

## **Consumer Panel response to DG Markt call for evidence: Directive 1997/9/EC on Investor Compensation Schemes**

The Financial Services Consumer Panel was established under the Financial Services and Markets Act 2000 by the Financial Services Authority to represent the interests of consumers. The Panel is independent of the FSA. The main function of the Panel is to provide advice to the FSA, but it also looks at the impact on consumers of activities outside the FSA's remit. The Panel represents the interests of all groups of consumers.

This is the Panel's response to DG Markt's call for evidence on the review of Directive 1997/9/EC on investor compensation schemes (the ICSD). We agree that a review of the ICSD is now needed and that the issues identified in the call for evidence should form the main focus of the review.

The Panel strongly supports the Commission's work in protecting the interests of consumers and the investment compensation framework that is provided by the ICSD. However, the Panel is concerned that there may be calls to remove national variations in investment compensation schemes by moving towards maximum harmonisation in the ICSD. We have already raised this particular issue with Commissioner McCreevy and Commissioner Kuneva in the context of the Deposit Guarantee Schemes Directive. We believe that consumers in Member States should be assured of a minimum level of security, with the freedom to look beyond the national market for better rates or higher levels of security for large sum deposits. This will reinforce the single market in a transparent and tangible way. Consumers place great value on the breadth of compensation provided by the UK's Financial Services Compensation Scheme and by schemes in other Member States that go beyond the minimum provisions established in the ICSD. Restrictions on the flexibility available at a national level would be detrimental to consumer interests and could erode consumer confidence overall.

We look forward to participating in the review of the ICSD.



For Adam Phillips  
Acting Chairman  
Financial Services Consumer Panel

3 April 2009