

**MEMO# 19367**

November 15, 2005

## **INSTITUTE LETTER ON THE FRAMEWORK FOR INVESTMENT FUNDS IN EUROPE**

©2005 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. [19367] November 15, 2005 TO: INTERNATIONAL MEMBERS No. 32-05 INTERNATIONAL OPERATIONS ADVISORY COMMITTEE No. 31-05 RE: INSTITUTE LETTER ON THE FRAMEWORK FOR INVESTMENT FUNDS IN EUROPE Attached is an Institute comment letter to the European Commission submitted today in response to the Commission's "green paper" on enhancing the EU framework for investment funds. The green paper sought input on possible areas for improvement in the UCITS Directive. The Institute's letter is strongly supportive of the Commission's efforts to foster an integrated and efficient market for investment funds in Europe. Toward that end, the Institute suggests five ways in which the cross-border market for funds in Europe could be improved: 1. Streamline and simplify the "fund passport" – the notification procedure that enables a fund to be sold outside of its home market; 2. Enhance the usefulness of disclosure available at the point of sale, particularly by allowing funds and intermediaries to rely principally on the Internet for purposes of communicating the required information to investors; 3. Enhance the usefulness and comparability of fund advertising materials through the establishment of standardized performance methodologies; 4. Streamline the process by which Member States approve marketing plans; and 5. Improve the infrastructure for processing subscription and redemption orders by encouraging industry to develop pan-European standards for order processing. The Institute also recommends that the Commission establish a working group to consider adopting a common understanding or definition of "private placement" across the EU, 2 arguing that such a common understanding or definition could significantly streamline the sale of cross-border investment funds (both UCITS and non-UCITS) to pension plans. Robert C. Grohowski Senior Counsel - International Affairs 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 19367, or call the ICI Library at (202) 326-8304 and request the attachment for memo 19367.