

Dear Jarkko

CESR's 2nd Consultation on eligible assets in UCITS

Standard Life Investments (Global liquidity Funds) plc is an umbrella type, open-ended investment company with variable capital. It is based in Dublin, listed on the Irish stock exchange and authorised and supervised by the Irish Financial Services Regulatory Authority.

The umbrella currently offers five sub funds denominated in sterling, euro and US Dollars.

Three of these sub funds are stable net asset value funds, with a maximum weighted average maturity of 60 days, and two seek to deliver enhanced returns by enabling the sub funds to extend the weighted average maturity ("WAM") up to 1 year. All are Triple A rated by Moody's and all are bought primarily by institutions to manage their liquidity positions and not for "total return" investment purposes.

As a member of The Institutional Money Market Funds Association (IMMFA), representation has already been made enabling the use of amortised valuation methods. CESR has agreed with IMMFA's submission and enable amortisation to be permitted under specific circumstances. The assets held within all the portfolios fulfil the requirements of the conditions of "liquidity" and "accurate valuation" however; currently CESR's advice limits the ability to use amortised valuation to funds with a 60-day WAM. We believe that some further flexibility should be permitted in terms of a maximum WAM, so long as the fund is designed to be utilised simply as an alternative to a bank deposit and the underlying assets conform to the eligibility rules.

Consequently, we believe that a 90- day WAM should be set for funds looking to use amortisation. Certainly we could reduce the maximum WAM of our enhanced vehicle from 1 year and still deliver enhanced returns to our institutional investors. Interestingly, US SEC rule 2-a7 permits a WAM up to 90 days and therefore it already is accepted and standard that a 90 day WAM be permitted.

In managing all of these funds we have adopted the IMMFA code of practice. Therefore we mark to market the portfolio to ensure that there is no major discrepancy between mark to market and amortisation. As IMMFA has already informed you, the Code of Practice requires us to have in place and adhere to an escalation procedure for occasions when the value of the fund under the straight line method and under the mark to market method differs by more than a marginal amount. Accepted industry practice sees a 50 basis point variation as being material. For a constant NAV fund, this is when the fund's published share price or verified mark to market valuation amounting to 99.5% or less of the constant value of each share. Our liquidity plus sub funds are accumulating and in this case it is when the fund has suffered a "permanent loss of value" if either its published share price or its verified mark to market valuation per share falls below 99.5% of the highest level previously reached by the share price.

Consequently steps are taken to prevent this from occurring with in our case our independent administrator notifying the fund manager and both Head of Money

Market Funds and Group Treasurer with a 10bp deviation, and The Board of the investment company at 20bps with the recommended course of action to resolve the issue. Moody's would also be notified and agreement reached in terms of the required corrective measures.

Our liquidity plus sub funds were launched in 2003 and to date we have never come close to the first level of a 10 bp deviation.

These funds are all designed with safety of principal and liquidity as the driving features and yield as a secondary concern. They are not designed to take large interest rate bets. Assets are bought and held to maturity rather than actively traded. The additional yield gained by buying floating rate paper with 3- month resets.

We would appreciate your considerations and look forward to hearing back from you in due course.

Yours truly,

Kevin Thompson

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