

MEMO# 12867

November 17, 2000

EUROPEAN COMMISSION PUBLISHES COMMUNICATION ON UPDATING THE INVESTMENT SERVICES DIRECTIVE

[12867] November 17, 2000 TO: INTERNATIONAL COMMITTEE No. 42-00 RE: EUROPEAN COMMISSION PUBLISHES COMMUNICATION ON UPDATING THE INVESTMENT SERVICES DIRECTIVE On November 16, 2000, the European Commission published a communication on upgrading the Investment Services Directive. The Directive established a “single passport” for investment firms by allowing a firm to operate throughout the European Union on the basis of its home Member State supervision. The Directive currently does not apply to UCITS or other funds or to the managers of these funds. As part of the Financial Services Action Plan to enhance a single market in financial services, the Commission is reviewing the Investment Services Directive to determine the modifications that are needed to reflect market developments. The Commission’s communication focuses on (1) the need to eliminate barriers to an effective single passport for investment firms and (2) the appropriate regulatory framework for trading systems. In the communication, the Commission provides an analysis of the current Directive and the changes in the market that affect the Directive. The communication also includes a list of various issues for comment by interested parties. For example, the Commission requests comment on whether the exemptions provided in the Directive (which include the exemption for managers of mutual funds) should be reconsidered for the effective operation of the single passport for investment firms. Comments on the issues raised in the communication must be submitted to the Commission before March 31, 2001. The Institute is reviewing the communication to determine whether to submit comments. If you have any comments on the communication, please forward them to me by phone at (202) 326-5810, by fax at (202) 326-5841, or by e-mail at jchoi@ici.org. Jennifer S. Choi Assistant Counsel Attachment (in .pdf format)