mentioned below can be found on our website: www.betterfinance.eu





Responses to consultations and other requests



a. *Responses to consultations and other requests launched by the European Commission*

- Position paper on the proposals in MiFID II on capital market structures
- Position paper on the Financial Transaction Tax
- Response to the EC Questionnaire on Long-term Investment Funds
- Position paper on the EC Action Plan on Company Law and Corporate Governance
- Response to the EC Consultation on the EC Action Plan on Company Law and Corporate Governance
- Position paper: “Lack of consolidated trade data and best execution for European private investors: six years and counting”
- Position paper on Crowdfunding
- Response to the EC Green Paper on Long-term Financing of the European Economy
- Response to the EC Consultation on Reforming the Structure of the EU Banking Sector
- Recommendations to Mr Philippe Maystadt to enhance EU’s role in promoting high quality accounting standards
- Response to the EC Consultation by DG SANCO on Consumer protection in third-pillar retirement products
- Response to the EC Consultation on the review of the European System of Financial Supervision
- Response to the EC Consultation on Crowdfunding

b. *Responses to consultations and other requests launched by the European Parliament*

In 2013, BETTER FINANCE responded to consultations and other requests by the EP or by MEPs including amendments on proposals concerning:





- The reform of EU Banking Structures
- Asset managers' bonus cap
- The nomination of "the most dangerous financial product in Europe"
- Equitable performance fees

c. Responses to consultations and other requests launched by the European Securities and Markets Authority (ESMA)

Response to the ESMA – EBA Consultation on Principles for Benchmarks-Setting Processes in the EU

d. Responses to other public consultations and initiatives

- Response to the Autorité des Marchés Financiers (France) Consultation on 'La prévention du contrôle rampant et l'encouragement de l'actionnariat moyen et long terme'
- Position Paper on International Financial Reporting Standards (IFRS)
- Position Paper on the Opportunities and Risks of Crowdfunding
- Response to the Autorité des Marchés Financiers (France) Consultation on the AMF 2013-2016 Strategy
- Position to the Draft Report by Philippe Maystadt: 'Should IFRS Standards Be More European?'
- Response to the Autorité des Marchés Financiers (France) Consultation on Crowdfunding

e. Own initiative position papers

- Position paper on the Proposals in MiFID II on Capital Market Structures
- Position Paper on Insurance Mediation
- Joint initiative with 34 other organisations, including long-term institutional investors and individual investor associations (representing over EUR 1.34 trillion and tens of millions of savers and pensioners across the EU) on the proposed EU Audit Reform
- Position Paper on the Cyprus bailout
- Joint Letter on the KID Regulation to MEPs, together with Finance Watch and BEUC

Summary of activities relating to the overall advocacy work of BETTER FINANCE

a. Participation in EU Authorities sponsored advisory groups

Within the context of the inadequate and ineffective regulation and supervision of the financial markets that contributed to the financial crisis, BETTER FINANCE successfully raised awareness on issues such as the lack of equal access for financial services users' experts and advocates to European Authorities, raising concerns such as the:

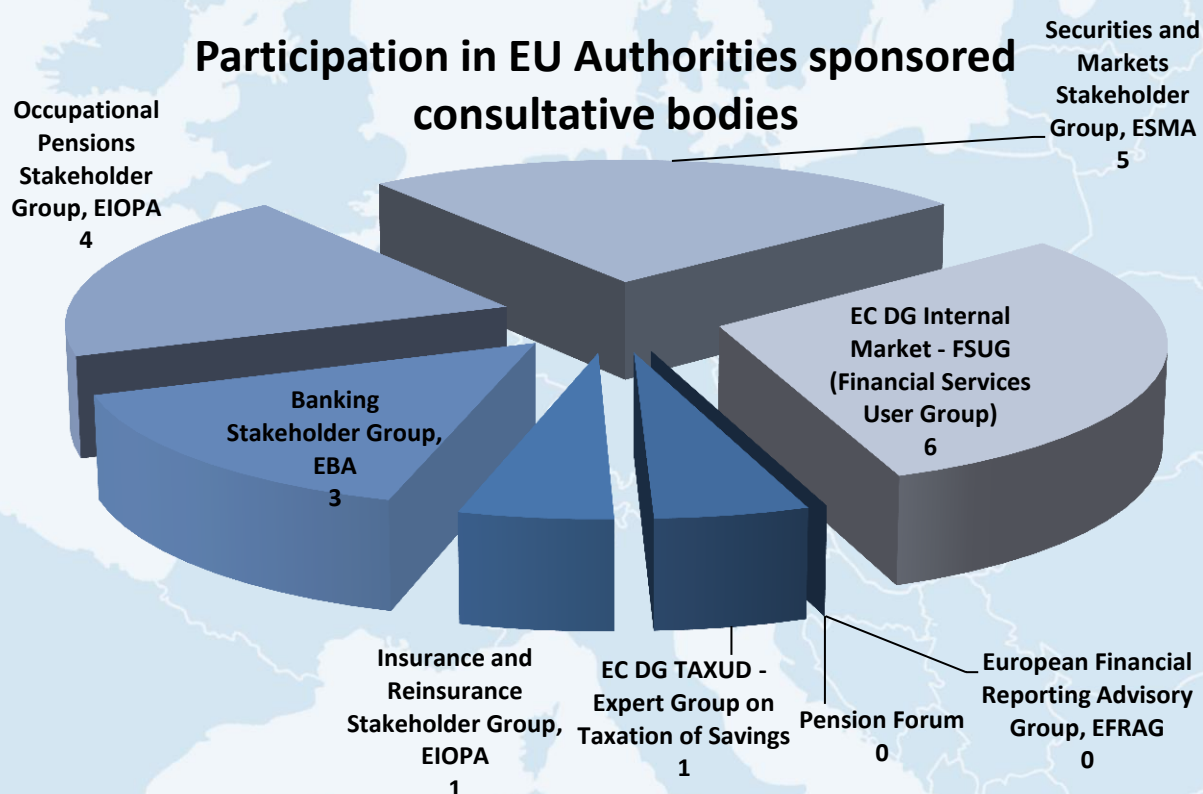




- unbalanced representation in EU consultative bodies,
- inadequate governance of EU Financial Authorities,
- unbalanced participation of EU politicians / EU executives at external events.

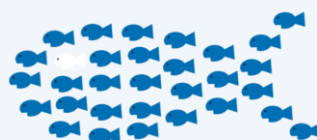
BETTER FINANCE is now represented in the:

- European Commission's Financial Services User Group (FUSG), including the elected vice chairman;
- European Commission DG TAXUD - Expert Group on Taxation of Savings;
- ESMA Securities & Markets Stakeholder Group (SMSG), including the elected chairman; and in several of ESMA's standing committees' consultative working groups (investor protection & intermediaries, asset management)
- EBA Banking Stakeholder Group;
- EIOPA Pensions Stakeholder Group
- EIOPA Insurance and Reinsurance Stakeholder Group.



b. Advocacy: European Parliament

In 2013, BETTER FINANCE significantly developed its advocacy activities vis-à-vis the European Parliament and had many meetings with MEPs from the Employment and Social Affairs Committee and the Economic and Monetary Affairs Committee. Given that 2013 saw the renewal of all the major EU financial advisory groups at level one (EC FSUG) and at level II (the three ESAs' "stakeholder





groups”), BETTER FINANCE spent a lot of time and efforts to ensure maximum participation of the retail user side in these key advisory bodies.

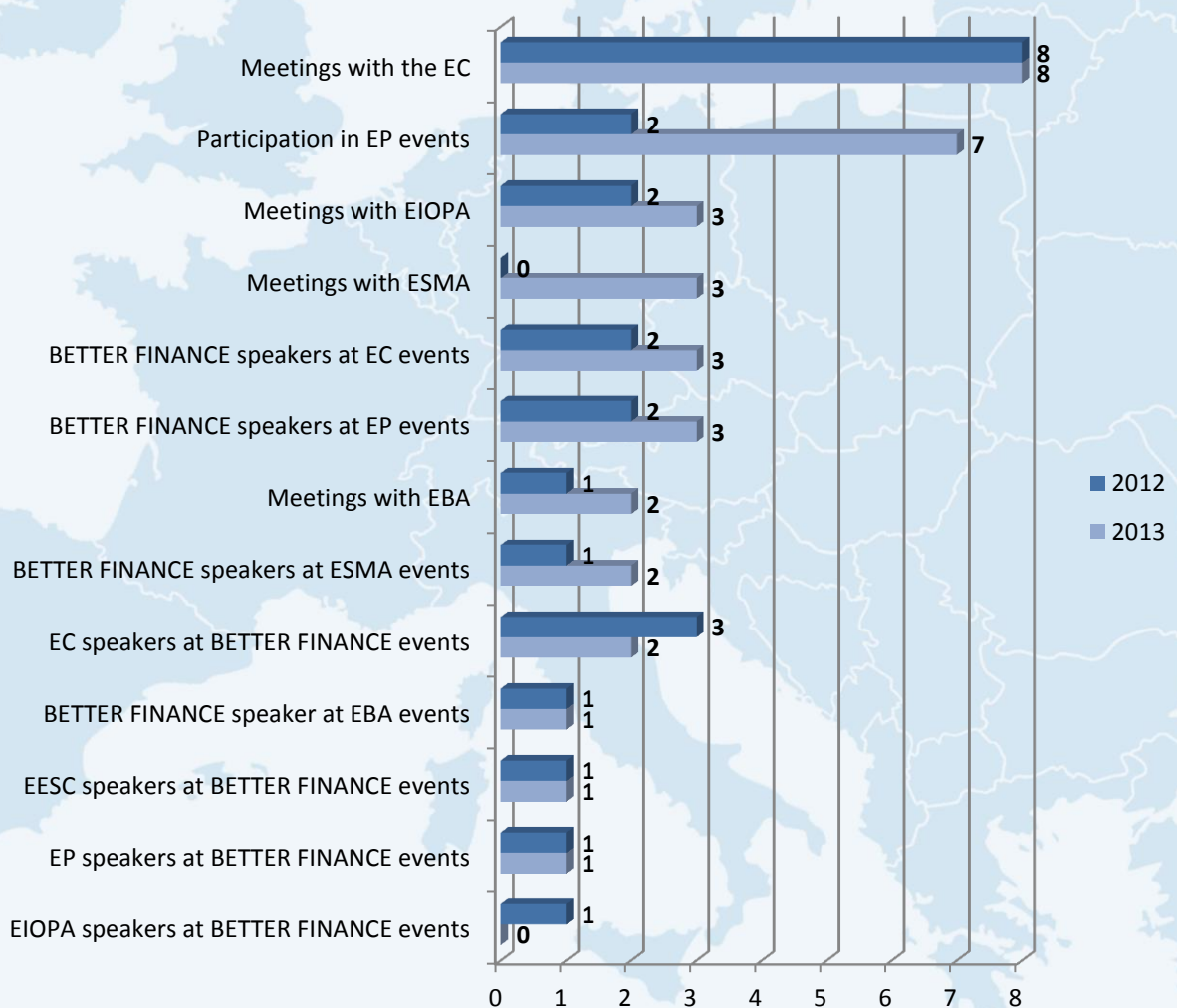
European Parliament speakers at BETTER FINANCE events:

Sajjad Karim, MEP and rapporteur on the Audit Reform Directive hosted and was a speaker at the BETTER FINANCE international conference on the Audit Reform at the EP in Brussels (Belgium).

BETTER FINANCE speakers at European Parliament events:

- BETTER FINANCE Managing Director spoke at the EPFSF event on the “Reform of EU Banking Structures” and at the EPFSF lunch on "Banking Structure Reform"
- BETTER FINANCE Vice-President Jella Benner-Heinacher spoke at the ACCA event on the "Maystadt Review: ensuring EU influence over global financial reporting standards" hosted by Wolf Klinz, MEP at the European Parliament

Interaction with European institutions





Participation at EP conferences, hearings and other events:

- EPFSF event on “The Framework of Recovery and Resolution of Financial Institutions”
- EPFSF event on “How can financial services contribute to fund economic growth and to achieve the EU 2020 agenda?”
- European Forum for Manufacturing
- ECON Voting session on PRIP’s and IMD 2
- EPFSF event on “The Social and Economic Role of the Financial Sector”
- EPFSF event on “Retail Bank Account Package”
- EPFSF event on “Crisis Management”

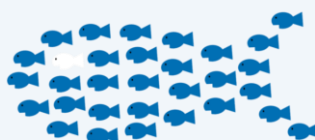
c. Advocacy: European Commission

In 2013, BETTER FINANCE also considerably developed its advocacy activities vis-à-vis the European Commission, including following meetings:

- Participation of BETTER FINANCE’s Managing Director in eight «FSUG» meetings as vice chairman and of four other BETTER FINANCE member representatives
- Jeroen Hooijer, head of the Corporate Governance, Social Responsibility unit, on International Accounting at European Commission on the EC Company Law & Corporate Governance Action Plan and on Directive 2007/36/EC ‘Shareholders right in listed companies’
- Mario Nava, Director of Financial Institutions at the Internal Market and Services DG of the European Commission
- Agnes Le Thiec, Economic Analyst at the Economic and Financial Affairs DG of the European Commission
- Alter-EU on DG TAXUD Expert Groups
- Erik Nooteboom, head of Retail Financial Services and Consumer policy at Internal Market and Services DG of the European Commission
- Maria Teresa Fabregas, Acting Head of Unit in the Securities Markets at Internal Market and Services DG of the European Commission
- Thomas Wieser, President of the Economic Financial Committee

European Commission speakers at BETTER FINANCE events:

- Michel Barnier, European Commissioner for Internal Market and Services, and Nathalie Berger, head of Audit and Credit Rating Agencies at the Internal Market and Services DG of the European Commission, were speakers at the BETTER FINANCE International Conference on “The Audit Reform - Impact on Investors” at the European Parliament (Belgium)
- Carlos Maravall, Senior Financial Market Analyst of DG MARKT, speaker at the BETTER FINANCE/IVA International Conference on “The Financial Repression of Savers and Investors” in Vienna (Austria)





BETTER FINANCE speakers at European Commission events:

- BETTER FINANCE's Managing Director at the EC DG ECFIN Seminar on the Cypriot adjustment program
- BETTER FINANCE's Managing Director at the EC Hearing on the Review of the European Financial Supervision
- BETTER FINANCE's Managing Director at the EC Workshop on Crowdfunding

European Commission support for BETTER FINANCE:

The European Commission awarded a 2013 operating grant to BETTER FINANCE for the Preparatory Action «Capacity building of end-users and non-industry stakeholders in Union policy making in the area of financial services».

Following an earlier public commitment from the European Commission (in March 2009), it is the very first time EU Authorities recognize the Public Interest of the representation of individual investors and other financial services users in the European policy design and implementation.

d. Advocacy: European Economic and Social Committee

EESC speakers at BETTER FINANCE events:

David Croughan, Member of the ECO section of the EESC, was a speaker at the BETTER FINANCE International Conference on "Financial Repression of Savers and Investors" in Vienna (Austria)

e. Advocacy: European Supervisory Authorities

With regards to advocacy towards the three ESAs - the European Securities and Markets Authority (ESMA), the European Insurance and Occupational Pensions Authority (EIOPA) and the European Banking Authority (EBA) - BETTER FINANCE considerably increased its activities in 2013.

Meetings with ESMA:

- BETTER FINANCE's Managing Director chaired the ESMA SMSG meetings

BETTER FINANCE speakers at ESMA events:

- Managing Director speaker at the ESAs Consumer Protection Day in Paris (France)
- President held a presentation at the European Securities and Markets Authority (ESMA) event on Investor Education (building a community of EU securities markets financial literacy specialists) in Paris.

Meetings with EIOPA:

BETTER FINANCE's Managing Director attended several EIOPA meetings including the Occupational Pensions Stakeholder Group's first meeting with the group's new composition, the Inaugural Meeting





of the EIOPA Insurance and Reinsurance Stakeholder Group and the joint meeting of the EIOPA Board of Supervisors, Insurance and Reinsurance Stakeholder Group and the Occupational Pensions Stakeholder Group.

Meetings with EBA:

- EBA/BETTER FINANCE/BEUC meeting to discuss consumer issues with five BETTER FINANCE participants in London
- President at the EBA Banking Stakeholder Group Meetings

BETTER FINANCE speaker at EBA events:

Managing Director speaker at the ESAs Consumer Protection Day in Paris

f. Other activities relevant to BETTER FINANCE advocacy work

BETTER FINANCE participated in a considerable number of conferences, meetings and other events throughout 2013. BETTER FINANCE spoke at:

- the FAIDER Conference on ‘Les Etats Generaux de l’Epargne’ (Paris, France)
- the FEE event on ‘Audit Committees’ (Brussels, Belgium)
- the Afore Roundtable on consolidated tape providers (Brussels, Belgium)
- the UCITS XXV Symposium for the 25th anniversary of UCITS (Brussels, Belgium)
- the FESE Convention 2013 (Berlin, Germany)
- the ALFI Global Distribution Conference (Luxembourg)
- the Eurofi Financial Forum (Vilnius, Lithuania)
- the International Financial Litigation Network Conference (Madrid, Spain)
- the “What next for UCITS?” panel at EFAMA’s Investment Management Forum 2013 (Brussels, Belgium)
- the APCO Forum on “Do Companies in Europe Need to Rethink their Corporate Governance Strategy? How is the Situation Likely to Evolve?” (Brussels, Belgium)
- the European Issuers & FESE Roundtable on the European Commission’s consultation on Long-term Investment Financing: “The Future of Enterprise Funding in Europe – Can Europe grow as IPOs decline?” (Brussels, Belgium)
- the EESC Section for Economic and Monetary Union and Economic and Social Cohesion (ECO) Public Hearing on “Completing EMU - Arguments and proposals for the next term of office of the European Parliament and the European Commission” (Brussels, Belgium)
- the DG ECFIN/ Seminar on the panel “The challenges of building a banking union” (Brussels, Belgium)
- Presentation of “Private Pensions: the real return” to AGE Platform Europe (Brussels, Belgium)

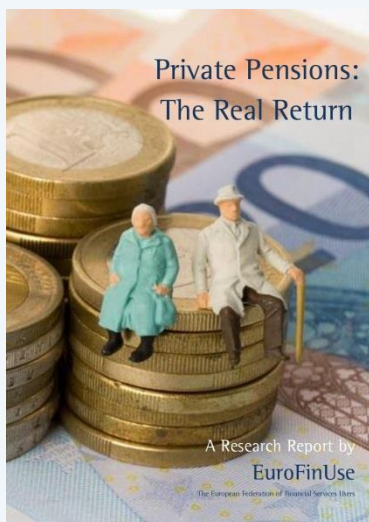




Independent Research Reports

Our independent research reports address financial policy issues originating at the level of European Union authorities that affect end-users and other non-industry stakeholders. In 2013 BETTER FINANCE conducted the following research studies:

Research Study – «The real value of retail pension investments»



BETTER FINANCE started from the 2012 Pensions Outlook Report released by the OECD that disclosed an overall negative real return (after taking inflation into account) of pension funds. Since this eye-opening report by the OECD did not include other pension savings products besides “pension funds” in the strictest sense, and did not include some important EU countries such as France, BETTER FINANCE launched its own research.

BETTER FINANCE felt therefore that more light should be shed on the real return pensions savings products in the EU, especially as this is still a very opaque area (as mentioned above) despite the 2007 recognition by the EC that ensuring transparency and adequacy of future pensions is of particular importance.

An exclusive methodology was developed for this first phase of the research study and applied to a first series of EU Member States, namely Denmark, Spain and France with the aim of being able to draw more general and solid conclusions.

The first phase provided a break-through analysis of real net returns of private pension schemes, and offers findings and recommendations for policy makers. No similar analysis is currently available. The analysis is particularly important at a time when EU citizens have to rely increasingly on their pension savings to provide for retirement income, and in light of the EC White Paper on Pensions.

In June 2013, Better Finance published the research report entitled: “Private Pensions: The Real Return”. This first phase of the study evaluates the real return of private pension products after charges, after inflation and – whenever possible - taxation and identifies the contributing factors for these returns in Denmark, France and Spain.

In order to get a more complete picture of the pension return experience across the EU, BETTER FINANCE started research for the 2014 edition of “Private Pensions: The Real Return” with the aim of:

- Updating the initial study with new data;
- Expanding the number of EU Member States covered, including Belgium, Germany, Italy, Poland and the United Kingdom.





International Conferences

March - International Conference on Audit Reform, Brussels

On 26 March, BETTER FINANCE organised a high-level conference on the audit reform, hosted by British MEP Sajjad Karim, to discuss the proposals linked to audit tenure, non-audit services policy, quality, transparency, pricing as well as those targeting the role of audit committees and shareholder engagement. It brought together more than 130 participants.

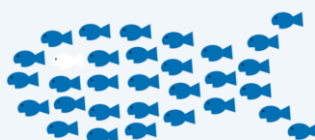


The event was held in the European Parliament with keynote speaker Michel Barnier, European Commissioner DG Internal Market & Services. Other speakers included host Sajjad Karim, MEP from the European Conservatives and Reformists Group and Rapporteur on the Audit Reform, Sue Almond, Technical Director at ACCA, Nathalie Berger, Head of Audit and Credit rating Agencies Unit at DG MARKT of the European Commission, Sebastian Bodu, Vice-Chairman of the European Parliament Committee on Legal Affairs, Patrick de Cambourg, Chairman of Mazaars, Marcus Felsner, Managing Partner at Rödl & Partner, Antonio Masip Hidalgo, Rapporteur on the European Commission Green Paper on Audit Policy at the Legal Affairs Committee of the European Parliament, Ian Dilks, Global Leader, Public Policy and Regulatory Affairs at PwC, Per Lekvall, Member of the Policy Committee of the European Confederation of Directors' Institutes, Simon Lowe, large corporate partner and chairman at Grant Thornton, Vincent Papa, Director of Financial Reporting Policy at CFA Institute and David Russell, Co-Head of the Responsible Investment team at USS Investment Management.

October - International Conference on Financial Repression Vienna, Austria

On 17 and 18 October 2013 Better Finance organised an International Conference on Financial Repression of Savers and Investors in Vienna, Austria. For the first time Financial Repression was the topic of an international conference, attended by prominent authorities from the world of finance.

A consensus emerged during the conference on the actual impact of financial repression. Financial repression causes all savers - institutional as well as individual – to lose money. In short, “individual savers are being punished for doing the right thing whereas the people responsible are not”. Moreover, experts agreed that money is essentially being driven into the acquisition of government bonds and not into the real economy, thus lowering potential and actual economic growth. This contradicts the green paper issued by the European Commission on the long term financing of the European economy that states that the primary provider of long term financing should be, yes, individual savers... the European households.





The keynote speakers for this event were the Claus J. Raidl, President of the Oesterreichische Nationalbank, Edin Mujagic, Monetary Economist and Professor at the Tilburg University, the Netherlands, Peter Hagen, CEO of the Vienna Insurance Group, and David Croughan, Member of the European Economic and Social Committee Member and the Institute of International & European Affairs in Dublin. Additional high-level panelists included amongst others Olivier Gajda, Co-founder and Chairman of the European Crowdfunding Network, Benjamin Jošar, Member of the Management Board at the Triglav Insurance Group, Carlos Maravall, Senior Financial Market Analyst at the European Commission DG Internal Market and Services, Joachim von Cornberg, Head of Corporate Law and Compliance at the DZ Bank Group, Union Asset Management Holding AG, Gabriele Zgubic-Engleder, Head of Department of Consumer Policy at the Austrian Federal Chamber of Labour and member of the ESMA Securities & Markets Stakeholder Group as well as Helmut Ettl, CEO of the Austrian Financial Market Authority.

National member organisations' participation in activities at European level

BETTER FINANCE's pan European network of national financial services users associations, consists of independent experts specialized in financial services users protection and policy. Those members have since the founding of BETTER FINANCE been engaged in our key activities. Through the employment of additional staff BETTER FINANCE was able to improve the effectiveness of their involvement in following areas:

- Gathering evidence and information on member state level for the drafting of position papers and responses to EU public authority consultations
- Assessing position papers and responses to EU public authority consultations
- Translating position papers and research studies including communication to the public & media
- Organizing workshops, seminars and conferences on national level as well as co-organising international conferences (two of three conferences were co-hosted by member organisations)
- Acting as speakers at national and European events
- Participating in research studies conducted by BETTER FINANCE
- Selection as Members of EU and Member State public financial consultative bodies (EC FSUG, ESAs Stakeholder Groups, etc.)





Communication

Website and social media statistics

BETTER FINANCE Website 2013 statistics

- Unique Visitors : 5,060
 - 01 Jan. – 30 June: 1641 unique visitors
 - 01 July – 31 Dec.: 3523 unique visitors
- Average of 3.35 pages per visit

Facebook stats 2013

The number of people who have seen any content associated with the BETTER FINANCE FB Page (unique users):

- Total reach January-June 2013: 1043
- Total Reach July-Dec. 2013: 1786

The number of people who saw any of the BETTER FINANCE FP Page posts (unique users):

- January – June 2013: 6728
- July – December 2013: 13169

BETTER FINANCE Press Coverage 2013 (selection)

PRIPS/KID

- 'Consumer body fights pension lobby' Financial Times (13 January 2013)
- 'Contention brewing over EU product regulation' Financial News (26 July 2013)
- "Guillaume Prache on the European Parliament betrayal of the retail investors" (Financial Times) (28 October 2013)

MiFID

- 'Investor lobby group launches last ditch MiFID effort' e-Financial News (12 February 2013)
- 'The risk profile of the insured will be drawn' L'Echo (29 August 2013)

Financial Regulation

- 'Fund lobby groups attacked by investors' Financial Times (16 June 2013)
- 'EU "snubs" investors' on reforms' Financial Times (25 August 2013)

FINANCIAL TIMES

August 28, 2013 6:28 am

EU 'snubs investors' on reforms

By John Kennington



Consumer complaints: Eama is one of three top regulators criticised

Investors have been left almost voiceless on major European rule changes because the regulators have left them off consultation panels, a lobby group has claimed.

Europe's three top regulators have thrashed out far-reaching rule changes including the clampdown on over-the-counter derivatives markets without proper input from consumers, it claims.

The accusations are a fresh blow for fund manager watchdog the European Securities and Markets Authority (Eama), which has been dogged by claims it is woefully understaffed since it was launched in January 2011.

FINANCIAL TIMES

June 16, 2013 4:11 am

Fund lobby groups attacked by investors

By Madison Marriage

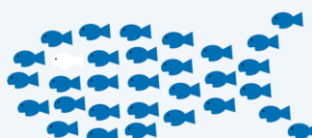


European policy makers are being targeted by powerful lobbies

Concerns are mounting that the fund industry is damaging the interests of end investors by aggressively lobbying against new regulation.

A number of regulatory initiatives designed to protect investors have been watered down or blocked in recent weeks, and investor groups believe the increasingly co-ordinated fund lobby is to blame.

Fund industry participants recently expressed their "delight" at a vote on the Uciits V directive being pushed back a month, providing more time to hone arguments against a bonus cap intended to prevent excessive risk taking.





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Fears over 'complex' Ucits label proposal

By David Ricketts 4 October 2013

Concerns are mounting that some Ucits funds could be labelled "complex" if new proposals designed to bolster European investor protection are given the go ahead.

The European Parliament is expected to vote in November on draft new rules governing packaged retail investment products.

The Prips legislation was first suggested six years ago to ease comparison between asset management and insurance vehicles.

Under Prips, a new key information document (KID) will be created to accompany investment products.

It is inspired by the two-page brochure adopted by Ucits funds, the key investor information document (KIID), which details risk and reward factors, charges and past performance.

The fund industry supports the original proposals from the European Commission to improve comparison of all Prips.

However, UK MEP Sharon Bowles has put forward amendments calling for the introduction of a "complexity label" to be assigned to Prips that meet one or more defined criteria.

Products that present their risk-reward profile or costs in an overly complicated manner, or those that invest in underlying assets not commonly invested in by non-professional investors, would be required to carry a complex label in the KID.

Those funds that use a number of different mechanisms to calculate the final return on the investment, or have a global exposure of over 20 per cent, would also fall into the complex category.

Investment products that meet these criteria will be required to disclose a short statement at the top of the accompanying KID, highlighting that it is "considered to be very complex" and may not be suitable for all retail investors.

FINANCIAL NEWS

Monday, 17 June 2013

Calls grow for regulators to put FX on the spot

[Michelle Price and Araya Ibragimova](#)

13 June 2013

Calls are growing for closer scrutiny of the European foreign exchange markets after it emerged this week that the UK's financial regulator is investigating alleged rigging of FX benchmark rates.



Think tanks and investor groups said this morning that the allegations over rigging of FX benchmarks, reported yesterday by Bloomberg, reinforced the urgent need to bring the \$4 trillion-a-day spot, or cash, FX market under direct regulatory supervision after years of under-regulation.

Guillaume Prache, a managing director of EU investor group EuroFinuse and chair of the stakeholder group of EU watchdog the European Securities and Markets Authority, said: "This was an accident waiting to happen. We have for years been trying to alert the EU authorities about the risks of the currency market, which is by far the largest in the world but which has no controls.

"We would again ask the EU authorities to take a serious look at this and consider, as soon as possible, bringing spot FX under the direct supervision of Esmu. At the very least, the EU authorities should launch a fact-finding mission."

The cash FX market is the largest and most liquid in the world, with turnover of around \$4 trillion a day. Trading in FX takes place away from public exchanges, on private platforms run by banks, brokers and other non-bank firms. FX derivatives—including listed and OTC products—are subject to both existing and incoming rules but the spot market is not considered a financial instrument and does not fall under

négative' Argus Assurance Newsletter (4 July 2013)

- 'Epargne individuelle : la défiance s' accroît' Protection Sociale Informations (13 February 2013)

Products

- 'Esma : Structured products are risky' Financial Times (7 July 2013)

Lobbying

- 'Fund industry rejects aggressive lobbying claims' FT (23 June 2013)
- 'Elitist' focus costs European mutual fund industry €1tn - Financial Times (30 September 2013)

Financial Repression

- Börsen-Kurier special edition on BETTER FINANCE & "The Financial Repression of Investors and Savers" (Börsen-Kurier) (7 November 2013)

Forex

- 'Calls grow for regulators to put FX on the spot' Financial News (17 June 2013)
- "Forex trading faces regulatory vacuum" (Letter to the FT, 13 November 2013)

Audit Reform

- 'Transparency and flexibility are keys to audit reform' Accountancy Age (27 March 2013)
- 'Battle brewing over new rules for auditors' EurActiv (28 March 2013)
- 'Tension grows as EU audit decision looms' Accountancy Age (2 April 2013)
- 'Wrangling persists over who should oversee auditing in the EU' Accountancy Age (31 May 2013)

MiFID

- 'MiFID' la directive qui passé mal pour les investisseurs' L'Echo (10 April 2013)

Pensions/Pensions Report

- 'Saving for retirement is 'a losing game'' FT (23 June 2013)
- 'The pensioners' point of view' IPE Views (3 July 2013)
- 'L'Argus de l'Assurance – Etude BETTER FINANCE: la valeur réelle de l'épargne retraite est en moyenne





Long-Term Investment

- 'La FAIDER veut redonner confiance aux investisseurs' L'Agefi (18/24 January 2013)
- 'Réconcilier les Français avec l'épargne longue' L'Argus (25 January 2013)

WTO

- 'Nord et Sud se défient à nouveau' La liberte (4 February 2013)

BETTER FINANCE Videos 2013

Financial Repression Conference Video

- Financial Repression Explained - Post Conference Video (47 views)
- Edin Mujagic, monetary economist at Tilburg University, announces the "Age of Financial Repression" - Post Conference Video (114 views)
- Claus J. Raidl, President of the Austrian National Bank: «The Euro: A Success Story» - Post Conference Video (21 views)
- Carlos Maravall (European Commission, DG MARKT, Senior Financial Market Analyst) at the BETTER FINANCE Financial Repression - Post Conference Video (248 views)

Audit Reform Conference Video

- Michel Barnier: 'The Audit Reform - Impact on Investors' BETTER FINANCE Conference - Post Conference Video (221 views)
- 'The Audit Reform - Impact on Investors' BETTER FINANCE Conference - Post Conference Video (522 views)

BETTER FINANCE on the FTT - Interview by EuroParlTV

- "A tax as a cure to crises?" (46 views)





GLOSSARY

ACCA = the Association of Chartered Certified Accountants
AILO = the Association of International Life (Assurance) Offices
AMF = Autorité des Marchés Financiers (French Financial Markets Supervisory Authority)
BEUC = the European Consumers' Organisation
CEPS = Centre for European Policy Studies
CFA Institute = the global association of investment professionals
CRD = Capital Requirements Directives
DG MARKT = EC Directorate General Internal Market and Services
EBA = The European Banking Authority (replaced CEBS in 2011)
EC = the European Commission
ECMI = The European Capital Markets Institute (ECMI) is an independent think-tank within CEPS
ECON = Economic and Monetary Affairs Committee of the European Parliament
EESC = the European Economic and Social Committee
EFAMA = European Fund and Asset Management Association
EFI = EuroInvestors (The European Federation of Investors)
EIOPA = European Insurance and Pensions Authority (replaced CEIOPS in 2011)
EP = European Parliament
EPFSF = EP Financial Services Forum sponsored by the financial industries lobbies
ESMA = European Securities Markets Authority (replaced CESR in 2011)
ESA = European Supervisory Agencies (ESMA, EBA and EIOPA)
ETF = An Exchange-Traded Fund is an investment fund traded on stock exchanges
Euribor = the Euro Interbank Offered Rate
FECIF = the European Federation of Financial Advisers and Financial Intermediaries
FESE = Federation of European Securities Exchanges
FSUG = EC "Financial Services User Group" (created in 2011, replacing "FIN-USE")
FW = Finance Watch
IASB = the International Accounting Standards Board
IMD = The Insurance Mediation Directive regulating the selling practices of insurance products
IORP Directive = the Institutions for Occupational Retirement Provision Directive
Libor = the London Interbank Offered Rate
MEP = Member of the European Parliament
MiFID = Markets in Financial Instruments Directive
PRIPs = Packaged Retail Investment Products
SMSG = ESMA's Securities & Markets Stakeholder Group
SOMO = Stichting Onderzoek Multinationale Ondernemingen or Research Centre Multinational Corporations
UCITS = Undertakings for Collective Investment in Transferable Securities, Investment Funds in short





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