

June 15, 2011

**Re: Funding of individual investors' organizations to represent their interests in financial services policies at the EU level**

Dear Representative of the Republic of Slovenia,

We are the VZMD – PanSlovenian Shareholders' Association (Vseslovensko združenje malih delničarjev). Over the last six years, the VZMD has been and continues to be dependable and effective institute for the rights and interests of small shareholders by preserving the interests of small shareholders, protecting the balance of processes and decision-making of companies, and contributing to the constant improvement of the financial market and, ultimately, the economic status of individuals and the commonwealth of society. In the broader socio-economical, European and international context, we have also been included as full-fledged members of related global associations, including the European Shareholders' Association (Euroshareholders), European Federation of Investors (EuroInvestors), and the WFIC - World Federation of Investors Corporations.

The severe imbalance between the representation of retail savers / investors and that of the financial services providers at EU level has rightly been identified by the European Commission as one of the determining factors of the financial crisis. The key reason for this issue is a huge difference in the resources.

This is why on March 4, 2009 the EU Commission made the following public commitment in its "Driving EU recovery" communication:

***"The interests of European investors, consumers and SMEs, must be at the centre of the reform... The Commission will ... ensure that the voice of European investors is much more strongly heard on all financial issues. The Commission therefore proposes to provide direct funding to facilitate the capacity-building of investor stakeholders to represent their interests in financial services policies at EU level ... A proposal will be presented by the end of 2009"***

This very severe imbalance between the representation of financial services users' interests and that of providers has even deepened since the 2008 financial crisis. Nevertheless, the European Commission has not honored its public commitment at all. No funding tender for retail investors' organizations has been created so far. In addition, EC refused to grant even one euro to the European retail investors' organization (The European Federation of Investors – EuroInvestors, created in September 2009 on the initiative of Euroshareholders<sup>i</sup> and of FAIDER<sup>ii</sup>), through the already existing yearly EC tender directed to the European consumer organizations. It is important to underline that European Authorities categorize us as "consumer" organizations<sup>iii</sup> and that we were advised by EC officials to apply for that specific tender. The EC turned down our 2009 application, and clearly told us that we would never be successful for this yearly tender. Lately (January 2011), the EC replied that, in contrary to their previous commitments, individual investors'

organizations would not get any funding because the EC has no budget for that. At the same time we were informed that the EC is considering granting one million Euros to a new initiative called "Finance Watch"<sup>iv</sup>. But that new organization aims at representing the whole "civil society" vis-à-vis financial services providers and does not specifically aim at representing investors' interests in financial services policies at the EU level, and will not provide investor organizations with any resources.

The failure of the EU Commission to honor its own funding commitment is even more penalizing for the EU financial services users and for the European democracy as the Commission is largely funding many other groups including organizations funded by the financial industry as well.

The European Federation of Investors (EuroInvestors) gathers 45 national retail investor (and other financial services users) organizations which in turn represent about two million European citizens. The failure to honor this commitment for 2010 and again for 2011 puts the existence of the European Federation of Investors at stake, as the Commission perfectly knows that users have very limited financial resources. This is likely to kill the only retail investors and savers representation at the EU level, while more and more decisions impacting financial services' users are designed and taken.

**We, therefore, kindly ask you to support our case and request the European Commission to honor its 2009 commitment quoted above as soon as possible and no later than at the time of the 2012 budget adoption.**

Sincerely,

Kristjan Verbič, M.Sc.  
President VZMD



<sup>i</sup> Euroshareholders is the organisation of European shareholders associations created in 1992. It gathers 31 national shareholders associations all over Europe. More info on [www.euroshareholders.org](http://www.euroshareholders.org).

<sup>ii</sup> FAIDER is the Federation of pension savers associations in France

<sup>iii</sup> See for example : <http://www.esma.europa.eu/popup2.php?id=7584> , where EuroInvestors and Euroshareholders executives are identified by the European Securities and Markets Authority as representing consumers.

<sup>iv</sup> <http://www.callforfinancewatch.org/>