

THE VALUE OF A LEVEL PLAYING FIELD

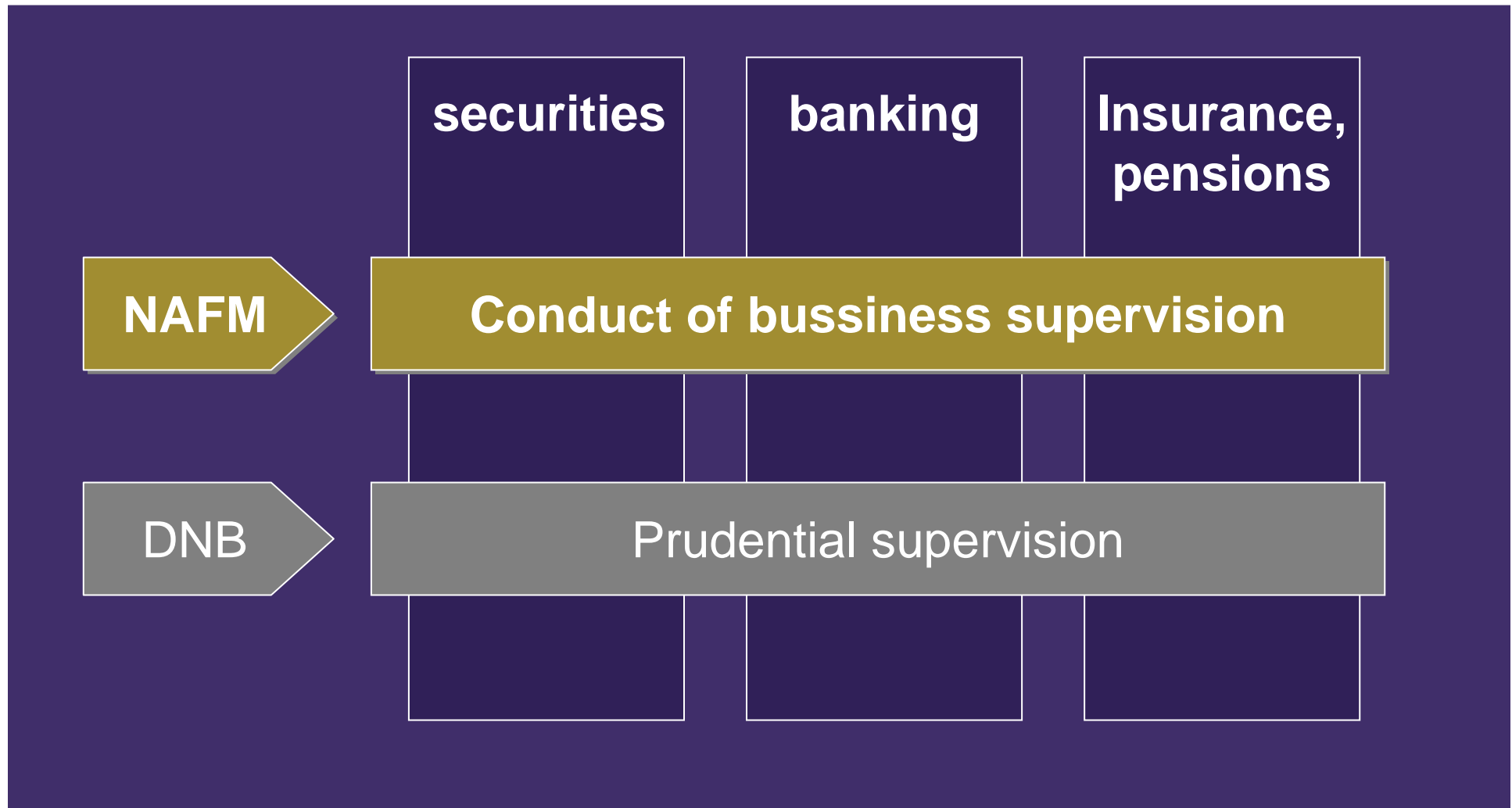
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PERSPECTIVE OF THIS PRESENTATION



WHAT ISSUES DO WE SEE?



Examples seen in the Dutch market

1. Uneven regulation influences market negatively

2. Inadequate regulation increases risk of investors making bad decisions...

3. ...or getting inadequate advice

- **Insurance investment products sold inadequately**

- Mortgages sold inadequately

- **Misinformed customers investing in structured products**

- Misinformed customers investing in real estate funds

- Inadequate investment advice about insurance investment products including insurance investment mortgages

PRODUCTS THAT DO THE SAME, WERE REGULATED DIFFERENTLY ...



	Collective investment product	Insurance investment product
<i>Transparency of costs</i>	<ul style="list-style-type: none"> • TER • Turnover speed 	<ul style="list-style-type: none"> • Up to 2007 no transparency of costs • No turnover speed
<i>Transparency of inducements</i>	<ul style="list-style-type: none"> • Brokerage fee 	<ul style="list-style-type: none"> • Up to 2007 no transparency of inducements
<i>Duty to care</i>	<ul style="list-style-type: none"> • Suitability and appropriateness 	<ul style="list-style-type: none"> • Up to July 2006 no duty to care
<i>Tax</i>	<ul style="list-style-type: none"> • No tax benefit 	<ul style="list-style-type: none"> • Tax benefit: deferred income tax and avoided wealth tax

...LEADING TO INADEQUATE SELLING OF INSURANCE PRODUCTS - example



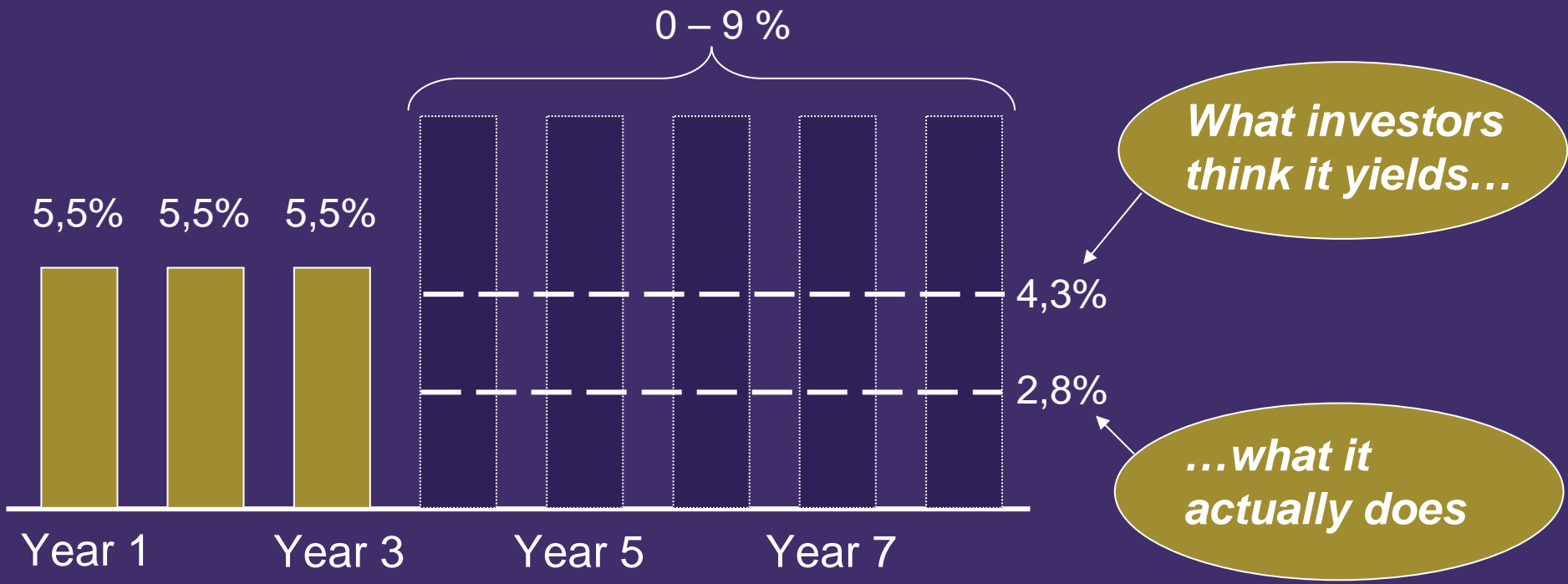
<p>Customer profile</p>	<ul style="list-style-type: none"> • Man, 41 years • Objective: Augment collective pension scheme • Risk profile: moderately defensive 	
<p>Product features</p> <p>Duration</p> <p>Gross return... less costs... equals product return</p>	<p>Investment product</p> <ul style="list-style-type: none"> • Investment in mix of funds: 30% stocks, 70% bonds <hr/> <ul style="list-style-type: none"> • 25 years <hr/> <ul style="list-style-type: none"> • 6,2% • 1,5% • 4,7% 	<p>Insurance investment</p> <ul style="list-style-type: none"> • Same mix of funds • Insurance of 10% of built up investment <hr/> <ul style="list-style-type: none"> • 25 years <hr/> <ul style="list-style-type: none"> • 6,2% • 4% • 2,2%

INADEQUATE INFORMATION LEADS TO BAD INVESTMENT DECISIONS



Guarantee of 5,5% return in first three years

In last five years return is dependent on basket of 20 stocks, with a floor of 0% and a cap of 9%



ADDRESSING THE INVESTMENT INSURANCE ISSUE



	Collective investment product	Insurance investment product
<i>Transparency of costs</i>	<ul style="list-style-type: none"> • TER • Turnover speed 	<ul style="list-style-type: none"> • Cost transparency in financial leaflet and self regulation • No turnover speed
<i>Transparency of inducements</i>	<ul style="list-style-type: none"> • MiFID regulations 	<ul style="list-style-type: none"> • Provision for sales agent/broker transparent through self-regulation
<i>Duty to care</i>	<ul style="list-style-type: none"> • MiFID regulations 	<ul style="list-style-type: none"> • Since 2006, duty to care comparable to MiFid
<i>Tax</i>	<ul style="list-style-type: none"> • Deferred income tax and avoided wealth tax 	<ul style="list-style-type: none"> • Deferred income tax and avoided wealth tax

ADDRESSING THE STRUCTURED PRODUCT ISSUE



Self regulation: principles

- Structured products are typically securities
- Securities are covered by prospectus directive

- Name reflects content
- Qualitative explanation
- Description of underlying value
- Description of structure and features
- Example of working of product
- Description of expected value and a good and bad scenario
- Purpose and target group of product

IDEALLY A CROSS-SECTORAL FINANCIAL LEAFLET IS USED, example



Wat zijn de risico's?

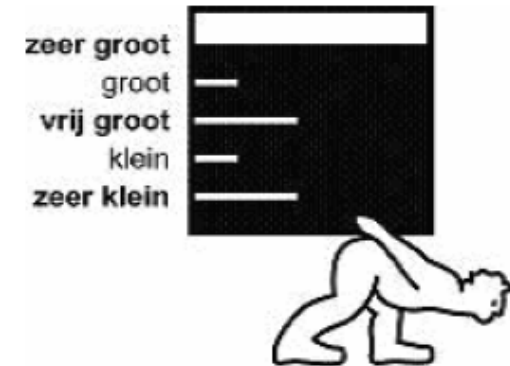


Risico dat u uw inleg niet terugkrijgt

Bij tussentijdse beëindiging (3 jaar)



Bij gehele looptijd (20 jaar)



Wat kan er gebeuren in het ergste geval?

bij tussentijdse beëindiging kunt u uw volledige inleg kwijtraken

bij een gehele looptijd (20 jaar) kunt u uw inleg kwijtraken

IDEALLY A CROSS-SECTORAL FINANCIAL LEAFLET IS USED, example



Wat zijn de kosten?



De kosten bij een voorspelling op basis van een waardevermeerdering van de belegging van 4%

	Inleg	Rendement	Uw kosten		Wat u overhoudt
Na 1 jaar			€ 1 verzekering premie		na 1 jaar is uw netto rendement - 3,8%
			€ 661 overige kosten		
			€ -297 bij eerder beëindigen		
	€ 5.000	+ € 176	- € 365	=	€ 4.811
Na 10 jaar			€ 9 verzekering premie		na 10 jaar is uw netto rendement + 1,1%
			€ 1.349 overige kosten		
			€ 28 bij eerder beëindigen		
	€ 5.000	+ € 1.949	- € 1.386	=	€ 5.563
Na 20 jaar			€ 42 verzekering premie		na 20 jaar is uw netto rendement + 1,8%
			€ 2.263 overige kosten		
			€ 0 bij eerder beëindigen		
	€ 5.000	+ € 4.437	- € 2.305	=	€ 7.132

IDEALLY A CROSS-SECTORAL FINANCIAL LEAFLET IS USED, example

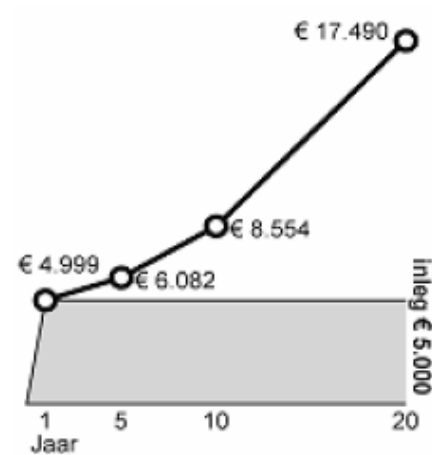


Wat kan Inkomensvoorziening Voor Oudedag Particulier opbrengen?



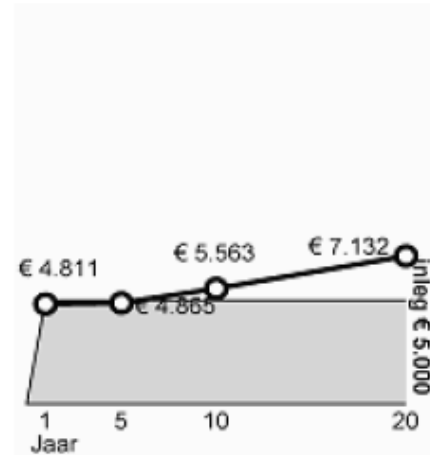
De opbrengst bij een voorspelling op basis van historie

De opbrengst is hoger dan de inleg



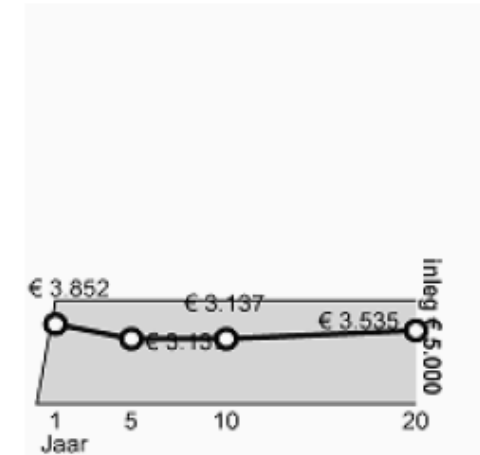
De opbrengst bij een voorspelling op basis van een waardevermeerdering van de belegging van 4%

De opbrengst is hoger dan de inleg



De opbrengst bij een pessimistische voorspelling

De opbrengst is lager dan de inleg



WHAT WOULD WE ASK FOR?



- 1. Attention given to cross-sectoral and cross-distribution consistent regulation at EU level**
- 2. Room allowed to create consistent regulation at national level for product markets that are still pre-dominantly national**