

Mr. Fabrice Demarigny

Secretary General,

Committee of European Securities Regulators – C.E.S.R.

11/13 Avenue de Friedland

75008 Paris, France

Dear Sirs,

I am extremely honoured with the chance to comment the consultation paper on "*The role of CESR in the regulation and supervision and Asset Management activities in the EU*". The Association of Fund Management Companies in Poland (**STFI**) is a trade association representing all management companies operating in Poland. The whole history of the capital market and, especially the investment funds sector, is eleven years old, but the pace of growth of the sector is one of the highest in Europe. The three years old growth tendency indicates how important work has been done. The cooperation of all members of the investment fund sector with the Polish Securities Commission created a sound foundation for the investment fund market. Despite the huge "Development Gap" in the capital market, the investment fund sector in Poland follows the best practises and regulations in the area of capital market. Recently investment funds in Poland managed more than 35 billions PLN, which gave us a leading position among post communist countries. Till now our association was more focus on internal issues and was not too active in the European field. The creation of the market foundation and the New Investment Act adopting UCITS to the Polish market were the milestones in our route to the Single European Market. I do hope that our association will be an active member of European organisations and initiatives concerning the investment fund sector. At the European level, **STFI** is a member of FEFSI (Fédération des Fonds et Sociétés d'Investissement). FEFSI and European Asset Management Association will soon merge into a single industry, representation for Europe, as it was publicly announced. This merge will, with no doubt enforced the cooperation of investment management industry and European institutions with CESR. I am deeply appreciate efforts made by CESR Consultation Paper as a permanent form of cooperation with representatives of the EU investment industry. I am pretty sure of the positive effects of the cooperation between the industry and CESR for both parties and for the consumers of the Single European Market. The structure of the document is clear and its contest covers indepth understanding of the challenges and clear explanation of the goals and objectives of CESR.

Enclosed, please find some remarks and answers to the questions asked in the consultation paper. If some additional information or explanation is needed, don't hesitate and contact me.

Sincerely yours

Marek Lukaszewski Ph.D.

President

Association of the Fund Management Companies in Poland
Al. Jerozolimskie 44/1102
00-024 Warszawa
Poland

Remarks concerning CESR Consultation Paper" *The role of CESR in the regulation and supervision of UCITS and Asset Management activities in the EU*".

1. Background

The separation between the three Lamfalussy pillars and separation of the fund management, assets management and pensions (located in insurance pillar) might have important consequences. Very often an impression is created that pensions are a part of the insurance business and insurance products are the essence of the pensions. In the business practice, investment management and pension funds have seem to have stronger correlations. Additionally, pensions must be coordinated with banking due to pension security. It may be a crucial challenge for CESR to secure proper coordination between securities, banking and pension pillars. To avoid the pitfalls of the separation, the creation of the fourth working area, linking securities, banking and pensions, seems to be a proper solution. In such an environment investment management issues will be better located.

Questions 2.1 and 2.2 Are there any areas on which CESR should concentrate? Which areas of work do you consider to be a priority?

Time priority:

- *simplified prospectus*
- Outsourcing some functions of investment management
- Money market instruments -;
- Benchmarking and indexes
- Use of derivatives.

The consistency with other Directives seems to be of very important priority. The experience of adopting the directives in particular countries should be a subject of exchange opinions and information rather than regulatory action.

The list of priorities should be reviewed and modified periodically.

3. Organisation of CESR work.

Questions:

- a.** Do Market participants agree with this approach?
- b.** Do Market participants agree with the approach to consultation?
- c.** Do Market participants agree to create a specific Consultative Working Group in order to reflect the specificity of the "buy side"?

Taking into account a time factor, the creation of the Expert Group as as permanent CESR group is of vital importance. If the idea of one group for the Assets Management and Investment Management will be succesfully implemented, the creation of Consultative Working Group is a must.

The day-to-day cooperation of the above mentioned Groups is a foundation for the future market development. The results worked up by Consultative Working Group should be broadly consulted with trade representation on the national level.

Question:

Do Market Participants see other areas of experience that the consultative Working Group should benefit from?

As it was already mentioned there is a "Development Gap" between capital markets of the "Old" 15 members of the European Union and "New" members. The new markets were created in different conditions, are on different stages of development and, in some aspects different measures should be taken. The expertise of the new market origin may create a benefit for the consultative Working Group and for CESR, which activity will cover also the capital markets of new 10 countries after the accession. The representative of post communist country should be included to the Working Consultative Group.

Warszawa 29.11.2003

Association of the Fund Management Companies in Poland (STFI)