

28th July 2004

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Dear Sirs

MIFID mandate CESR/04-323

M&G is the UK and European fund management business of the life insurer and pension provider Prudential plc. It has over £111 billion of funds under management, of which £87 billion relates to Prudential's long-term business. As at 31 December 2003, M&G was the third largest retail fund manager in the UK in terms of funds under management and is one of the largest fund managers in the UK.

We would like to take this opportunity to respond to CESR's call for evidence regarding the second MIFID mandate CESR/04-323 29 June 2004.

We generally support the submissions of both the Investment Management Association and the British Banking Association. However, we would like to highlight points of particular relevance to our retail collective investment business.

We fully supported the extension of CESR's competence to investment management and the establishment of the Expert Group. We believe that it will be particularly important for the Group to ensure that the conduct of business rules developed in the context of the level 2 mandate for MiFID (Article 19.4 to 6) take fully into account the distinct nature of harmonised and non-harmonised funds and also the wide range of business models which have been developed in this successful part of the EU retail financial services sector.

The existing Level 1 directive provides a reasonable framework to accommodate the retail collective investment industry notably through important long established business models such as execution-only business (Art 19.6 and recital 30). We believe that any advice CESR gives in respect of this article should fully reflect the proportionate investor protection intentions of the Level 1 Directive.

We would be happy to comment further if requested.

Yours faithfully



John R Talbot
Director of Legal & Compliance, UK Retail

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