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PUBLICATION | ASF RECOMMENDATIONS –

**DISTRIBUTION OF SAVINGS AND INVESTMENT PRODUCTS WITH NO CAPITAL
GUARANTEE – OCTOBER 2024**



DO SEU LADO
desde 1989

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Recommendation n.º 2/2024, de 8 de outubro

The Portuguese Insurance and pension funds supervisory authority has issued the Recommendations nr. 2/2024, of 8 October, pertaining to the distribution of savings and investment products with no capital guarantee.

The Recommendations apply to Portuguese insurance companies and distributors, as well as entities acting in Portugal under freedom of establishment or freedom to provide services, since it pertains to general interest conditions.

These aim to highlight the legal and regulatory provisions in force and recommend good practices in the distribution of insurance products linked to investment funds and other Life products aimed at savings and investment, provided that they do not have a capital guarantee.

In addition to reiterating the need to take into account the guidelines of the "Report on Conduct Risks associated with Mis-Selling of Savings and Investment Products", published by the National Council of Financial Supervisors on 3 March 2016 ("CNSF Report"), the Recommendations update the applicable legal and regulatory framework regarding:

- I. Product design and approval;
- II. Product distribution; and
- III. Information duties.

Among other matters, it is stated that the target market should include the age groups of potential customers, that entities should refrain from promoting or suggesting products to people excluded from the target market and that they should seek to prevent sales outside the target market.

In particular, the following Recommendations should be noted:

The target market must not include potential insured persons who, at the date of conclusion of the contract, are over the age of life expectancy at birth in Portugal or will exceed it before the end of the contract, nor customers more likely to be affected by irregular conduct practices;

Insurance companies and insurance distributors should develop mechanisms that prevent the marketing of products to those who do not fit into the target market;

Distributed insurance products must be accompanied by a notice, stating "This product is not a deposit, so it is not covered by a deposit guarantee fund";

The pre-contractual information must include the age groups of the defined target market; and

In the case of higher-risk investment products, an express manifestation of the client's will must be requested, through a handwritten declaration of the will to contract, as an alternative to filling out a form or a simple cross in a box.

The Recommendations **are non-binding and go beyond the applicable legal regime**, and it is important for the entities covered to pay the greatest attention in their analysis and implementation, **combining compliance with legal standards and the adoption of good practices with their procedural and business needs**.

SPS is at the disposal of its customers and partners to support the analysis and implementation of the Recommendations.