

Press Release

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EU Parliament hurts retail investors

EuroFinuse denounces the big blow to investor protection after EU vote on MiFID

On Wednesday 26 September, the ECON Committee of the European Parliament voted the revision of the Market in Financial Instruments Directive.

Amongst other issues, the ECON Committee decided on the crucial issue of “inducements”. These are commissions that financial “advisers” receive from providers for selling financial products, but which prevent EU citizens from receiving unbiased independent financial advice. According to the final text, inducements can be freely placed from providers to financial advisers. Certain inducements will not even have to be disclosed to the client anymore, as long as “*they enable the provision of the service and they do not give rise to conflict with the firm’s duties to act honestly, fairly and professionally*”. This is clearly insufficient to tackle the underlying conflict of interest that continue to exist due to the commercialization of retail financial products.

Guillaume Prache, Managing Director of EuroFinuse, sees “*this as a worsening of the situation for retail investors in comparison to the first MiFID, because this text:*

- *does no longer specifically require that those commissions may not affect the distributors’ duty to act in accordance with the best interests of their clients; and*
- *does not even require anymore full disclosure in certain cases.”*

If you would like additional information about this topic, or to schedule an interview **Guillaume Prache**, with Managing Director please call **Maria Bause** on +32 (0)2 514 37 77, or email at bause@eurofinuse.org

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