

European Commission



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Response by the Riksbank to the European Commission's call for evidence on Directive 1997/9/EC on investor-compensation schemes (ICSD)

Investor protection is not a central bank task. Investor-compensation schemes may, however, affect the central bank's task to preserve financial stability. Therefore, the Riksbank limits its answers to two of the questions in the call for evidence document.

The answers

6. The design of investor-compensation schemes may affect the trust of the market, as well as the trust for other consumer protection arrangements, notably the deposit guarantee schemes (DGS). If payouts are viewed as slow, small, complicated and arbitrary it will probably have a negative effect on the expectations of the deposit guarantee schemes. As observed in the current crisis, lack of trust in the DGS may jeopardize the financial stability. The Riksbank thus support that the directive is adjusted in line with the Deposit Guarantee Schemes Directive (DGSD), especially regarding payout time.

7. An investor-compensation scheme should be credibly funded by the industry and not be subsidized by the state. Thus, the Riksbank is supportive that ICSD should provide some general principles concerning the funding. The Riksbank also supports guidelines on cooperation in juridical matters in relation to investor compensations, e.g. in cross-border fraud cases.

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