european · asset · management · association

12 November, 2002

Mr David Wright
European Commission
Rue de la Loi 200
B1049 Brussels
Belgium

By email: david.wright@cec.eu.int

Dear Mr Wright

Prospectus Directive

The European Asset Management Association ("EAMA") represents asset management companies based in the European Union ("EU"). A list of our members, which also includes national trade associations, is attached.

EAMA has a strong interest in certain aspects of the proposed Prospectus Directive, because its members act on behalf of investors in such securities.

We would like to express our concern at the restrictive provisions contained in the draft Prospectus Directive as regards the choice of competent authority for the approval of prospectuses for publication in the EU by EU and non-EU based issuers.

In our view the obligation to have a prospectus approved by the competent authority in the member state in which the issuer is registered or, in the case of a non-EU based issuer, in the member state where the regulated market in which the issue is offered or first traded, is likely to lead to a decrease in standards of disclosure and a reduction of investor protection in the EU.

We understand but do not accept the argument that choice of competent authority by issuers could lead to regulatory arbitrage and issuers choosing to have their prospectus approved by the competent authority with least stringent standards.

In our view this is extremely unlikely to happen in practice as issuers will wish to have their prospectuses approved by a competent authority which is highly regarded in the market for its expertise in the type of issue being made as, if they choose a less competent authority, investors will avoid the issue or demand a much higher risk premium for subscribing to the issue, thereby increasing the issuer's cost of capital. The same argument also applies to the secondary market.

Nor do we accept that freedom of choice of competent authority would in any way slow down the integration of Europe's capital markets. Indeed the contrary likely to occur.

We therefore urge that the Prospectus Directive be amended to permit issuers of securities to choose the competent authority of any EU member state to approve any prospectus for publication in the EU.

Yours sincerely,

Dr. Klaus Mössle
President, European Asset Management Association

Copy by email to:
M. Fabrice Demarigny,
Secretary General,
Committee of European Securities Regulators, 11-13 avenue de Friedland - 75008 Paris, France
(secretariat@europefesco.org)

european · asset · management · association

TRADE ASSOCIATION MEMBERS

Association Française de la Gestion Financière
Assogestioni
BVI Bundesverband Deutscher Investment- und Vermögensverwaltungs- Gesellschaften e.V.
Investment Management Association
Inverco
Irish Association of Investment Managers

CORPORATE MEMBERS

ABN AMRO Asset Management
Aegon Asset Management
AIB Asset Management Group
AXA Investment Managers
Barclays Global Investors
BNP Paribas Asset Management
Capital International SA
Credit Lyonnais Asset Management
Deutsche Asset Management
F & C Management
Fidelity Investments
Gartmore Investment Management plc
Goldman Sachs Asset Management
Henderson Investors
HVB Asset Management GmbH
ING Asset Management
Merrill Lynch Investment Managers
J. P. Morgan Fleming Asset Management
Lyxor Asset Management
Morley Fund Management
Northern Trust Global Investments Europe
Pioneer Global Asset Management
Rothschild Asset Management
Schroder Investment Management
Scottish Widows Investment Partnership
SG Asset Management
State Street Global Advisors
UBS Global Asset Management