

Investor Protection with PIBs and KIIDs

New demands on financial service providers

The negative experiences of numerous private investors over the past few years have led to a significant increase in the requirements that client advisory services have to fulfill. As a result, a variety of initiatives have been launched at a European level to help protect private clients from bad investments. The implementation of regulatory guidelines poses new challenges for central distribution areas in financial institutions that are not just administrative but also impact support, advisory services, sales and new client acquisition. Technical and organisational adjustments as well as investments in employee training can represent a considerable cost factor.

Since July 2011, German banks and other issuers of financial products have needed to comply with two statutory provisions in the area of investment advisory services. The EU guideline UCITS IV (Undertaking for Collective Investments in Transferable Securities) on the continued harmonisation of investment funds that was established in 2009 is currently being implemented across Europe. An important component of this

guideline is the Key Investor Information Document (KIID), which contains standardised product information designed to help investors make a better comparison of funds than previously possible using the existing brochures.

In addition to this European initiative, the German Investor Protection Improvement Act (AnSVG) also came into force in Germany. This act has made Product Information Sheets (PIBs) for financial instruments – that had been voluntarily introduced by some institutions – binding in active sales. Just like the KIID, the PIB is designed to provide comprehensive information that accurately portrays the risks of various investment products.

Customisable solution package

Interactive Data aims to support clients with a customisable solution package designed to provide product information to help such clients conform to the existing guidelines. The offering includes a wide

range of modular services which include customer-specific design of the product information, generation and provision as well as the complete handling of document management.

The technological basis of the PIB/KIID solutions is Interactive Data's flexible market data platform. It offers direct access to a broad range of financial market data and has been designed to ensure a seamless integration of product information into the customers' own systems. Up-to-date PDFs to be used in client advisory sessions can be generated with just a few clicks. KIIDs supplied by investment companies are integrated in parallel and processed in the same manner.



The documentation of the advisory process is also subject to increased regulation. To help banks and financial institutes comply with these requirements, Interactive Data is archiving retrieved documents over the required timeframe of 10 years in a secure environment. The client can directly access the archive to help meet the compliance rules of CESR, EU and the German government.

"Intelligent outsourcing can help customers comply with regulatory standards in a cost-efficient way", says Carsten Dirks, Global Managing Director, Wealth Management Products. „With our customised solution packages we can support them in streamlining their workflows where they need it. Due to their modular structure, our services can also be expanded and adjusted to changing requirements, so banks are well positioned for upcoming regulation requirements.“

"Interactive Data significantly supports us in providing the PIBs and KIIDs in both our intranet and the internet," says Christian Machts, Head of Product Management Securities at Commerzbank. "We can provide our clients with the necessary product information while meeting the increasing regulatory requirements that are placed on advisory documentation."

Companies can use the new regulatory requirements to carry out overdue changes to their internal system architectures. Interactive Data supports clients in optimising their front and back office processes and tailoring these to the growing regulatory framework in the area of IT security and auditing. The implementation of well-crafted solutions for current and upcoming regulatory issues allows security guidelines that assist clients in meeting their corporate and industry standards to be established.

Interactive DataSM and the Interactive Data logo are service marks of Interactive Data Corporation.

Limitations

This document is provided for informational purposes only. The information contained in this document is subject to change without notice and does not constitute any form of warranty, representation, or undertaking. Nothing herein should in any way be deemed to alter the legal rights and obligations contained in agreements between Interactive Data Corporation and its clients relating to any products or services described herein. Nothing herein is intended to constitute legal, tax or other professional advice. Interactive Data Corporation makes no warranties whatsoever either express or implied, as to merchantability, fitness for a particular purpose, or any other matter. Without limiting the foregoing, Interactive Data Corporation makes no representation or warranty that any data or information (including, but not limited to, evaluations) supplied to or by it are complete or free from errors, omissions, or defects.

©2011 Interactive Data Managed Solutions

09/11