

8 December 2004

Comments of the Association Française de la gestion financière (AFG) on CESR consultation paper on its guidelines for supervisors regarding the transitional provisions of the amending UCITS directives (2001/107/EC and 2001/108/EC)
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The French asset management industry, represented by AFG¹, welcomes the consultation paper issued by CESR. It is of utmost importance that CESR, its Experts group on Investment Management and its staff continue to work very closely in the future with the industry if they want to play a truly decisive role in the establishment of a single market beneficial for investors, managers and, indeed, the whole European economy.

We agree with the content of CESR's consultation paper and fully support its ambition to clarify the situation concerning the implementation of the transitional provisions of the amending UCITS directive (2001/107/EC and 2001/108/EC).

We will concentrate our answer on some of the proposed solutions on which we would like to make the following comments:

Concerning the European passports:

Question 2: *Does a management company which wants to distribute in a host member state UCITS units, without establishment of a branch only need a product passport or is a management company passport necessary in addition ?*

AFG considers that option B) “*only product passport*” should be adopted:

The purpose of the creation of the management company passport in addition to the product passport was clearly not to increase administrative burdens related to cross-border marketing of funds, and no precise provision within the directive requires both passports.

¹ The French Asset Management Association (Association Française de la gestion financière – AFG) represents, the French Asset Management Industry which manages more than EUR 1.600 billions of which more than EUR 1.000 billions in investment funds (first rank in Europe).

Question 4: Which passports are needed when a management company wants to provide in a host member state only the so-called ISD services ?

We fully agree with CESR proposal. We would like to add that it would be helpful if a clarification were given by CESR about the following issue: when a mandate is given by a client from country A to a management company registered in country B, and all the management services (asset allocation, stock picking, administration, custody...) are provided within country B, is a passport necessary ? Some of our members consider that in this case no real cross border activity is provided.



We thank CESR for its work and congratulate its members for their efficiency and reactivity on this important issue of transitional provisions.

We strongly insist on the necessity that CESR position on the transitional provisions of the amending UCITS directive be adopted and fully and consistently implemented by each member state's regulator in order to provide a real level playing field.

Thanking CESR for the opportunity given to comment its consultation paper on transitional provisions, we remain at its disposal for further work on the proper development of the asset management industry.