

*ANASF*

*Associazione Nazionale Promotori Finanziari*

**WHITE PAPER - HANDBOOK**

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## **FIRST PART**

### **Situation general sector associations in European Union countries**

#### **1. Configuration of the association from the statute point of view**

##### **1.1 Aims:**

A) protect the moral, professional and economic interests of promotori finanziari – tied agents, enhancing the image of the sector with savers, brokers, institutions and public opinion in general, also by taking judicial initiatives to protect the sector;

B) protect the economic interests of promotori finanziari – tied agents; identify, define, develop and monitor ‘fundamental’ contractual institutes for the sector; promote and sign agreements and collective contracts; promote the signature of company contracts;

C) offer enrolled members consultancy on legal/contractual, tax and social security matters concerning their professional activity;

E) contribute to training and the professional updating of members; promote and sustain degree courses and specialisations, Masters or other forms of post-graduate or, however, high qualification study specific for the profession; further, to promote preparation of aspirant advisors for the admission test to the professional body;

E) promote forms of co-ordination and collaboration with the representative organisations of other operators in the financial market at national, European and international levels;

F) promote a single European register of operators in the sector with a common ethical code and guarantees common to all savers which allows operation on the basis of reciprocity.

##### **1.2 Company agencies**

ANASF company agencies are defined by the statute of the association (art. 8). The supreme agency is the **National Congress**, an expression of all the associates, formed by the delegates elected by members. The national congress is normally convened by the end of the fourth year from the conclusion of the previous one; it can also be convened for extraordinary reasons, if the national board feels the need or if at least one third of the members of the association request it – supported by the matters to discuss.

The **National Board**, consisting of 25 members, is elected by the delegates at the national congress. Two people elected by the consultation body of Regional Coordinators also sit on the national

executive with the right to vote only on matters relating to their competence. It normally meets every four months. A **president**, two **vice-presidents**, a **Treasurer** and the other five members of the executive committee are elected within the national board, in turn appointed by the **Association**, which meets at least every two months. The members of the executive committee are responsible for certain thematic areas. Currently, these are associative Development and Marketing, Evolution of the Profession, Contractual, Welfare and Tax Protection, Overseas, Training, Relationships with Universities, Relationships with Savers and Decentralisation.

At a national level, ANASF is divided into **Regional Committees**, each consisting of between 3 and 15 elected regional advisors, according to the number of members in the region. The committees are elected during regional congresses and appoint a regional **co-ordinator** from among their numbers. The members by right and co-opted advisors are also part of the Regional Committee.

Another agency of the association is the **Board of Trustees**, consisting of former ANASF presidents and three members of special moral quality who have held positions in the Executive Committee or National Board. The Board of Trustees has a consultative role with all the agencies of the Association.

### **1.3 Surveillance bodies**

The Statute provides for the constitution of a **Board of Arbitrators** responsible for the overseeing respect for the ethical code of self-discipline of tied agents by the associates and is holder of the disciplinary procedure if there is a breach of those regulations. The board consists of five members elected from the National Board. In addition, there is also provision for a Jury, elected by the National Board, consisting of three people with a high intellectual and moral profile who are external to the profession. It can be convened at the request of the Board of Arbitrators for particularly controversial cases.

### **1.4 Strategy**

ANASF believes that the development of the profession of *promotore finanziario – tied agent* is through advising. In recent years, the Association has worked for the confirmation of that theory. The professional figure of the *promotore finanziario* has now been recognised at a European level by the MIFID Directive through the regulation of the tied agent, a regulation which takes up Italian law relating to the tied agent. Further, MIFID has raised the service of advice to a main investment service, recognising the opportunity that tied agents can offer the service on behalf of their intermediary.

As a result, the *promotore finanziario – tied agent* has seen his role of savings professional recognised. With effect from 1 November 2007, he can offer advice on investment, he will be able to continue to carry out the promotion service and collocation of financial instruments and services and, as it is an untied activity, offer general advice to the customer with the collocation or investment advice. All services and activities will be given to a sole intermediary.

In Italy, implementation of the MIFID Directive provided for the foundation of the professional body of investment advisors (Art. 18b), modifying Legislative Decree 58/1998 (TUF), who will be able to offer advice on investment without handle customers' money or financial instruments and who will be paid directly by the customer. A special organism will arrange for the professional body to be set up.

The Ministry of Economy and Finance regulations (currently at the consultation stage) disciplining the requirements for access to the professional body of investment advisors has established recognition of the requirements of honour and professionalism for investment advisors as necessary for access to the professional body of investment advisors. The regulation has set out that the tied agent can enter the professional body of consultants without having to undergo the assessment required. Exoneration from this is recognised on condition that the tied agent is enrolled in his/her professional body, has the academic qualification required, does not have a mandate and that s/he produces documentation proving performance of his/her professional activity for at least three years in the five preceding the date of the application for enrolment in the professional body of investment advisors.

### **Raise the level of professional preparation**

If the main objective is that presenting oneself to customers as savings professionals, starting from advice, it is obvious that the efforts in qualifying the work must be constant. Article 2 of the Statute, sub-para (d), sets out that the Association has the aim of:

*contributing to the training and professional updating of members; promoting and holding degree courses and specialisations as well as Masters or other post-graduate or high-level qualification training activities specific to the profession; further promote the preparation of aspirant advisors for the assessment for enrolment in the professional body;*

as a result, in compliance with its Statute, ANASF has organised many training activities in recent years - institutional seminars, training days, specialisation and advanced training courses and conventions. The institutional seminars were started systematically in 1999 and are meetings exclusively for members which last about four hours. They are organised periodically in all the regions of Italy and concern important matters and current affairs whose further analysis is necessary for carrying out the work of *promotore finanziario – tied agent* in an optimal and updated

manner. The meetings are held by high level lecturers, usually from universities. About 200 seminars have been organised from 1999 with the participation of 35,000 associates.

In 2006, ANASF consolidated the project, started the previous year, with 8-hour courses, which were also open to non-associates, in order to satisfy the growing need and request for updating and professional qualification of *promotori finanziari – tied agents*. In 2002, ANASF set up the Italian branch of the €FPA Foundation, supporting the European Financial Planning Association project €fpa™. The aim is that of defining principles, training programmes and assessment criteria for the recognition of high professional, training and ethical standards in Personal Financial Planning and Personal Financial Advising in Europe. To date, *Fondazione €fpa Italia™* has created 16 exam sessions (three per year) for a total of about 2,500 professionals certified as €FA - *European Financial Adviser™* (of whom more than half are ANASF members).

Another project, closely linked to current affairs topics in the sphere of financial training, is the arrangement of meetings and pauses for thought and comparison aimed at offering moments of further analysis and setting up new initiatives in specific areas. There have been politicians, members of the financial establishment, university lecturers, consultants and professionals who also collaborate with the association have been among the speakers at the meetings.

### **Complementary benefits: out of Enasarco, in pension funds**

The association will continue to commit itself to building a true complementary funded welfare provision, an alternative to Enasarco (the compulsory pension fund for Italian sales agents), without losing the contributions paid. These can and must be used more profitably for a complementary welfare fund, also considering the orientations and the welfare reforms which have been adopted.

### **Contract: aiming at the definition of minimum contractual standards**

The specific nature of the tied agent has been strengthened by adoption of the MIFID Directive which now sets out the chance for the *promotore finanziario – tied agent* to also offer advice service on investment with a placing service. Therefore, the natural need to redraw a specific contract for the profession arose, regulating the work of the adviser, consultant-adviser and manager. Teseo was charged with the creation of a study for the preparation of a draft contract, in line with the provisions of the Italian Civil Code, for this purpose. The discipline would be specific for the sector and it would have the prospects of development and evolution of the profession identified by ANASF. The National Board of the association has also appointed a commission to take care of the analysis and definition of the minimum contractual standards, such as enhancement of the portfolio, loyalty prizes, insurance cover and contractual clauses, such as the justified reason

for cancellation. Once processed, the minimum contractual standards should be appropriately advertised and they must be continuously updated and integrated with the modifications which the evolution of the market will require.

### **Continue strengthening the regional committees**

The action of ANASF is also increasingly effective due to the role played by the regional committees. The association intends to follow this path to be increasingly active and visible locally, from which there is a strong push towards action at a national level. For this reason, a modification to the Statute was made at the last national congress (November 2006) which sets out that two elected members of the Advisory Panel of Regional Co-ordinators sit on the National Board with voting rights referring exclusively to matters for which they are competent. These two will collaborate actively with the member of the Executive Committee responsible for the decentralisation area and the National Councillors involved in this subject area.

### **ANASF: a centre of political initiative**

ANASF is active on all the topics rotating around the work, from safeguarding the figure of the *promotore finanziario – tied agent* to the needs to promote advice, from the consideration of the association in the positive and negative phases of the markets to participation in the debate on the cost of financial services, through to protection of the saver as a value to defend. In particular, protection of the saver has become the centre of the attention of ANASF in recent years which, in 2005, drew up an important document - the Charter of Savers' Rights - on this issue. The aim of this charter is to guarantee that savers' choices are effectively functional for their interests and to arrange that there are the conditions safeguarding their freedom of choice. The following is, therefore, fundamental: a well-regulated market; the correctness and professionalism of the market operators; clear, complete and transparent information; an appropriate offer of products and services; the saver responsibly agreeing with investment decisions and effective after-sales assistance. It is the right of savers that these conditions are always and fully met (see Charter of Savers' Rights attached).

### **ANASF: a pole of offers and a generator of services**

The association offers its members various services and opportunities. In particular, it ensures consultancy on welfare matters through a well-known and expert senior manager of INPS (the Italian agency managing the pension system) who gives opinions and guarantees advice on pension matters. Other services offered include tax consultancy through the legal and tax company *Russo, De Rosa, Bolletta & Associati* (leading experts in tax consultancy at a financial level) and, lastly,

legal consultancy through collaboration with the association of Luca Frumento, an expert in the sector.

ANASF associates also have access to various concessions through the conventions that the association has set up (travel, cars, telephony, clothing, supply of advanced trading programs, etc.). In addition, in 2007 an important convention was set up for the protection of professional civil liability. There are several useful tools for the daily work of *promotore finanziario – tied agent* in the part for members of the web site [www.ANASF.it](http://www.ANASF.it), such as the on-line guides to tax, legal and welfare matters, consultation of the proceedings of countless congresses, the request for opinions on different subjects, and many other services. Recently, a new section dedicated to the MIFID Directive, a very current theme, has been included.

### **ANASF: representative and authoritative point of contact for the management of the professional body**

The association is an authoritative and independent voice in institutions at home and abroad (CONSOB, the government, Parliament, ISVAP etc.; CESR, the European Parliament, etc.) and the other sector associations (ASSORETI, ABI – Italian Banking Association, Assogestioni, consumer associations, etc.). Many steps forward have been made in recent years but there is still much to do, suitably interpreting the interest of *promotori finanziari – tied agents*.

The ANASF president was appointed in March 2007 from the members of the Italian Banking Centre Committee, a project promoted by the Ministry of the Economy and Finance to favour the development and strengthening of the Italian banking centre through an office which ensures a strategic impulse and co-ordination guide of a complex of actions which solicit the appropriate synergies between the various operators and promotes the international projection of the Italian market. There have been three meetings in 2007.

One of ANASF's recent targets has been the setting up of the control organism of the professional body of *promotori finanziari* on 25 July 2007. The organism will be based in Rome and have branches and offices elsewhere, being structured through local sections. One of the activities of the new organism is the enrolment of *promotori finanziari* in the professional body and anything else necessary for its control, respecting the principles and criteria set out with CONSOB regulations. It will be overseen by CONSOB. ANASF will take part for *promotori finanziari* and ABI and Assoreti will jointly take part for intermediaries.

### **ANASF's commitment abroad**

The relaunch of the association's commitment abroad goes in the direction of increasingly effective and concrete lobbying through the renewed commitment in the European Federation of Consultants

and Financial Brokers (FECIF), the consolidated relations with professional associations in Europe and participation in significant international events which guarantee a benefit for members in the medium-long period.

ANASF has taken part in the activities of CIFA, a non profit foundation under the control of Swiss authorities, since 2003. It protects and enhances the interests of financial advisors at an international level. Likewise, ANASF believes it is fundamental to move towards the path of pan-European level certification, as it imagined in 2002 when the association started EFPA Italia. Since then, it has certified various financial advisors with the qualification of Financial Advisor and Financial Planner.

In addition, ANASF has taken part in Project Leonardo in 2007. This is financed by the European Union and 15 international partners; it is a project which has the objective of introducing and establishing a network of professional competences at a European level and a level of homogenous training for the figure of European Financial Advisor.

### **ANASF and communication**

The association mainly follows three aims through its means of communication (web site, PF and PF News, announcements published monthly in *Milano Finanza*, one of the most important Italian economic-financial weeklies, press releases, articles in the main sector daily newspapers in Italy, participation and interviews on radio and television in the sector): defence of the image of *promotori finanziari – tied agents*, information on the professional role carried out by *promotori finanziari* and attention to the protection of savers.

Some years ago, ANASF set up a permanent observatory, 'Real Trend', on purchasing behaviour of the customers of *promotori finanziari – tied agents*. This is an on line survey, structured on the basis of the answers given by a permanent panel of 600 tied agents who are members of ANASF throughout Italy. Every month, they note changes in the fascia of the market concerned with tied agents. Real Trend is created by ANASF in collaboration with the regional committees of the association and is published exclusively in Plus, the weekly on finance and saving of *Il Sole 24 Ore*, every month.

## 2. Historical data

### 2.1 Chronology

- **1968:** the profession of financial consultant started. There were few products, a difficult market and only a few share and postal products. Among those placed by financial consultants was the *Lussemburghese Fonditalia* fund.
- **1970/80:** the first *Società d'Intermediazione Mobiliare – SIM* (Property Broking Companies) *Dival* and *Fideuram* were set up. Still few products on the market, petroleum shock and diffidence of savers.
- **1977:** ANASF set up. It is a sector association, set up to defend savers and obtain recognition of the profession.
- **1984:** historic watershed: the first common investment funds under Italian law appeared on the Italian market.
- **1988:** the self-disciplining professional body of promotori finanziari - tied agents was set up. This was strongly supported by ANASF with the aim of protecting saver and further guaranteeing the professionalism of the financial consultant.
- **1992:** the public professional body was set up; the financial consultant became a *promotore finanziario* - tied agents. This watershed was a victory for the association which saw itself recognised by the institutions as an instrument aimed at effective and efficient management (as has then been shown over the years) of promotore finanziario sector.
- **1999** ANASF joined FECIF, Fédération Européenne des Conseils et Intermédiaires Financiers, the only European organism representing European financial consultants and intermediaries.
- **2000:** ANASF reached 10,000 members.
- **2001** In November, CONSOB published Communication No. DIN/1083623, a milestone for the tied agent/consultant, in answer to the comments made by ANASF in October 2000 on the subject: 'The promotore finanziario: exercise of advice'.

- **2002:** as a result of the strategic idea of ANASF of creating an internationally recognised certifying body to ensure training of excellence for tied agents, EFPA Italia was founded – (the Italian branch of EFPA Europe with headquarters in Rotterdam).
- **2003:** a move was made towards participation in the work of **C.I.F.A.**, the Convention of Independent Financial Advisors.
- **2004:** ANASF collaborated with the competent authorities to define sector studies specific to tied agents.
- **2005:** the association drew up the **Charter of Savers' Rights**.
- **2007: thirty years in the market**

On 24 April 2007, a member of the ANASF Executive Committee was appointed Secretary General delegate of FECIF.

## 2.2 Number of associates

### a) Growth in the number of ANASF members since 1977 (year of foundation) to date

**1977:** 100

**1982:** 800

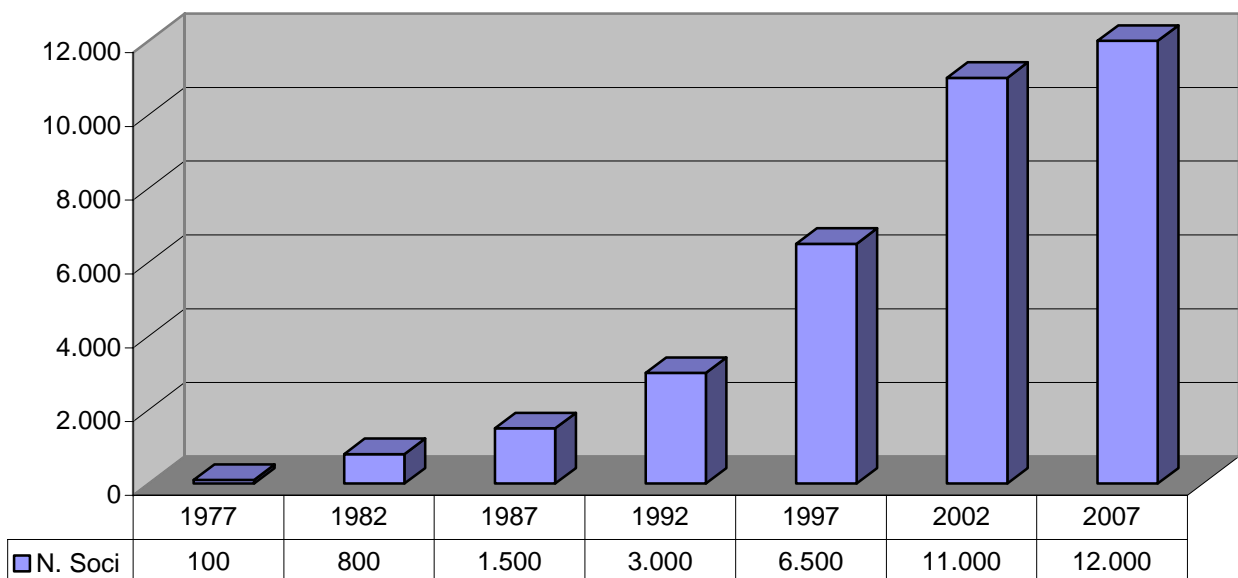
**1987:** 1,500

**1992:** 3,000

**1997:** 6,500

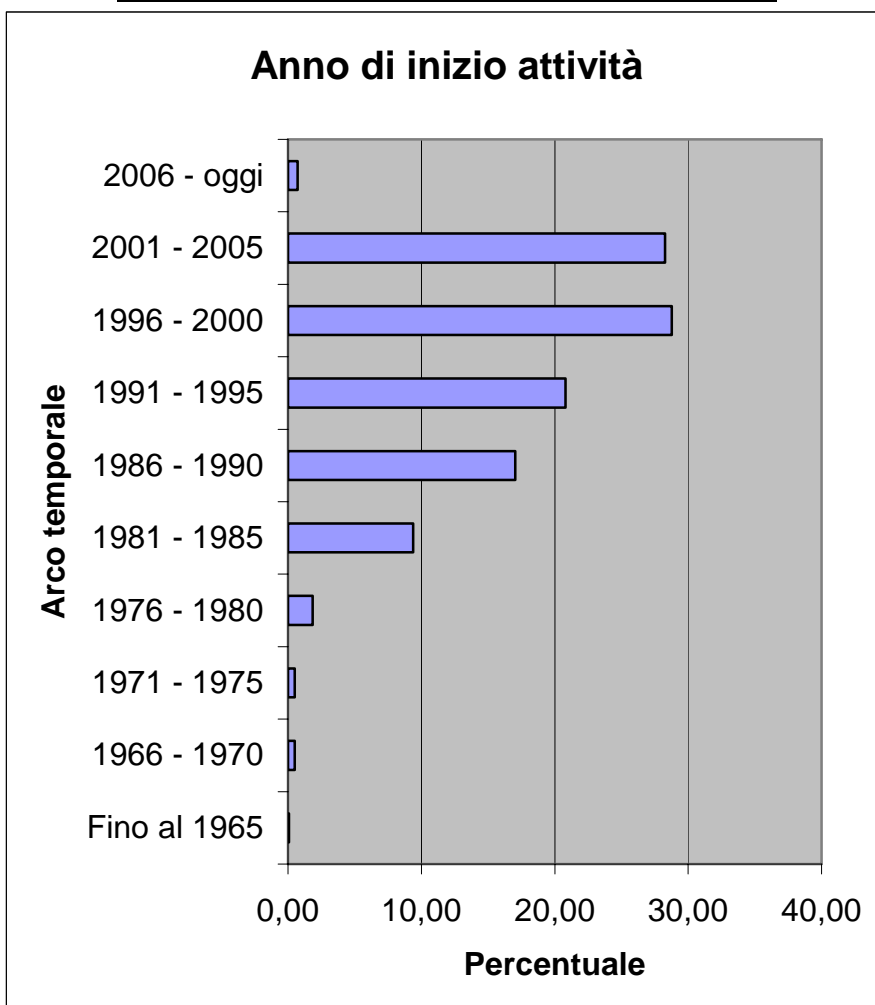
**2002:** 11,000

**2007:** 12,000



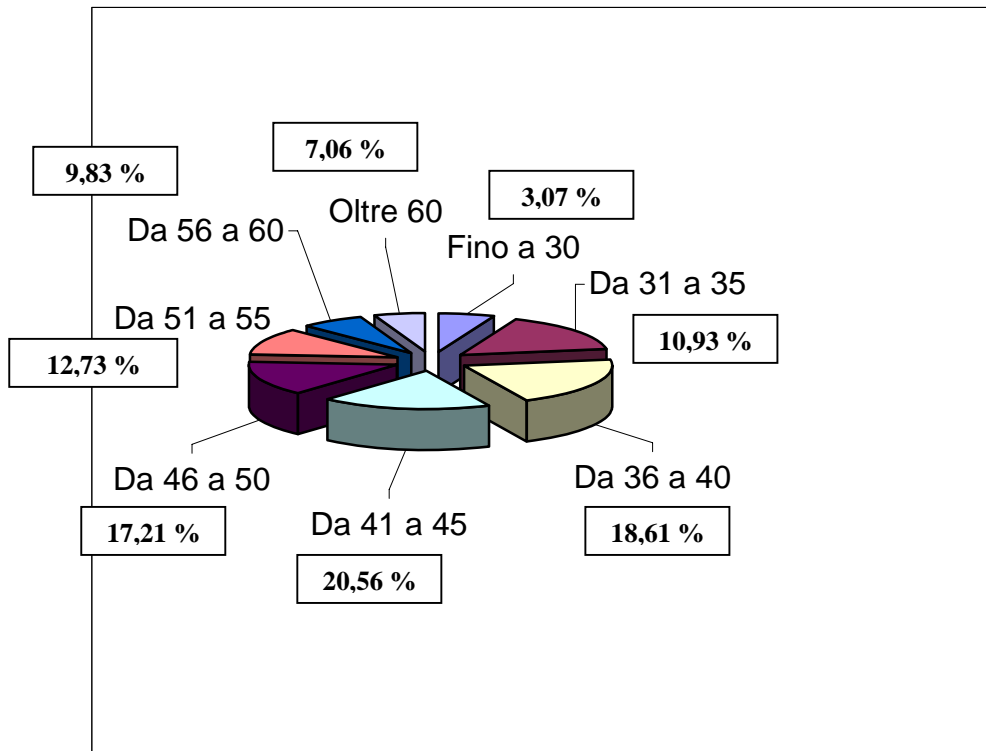
**b) Year members' work started**

<b><u>Year work started</u></b>	
<b>When work started</b>	<b>Percentage</b>
Up to 1965	0.07 %
1966 - 1970	0.50 %
1971 - 1975	0.51 %
1976 - 1980	1.85 %
1981 - 1985	9.38 %
1986 - 1990	17.03 %
1991 - 1995	20.81 %
1996 - 2000	28.77 %
2001 - 2005	28.27 %
2006 - to date	0.73 %



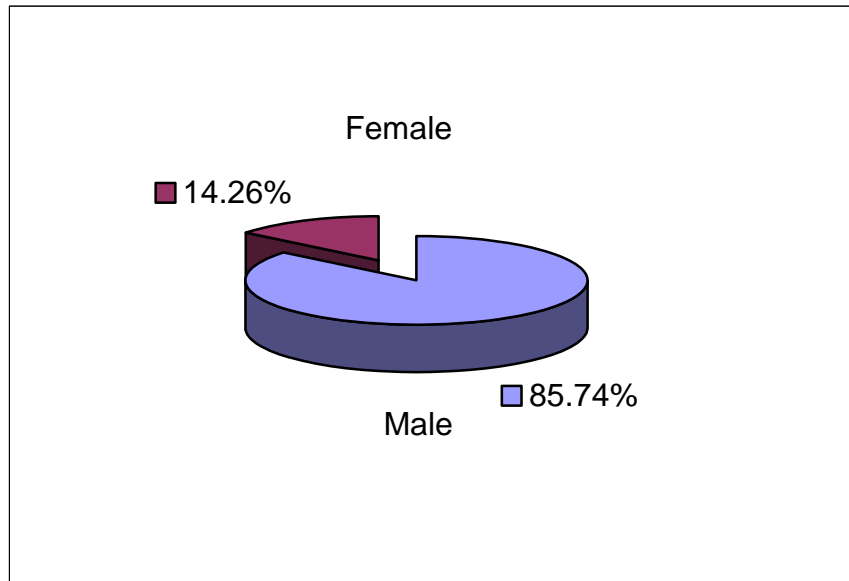
**c) Age of members**

Age	Percentage
<i>Up to 30</i>	3.07 %
<i>31 - 35</i>	10.93 %
<i>36 - 40</i>	18.61 %
<i>41 - 45</i>	20.56 %
<i>46 - 50</i>	17.21 %
<i>51 - 55</i>	12.73 %
<i>56 - 60</i>	9.83 %
<i>Over 60</i>	7.06 %



**d) Division by sex**

	<b>Male</b>	<b>Female</b>
<b>Percentage</b>	85.74 %	14.26 %



**e) Representation, in numerical terms, of ANASF in the Italian financial operator scenario**

<b>Sector</b>	<b>Number</b>
Operators enrolled in the Professional Body of Financial Advisors	c. 61,000
Operators with Assoreti mandate	c. 30,000
Operators enrolled in ANASF	c. 12,000

*Source: Assoreti, August 2007*

### **3. The *promotore finanziario* and the requirements for entering the profession**

#### **3.1 Who is the *promotore finanziario* – tied agent?**

The *promotore finanziario* – tied agent is the only operator in the managed savings industry authorised to meet savers outside a bank, SIM or SGR (savings management company) and offer their financial instruments and investment services. Enrolment in the professional body of tied agents in order to practice the profession. An organism made up of professional associations representing advisors and authorised people watches over the professional body. This organism is a juridical person and is ordered in the form of an association, with organisational and statutory independence, respecting the principle of local division of its structure and work. Not only; in order to maintain this status, the strict rules of behaviour, developed to guarantee the maximum reliability for the saver, must be respected. The tied agent is a professional able to offer investment advice aimed at the choice of the financial products and services suitable for the customer's requirements. After analysing the investment needs, the tied agent suggests the appropriate solutions among those offered by the company, collects the instructions for the investment, delivers the planned documents and receives the money to invest. Then, periodically updates the analysis of the customer's financial situation and suggests the appropriate changes according to the trends in the markets or the needs resulting from the evolution of the customer. The tied agent is the figure of reference available to savers to clarify all their doubts on the investment made and, above all, is able to offer personal and continuous assistance otherwise not available at the till of a bank.

The professional figure of *promotore finanziario* was officially recognised in 1991, as defined by Law 1/1991 (the law on SIMs) which provided for the institution of a national professional body for *promotori finanziari* in which all the professionals defined up to that time as 'financial consultants' would be directed. In 1996, the 'Eurosime' decree (Legislative Decree No. 415 dated 23 July 1996) adopted the community regulation on financial markets and replaced the law on SIMs, confirming, however, the features of the profession of *promotore finanziario*. The same matter was taken up again and reiterated by the Single Finance Text (Legislative Decree No. 58 dated 24 February 1998) which constitutes the current reference legislation. Based on the legislative question, the tied agent can only act as a physical person, i.e., s/he cannot operate as a company and s/he can only operate on behalf of a single authorised person. The bank, SIM or SGR for which the tied agent works is fully responsible for the work of the tied agent and also responds if there is behaviour which can be criminally prosecuted. The tied agent is, in other words, the person competent in giving investment advice aimed at the choice of the best products and services most suitable for the personal needs.

Following the application of the MIFID Directive, s/he can also receive a mandate from his/her intermediary to give advice services on investment which will be added to the mandate for the placement of products and services.

### ***3.2 The professional body of promotori finanziari***

The only national professional body of promotori finanziari was set up by Law 1 dated 2 January 1991. The Single Finance Text (Legislative Decree No. 58 dated 24 February 1998) confirmed the institution of the professional body, which was divided into local sections, in Art. 31. An organism made up of professional associations representing tied agents and authorised people watches over the professional body. This organism is a juridical person and is ordered in the form of an association, with organisational and statutory independence, respecting the principle of local division of its structure and work and was set up on 25 July 2007. ANASF takes part in it for the promotori finanziari and ABI and Assoreti jointly take part for the intermediaries.

Within the sphere of its financial independence, the organism determines and collects the contributions and other sums due from members and those applying for membership to the extent necessary to guarantee the performance of its activities. It arranges for the enrolment of tied agents in the professional body subject to checking the necessary requirements, and carries out all other work required for enrolment in the professional body including the convocation and organisation of the assessment tests. The organism operates respecting the principles and criteria established with the regulation of CONSOB, overseen by the same authority.

It also checks the continuance of the requirements prescribed for enrolment in the professional body. This is divided into local sections corresponding to the local sections of the organism. The local sections of the professional body are identified by the organism as a number not less than three and, respecting the principle of substantial homogeneity of the sections with reference to the number and geographical distribution of members.

#### ***3.2.1 Data***

The professional body collects all the basic information concerning the individual tied agent. Both the personal (name and surname, place and date of birth, town of residence and address) and professional data (date of enrolment in the professional body, name of the person authorised to work outside the office on behalf of the person s/he works for and any provisions of cautionary suspension or penalties against him/her) is annotated. All the data in the professional body is public.

### **3.2.2 Continuance**

Continuance in the professional body means that *promotori finanziari* have to make an annual payment of a ‘surveillance contribution’ to CONSOB and a contribution to the Organism. Cancellation from the professional body can be prepared by the organism at the request of the tied agent, following the loss of one of the requirements necessary for enrolment or failure to pay one of the contributions (CONSOB and organism) or, again, as a result of expulsion. In the case of cancellation on your own initiative, the adviser can re-enrol on application at any time, as long as s/he has the requisites. When cancellation occurs because the requisites have been lost or payment of a contribution has not been made, re-enrolment is however possible as soon as the requisites return or the contribution is paid. In the case of expulsion, re-enrolment can only occur five years from the date of cancellation.

### **3.3 The exam**

The exam of professional suitability is arranged by the organism. As the assessment test is theoretical-practical, it is arranged at least once a year with the provision published in the *Gazzetta Ufficiale* della Repubblica (the Official Gazette of the Republic) and the CONSOB Bulletin. The assessment test must allow candidates to show that they effectively have the competences necessary for carrying out the work of a tied agent. It concerns at least the following subjects: law of the financial market, the discipline of the adviser’s work, notions of financial mathematics and economics of the financial market, notions of private law and also tax law concerning the financial market.

The test is organised and assessed by the organism which makes use of examination commissions consisting of people with proven professional competence and against whom there are none of the causes of incompatibility set out by the organism. Each examination commission has at least five members. In each case, the majority of the members of the commission must be people who are not enrolled in the professional body of advisors nor members or employees of authorised people. The organism sets out the dates, locations and how the test will be conducted and makes them public with any other information relating to the assessment test.

Currently, the exam is organised by CONSOB (until the time that the organism becomes operative) with a frequency of three sessions a year. It consists of a questionnaire to be answered in a set time (30 minutes) and the following oral to which only those who have passed the written test are admitted. The test has thirty multi-choice questions (four answers of which correct one has to be identified) on the financial market, the legislation regulating it and the legislative and ethical discipline of the profession. In addition, contracts and tax laws relating to the financial market are

subjects for the oral test. Both tests are considered to have been passed when a minimum mark of eighteen thirtieths has been attained.

### ***3.4 Ethics and self-discipline***

The tied agent is subject to very precise and strict laws and regulations; breach of these rules leads to increasing penalties, ending with expulsion from the professional body. There are also ethical regulations which are not codified by the law but which, however, are the requirement for the correct, transparent performance of the work of the adviser. CONSOB sets out respect for the codes of self-discipline relating to his/her work by the tied agent in its general rules of behaviour set out in its regulations. To this end, ANASF has drawn up an ethical code of self-discipline for tied agents. The code considers all the spheres of work of the tied agent, from the relationship with the broker for whom s/he works to relationships with colleagues and the market surveillance authority. In particular, the code puts the customer and his interests at the centre of attention, both of which are the basis for the professional ethics of the adviser before any other interest. The ANASF National Congress approved the ethical code of self-discipline and all tied agents enrolled in the association commit themselves to the respect and application of the regulations it contains. Whoever breaches the rules of the code is subjected to disciplinary proceedings by the ANASF Board of Arbitrators and, if necessary, is the subject of progressive penalties up to expulsion from the association. Publicity to the penalties given is always through ANASF means of communication and the penalties are transmitted directly to CONSOB, the competent commission and the company for which the tied agent carries out his/her work.

### ***3.5 Laws and regulations***

The Single Finance Text (Legislative Decree 58 dated 24 February 1998) is currently the legislative base regulating financial broking. It contains the rules disciplining intermediaries (part II), the markets (part III) and issuers (part IV), and determines the penalties for failing to respect them (part V). In particular, Articles 30, 31 and 32 control offers outside offices for which the people authorised must use tied agents.

The Intermediary regulation, adopted with CONSOB decision No. 11522 dated 1 July 1998, gives detailed procedure of the laws of the Single Finance Text relating to the work of intermediaries. The text of the regulation was modified by decisions No. 11745 of 9 December 1998, No. 12409 of 1 March 2000, No. 12498 of 20 April 2000, No. 13082 of 18 April 2001, No. 13710 of 6 August 2002 and No. 15961 of 30 May 2007.

Implementation of the MIFID Directive has led to changes in the regulation, now known as Regulation No.16190, which came into force on 1 November 2007. Offers outside offices are dealt with in Book V (Arts.78-82) while the professional body and work of the *promotore finanziario* are controlled by Book VIII (Arts. 91-112). Appendix 4 deals with the information note on the main rules of behaviour of the *promotori finanziari* with regard to the investors of customers or potential customers.

Ministerial Decree 472 (adopted by the Treasury, Balance of Trade and Economic Programming Ministry with Decree 472 dated 11 November 1998 and later modified with Decree 140 dated 12 April 2000) determines the need for honour and professionalism required to be able to obtain enrolment in the single professional body of *promotori finanziari*. In addition, the assessment criteria for professional experience required are defined to obtain enrolment without the need to undergo the appropriate assessment test.

## **4. Control bodies**

### **4.1 CONSOB**

CONSOB (*Commissione Nazionale per le Società e la Borsa* – National Commission for Companies and the Stock Exchange) is an independent authority, i.e., a public organism with special independence in carrying out the functions attributed to it. It was set up with Law 216 dated 7 June 1974 but was later extensively reformed with Law 281 dated 4 June 1985 and its functions have been further amplified since as a result of the transformations which have been a feature of the securities market and its legislative control. The CONSOB has regulatory powers for the organisation and operation of securities markets; it has control and surveillance functions on the markets and those operating in them and has disciplinary powers. Supervision of the work of the organism and the tied agent fall within its sphere of operation.

The work of CONSOB can be summarised as follows:

- **regulation** of the performance of investment services by brokers, the duty to inform of listed companies and offers to the public of financial instruments;
- **authorisation** of the publication of information prospects when there is a public invitation to bid and the offer documents for public purchase offers; the operation of the markets controlled; management centred on financial instruments; enrolment in the professional bodies;

- **supervises** the companies managing the markets and the transparency and orderly performance of negotiations as well as the transparency and correctness of the behaviour of intermediaries and tied agents;
- **penalises** the people supervised, either directly or by formulating a proposal to the Treasury, Balance of Trade and Economic Programming Ministry;
- **controls** the information given to the market by listed companies and those promoting offers of financial instruments to the public and the information in the accounting documents of listed companies;
- **checks** any anomalous trends in listed share dealing and carries out any other checks on breaches of the law on insider trading and market rigging of financial instruments.

#### ***4.2 Surveillance of tied agents***

CONSOB also has a surveillance function with regard to tied agents and adopts cautionary suspension provisions and applies the penalties set out by the law. With reference to surveillance, CONSOB has the power to ask for data and news and acquire documents or deeds; it can carry out inspections and require that all the acts considered necessary are carried out. Cautionary suspension of a tied agent from operation may be judged if there is the presumption that s/he has committed serious breaches of the law or provisions given by CONSOB or if s/he has been subjected to cautionary provisions by the judicial authorities or is accused of certain types of crime. Penalties are decided for tied agents who have breached laws and regulations, in particular the Single Finance Text and the provisions issued by CONSOB. There are four types of penalties, based on the seriousness of the breach: a written warning, an administrative fine, suspension of from one to four months from the professional body and expulsion from it.

#### ***4.3 Organism***

The organism controlling the professional body of *promotori finanziari* was set up on 25 July 2007. It will have its headquarters in Rome and will set up other offices and agencies elsewhere and will be structured through local sections. Article 14 of Law 262 on savings has entrusted the management of the organism to the professional and representative associations of *promotori finanziari* and authorised people.

One of the activities of the new organism is the enrolment of tied agent in the professional body and anything else necessary for the control of the professional body, respecting the principles and criteria set out by the CONSOB regulation. It will be subject to supervision by this authority.

ANASF will contribute to it on behalf of tied agents, ABI and Assoreti jointly for intermediaries. Giovanna Trazza, former director general CONSOB, has been appointed president of the Organism.

The Organism will mainly be concerned with the management of the data in the professional body; in particular, it will be responsible for arranging enrolments, cancellations and variations to data. It must also issue tied agents with the enrolment certificates and advise them of measures adopted by CONSOB or the Organism itself. Other delicate work concerns the assessment test required for enrolment in the professional body; the organism must make arrangements for and update the questions for the candidates, issue the announcements for carrying out the tests and organise them. The leadership of the control organism of the professional body of *promotori finanziari* has been entrusted to a management committee consisting of a president and 8 members designated by the sector associations, 4 by the associations representing *promotori finanziari* and 4 by the associations representing authorised brokers.

#### **5. Other sector associations in Italy**

There are no other nationally important sector associations for tied agents in Italy. However, there are two unions - SNAPROFIN – FABI AND FIBA – CISL which have a minimum representation in the world of tied agents. As noted above, they are unions and so offer services and defence rather different from those of sector associations. In addition, representation is limited to just a few hundred members who, rather than commercial entrepreneurs and free lance workers (as, in most cases, *promotori finanziari* are) are employees of the banks or SIMs for whom they work. The association Assonova has also been set up recently.

#### **6. Educational**

The importance of financial education is growing, also at a European level, so that savers can improve their ability in the use of financial services. ANASF has also started financial education initiatives in recent years. In 2004, the ANASF regional committee for Trentino Alto Adige worked with the province of Bolzano and CTRRCE (*Centro Tecnico Regionale di Ricerca sul Consumo Europeo* – Regional Technical Centre for Research into European Buying) in the creation of the bilingual brochure '*Risparmiare informati*' (Informed saving) which illustrates saving to savers in straightforward and direct language.

In November 2004, a meeting was held on the education of savers at CNCU (National Consumers Board) in which the managers of the leading consumer associations took part. In 2005, ANASF drew up and published the Charter of Savers' Rights which confirmed a series of rights to underline in the relationship with the customer. So far, 400,000 copies of the Charter have been distributed to

associated tied agents and, through them, to savers. During the summer of 2006, the CD-ROM 'Informed and aware saving' was put alongside the Charter; this a multi-media production aimed at basic financial education.

In 2006, there were two meetings of the Observatory of Savers' Rights, set up following the distribution of the Charter. The most important associations representing brokers and consumers' representatives took part in the meetings.

ANASF has also taken part in setting up research on the psycho-social changes in saving in families, promoted by Adiconsum and conducted by the Faculty of Juridical Psychology of the *Università La Sapienza*, Rome. The aim of the survey was to identify some types of savers on the basis of how they save and the choices of the savings/investment agencies.

Financial literacy has also continued through a series of presentations on financial education throughout Italy (Lions Club, Rotary Club, etc.).

On 19 September 2007, an Open Hearing on the Green Paper on retail financial services offered by sector operators in the single market was held at the European Parliament in Brussels. Various European consumer associations, banks, insurance companies, institutions and supervisory bodies took part. The ANASF Overseas Area manager and FECIF vice secretary also took part in the meeting. The various subjects discussed included the example of Britain, where a pilot programme has been started in 500 schools. Teenagers between 11 and 16 will be informed of the ABC of finance, how to invest their savings and control debts. ANASF is thinking of suggesting a similar project to the Italian Education Minister in the next few months, so that the road to financial literacy can continue with the same success that it has already met over the years. The project could be set up by the Ministry in collaboration with ANASF in High Schools.

## **SECOND PART**

### **Suggestions for issues to discuss at a European level**

#### **1. Institution of forms of on-the-job training for the admission of young professionals**

ANASF considers it necessary to institute forms of on-the-job training for young people who would like to embark on the career of tied agent - advisor. In other words, a period of apprenticeship alongside expert professionals would ensure fast learning 'in the field' and greater guarantees for investors.

#### **2. Institution of a certified and controlled public European professional body**

On the basis of the Italian example, the creation of a public professional body a European level would be the public affirmation of the financial consultants and brokers sector. The functions of the professional body would be the collection of data on the professionals and all the essential information for transparency and the protection of savers.

#### **3. Creation of a training agency (e.g. university, a foundation, etc.) which will certify professional preparation and maintenance of professional updating**

The need to qualify financial consultants and brokers as savings professionals pushes them to work a lot on training. Masters organised in collaboration with the universities and specialist courses on consultancy should be set up. The collaboration with EFPA should continue to go in the direction of synergic work corroborated by high level partnerships.