

MEMO# 17867

August 5, 2004

INSTITUTE COMMENT LETTER ON CLEARING AND SETTLEMENT IN THE EUROPEAN UNION

[17867] August 5, 2004 TO: INTERNATIONAL MEMBERS No. 46-04 INTERNATIONAL OPERATIONS ADVISORY COMMITTEE No. 32-04 OPERATIONS COMMITTEE No. 17-04 RE: INSTITUTE COMMENT LETTER ON CLEARING AND SETTLEMENT IN THE EUROPEAN UNION On July 30, 2004, the Institute submitted a comment letter to the European Commission on its communication to the Council and the European Parliament entitled Clearing and Settlement in the European Union – The way forward.¹ A copy of the Institute's comment letter is attached. The Institute's letter strongly supports the goal of the Commission, which is to create EU securities clearing and settlement systems that are efficient and safe and ensure a level playing field among the different providers of clearing and settlement services. The letter notes that, although the term "securities" is not defined in the communication, it is our understanding that the Commission's current work will not address the clearance and settlement of capital shares of investment funds. The Institute's letter points out that cross-border processing of fund units is a key issue for the asset management industry and expresses the belief that standardizing operational protocols and increasing efficiencies for fund processing could bring significant benefits to shareholders. The letter states that clearance and settlement of investment fund shares should be addressed separately because of the unique characteristics of investment fund capital shares. Mary S. Podesta Senior Counsel Attachment (in .pdf format) Note: Not all recipients receive the attachment. To obtain a copy of the attachment, please visit our members website (<http://members.ici.org>) and search for memo 17867, or call the ICI Library at (202) 326-8304 and request the attachment for memo 17867. ¹ The Communication is available at http://europa.eu.int/comm/internal_market/financial-markets/clearing/index_en.htm#com.