

POSITION PAPER



ESBG comments on CESR call for evidence on UCITS management company passport

(CESR/08-572)

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The European Savings Banks Group (ESBG) welcomes the opportunity to present its views with regard to the revision of the UCITS Directive and, in particular, the UCITS management company passport.

As an introductory remark, we would like to highlight that Directive 2001/107/EC aimed to introduce of the management company passport. This Directive contains the provision that a management company, authorized in one Member State and managing corporate funds, can provide services in another Member State through the establishment of a branch or under the freedom to provide services. However, legal uncertainties and concerns relating to the division of supervisory responsibilities between different authorities resulted in a situation in which the management company passport has not materialized.

The ESBG regrets that despite intensive preparation and consultations (in particular on the 2007 exposure draft) the 2008 proposal for a recast of the UCITS Directive contains no provisions on the management company passport. In our view the introduction of a management company passport is an important element on the way towards a real internal market for investment funds. It could develop into a valuable counterpart to the product passport. Also, cost savings could be obtained, as the current situation leads to additional costs (e.g. through delegation) which finally have to be paid by the investor.

This contrasts with the other issues tackled in the proposal for a recast, in particular the notification procedure, Key Investor Information (formerly: simplified prospectus) and mergers, which seem to be on the right track. The implementation of these proposed provisions will in our opinion bring considerable benefits to asset managers and investors: The changes as regards the notification procedure will simplify and accelerate the cross-border distribution of funds; the revision of the simplified prospectus will deliver valuable and understandable information to investors¹; the changes as regards mergers, and in particular master/feeder structures, will help to diminish the number of funds and the European markets, allowing for economies of scale.

Against this background, the ESBG is of the opinion that as a matter of priority CESR should develop provisions permitting the introduction of a management company passport within the framework of the current revision of the UCITS Directive. In this context, cooperation between the regulators needs to be enhanced.

¹ The ESBG participated in the consultation of CESR on this issue and advocated for a short, summarized and understandable document (see our position paper of December 2008).



About ESBG (European Savings Banks Group)

ESBG (European Savings Banks Group) is an international banking association that represents one of the largest European retail banking networks, comprising about one third of the retail banking market in Europe, with total assets of € 5215 billion (1 January 2006). It represents the interest of its members vis-à-vis the EU Institutions and generates, facilitates and manages high quality cross-border banking projects.

ESBG Members are typically savings and retail banks or associations thereof. They are often organised in decentralised networks and offer their services throughout their region. ESBG Member banks have reinvested responsibly in their region for many decades and are one distinct benchmark for corporate social responsibility activities throughout Europe and the world.



European Savings Banks Group - aisbl
Rue Marie-Thérèse, 11 B-1000 Brussels Tel: +32 2 211 11 11 Fax : +32 2 211 11 99
Info@savings-banks.eu www.esbg.eu

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