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## **Joint Associations Committee comments on European disclosure rules for retail investment products**

**LONDON, October 29, 2012** - The Joint Associations Committee on Retail Structured Products (the JAC)\* welcomes the publication by the European Commission of a draft 'regulation on key information documents for investment products', the output of the Commission's Packaged Retail Investments Products (PRIPs) initiative.

The JAC wholeheartedly supports the broad aims of the proposals and we are confident that a well-designed regime can deliver benefits for both consumers and the industry. We consider it essential that European investors can confidently access good quality investment products which they can use in seeking to meet their investment needs and that those products are distributed in a way that means they can be clearly understood and compared.

Specifically, we agree that the introduction of a mandatory short-form disclosure regime, based around a Key Information Document (KID), may assist in these goals. However, the focus must be on ensuring that this document is designed to provide a high standard of summary disclosure, and does not inadvertently undermine other product literature which retail investors already find useful. Attempting to over-simplify product information, focusing on brevity at the expense of quality, and attempting to put disclosure into an inappropriate framework will severely limit the usefulness of the disclosure and is likely to result in the document misleading investors.

Tim Hailes, Chair of the JAC, commented: "Our main concern is that some of what the Commission is proposing will actually make it harder for investors to understand a particular product. As we discuss what the KID should look like and what purpose it should serve, we need to make sure that we've joined the dots with other European sales rules and disclosure requirements to come up with a framework that makes sense for the customer."

He continued: "Policymakers also need to think carefully about designing the rules in a way that means that product manufacturers and distributors are able to comply with them. The last thing we want is a regulation that hampers the ability of the market to serve the long-term financial needs of retail customers."

Please click [here](#) to view the JAC position paper on draft regulation on key information documents for investment products.

**Editors' notes**

\* The members of the JAC comprise most of the major firms (both financial institutions and law firms) involved in the creation and, to some extent, distribution within the EU of structured securities which are distributed to retail investors. It was originally established and has worked over some years to promote a co-ordinated industry approach to improving consumer outcomes, both within the EU and internationally. In particular, the JAC has worked with the industry to produce a set of good practice principles for managing the relationship between product providers and distributors and a further set of principles for managing the relationship between distributors and individuals which are available [here](#).

**For Media Enquiries, Please Contact:**

Rebecca O'Neill, ISDA London, +44 203 088 3586, [roneill@isda.org](mailto:roneill@isda.org)

Margaret Wilkinson, ICMA London, + 44 207 213 0310, [Margaret.Wilkinson@icmagroup.org](mailto:Margaret.Wilkinson@icmagroup.org)