International
Capital
Market
Association

ICMA

The Committee of European Securities
Regulators (CESR)
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CESR's Advice on Clarification of Definitions concerning Eligible Assets for Investments of UCITS - 2nd Consultation Paper CESR/05-064b

Dear CESR members,

ICMA's European Repo Council is pleased to submit its comments to CESR's Call for Evidence on the mandate for advice on clarification of definitions concerning eligible assets for investments of UCITS with a focus on money market instruments.

We support the definition of IMM (Instrument of the Money Market) in the proposed form as suggested in Box 6, as well as its use as an allocation criteria for UCITs.

To our knowledge, the non relenting growing short term paper market in Europe is now exceeding EUR 800 billion, and is issued by a significant number of first class credit profile issuers. The short term papers presently issued are in various forms depending on the type of programmes they belong to.

The present variety of programmes offers different levels of transparency, investor protection and harmonization.

The initiative (which consists of setting up good levels of harmonization, transparency and investor protection via updated and normalized information under the programmes) will definitely increase the quality of the short term paper traded. Furthermore, this will increase liquidity by the potential development of the repo market as well as the eligibility of short term papers issued under programmes set up in accordance with Box6 criteria. Short term papers issued under this model will hopefully satisfy a sufficient level of

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quality to be then proposed as collateral for repo transactions included within the European System of Central Banks.

The free access to a regularly updated Info-memo controlled by an independent body, and the availability of reliable statistics appear to be key factors to support the development of such activities.

As always, I, or any of our members will be happy to elaborate further on these matters with the members of CESR at your convenience.

Sincerely yours.

Godfried De Vidts
Chairman