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Financial Markets Policy
Building, Resources and Markets
Ministry of Business, Innovation and Employment
PO Box 1473
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OPTIONS PAPER – CONDUCT OF FINANCIAL INSTITUTIONS

About AIA New Zealand and Sovereign

AIA New Zealand is a member of the AIA Group, the largest life insurer in the world by market capitalisation and solely focused on the Asia Pacific market. AIA Group is headquartered in Hong Kong and has a presence in 18 markets in the Asia-Pacific region, including Singapore, China and Australia. Established in New Zealand in 1981, AIA operates in New Zealand as a branch of AIA International Limited, a company incorporated in Bermuda. It is ultimately owned by AIA Group Limited, which is listed on the Hong Kong Stock Exchange.

On 2 July 2018, AIA International Limited completed its acquisition of Sovereign. Sovereign is New Zealand's largest life insurer and has been in business in New Zealand for over 30 years.

AIA New Zealand and Sovereign together offer a range of life and health insurance products that meet the needs of over 450,000 New Zealanders. AIA New Zealand and Sovereign are committed to an operating philosophy of *doing the right thing, in the right way, with the right people*.

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About this submission

Thank you for the opportunity to provide feedback on the Conduct of Financial Institutions options paper. We broadly support the introduction of conduct regulation for financial institutions to support the industry's focus on achieving the best outcomes for our customers. However, we are concerned at the pace of the proposed legislative reform. Some of the options proposed will have significant implications for insurer and particularly intermediary businesses. Without ongoing consultation with the wider industry we are concerned that ultimately New Zealanders will be disadvantaged by reduced access to quality financial advice.

This submission is made on behalf of both AIA New Zealand and Sovereign, who are jointly referred to in this submission as AIA. Our comments on the questions posed in the options paper are set out in the appendix to this letter. Some of our responses are briefer than we would like. Given the tight timeframes, competing priorities (and in particular the need to respond fully on the FMA and RBNZ

review of life insurer conduct and culture by 30 June), we have been unable to complete any impact assessments of the various options proposed, including costs/benefit analysis.

Confidentiality / release of information

This submission contains some information that is confidential, as identified in our response. We kindly request that if a request under the Official Information Act 1982 for this submission is received, the indicated confidential information is withheld.

We would be pleased to discuss any questions you have on this submission and we would welcome the opportunity to collaborate or consult further with the Ministry of Business, Innovation and Employment as it considers the next steps.

Yours sincerely

Nicholas Stanhope
Chief Executive Officer
AIA New Zealand and Sovereign

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Appendix: AIA submission

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Question 1: Which overarching duties should and should not be included in the regime? Are there other duties that should be considered?

In particular:

- **Do you agree with the pros and cons of each duty?**
- **Do you have any estimates of the size of the costs and benefits of these options?**
- **Are there other impacts that are not identified?**

AIA generally agrees with the stated pros and cons of each option, and would not propose any other duties. The proposed duties are largely consistent with FMA / RBNZ expectations arising from their review of culture and conduct. Work done by AIA (and other insurers and banks) in responding to the FMA / RBNZ reviews should provide a good base for complying with new overarching duties.

One concern that we have is the extent to which some duties overlap. For example, we consider that a duty to manage conflicts of interest fairly and transparently is inherently part of considering and prioritising the customer's interest. In addition, we consider that the requirement to have systems and controls to support good conduct is inherent in the other duties, as without those systems and controls an insurer or bank will be at risk of not meeting its obligations. A case can be made for reducing the number of overall duties to simplify the regime, without compromising its coverage. The new Code of Professional Conduct for Financial Advice Services is a good model for this: it covers essentially the same matters as the previous Code with around half of the number of standards.

While we generally support the proposed duties, the detailed drafting will be important. Some initial comments are as follows:

- Greater precision about what it means to "prioritise the customer's interest" is needed. Paragraph 127 of the options paper states that this obligation is not intended to be a "best interest" duty, and the wording differs slightly from section 431K of the FMCA (introduced by FSLAA) which will require a person giving financial advice to "give priority to [the client's] interests". This suggests the intention is that this is a lower-level duty. However, it is unclear whether the duty is intended to set out a hierarchy in which the customer's interest needs to be placed first, or whether it is simply intended that the customer's interest needs to be given due regard along with other relevant interests (including those of contractual counterparties and regulators, for example). In addition, there can be circumstances where the interests of one particular customer are at odds with the interests of all customers – for example, paying a claim to a particular customer where their claim may sit outside

terms, provides a good outcome for that customer, but can impact overall business costs, potentially driving up premiums, which would negatively affect all customers. Similarly, insurers need to balance the needs of customers against the need to maintain a sufficiently sustainable business in order to meet long-term claims obligations. Clarity on this duty is critical given MBIE's view that it "should be at the core of the culture of an organisation and is relevant to all stages of the product lifecycle" (paragraph 127 of the options paper. Given the potential challenges associated with articulating this duty, another option which could be considered is a duty to "treat customers fairly". This would have the benefit of being more consistent with international best practice from which learnings can be drawn.

- Paragraph 116 of the options paper states that directors and senior managers could be personally liable if the entity did not meet these duties. Given the high-level, principles-based nature of these duties, and the potential resulting uncertainty about expectations, we consider that personal liability should be limited to the most serious breaches, if at all. See also our comments on question 15.
- The proposed duty to act with "due care, skill and diligence" differs slightly from section 431L of the FMCA (introduced by FSLAA) which requires "care, skill and diligence" (i.e. the word "due" has been added). we believe it would make sense to fully align the wording, so it is clear the same standard is required. We see no benefit in having different standards, particularly when banks and insurers will inevitably need to comply with section 431L in some parts of their business. Relating to this, we consider further thought is needed on how the requirement of "skill" can be applied at an institutional level.
- To ensure consistency we consider it would be useful to define "complaint", ideally by reference to the definition agreed by industry through the Financial Services Council.

As a general comment, we believe more consideration is needed as to minimise the risk of unintended consequences of some of the options proposed. Clearly, the objective is to secure good customer outcomes, which relies on access to quality advice. It will be important that this assessment is carried out as part of the regulatory impact analysis referred to in paragraph 21 of the options paper.

A further general comment is that care must be taken to recognise the roles and responsibilities of the insurers and the adviser, including shared responsibilities where relevant. One example relates to ensuring ongoing product suitability for a particular client. In our view, advisers are best placed to assess a customer's ongoing insurance needs because they are required to be familiar with the customer's circumstances in formulating their advice. Insurers typically do not review advice files and consequently lack the information to reliably identify suitability issues at the individual customer level. We believe that an insurer's role is to reasonably ensure that advisers are competent to distribute its

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products and to communicate with customers in a way designed to support a customer's understanding of the product.

Lastly, we consider there is a real need for the government to prioritise financial literacy education for New Zealanders to understand the value and importance of insurance. AIA would welcome the opportunity to partner with the government to develop education initiatives in this regard.

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Question 2: Do you think the overarching duty for managing conflicts of interest should be general (as it is currently worded) or focus on conflicts of interest that arise through remuneration?

As mentioned in our response to question 1, there is overlap between the overarching duty to manage conflicts of interest, and the duty to consider and prioritise the customer's interest. We consider this overlap is undesirable and the need for a general duty should be reassessed as options are refined. Please also see our comments on question 6. Overall our preference would be for this duty to be general as remuneration is only one example of potential conflicts of interest.

Question 3: Is a code of practice required to provide greater certainty about what each overarching duty means in practice?

On balance, we consider that a set of principles-based duties is the most sensible approach to managing conduct. An advantage of this approach is that it places responsibility onto insurers to demonstrate compliance with the overarching principles. By contrast, a prescriptive approach creates a risk that conduct is reduced to a compliance exercise.

Guidance will be needed to ensure a consistent understanding across market participants. The FMA's previous paper on good conduct, together with the commentary in the options paper, would be a good starting point. It will be important to ensure that industry (and other interested stakeholders, such as consumer groups) have an opportunity to comment on the proposed guidance.

Question 4: Which options for improving product design do you prefer and why?

In particular:

- **Do you agree with the pros and cons of the options?**

• Are there other impacts that are not identified?
• Are there other options that should be considered?
• Do you have any estimates of the size of the costs and benefits of the options?

Product-banning powers

It is challenging to establish straightforward measures of customer value. In general, consideration is needed of the target customer market and the totality of the proposition: product design; pricing; distribution method; administration expenses; customer lifecycle management; and expected profit margin. For example, low premium products designed to meet the needs of customers with modest protection needs may carry higher unit costs and therefore lower claims ratios than otherwise equivalent products sold to a more affluent market. Similarly, a product offering fair customer value to one customer segment may represent poor value for another segment – for example, "Accidental Death" insurance may not be suitable for customers able to access comprehensive life insurance but may suit the needs of customers unable to purchase life cover due to serious health concerns.

Of the two options proposed for product-banning powers, we believe giving the regulator the power to ban or stop the distribution of specific products is the better option. However, banning specific products should be a last resort. We consider a high threshold should be met before the FMA bans a product (bearing in mind that the proposed overarching duties should already prevent inappropriate products from being developed), and that FMA should be required to consult with the product manufacturer on options to address the FMA's concerns before banning a product.

We oppose a power to ban certain product types (as compared to specific products). The options paper identifies a number of specific products as potentially offering poor value. However, these products may be appropriately designed for a specific section of the market for whom they provide real value.

If a product banning power (of either type) is introduced, then we consider it should not have retrospective effect, i.e. that it would be limited to future distribution of the particular product only. Banning in-force products raises a number of practical issues, including the possibility of customer detriment should customers be unable to replace an existing policy on like terms. We consider this power would be analogous to FMA's designation power under section 562 of the FMCA which (by virtue of section 564(a) of the FMCA) cannot have retrospective effect.

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Design and distribution requirements

AIA supports the objectives of the proposed requirements for insurers to identify the intended market for its products and for distributors to have regard to the intended market when recommending the product. However, we have some concerns with the requirements as currently expressed.

If the requirements are to remain as proposed (rather than, for example, being captured as part of a broader duty to treat customers fairly), it needs to be clear whether the requirement is a direct distributor obligation or an indirect obligation on insurers to reasonably ensure that distributors have regard to the intended market. We agree insurers should have a responsibility to check that its products are reaching the intended customers however we consider distributors should also have a direct obligation, as they are directly involved in providing recommendations. Consideration also needs to be given to how the duty would apply to non-advised sales, where there is no "gatekeeper" to help avoid the risk of inappropriate purchases. One option would be to require insurers to clearly articulate the intended audience for a product so that the customer has the information needed to make their own assessment.

One particular risk identified by MBIE is that the process of determining whether a customer falls within the target market for a product could be treated as financial advice. We agree this is a risk, and therefore recommend that a carve-out from financial advice laws is needed to avoid the process of determining whether a customer falls within the target audience being treated as financial advice.

We consider that this carve-out will need to extend to a situation where a customer purchases a product directly from an insurer without advice. It would be appropriate for this to be subject to the proviso that the insurer has clearly stated the intended audience for the product (as suggested above).

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Question 5: If a design and distribution requirement like option 3 were chosen, are there particular products for which this is more necessary than others? If so, please explain what and why?

We consider a design and distribution requirement like option 3 is more appropriate for more specialist / complex products as compared to mass market products, and particularly (in the insurance context) for products with material exclusions that customers need to understand and products where a successful claim is dependent on non-medical factors – for example, a person's employment status for the purposes of disability insurance. However, if a design and distribution requirement is imposed it would be simpler to apply it to all products. This would avoid creating potential boundary issues in identifying the products to which the requirement applies.

Question 6: Which options to improve product distribution do you prefer and why? **In particular:** • **Do you agree with the pros and cons of the options?** • **Are there other impacts that are not identified – such as unintended consequences or impacts on particular business models?** • **Are there other options that should be considered?** • **Do you have any estimates of the size of the costs and benefits of the options?**

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AIA supports option 1. However, we consider the duty should be to *include* measures likely to promote good customer outcomes. This reflects the competing considerations that arise in fixing remuneration arrangements.

We would support option 2 if it were modified to allow some target-based remuneration and incentives as part of a "balanced scorecard", where the general duty in option 1 is satisfied. Our view is that an element of target-based remuneration is important to maintain productivity and this can be done without prejudicing good customer outcomes. As an example, some degree of financial gateway is needed for soft commissions in the nature of business support (such as software licensing, professional development, and business mentoring and coaching). Without a gateway, we may need to either offer these to all advisers (which would be uneconomic) or scale-back the support we provide which encourages good customer outcomes. We are currently trialling a balanced scorecard approach for employed sales related staff using a conduct gateway and good conduct and customer outcome measures as part of the calculation.

We do not support option 3. We agree with the significant cons identified in the options paper and consider a better approach to be a variant of options 1 and 2, as outlined above.

On balance, we do not support option 4 (prohibiting all in-house remuneration and incentive structures linked to sales measures or imposing parameters around the structure of commissions). Although we recognise that up-front weighted commissions can lead to a potential conflict between the interests of the adviser and the customer, which in turn could lead to poor customer outcomes, we consider those risks can be addressed in other ways (including options 1 and 2, as outlined above) and through effective disclosure. There are real risks associated with this option, as identified in the options paper.

It is also unclear whether regulating commission levels would be an effective measure to reduce the risk of poor advice when compared to other possible measures to regulate the quality of advice. AIA has completed a high-level like-for-like comparison of industry lapse rates by product category in Australia

and New Zealand and found that lapse rates are materially higher in Australia than in New Zealand, notwithstanding materially lower commissions in Australia (even prior to the introduction of capped commissions in 2018).

Notwithstanding the above, if the Government's strong view is that overall commission levels should reduce, then we consider the most effective way to do so would be to introduce a statutory maximum. If this occurs, then it will be important to ensure the maximums reflect New Zealand market conditions, and to provide a sufficient transitional period to allow advice businesses to adjust. Our view is that the caps in Australia, for example, would be too low to support the structure of the New Zealand advice industry, which is predominately sole adviser practices and, unlike Australia, does not have a large wealth management industry. We are also concerned that a material reduction in initial commissions would create barriers for new advisers entering the market seeking to gradually grow their practice.

Another option that could be considered further is the suggestion that trail commissions may only be paid to the servicing adviser (paragraph 162 of the options paper). AIA's view is that this may help promote good customer outcomes by creating a financial incentive for advisers to service new customers with existing insurance cover.

Proposed option 5 (the duty on manufacturers to take reasonable steps to ensure the sales of its products are likely to lead to good customer outcomes) reflects FMA / RBNZ expectations and is consistent with the work already being done by AIA to ensure good customer outcomes. However, while we support this option, the disadvantages identified by MBIE should not be underestimated. In addition to substantial compliance costs, we agree that there is a potential for increases in "tied" distribution arrangements and a reduction in independent financial advice. This option may result in advisers limiting the number of insurers they recommend to their clients. All of these are undesirable outcomes that need to be balanced against the benefits of a proposed duty.

We consider that regulation which enforces the need for advisers to demonstrate to insurers that they are delivering good customer outcomes is more appropriate to support the objectives of the conduct regime.

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Question 7: To assist us in comparing the pros and cons of various options, please provide information about remuneration and commission structures currently in use.

In particular, what are common structures, average amounts of remunerations / commissions, qualifying criteria etc.?

Our full response to this question is confidential.

Commercial information

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Question 8: What is your feedback on imposing a duty to ensure claims handling is fair, timely and transparent?

In particular:

- **Do you agree with the pros and cons?**
- **Are there other impacts that are not identified?**
- **Are there other options that should be considered?**
- **Do you have any estimates of the size of the costs and benefits of this option?**

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We support this duty. We already have processes in place to deliver fair, timely, and transparent claims handling:

- Our Claims team are measured on service delivery targets and customer experience;
- When a customer submits a claim, we proactively check all policies that the customer holds to identify the possibility of additional claim payments;
- We make advanced payments when appropriate to assist a client – for example, where a customer needs financial support to pay their rent or mortgage pending settlement of a claim.

A risk that we see with this duty is the prospect that declined or pending claims (i.e. claims with insufficient information to facilitate assessment or payment) will lead to complaints that the "fair, timely and transparent" duty has been breached. See our comments on question 9 below.

Question 9: If a duty to ensure claims handling is fair, timely and transparent were to be adopted, should an attempt be made to clarify what fair, timely and transparent mean?

In particular:

- **Why? Why not?**
- **What are the benefits and costs of doing so?**

As noted in our response to question 8, there is a risk that introducing this duty may lead to complaints from declined or pending claimants. For example, death claim payments may be delayed because of delays in the probate process.

To minimise this risk we believe that it will be important to clarify the scope of this duty and to acknowledge that timeframes apply once the insurer has received sufficient information to assess or settle the claim.

Question 10: What is your feedback on requiring the settlement of claims within a set time?

In particular:

- **Are there other impacts that are not identified?**
- **How do you think that exceptions should be designed?**
- **Should there be different time requirements for different types of insurance?**
- **Do you have any estimates of the size of the costs and benefits of this option?**

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We prefer option 1 and therefore do not support this option. We consider imposing a set timeframe for resolving claims would be fraught with difficulty. As the options paper notes, various exceptions would be needed and this would add unnecessary complexity (as well as potential debate around whether an exception applies).

Our experience is that delays in settling claims can be attributed to a range of parties, such as customers, other insurers (e.g. ACC), and third parties (e.g. doctors or lawyers). In addition, some information by its very nature can take time to be produced and may delay settlement of a claim (for example, financial statements for self-employed people, some medical information, information from overseas, and probate for death claims).

We consider there is a risk that in a contentious scenario a deadline could be used as leverage against the insurer to seek a result contrary to a reasonable entitlement under the policy, or that a claims assessor facing a deadline may inappropriately settle or decline a claim. We consider the "fair, timely and transparent" duty is a more appropriate solution.

If a specific timeframe was imposed, clarity on what it means for a claim to be "settled" will be important. Our expectation is that this would be linked to the time a claim was accepted, as compared to when it is actually paid. The distinction is important for products with a waiting period for payment, as is the usual case for income protection policies (for example).

Question 11: Do you agree with the option to empower and resource the FMA to monitor and enforce compliance?

In particular:

- **Do you agree with the pros and cons?**
- **Are there other impacts that are not identified?**
- **Are there other options that should be considered?**
- **Do you have any estimates of the size of the costs and benefits of the options?**

AIA agrees with this option and the stated pros and cons. We consider the FMA is the appropriate regulator to monitor and enforce compliance with the proposed new duties.

Question 12: What is your feedback on the option to require banks and insurers to obtain a conduct licence?

In particular:

- **Do you agree with the pros and cons?**
- **Are there other impacts that are not identified?**
- **Are there other options that should be considered?**
- **Do you have any estimates of the size of the costs and benefits of the options**

AIA supports the need for conduct licensing as being an important regulatory tool but do not support a separate licensing regime for bank and insurer conduct. Separate entity-level conduct licensing may result in duplication, given all banks and insurers already require a licence from the RBNZ.

We support conduct elements being incorporated into the existing RBNZ licensing process. In practice, we expect this would require the RBNZ and FMA to establish joint reporting mechanisms as required.

Question 13: What is your feedback on the option which discusses a broad range of regulatory tools?

In particular:

- **Do you agree with the pros and cons?**
- **Are there other impacts that are not identified?**

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- **Are there other options that should be considered?**
- **Do you have any estimates of the size of the costs and benefits of the options?**

We agree with this option. The FMA generally makes good use of the range of regulatory options available to it and takes a proportionate response to conduct within its remit. We support the FMA approach of seeking additional information or context prior to considering regulatory tools to use.

Question 14: Do you think that the maximum pecuniary penalties available for breaches of any conduct duties should be the same as the existing FMCA penalties?

In particular, is there a case for making the penalties higher?

We agree that the maximum pecuniary penalties should be the same as the existing FMCA penalties. We do not believe that there is a case to be made for higher pecuniary penalties, as the current maximum penalties are already significant. The high penalties that already exist recognise the significant misconduct that the FMCA regulates, some of which is on-par with the type of misconduct that would be captured by the proposed new duties under consideration.

Question 15: What is your feedback on the option of executive accountability?

In particular:

- **Do you agree with the pros and cons?**
- **Are there other impacts that are not identified?**
- **Are there other options that should be considered?**
- **Do you have any estimates of the size of the costs and benefits of the options?**

We agree that a strong enforcement regime is required and people should be held accountable, but do not support a separate BEAR-type regime. Extending the FMCA liability regime would ensure consistent treatment across the wider financial services sector. It also recognises the significant misconduct that the FMCA polices, some of which is on-par with the type of misconduct that would be captured by the proposed new duties under consideration.

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Like other aspects of the FMCA, we consider director liability should only apply for the most serious breaches of specific obligations. We do not think director liability should apply to the general overarching duties given their principles-based (and potentially uncertain) nature, other than in the most extreme circumstances.

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Question 16: What is your feedback on the whistleblowing option?

In particular:

- **Do you agree with the pros and cons?**
- **Are there other impacts that are not identified?**
- **Are there other options that should be considered?**
- **Do you have any estimates of the size of the costs and benefits of the options?**

AIA agrees with much of this option. We consider there are benefits in requiring whistleblowing procedures to be put in place. However, do not support an external body overseeing complaints (as suggested in paragraph 205 of the options paper). We consider the benefits of that aspect would be outweighed by the additional cost and complexity involved.

Question 17: What is your feedback on the option of regular reporting on the industry?

In particular:

- **Do you agree with the pros and cons?**
- **Are there other impacts that are not identified?**
- **Are there other options that should be considered?**
- **Do you have any estimates of the size of the costs and benefits of the options?**

AIA sees merit in this option, provided the reporting requirements are not too onerous or time-consuming. For example, we would be comfortable reporting statistical matters (like percentages of claims paid, average claim settlement time, etc), as contemplated in paragraph 207 of the options paper, but would not support regular reporting on business processes and practices to comply with

conduct laws. We do not believe the benefits of reporting of that nature would outweigh the very substantial time and cost implications for banks and insurers.

Owing to the potentially sensitive subject matter, further consultation would be required to agree an appropriate reporting template. Further clarity on expected reporting metrics will be crucial to ensure consistent reporting from the industry. This could be incorporated into guidance notes.

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Question 18: What is your feedback on the role of industry bodies?

In particular:

- **Do you agree with the pros and cons?**
- **Are there other impacts that are not identified?**
- **Are there other options that should be considered?**
- **Do you have any estimates on the size of the costs and benefits of the options?**

AIA is an active member of the Financial Services Council. For industry bodies to be considered as an effective regulatory tool across the sector, we consider that membership would need to be compulsory. We would support this as an option, if further analysis by MBIE showed it would be an effective solution. Learnings from the Australian Royal Commission may assist with this analysis.

Related to this, another option that we believe should be considered is raising the thresholds for complaints that dispute resolution schemes can consider. For example, AIA is a member of the Insurance & Financial Services Ombudsman scheme, which can only consider disputes of up to $200,000 (or $1,500 per week for products providing regular payments). Increasing these thresholds may assist good customer outcomes by providing another option for the independent resolution of higher value claims.

Question 19: What is your feedback on the options regarding who the conduct regime should apply to?

In particular:

- **Do you agree with the pros and cons of the options?**
- **Are there other impacts that are not identified? E.g. do the proposed overarching duties conflict with existing regulation that applies to other financial institutions?**

- **Are there other options that should be considered?**
- **Do you have any estimates of the size of the costs and benefits of these options?**
- **Which options do you prefer and why?**

Scope of the regime

We believe that conduct regulation should apply more broadly to managed investment scheme providers and rating houses, non-bank lenders and deposit takers, and discretionary investment management services. We consider this is necessary to avoid a two-tiered industry where the duties of product providers differ depending on their corporate status, rather than the particular product in question.

We agree that the focus should be on retail customers, rather than wholesale customers. It is likely that some benefits of the regime would apply to wholesale customers regardless, as many banks and insurers may elect to apply the same processes and practices across their full operations rather than distinguish between customer type.

We do not have any strong views as to how "retail" should be defined, although we suggest adopting the definition of "retail client" is more logical because "retail investor" currently has a narrower focus (on investment products only). For completeness, we note that there may be some areas of overlap or uncertainty – for example, group insurance contracts held by employers for the benefit of their staff.

One significant issue not directly covered in the options paper is the need for grandfathering of existing arrangements. We submit that:

- any remuneration duties should not apply to remuneration arrangements in place prior to the effective date of implementation (i.e. on products already sold), because these are normally paid on the basis of existing contractual arrangements that insurers cannot normally unilaterally alter; and
- any product suitability rules should not automatically apply to legacy products that continue to be held by some customers, because any product changes could affect pricing, affordability, or raise complications relating to reinsurance arrangements.

Overlap with existing regulation

In developing the detail of proposed duties it will be important to ensure alignment across regimes, both to avoid inconsistencies and to leverage off existing arrangements where possible. AIA does not have a strong view on overlap with existing regulation at a more conceptual level. However, we note this is likely to be a significant concern for some providers, particularly those providing credit.

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Entity-level versus product-level regulation

We prefer entity-level regulation, rather than product-level regulation.

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