

CALL FOR EVIDENCE ON THE REQUEST FOR ADVICE TO CESR ON THE UCITS ASSET MANAGEMENT COMPANY PASSPORT

AEGON's RESPONSE

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INTRODUCTION

AEGON is one of the world's largest life insurance and pension groups, and a strong provider of investment products. AEGON empowers local business units to identify and provide products and services that meet the evolving needs of customers, using distribution channels best suited to local markets. AEGON takes pride in balancing a local approach with the power of an expanding global operation.

With headquarters in The Hague, the Netherlands, AEGON companies employ approximately 30,000 people worldwide. AEGON's businesses serve millions of customers in over twenty markets throughout the Americas, Europe, and Asia.

In June 2008, AEGON announced it would be creating a single, global organization combining all its existing asset management activities in both Europe (including the United Kingdom, the Netherlands and Central & Eastern Europe) and the United States. At the end of 2007, the Group had a total of €271 billion in assets under management, including €54 billion in the United Kingdom and €60 billion in the Netherlands.

REVISION OF THE UCITS FRAMEWORK AND THE CALL FOR EVIDENCE ON THE ASSET MANAGEMENT COMPANY PASSPORT

AEGON has taken note of the European Commission's proposals for a significant revision to the UCITS framework. The Group strongly supports amendments aimed at improving investor protection while reducing unnecessary costs and bureaucracy for the fund sector in cross-border operations. We also believe that an asset management passport in the UCITS directive should be part of a single market framework. Provided this framework is applied consistently across the European Union, we believe that both investors and the fund sector as a whole will benefit from the creation of an asset management passport facility.

AEGON welcomes the opportunity to contribute to the development of an adequate and efficient framework to address the supervisory and risk management issues, which arise when UCITS funds are managed by a company located in another member state (Management Company Passport). Due to the limited time available, this response does not seek to address all specific questions raised in the call for evidence. Instead, it makes a number of general observations and remarks about the Asset Management Company Passport, which we believe important. AEGON is strongly committed to this process and would gladly take part in any further, more detailed exchange of views on this subject.

GENERAL OBSERVATIONS

Benefits of a single European market in asset management

¹ See also website: <http://www.cesr.eu>, reference: CESR/08-572, dated 17 July 2008

We believe that the proposal in the UCITS directive to introduce an asset management passport could bring significant benefits to both investors and the asset management industry as a whole. This would further enhance Europe's global leadership in asset management. We hope the proposals are implemented without delay to allow the asset management industry to benefit from an efficient, single European market.

Equal and efficient supervisory standards and a high level of investor protection

We agree with the European Commission's guiding principle that investors in funds managed on a cross-border basis should not be exposed to additional legal and operational risk or to lower standards of supervision than investors in domestically-managed UCITS. At the same time, new opportunities in asset management should not be accompanied by unnecessarily burdensome procedures or heavy requirements, which we believe would have the effect of limiting the potential benefits to investors and fund managers. Indeed, the European Commission's mandate to CESR stresses that "CESR advice should be mindful of the need to minimize compliance costs and complexity for business operators of the supervisory framework. The advice should, where consistent with the goal of underpinning the current high level of investor protection, avoid duplication of controls and excessively cumbersome administrative procedures".

We are aware that intensive preparatory work by Commission services has highlighted the following elements:

Risks: A distinction must be made between business functions and related rules which belong to the member state of the management company and those which belong more properly to the member state of the fund. Failure to do so may bring about regulatory conflict, overlap or supervisory gaps, which could threaten the interests of fund investors;

Enforcement: Difficulties in determining how various responsibilities should be allocated between different supervisory authorities could hamper the effective enforcement of any new rules, particularly in the case of cross-border management of contractual funds (which account for the majority of existing funds and, in many member states, are currently the only fund type);

Cost: Multiple reporting lines and accountability to different supervisors /actors could result in high compliance costs, potentially outweighing expected capital savings from the passport.

We agree with the Commission's analysis of these elements.

Specific comments

In relation to the elements detailed above, we have some specific comments, which may be summarized as follows:

- The European Commission has asked CESR for advice on how to distinguish the home state of the asset management company from that of both the UCITS fund and the depositary in situations where use is made of the Asset Management Company Passport. This, of course, assumes the possibility that the depositary/fiduciary and the fund are situated in different member states. We believe that, as long as the depositary/fiduciary is located in the same member state as the UCITS fund, there is no weakening of investor protection. Article 15 of the UCITS Directive would need to be amended to provide for situations where both the fund and the depositary/fiduciary are

located in the same member state, rather than, as it now stands, the depositary/fiduciary and the asset management company.

- In this regard, we believe it is important that the depositary /fiduciary and the management company are able to cooperate in an effective way and that this relationship is subject to a clear system of regulatory supervision involving either the supervisor of the management company or that of the fund. It is important to remember, however, that the responsibilities of a depositary /fiduciary vary according to the member state. We believe this should be taken into account when framing new rules.
- Given that all member states should be operating under the same regulatory environment, conflict will only arise if individual member states choose to apply additional, more restrictive requirements on the operation of UCITS funds (for example, there is the possibility of member states imposing national marketing obligations with regard to the funds). For the effective use of a management passport facility, we believe it essential that member states refrain from imposing any requirements on asset management companies operating UCITS funds additional to those outlined in the UCITS directive.
- Currently, the UCITS fund's Home State supervisor has a responsibility to ensure the management company's qualifications are commensurate with the demands/risks embedded in that fund's investment policy. With the introduction of an Asset Management Company Passport, we believe this responsibility should lie with the asset management company's home supervisory authority. This responsibility should also extend to the assessment of risks/demands embedded in funds authorized in other member states. To a large degree, successful supervision will depend on effective communication between the supervisor of the management company on the one hand and the supervisor of the fund on the other.
- AEGON agrees that the UCITS framework must be based on an open, transparent and efficient communication and cooperation between supervisory authorities. This will contribute to an increase in both effective investor protection and avoid unnecessary administrative burdens on asset management companies and funds. Section IX of the current UCITS directive² and proposed measures contained in the recent UCITS IV proposal already provide for a framework of cooperation. We understand that the cooperation provided for in the directive can take the form of colleges of supervisors, in line with recent developments in other areas of financial services supervision. We believe that such colleges could offer supervisors a clear and transparent structure for cooperation with regard to compliance with the provisions outlined in section VIII of the directive³. Whatever form supervisory authorities' cooperation eventually takes, however, we believe it is more important to specify clearly the rights and obligations of the supervisory authorities involved towards each other and between the supervised entities and the supervisory authorities involved. Plainly, these questions require further reflection. Other developments in the supervision of pan-European or global financial services providers should be taken into account in line with the general objective of convergence of supervision.

We expect that further strengthening the cooperation structure with regard to the UCITS directive will enhance the cooperation not only between those

² Section IX: Provisions concerning the authorities responsible for authorization and supervision.

³ Section VIII: Special provisions applicable to UCITS which market their units in Member States other than those in which they are situated.

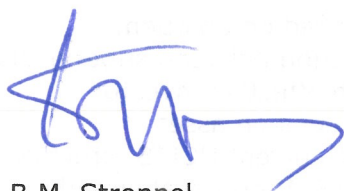
authorities supervising the fund and those supervising the asset management company, but also, more importantly, between the authorities of the member state in which the fund is located and other members states in which UCITS units are marketed. Assuming this functions well, it should enhance investor protection and help avoid, or even eliminate, the imposition of additional local requirements.

CONCLUSIONS

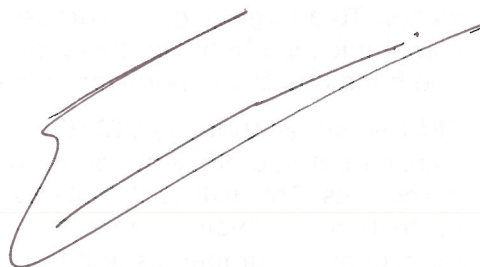
AEGON believes that an asset management passport should be part of a single market framework. Provided this framework is applied consistently across the European Union, we believe that both investors and the fund sector as a whole will benefit from the asset management passport facility.

However, efficient and transparent cooperation between supervisors and effective communication with the supervised entities are both essential for the ultimate success of the asset management passport. The current directive and the recent UCITS IV proposal already provide for a high-level framework for such cooperation and communication. These elements require further reflection, of course. Indeed, other developments in the supervision of pan-European or global financial services providers should be taken account, in line with the general objective of convergence in this area. That said, we believe further implementing measures to support this overall framework for cooperation should be considered, including the possibility of establishing colleges of supervisors.

The Hague, 22 August 2008



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