



**Aviva Investors' Response to CESR's consultation paper on
Inducements: Good and poor practices**

Aviva plc is the world's fifth-largest¹ insurance group, the largest insurance services provider in the UK and is one of the leading providers of life and pension products in Europe and is actively growing its long-term savings businesses in Asia Pacific and the USA. Aviva's main business activities are long-term savings, fund management and general insurance.

Aviva Investors is the global asset management business of Aviva plc, managing assets in excess of £222² billion across a range of funds and asset classes. The business operates under a single brand with 1,430 employees in 20 locations across North America, United Kingdom, Continental Europe, and Asia Pacific.

Please note that we ask for our submission to remain private and therefore, not be made available for public inspection.

Please find below our answers to the specific questions raised.

Classifying payments and non-monetary benefits and setting up an organisation to be compliant:

Q I: Do you agree with CESR's views about the arrangements and procedures an investment firm should set up?

CESR's views seem reasonable.

Q II: Do you have any comments on CESR's views that specific responsibilities and compliance controls should be set up by investment firms to ensure compliance with the inducements rules?

CESR's views seem reasonable and we have no further comments to make.

Q III: What are your comments about CESR's view that at least the general approach the investment firm is going to undertake regarding inducements (its 'inducements policy') should be approved by senior management?

CESR's views seem reasonable and we have no further comments to make.

Proper fees:

Q IV: Do you agree with CESR's view that all kinds of fees paid by an investment firm in order to access and operate on a given execution venue can be eligible for the proper fees regime (under the general category of settlement and exchange fees)?

Yes, we agree with this view.

Q V: Do you agree with CESR's view that specific types of custody-related fees in connection with certain corporate events can be eligible for the proper fees regime?

Yes, we agree with this view.

¹ Based on gross worldwide premiums for the year ended 31 December 2008

² As at 30 June 2009

Q VI: Are there any specific examples you can provide of circumstances where a tax sales credit could be eligible for the proper fees regime?

We have no specific comments to make.

Payments and non-monetary benefits authorised subject to certain cumulative conditions – acting in the best interests of the client and designed to enhance the quality of the service provided to the client:

Q VII: Do you agree with CESR's view that in case of ongoing payments made or received over a period of time while the services are of a one-off nature, there is a greater risk of an investment firm not acting in the best interests of the client?

We agree that there is potentially a greater risk.

Q VIII: Do you have any comments regarding CESR's view that measures such as an effective compliance function should be backed up with appropriate monitoring and controls to deal with the specific conflicts that payments and non-monetary benefits provided or received by an investment firm can give rise to?

CESR's views seem reasonable and we have no further comments to make.

Q IX: What are your comments on CESR's view that product distribution and order handling services (see §74) are two highly important instances where payments and non-monetary benefits received give rise to very significant potential conflicts? Can you mention any other important instances where such potential conflicts also arise?

We agree that potentially these instances could give rise to possible conflicts. We do not have any other important instances where such potential conflicts also arise.

Q X: What are your comments on CESR's view that where a payment covers costs that would otherwise have to be charged to the client this is not sufficient for a payment to be judged to be designed to enhance the quality of the service?

We agree that it is not sufficient for a payment to be judged to be designed to enhance the quality of the service just because the costs would otherwise have to be charged to the client.

Payments and non-monetary benefits authorised subject to certain cumulative conditions – Disclosure:

Q XI: Do you have any comments on CESR's views about summary disclosures (including when they should be made)?

CESR's views seem reasonable and we have no further comments to make.

Q XII: What are your comments on CESR's views about detailed disclosures?

CESR's views seem reasonable. We would note, however, that, in our experience, our institutional clients do not request detailed disclosures.

Q XIII: Do you have any comments on CESR's views on the use of bands?

We support the use of bands in the scenarios specified, provided that the range used is meaningful.

Q XIV: Do you agree with CESR's views on the documentation through which disclosures are made?

We agree that there should not be a one-size-fits-all approach regarding disclosures so that for example, different client types, type of client relationship, normal method of client communication etc can be taken into account.

Q XV: Do you agree with CESR's views on the difference of treatment between retail and professional clients?

Professional clients have different information requirements from retail clients and therefore we agree that it is legitimate to take this into account in the drafting of summary and detailed disclosures that are fair, clear and not misleading to the relevant category of client.