

MEMO# 29677

January 29, 2016

Response to European Commission Call for Evidence on the EU Regulatory Framework for Financial Services

[29677]

January 29, 2016

TO: ICI GLOBAL CAPITAL MARKETS UNION TASK FORCE
ICI GLOBAL REGULATED FUNDS COMMITTEE No. 11-16
ICI GLOBAL RETIREMENT SAVINGS COMMITTEE
ICI GLOBAL STEERING COMMITTEE No. 3-16
ICI GLOBAL TAX COMMITTEE No. 3-16
ICI GLOBAL TRADING & MARKETS COMMITTEE No. 4-16
INTERNATIONAL COMMITTEE No. 11-16
INTERNATIONAL OPERATIONS ADVISORY COMMITTEE No. 3-16 RE: RESPONSE TO
EUROPEAN COMMISSION CALL FOR EVIDENCE ON THE EU REGULATORY FRAMEWORK FOR
FINANCIAL SERVICES

On 29 January, ICI Global submitted a response to the European Commission's Call for Evidence on the EU Regulatory Framework for Financial Services ("the Call for Evidence"). [\[1\]](#) A copy of the submission is attached. The submission takes account of member feedback and comments on the draft submission. [\[2\]](#)

The submission contains the following key recommendations:

- Develop a single pan-EU private placement regime that builds on the Commission's longstanding work;
- Develop a harmonised marketing regime for the cross-border sale of UCITS3 to complete the internal market in publicly available regulated funds;
- Simplify and converge authorisation and notification requirements for UCITS and remove other impediments and barriers that may influence investment choices or the attractiveness of cross-border investment;
- Develop a pan-EU personal pension product (PPP) that supports the cross-border pooling, management and administration of assets to provide adequate retirement income and long-term investment opportunities and accommodates a mobile EU workforce.

The submission also recommends changes to the EU legislative process, to incorporate the

following elements:

- Mandatory public consultation of proposed policy options, supported by policy rationales as well as detailed impact analysis of the options, including extraterritorial effects, before the Commission develops legislation;
- Publication of all consultation submissions to enable open debate and understanding of respondents' positions and to ensure there is no perception of undue, or even secret, influence upon policymakers. Transparency in meetings with EU institutions is now required and the same approach should apply to written submissions. If confidential responses continue to be permitted, this should be on an exceptional basis with appropriate justification; e.g., irreparable harm, proprietary information, personal data. Further, the publication of the identity of respondents who have requested confidentiality for their submission should be required;
- Legislative proposals accompanied by a feedback statement (as required under the Interinstitutional agreement on better law-making), demonstrating how selected policy options achieve the objectives of the initiative with the best cost/benefit trade-off, including taking account of investor perspectives;
- Impact analysis for substantive amendments to policy options, undertaken prior to adoption (as required under the Interinstitutional agreement on better law-making);
- Improved fact-gathering on realistic implementation timetables through stakeholder consultations to ensure there is an adequate understanding of the costs and complexity of implementing regulation e.g., the required compliance and infrastructure development for MiFID II changes were underestimated;
- Requirement for European Supervisory Authorities (ESAs) to demonstrate how implementing measures and guidelines align with adopted legislation (i.e. Level 1), and are justified by cost/benefit analysis, on which public comment has been solicited.

Examples are provided in the submission under the following "issues", on which the Commission is seeking input (page numbers in parenthesis relate to the attached PDF document):

Section A: Rules affecting the ability of the economy to finance itself and grow

- Issue 1: Unnecessary regulatory constraints on financing (pages 7-19);
- Issue 2: Market Liquidity (page 19-22);
- Issue 4: Proportionality/preserving diversity in the EU financial sector (pages 22-29);

Section B: Unnecessary regulatory burdens

- Issue 5: Excessive Compliance Cost and Complexity (page 29-31);
- Issue 6: Reporting and disclosure obligations (pages 32-37);
- Issue 8: Rules outdated due to technological change (pages 37-42);

Section C: Interactions of individual rules, inconsistencies and gaps

- Issue 12: Overlaps, duplications and inconsistencies (pages 42-47);
- Issue 13: Gaps (pages 48-54).

Giles Swan
Director of Global Funds Policy - ICI Global

[Attachment](#)

endnotes

[1] See Memo 29441, Re: Member Call: EU Commission Call for Evidence: EU Regulatory Framework for Financial Services, dated 22 October 2015, available from <https://www.iciglobal.org/portal/site/ICI/menuitem.9ad35c6866c5fcca09ce3110b52001ca/?vgnextoid=4c6bdceeff090510VgnVCM100000650210acRCRD&vgnextchannel=4d1b1e9fd9c3b410VgnVCM1000001c0210acRCRD&vgnextfmt=global>

[2] See Memo 29648, Re: Draft ICI Global Comment Letter – EU Commission Call for Evidence: EU Regulatory Framework for Financial Services, dated 15 January 2016, available from <https://www.iciglobal.org/portal/site/ICI/menuitem.9ad35c6866c5fcca09ce3110b52001ca/?vgnextoid=ce053f3b2c042510VgnVCM100000650210acRCRD&vgnextchannel=4d1b1e9fd9c3b410VgnVCM1000001c0210acRCRD&vgnextfmt=global>

Copyright © by the Investment Company Institute. All rights reserved. Information may be abridged and therefore incomplete. Communications from the Institute do not constitute, and should not be considered a substitute for, legal advice.