

MEMO# 8395

November 14, 1996

INSTITUTE RESPONDS TO IOSCO CROSS-BORDER MARKETING SURVEY

November 14, 1996 TO: INTERNATIONAL COMMITTEE No. 39-96 TAX COMMITTEE No. 34-96
RE: INSTITUTE RESPONDS TO IOSCO CROSS-BORDER MARKETING SURVEY

IOSCO

Working Party 5 has initiated a project dealing with cross-border marketing of mutual fund shares and investment management services. In connection with this initiative, the Institute was asked to respond to a questionnaire designed to identify the US investment management industry's interest in distributing products and services in foreign markets and to illustrate the difficulties in cross-border activities. See Memorandum to International Committee No. 22-96, dated July 10, 1996. Attached is a copy of the Institute's response to the IOSCO Working Party 5 questionnaire. The response urges IOSCO to take into account two important points. First, whether cross-border activity is possible often depends on tax laws and whether access to local distribution channels is available. In this regard, the Institute included a memorandum that discusses the tax considerations in greater detail and provides a country-specific analysis of tax considerations with respect to the twelve member countries of Working Party 5. Second, in considering whether cross-border marketing of funds and services is possible under securities regulations, the analysis should focus on whether the regulatory regime, as a whole and in light of its core objectives, affords effective market access to foreign firms. In the Institute's view, the US regulatory regime meets this test. We will keep you informed of further developments. Mary S. Podesta Keith Lawson Associate Counsel - International Associate Counsel - Tax Attachment

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