

**EFAMA'S COMMENTS ON THE
REPORTS OF THE EXPERT GROUPS ON
INVESTMENT FUND MARKET EFFICIENCY AND
ALTERNATIVE INVESTMENTS**

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1. INTRODUCTION

Following the discussion on its “Green Paper on the enhancement of the EU framework for investment funds¹”, the Commission set up two Expert Groups, one on the efficiency of the industry, the other on alternative investments. The reports of both groups were published in early July 2006, followed by an Open Hearing² in mid-July and interested parties were invited to comment on the reports. EFAMA³ is grateful for this opportunity and we would like to include in our comments the discussion which took place on the occasion of the Open Hearing.

We are also aware that these reports are not the only pieces of a puzzle to be completed with the publication in November 2006 of a “White Paper”, in which the Commission will outline its policy towards building “a world-beating asset management business” in Europe.⁴ The Commission will surely not overlook either the European Parliament’s “Report on Asset Management” (Rapporteur: Wolf Klinz), adopted in April this year⁵, or its own summary of the responses to the Green Paper published in February 2006⁶. Also, the two studies contracted by the Commission, one on the potential cost savings in a fully integrated fund market, the other on current trends in the European asset management industry, which are due for publication in September 2006, will surely influence the White Paper.

¹ COM(2005) 314 final of 14 July 2005

² http://ec.europa.eu/internal_market/securities/ucits/index_en.htm#reports

³ EFAMA is the representative association for the European investment management industry. Through its member associations from 19 EU Member States, Liechtenstein, Norway, Switzerland and Turkey, as well as its corporate members, EFAMA represented at end June 2006 over EUR14 trillion in assets under management of which EUR7 trillion through over 46,000 investment funds. For more information, please visit www.efama.org

⁴ See Commissioner Charlie McCreevy in his closing remarks to the Hearing of 19 July 2006.

⁵ (A6 –0106/2006)

⁶ The so-called “Feedback Statement” – see:
http://ec.europa.eu/internal_market/securities/ucits/index_en.htm#greenpaper

The following comments should therefore be seen in light of the above-mentioned reports without commenting them and they represent a follow-up to what we said in our statement on the Commission's Green Paper last November.

2. EFAMA'S POSITION REGARDING THE 2005 GREEN PAPER

Against this background and in the spirit of a better understanding of the comments on the Expert Groups' reports, it is appropriate to summarise briefly our comments of last year. EFAMA identified four issues that are crucial to the competitiveness of the European investment fund industry and to a significant reduction in costs:

- Simplification of registration procedures;
- Definition of a simple, harmonised format for the simplified prospectus;
- Fund mergers and pooling;
- Passport for the management company.

Furthermore, solutions need to be found in the longer term to three other problems:

- Level playing field with competing products such as insurance and structured products, particularly at distribution level;
- Making the UCITS Directive "Lamfalussy-conform" and reshaping the regulatory architecture;
- Modification of the product passport.

And finally, EFAMA underlined that three issues, vital to the healthy development of the investment fund industry but not included (or only marginally discussed) in the Green Paper, needed to be considered:

- The creation a real single market in occupational pensions where investment funds will have to play an important role;
- Taxation, acting as a significant barrier to the single market;
- The global nature of the investment fund industry and the global distribution of UCITS.

EFAMA also recognised that some of the issues could be solved within the existing regulatory framework while others necessitate legislative changes and cannot therefore be realised in the short term. Given the urgency for the industry, EFAMA strongly encouraged the Commission to go beyond the assessment stage and start implementing the initiatives outlined in its statement. Regarding the time frame, EFAMA presented immediate actions to be taken (without needing a modification of the Directive), as well as intermediate steps, which would require a modification. Finally, the statement included a "Lamfalussy-conform" long-term vision for the modernisation of the overall regulatory architecture for asset management regarding savings and investment products leaving the narrow product focus and following the functional business logic and the value chain.

On alternative investments, EFAMA published its views on hedge funds in a comparative study published in November 2005 together with its Italian member association, Assogestioni.⁷ The study concluded that there are at least two options for possible further action at EU level:

- To seek harmonisation of the product (fund of hedge fund and/or single strategy hedge fund) at EU level, for example through amendments to the existing UCITS Directive;
- To focus on the type of investor to whom such a fund is offered, for example by harmonising private placement rules for funds.

There is also the general view that the harmonisation of funds of hedge funds might be easier to achieve than that of single strategy funds.

Regarding a potential common regulation for hedge funds offered to retail customers, the study concludes that at least the following issues should be considered:

- Approval of investment by UCITS into hedge funds (for funds of hedge funds);
- Provision of less stringent investment limits and of the possibility of higher leverage than currently allowed by the UCITS Directive;
- Higher disclosure level for risks specific to hedge funds and to the strategies pursued;
- Rules governing the relationship with prime brokers;
- “Insolvency” of hedge funds.

On real estate funds EFAMA argued that the Green Paper discussed the alternative investment market in terms of hedge funds and venture capital funds, but that it did not consider other non-harmonised types of funds such as real estate funds, which for many years have been mainstream household savings products in many countries. EFAMA underlined that they are used in most EFAMA member countries to gain diversified exposure to this important asset class. As early as 1991, when the discussion of a modernisation of the 1985 UCITS was first launched, our association (then “FEFSI”) had urged Commissioner Leon Brittan to include the harmonisation of real estate funds in the modernisation packet.

Most of these EFAMA positions were broadly shared by the European Parliament’s Report and also by a broad majority of the responses to the Green Paper. However, regarding the transformation of the current UCITS Directive into a Lamfalussy-style directive, the EP seems to see less need for action than EFAMA, although it asks that possible legislative amendments be compliant with the Lamfalussy procedure. Among the respondents to the Green Paper summarised in the Feedback Statement, the views on the need for a more fundamental review of the UCITS Directive diverged significantly, even within the industry.⁸ Half of the industry respondents were in

⁷ See www.efama.org under Documents/Regulatory Environment

⁸ Within EFAMA there was a broad majority of members opting for more fundamental changes, in particular towards a Lamfalussy-style directive. As long-term perspective and without complicating the discussion about the other priorities, this was supported nearly unanimously.

favour of more fundamental changes, including a new approach that would not solely focus on product regulation, whilst the other half thought that modifications to the current legislative framework would be sufficient. Interestingly, most public authorities agreed in principle that the fund industry needed a revised framework that paid greater attention to the concept of risk and that could be adapted more easily to changes in the marketplace.

3. THE EXPERT GROUPS' REPORTS AND THE PUBLIC HEARING

EFAMA welcomes the Expert Groups' contribution to a clearer view on what needs to be done to increase the efficiency of the industry and to deal with alternative investments. In summary, the report of the Efficiency Expert Group follows very closely EFAMA's line, while the Experts on Alternative Investments take a slightly different approach.

Investment Fund Market Efficiency

Before discussing the details of the Expert Group's recommendations, EFAMA would like to applaud the excellent summary of the current industry situation. The industry will, of course, do everything to preserve the UCITS Directive as "international gold standard" but the Commission should consider what it can do to enhance relationships with regulators in third countries where UCITS are recognised. UCITS are the most exported fund type globally and both regulators and the industry have a clear interest in strengthening this position.

Regarding investors' changing needs, we persist in highlighting the role investment funds can play in retirement provision.

Furthermore, we can but agree with the comments on the question of competition with other investment products. In our reaction to the Green Paper we underlined that the industry was far from operating on a level playing field. Regarding transparency at the point of sale, MiFID will solve a number of problems but, as often repeated by EFAMA, the rules on sales of competing insurance products⁹ must be upgraded to meet MiFID requirements to obtain a true level playing field.

Going into further detail, the Expert Group has very accurately identified five main inefficiencies:

- Lengthy procedures before getting new products to market;
- Unexploited economies of scale;
- Barriers to the cross-border provision of services;
- Non-standardised fund order processing;
- Tax barriers to fund operations.

⁹ Insurance Mediation Directive – Directive 2002/92/EC of 9 December 2002 [OJ L 9 of 15.01.2003].

While the European investment management industry fully agrees with most of the proposals made by the group to overcome these inefficiencies, some of them need to be commented. Also, our opinions diverge on some of the issues.

- *Lengthy procedures before getting new products to market*

The proposal to simplify and shorten both authorisation and notification procedures and to opt for a regulator-to-regulator approach can only be welcomed and EFAMA fully supports the recommendations made in this context.

Regarding the simplified (summary) prospectus, we agree with the Experts' views. However, this issue is currently being discussed within EFAMA and we would like to come back to it shortly with a separate statement. At this stage we would already like to underline that the simplified prospectus must be targeted at the retail investor and therefore information must be presented in a way that is both easy to understand and compare. This is why most EFAMA members believe that the simplified prospectus must be fully harmonised. Furthermore, the industry needs fast procedures and a limitation of liability. This is why future regulation in this respect should be modelled after the Prospectus Directive.

- *Unexploited economies of scale*

In order to improve the situation, the group proposes two complementary solutions, i.e. fund mergers and asset pooling.

Fund mergers

The proposals regarding mergers are in line with EFAMA's reaction to the Green Paper but they have taken the discussion a step further on the technical side, especially as regards the discussion on measures needed for "investor protection". From our point of view the proposed measures are very reasonable and EFAMA fully supports them, in particular since investor protection in the case of mergers is a key issue for many authorities. However, we must underline that the industry needs to have a set of harmonised information requirements, in order to avoid the same problems we currently have with the simplified prospectus.

EFAMA also agrees with the Experts' approach regarding taxation. There are already precedents for the necessary tax legislation in relation to company mergers, so we believe it will be easier to convince Member States of the need for a "Taxation of Fund Mergers Directive". In no case should the Commission give up because of possible difficulties with respect to taxation – the issue is too important for the efficiency of the European investment funds industry.

Pooling

Regarding virtual pooling, the Expert Group generally recommends adopting the same approach as EFAMA, but here too it focuses more on the technical aspect.

Starting from the view that virtual pooling is already allowed under the current Directive and that no further legislation is needed (with the exception of the clarification that a global sub-custodian can be appointed), the Expert Group suggests that CESR should educate regulators on this type of pooling and develop guidelines for pooling structures. We will be happy to help facilitate this process.

Finally, the recommendations regarding so-called “Designated Commingling Structures” are highly technical. While EFAMA agrees in principle with the proposals made, any new legislation must take care not to mistake this issue with funds of funds.

At the same time, many EFAMA members are of the opinion that the Commission should incorporate the “original” Master/Feeder structures¹⁰ in its proposals (including those across different investment groups).

▪ *Barriers to the cross-border provision of services*

The Experts here discuss two passports, i.e. one for the management company and one for the depositary. While the Experts' views are in certain respects in line with EFAMA's position, their solutions are different.

The Depositary

Even if the majority of EFAMA's members would welcome such a passport provided that core depositary functions¹¹, qualifications and eligible type of institutions are harmonised, EFAMA fully agrees with the Experts' proposed measures, i.e.

- To allow branches of EU banks to act as depositaries;
- To provide the possibility for delegation of custodial functions to licensed custodians across the EU;

¹⁰ See the Commission's proposal as part of an amended proposal for UCITS II, which was withdrawn when UCITS III was launched [COM(94) 329, OJ C 242 of 30.08.1994, p. 5]

¹¹ **Bookkeeping of Custody Accounts**

- Accounting for cash accounts and securities accounts in the name of the UCITS
- Safekeeping of assets and their transfer on demand of the UCITS according to the measures set out by the market authorities
- Settlement of instructions from the management company
- Clearing of derivatives instruments traded on regulated markets
- Payment of dividends and income on assets held in the name of the UCITS
- Processing corporate actions on these assets
- Tax treatment linked to the UCITS
- Centralising the money flows related to purchases and redemptions when the UCITS is not listed on a market

Supervision

- The depositary should check the compliance with, and ensure the respect by the management company of the :
 - Investment policy set out in the relevant regulation or in the prospectus
 - Rules for calculating the value of UCITS units
 - Legal provisions

- To harmonise (in the longer term) capital requirements for depositaries and an investigation to remove certain legal barriers.

The proposed measures are a first step in this direction.

The Management Company

The “real” management company passport is a high priority for most EFAMA members and the situation with respect to the two passports is not comparable: contrary to the depositary, we already have a clearly defined passport for the management company. In fact, Art. 6 (1) of Directive 85/611/EEC as amended in 2002 clearly states:

“Member States shall ensure that a management company, authorized in accordance with this Directive by the competent authorities of another Member State, may carry on within their territories the activity for which it has been authorized, either by the establishment of a branch or under the freedom to provide services.”

This rule is perfectly in line with other such passports, e.g. for MiFID firms [Art. 6 (3) of Directive 2004/39/CE] or for credit institutions [Art. 18 of Directive 2000/12/EC]. Furthermore, Preamble (§ 7) of the Common Position EC 23/2001 confirmed that Art. 6 (1) includes all functions and tasks included in the activity of collective portfolio management. These functions are described in Annex II to the Directive. Thus, everything would be clear if there would not be Art. 3 stating:

“For the purpose of this Directive, a UCITS shall be deemed to be situated in the Member State in which the investment company or the management company of the unit trust has its registered office; the Member States must require that the head office be situated in the same Member State as the registered office.”

It is this contradiction between Art. 6 (3) and Art. 3 of the UCITS Directive that creates the problem. Thus, why not simply delete Art. 3 and define the fund's domicile as the jurisdiction where it is set up? In doing so, the ambiguity between the terms “registered office” and “head office” would be solved.¹²

In any case, since the introduction of a passport for the management company, this rule no longer serves its purpose.¹³

¹² In case of cross-border management of a contractual fund, the combination of management company passport and depositary passport might not be acceptable from a supervisor's point of view

¹³ In this context, it might be interesting to look at the so-called “Vandamme Comments”: “Toward an European Market for the Undertakings for Collective Investment in Transferable Securities” where it is underlined that the head office concept was only introduced to “prevent the creation of “letter-box UCITS”, in other words UCITS considered to be situated in a Member State solely because they have their registered office there although all their administration and management is carried on outside the Community”. However with the introduction of a passport for the management company, this fear proved unfounded

Whilst tax considerations are not the object of discussion here, it is worth pointing out that this approach should also prevent any possible challenge by tax authorities to the domicile of the fund.

As in light of the so-called “Vandamme Comments” (mentioned above in the footnote relating to Art. 3) management of funds across-borders is legally possible, the only issue seems to be supervisory concerns regarding the split of supervision.

However, they can be overcome, particularly as this is not a new issue: it is already applied in the banking sector. CESR should be asked to explain what the problems are and to make proposals to overcome them.

MiFID Activities

In the context of the management company passport the Experts raise (unnecessarily) two other issues, i.e. reviewing MiFID activities which UCITS managers are allowed to pursue under the new Art. 5 (3) and allowing MiFID firms to manage UCITS.

- The possibility for UCITS managers to undertake individual, mandate-based asset management was introduced following strong pressure from the industry mainly to allow the management of assets for pension funds and other institutional investors. The Experts did not provide any figures to underpin their theory that the industry makes very little use of this possibility and their statement was strongly opposed by industry representatives at the July 2006 Hearing. Looking at the structure of the industry in France, Germany, and many other countries, the claim seems indeed to be arbitrary.
- Envisaging the possibility to allow MiFID-authorized firms to manage UCITS (subject to compliance with the rules in the UCITS Directive) leads directly to the discussion on the need for the UCITS Directive and the benefits of MiFID compared to the UCITS Directive. Without going into this very complex discussion, which started already in the mid-nineties with the adoption of the ISD, the idea is in total contradiction with the statement of the group at the beginning of its report that “*the UCITS regulatory concept has become the de facto international gold standard*”. Why should we relinquish a “gold standard” concept?

On the other hand, if the question is to ensure better harmonisation and to bring together MiFID and UCITS rules regarding asset management, a possible solution, endorsed by many in the industry and set as a long-term goal by EFAMA, could be the creation of an “Investment Management Directive”. Envisaging the separation of product/production regulation from the regulation of distribution would also be highly recommended. The following table illustrates this solution:

<i>Product</i> <i>Function</i>	<i>Execution, Administration Custody</i>	<i>Production Investment Management & Product Information</i>	<i>Distribution</i>
<i>Publicly offered nationally regulated Investment Funds & UCITS</i>	Investment Management Directive General principles & product-specific features		Distribution Directive relationship distributor/ final investor including special provisions for household/retail investors & qualified investors
<i>Asset Management</i>			
<i>Structured Products</i>			
<i>Hedge Funds</i>			
<i>Life Assurance containing asset management products</i>			
<i>Pensions containing asset management products</i>			

- *Non-standardised fund order processing*

The Experts follow EFAMA's view that it should be left to the industry (i.e. EFAMA) to develop pan-European initiatives regarding standardised fund order processing and that at this stage public authorities should not be involved. In fact, after having published its first recommendations in February 2005, EFAMA's Fund Processing Standardisation Group focused its efforts on the endorsement and implementation of its recommendations by all players involved in fund processing. EFAMA's Group is currently working on a business case for the use of the ISO open market standard and on an action plan for the adoption of a fully harmonised single pan-European "technical" document -- the Fund Processing Passport -- to summarise the essential information needed to facilitate fund processing.

A round table discussion is planned in the autumn of 2006 to discuss the case for fund processing standardisation with all interested European and international organisations representing institutions involved in back-office operations.

- *Tax barriers to fund operations*

One can only agree with the statement that a lack of tax harmonisation across Europe creates inefficiencies and barriers to the Single Market in investment funds and that further convergence in the tax treatment of funds and investors is needed. This is in fact already happening: a number of discriminatory measures originally identified by EFAMA and PwC have been removed, but there is the need for constant vigilance.

Alternative Investments

- While the analysis of the hedge fund industry is very good and covers nearly all issues, the approach taken by the Hedge Fund Experts regarding possible regulation and the possibility to allow cross-border distribution solely subject to MiFID suitability and a minimum investment threshold of EUR 50,000 completely neglects the current regulatory situation¹⁴ and the debates at IOSCO level.¹⁵

EFAMA also agrees with the comments made by the consumers' representative at the Hearing, who underlined that before paving the way for easier retail access to hedge fund investing, regulators should take care that investors are sufficiently protected.

Finally, it would be appropriate to differentiate between single strategy hedge funds and funds of hedge funds (which are already regulated as retail products in many countries).

However, as we are still working on a more detailed approach regarding future regulation of hedge funds and funds of hedge funds compared to what we described in our hedge fund survey (see chapter 2), we will comment further on this topic at a later stage.

- The proposal of the private equity experts seems to us a useful starting point for the discussion of cross-border distribution of alternative investment funds across borders. Indeed, an agreement among European institutions and Member States on a set of harmonised pan-European rules for private placement or the qualified investors' concept seems attainable and is very much in line with EFAMA's opinion as well as the EP's Report on Asset Management.

The question on the details of such a scheme can be postponed until a solution is found on how to implement it. In any case, a combination of qualitative conditions and minimum investments might be more appropriate and is more flexible than a simple minimum investment, be it EUR 50,000 or EUR 150,000.

- Real estate funds were not included in the mandate of the Expert Groups even if the Commission accepted in its Green Paper that some work towards "harmonisation" was already done by the industry in the past. On this topic also we will come back to the Commission at a later stage. However, we must underline at this point that we do not see any reason to deprive of the benefits of the single market a product which for decades has been a mainstream retail

¹⁴ See EFAMA study on hedge funds

¹⁵ See also IOSCO Technical Committee's Consultation Report on the Regulatory Environment for Hedge Funds of March 2006. For instance, IOSCO sees valuation and clear, concise and effective disclosure of the features of the hedge fund as a key issue and we can only agree with this

investor savings vehicle, and which today is regulated and supervised like any fund under the UCITS Directive in most European countries.

Summarising these last three issues, we would like to add some more general comments regarding non-UCITS distribution under MiFID.

On different occasions the Hedge Fund Expert Group refers to the possibility of distributing non-UCITS under MiFID without any marketing restrictions beyond MiFID suitability requirements. This possibility requires a very far-reaching interpretation of MiFID, which, if shared by the Commission, would significantly strengthen the competitive position of non-UCITS, under certain circumstances even giving them a marketing advantage over UCITS.

EFAMA strongly opposes such interpretation of MiFID :

- It contradicts the widely held opinion that MiFID is a service, not a product Directive, regulating distribution through conduct of business rules for the participants in the distribution chain, not setting restrictions on which products can be sold to a given investor. At no point in the discussion regarding Level 1 or Level 2 (until this spring) MiFID was deemed to supersede national rules regarding non-UCITS distribution.
- Although EFAMA is in favour of a structural change in regulatory architecture, we find the way to achieve this through a questionable interpretation of MiFID unacceptable: it would mean a de facto change in regulatory architecture through a backdoor, without putting in place a new, coherent one. Finally, investor protection would be significantly reduced.
- If such interpretation is confirmed, Member States could resort to using Art. 4 (the goldplating article in Level 2 measures) to avoid the consequences. MiFID would thus achieve exactly the opposite of what it is aimed for.

4. THE COMMISSION'S UPCOMING WHITE PAPER: TOWARDS THE IDEAL REGULATORY FRAMEWORK FOR FUNDS

In his closing remarks at the Open Hearing on the Expert Groups' Reports Commissioner Charlie McCreevy underlined that "*the real challenge is to build the best regulatory framework (for funds) in the world – nothing less.*"¹⁶ **EFAMA can only congratulate the Commission for setting this goal.**

However, merely implementing the proposals made by the Expert Groups will surely not lead to the "best regulatory framework". What the best regulatory framework could look like is shown in the above "visionary table". "Best regulatory framework" means a directive in full conformity with Lamfalussy, clearly following the value chain. It would also mean at least considering the question whether the product

¹⁶ Speech/06/465 of 19 July 2006

regulation approach of the UCITS Directive would serve as a sensible basis for the future. One could, for example, add to the traditional UCITS product regulation (to preserve the current UCITS quality label) a second section for other types of (“harmonised”) funds which could be offered freely to retail investors, such as real estate funds and funds of hedge funds, based for instance on a risk-based approach and focusing on the regulation of the management company (and distribution under MiFID or – even better - under a distribution directive).

How can this be achieved without delaying further a solution to the most urgent problems? The Commission’s Green Paper, EFAMA’s reaction to the Green Paper and the report of the Efficiency Group all favour a “multiple-step approach”. This approach could look as follows:

- In a first step, and starting immediately, measures that can be implemented without any changes to the current Directive;
- In a second step the legislative changes needed to implement the measures proposed by the Expert Groups;
- In a third step drawing up details of what the Commission understands by “the best regulatory framework in the world”.

The First Step

This undertaking has already in fact been started with the adoption in June 2006 of CESR Level 3 measures to simplify the notification procedure under the current regulatory framework.¹⁷ (Although the proposals fall short of what the industry has been looking for and what it believes is possible under the current Directive).

The Commission still needs to finalise its work on Level 2 regulation regarding eligible assets based on CESR’s advice delivered in January 2006.¹⁸

In order to ease the problems relating to the simplified prospectus, the Commission could either give CESR a mandate for Level 2 advice regarding the clarification of the definitions set out in Schedule C or review its Recommendation.¹⁹ This could be done immediately, even before the publication of the White Paper.

The Second Step

In a second step, starting with the White Paper, the Commission should implement the measures proposed not only by the Efficiency Expert Group, but also by many others including EFAMA. At this stage, the Commission and CESR should also agree on a set of harmonised pan-European rules for private placement or a qualified investors concept.

¹⁷ See CESR’s Guidelines To Simplify the Notification Procedure of UCITS [CESR/ 06-120b]

¹⁸ See CESR’s Advice to the European Commission on Clarification of Definitions Concerning Eligible Assets for Investment of UCITS [CESR/ 06-005]

¹⁹ Commission Recommendation of 27 April 2004 on some contents of the simplified prospectus as provided for in Schedule C of Annex I to Council Directive 85/611/EEC (2004/384/EC)

The Commission should also show what its intentions are with respect to other, as yet non-harmonised, types of retail funds, typically real estate funds and funds of hedge funds.

The Third Step

Before working out the details of the best regulatory framework, it is probably more appropriate to wait until the measures to be undertaken under the second step are in place and the industry, CESR and the Commission are more familiar with the functioning of MiFID (in particular with respect to the distribution of savings products).

This should not, however, keep the industry and Commission from starting to think about a few strategic issues, especially in view of the fact that the third step is a long-term issue. How can a shift be made from a product-related approach to a functional approach in order to ensure regulatory consistency that is both desperately needed and as yet lacking in our business? What would a risk-based approach look like? What would “focusing on the regulation of the management company” mean? The Commission in any case should clearly show the direction it wants to take in order “*to build a world-beating asset management business in Europe*”.

A Different Issue

In his closing remarks at the Hearing, Commissioner McCreevy announced that the Commission will also deal with inefficiencies in fund distribution. These inefficiencies will apparently be demonstrated by the studies commissioned by the Commission. EFAMA very much hopes to have the opportunity to comment on the findings of these studies before they become part of the White Paper.

However, at this stage it must already be underlined that one of the findings of the Feedback Statement was that inefficiencies in distribution will probably be solved by the MiFID rules on transparency at the point of sale. Thus, before proposing any new regulation regarding distribution, the Commission should wait and see how MiFID works.

In conclusion, EFAMA can only urge the Commission to be guided in all its actions by the leitmotiv promoted by Commissioner McCreevy, i.e. to build the best regulatory framework in the world.