

15 March 2005

Sent by e-mail to:
Secretary General
CESR – The Committee of European Securities Regulators

**RE: CESR'S CONSULTATION ON ADMISSION OF FINANCIAL INSTRUMENTS
TO TRADING ON REGULATED MARKETS**

The IMA represents the UK-based investment management industry. IMA members include independent fund managers, the asset management arms of banks, life insurers and investment banks, and occupational pension scheme managers and are responsible for the management of over £2 trillion of funds (based in the UK, other parts of Europe and elsewhere).

We are writing to comment on CESR's consultation paper on admission of financial instruments to trading on regulated markets. We appreciate that the consultation period has already closed, but very much hope that CESR will be able to take into account our comments on its draft advice. We have focussed on those proposals relating to units in open-ended collective investment undertakings.

Distribution requirements

According to the draft advice, when admitting the units of an open-ended fund to trading, the regulated market (RM) needs to satisfy itself that the scheme "has followed the necessary procedures of the jurisdiction of the RM in order to be distributed in that jurisdiction." We believe that, despite attempts to explain this requirement in paragraph 6 of the explanatory text, it is difficult to see what this means or what it is seeking to achieve. CESR has suggested in the explanatory text that the requirement for following the procedures for distribution refers to current requirements and is not creating new requirements. It is therefore difficult to understand what investor protection such a requirement adds. Moreover, where a collective investment undertaking is distributed is often completely different from where it is listed. Compliance with distribution regulations is therefore a matter for the competent authority of the jurisdiction in which the fund is distributed rather than the regulated market on which it is listed. It would be very difficult for a RM to satisfy itself that these procedures, even if they were more clearly defined, are complied with. We therefore suggest deleting this requirement, and that nothing would be lost in doing so.

Disclosure of investment strategy

The CESR draft advice includes a requirement that the value of the units is sufficiently transparent to investors "either by publication of information of its investment strategy and/or by the periodic publication of net asset value". We believe that the periodic publication of the net asset value is the simplest and most straightforward means of providing transparency to investors and should be the only requirement in relation to this for admission to trading on a regulated market.

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We have difficulties in understanding how disclosure of the investment strategy can be seen as an alternative to this.

We hope these comments are helpful. We understand CESR plans to take on board the views of the CESR Expert Group on Investment Management before finalising the section of this draft in relation to collective investment undertakings. We hope that CESR will, at least informally, consult with the investment management industry should the draft advice in this area change significantly. We look forward to working with CESR as it continues to develop its draft advice under MiFID.

Yours sincerely

A handwritten signature in dark ink, appearing to read 'Ilene Hersher', with a stylized, cursive script.

Ilene Hersher
Adviser, EU Legislation