

POSITION PAPER



ESBG RESPONSE TO THE EUROPEAN COMMISSION AS REGARDS THE REPORTS OF EXPERT GROUPS ON ASSET MANAGEMENT

20 September 2006



EUROPEAN SAVINGS BANKS GROUP



The European Savings Banks Group (ESBG) welcomes this opportunity to comment on the reports of the expert groups on asset management: the report on investment fund market efficiency, the report on hedge funds and the report on private equity funds. The ESBG provided its comments on the main features of the three reports already in its response to the Commission's Green Paper on the enhancement of the EU framework for investment funds in November 2005. That being said, the ESBG would like to comment on certain aspects of the expert groups' reports.

I. Report of the Expert Group on Investment Fund Market Efficiency.

The ESBG generally agrees with the proposals of the Expert Group on the Investment Fund Market Efficiency, but however believes that some of the proposals made might not be feasible in practice.

For example, the proposal to reduce administrative delays in getting investment funds to the market is positive, but we believe that the proposed deadlines are not feasible. Specifically, we have doubts as to whether the authorisation of funds in 20 days and electronic regulator-to-regulator notification taking a maximum 3 days can be accomplished in practice.

In addition, we agree that it would be advisable to provide more freedom to the depositary, but nevertheless we do not believe this should be a priority in the investment fund business.

Finally, we agree that there is a need to define the role, the mission and the liability of a depositary at the European level. A harmonised legislation as regards the delegation of depositary services for assets of jurisdictions different from the one where the UCITS investment and the management company is located may be enough to cover the needs of the investment fund market.

II. Report of the Alternative Investment Expert Group on managing, servicing and marketing Hedge Funds in Europe

The ESBG generally agrees with the proposals of the Alternative Investment Expert Group.

We agree that the custody services policy for hedge funds should be regulated at European level. Accordingly, we believe that the services, responsibilities and further tasks should be defined in order to avoid any misinterpretation. Furthermore, we believe that the domestic custodians should not be responsible for sub-custody tasks of the prime brokers.

The ESBG agrees that the prime brokers' tasks, including custody, should be clearly defined. In our view, the requirements for custodians, minimum assets, expertise and credit rating should be standardised.

III. Report of the Alternative Investment Expert Group on Developing European Private Equity



v

The ESBG would like to express its support for the approach of the expert group on private equity. In particular, we share the views expressed as regards the cross-border placement of private equity funds. In addition, we also agree that there is a need to establish a pan-European regime for private placements which should be used not only in the case of private equity funds but also with of investment funds.

v



v



About ESBG (European Savings Banks Group)

ESBG (European Savings Banks Group) is an international banking association that represents one of the largest European retail banking networks, comprising about one third of the retail banking market in Europe, with total assets of €4,716 billion (1 January 2005). It represents the interests of its members vis-à-vis the EU Institutions and generates, facilitates and manages high quality cross-border banking projects.

ESBG members are typically savings and *retail* banks or associations thereof. They are often organised in decentralised networks and offer their services throughout their *region*. ESBG member banks have reinvested *responsibly* in their region for many decades and are one distinct benchmark for corporate social responsibility activities throughout Europe and the world.



Rue Marie-Thérèse, 11 B-1000 Brussels Tel: +32 2 211 11 11 Fax : +32 2 211 11 99

v