



**Aviva Investors' response to CESR's Technical Advice to the European Commission in the
Context of the MiFID Review: Client Categorisation
August 2010**

Aviva plc is the world's sixth-largest¹ insurance group, the largest insurance services provider in the UK and is one of the leading providers of life and pension products in Europe and is actively growing its long-term savings businesses in Asia Pacific and the USA. Aviva's main business activities are long-term savings, asset management and general insurance.

Aviva Investors is the global asset management business of Aviva plc, managing assets in excess of £248² billion across a range of real estate, equity, fixed income, money market and alternative funds. The business operates under a single brand with over 1,300 employees in 16 countries across North America, United Kingdom, Continental Europe, and Asia Pacific. We are dedicated to building and providing focused investment solutions for clients which include local government organisations, pension funds, wholesale and retail banks, insurance companies, charities and private wealth managers.

Please note that we ask for our submission to remain private and therefore, not be made available for public inspection.

Please find attached our responses to the specific questions raised.

**Part 1: Technical criteria to further distinguish within the current broad categories of clients
["other authorised or regulated financial institutions", "locals", "other institutional investors"
(Annex II.I (1) (c), (h), and (i) of MiFID)]**

1. Do you agree that the opening sentence of Annex II.I(1) sets the scope of this provision and that points (a) to (i) are just examples of "Entities which are required to be authorised or regulated to operate in financial markets."?

Our understanding is that the list is exhaustive. If these are just examples (and there may be other examples not included in the list), then we would be grateful if this could be clarified.

2. Do you think there is a case for narrowing the range of entities covered by points (c), (h) and (i) of Annex II.I(1)? Please give reasons for your response.

We do not support the case for narrowing the range of entities as we find that the system works well already and we do not see a case for change.

3. If you believe there is a case for narrowing the range of entities covered by points (c), (h) and (i) of Annex II.I(1) what criteria do you think should be used to distinguish between those entities that are covered and those that are not?

We do not support the case for narrowing the range.

¹ Based on gross worldwide premiums for the year ended 31 December 2009

² As at 30 June 2010

4. Do you believe there is a need to clarify the language in points (c), (h) and (i) of Annex II.I(1) and, if you do, how do you think the language should be clarified?

We find the language to be clear already. However, we acknowledge that the term "locals" might not be widely understood and therefore using wording from Article 2(1)(l) of MiFID to help define a "local" might be helpful.

Part 2: Public debt bodies

5. Do you think that Annex II.I(3) should be clarified to make clear that public bodies that manage public debt do not include local authorities?

We did not consider that local authorities might be included as public bodies that manage public debt. Prior to implementation of MiFID, we did consider that local authorities might be included as regional governments. When the UK's FSA implemented MiFID, it clarified that local authorities might be included as large undertakings. We think that it would be helpful to clarify across the EU whether local authorities can be included under large undertakings, regional governments or public bodies that manage public debt.

Part 3: Other client categorisation issues

6. Do you believe it is appropriate that investment firms should be required to assess the knowledge and experience of at least some entities who currently are considered to be per se professionals under MiFID?

No, we do not believe that this is appropriate. If professional clients do not have sufficient knowledge and experience, they are already entitled to ask to be treated as retail clients. Also, they have the option to appoint specialist advisers to assist them.

7. Should a knowledge and experience test be applied to large undertakings before they can be considered to be per se professionals or to other categories of clients who are currently considered to be professionals?

We do not think that a knowledge and experience test should be applied as outlined above for the reasons given in our response to question 6.

8. Do you believe that the client categorisation rules need to be changed in relation to OTC derivatives and other complex products?

No, we do not believe that the client categorisation rules need to be changed. Often our per se professional clients are professionally advised by hired investment consultants or 'in-house' experts. Also, lawyers will advise per se professionals on the terms of any applicable investment management agreement. Furthermore, if professional clients do not have sufficient knowledge and experience, they are entitled to ask to be treated as retail clients.

9. If you believe the rules should be changed:

- for what products should they be changed; and**
- which of the approaches to change set out in the paper would you favour?**

No, we do not believe the rules should be changed.

10. Do you believe it is necessary to clarify the standards that apply when an investment firm undertakes a transaction with an ECP?

Aviva Investors always insists it is treated as a professional client as we are acting as agent to our professional clients. The loss of protections of Art 19(1), 21 and 22(1) is not acceptable. In most circumstances, our brokers have agreed to provide us with this higher level of protection, but there have been occasions where this is more difficult to negotiate. We therefore request that MiFID provides for such professional clients to receive this level of protection.

11. If you believe a clarification of these standards is necessary, do you agree with the suggestions made in the paper?

We believe that these suggestions are reasonable. They are basic minimum standards to be expected of any business. If the market does not operate to these standards of its own accord, then we believe it is necessary to clarify these standards.