

VIDEO

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Focus on Funds: Global Funds and Investors Would Benefit from Changes to Europe's Fund Distribution Structure

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Changes to European fund distribution rules could be a “game changer” for funds as well as investors. In the October 28, 2016, edition of *Focus on Funds*, Giles Swan, policy director for ICI Global, details some changes that the European Commission should consider.

Transcript

Stephanie Ortvals-Tibbs, ICI Director, Media Relations: Funds, fund investors, and Europe's capital markets would benefit tremendously from reforms that would lower existing barriers to cross-border distribution of funds. ICI Global has made a number of recommendations that could be a real game-changer, as I learned from ICI Global's Giles Swan.

Giles Swan, Policy Director, ICI Global: We're very encouraged by the commission's ambitions to improve the cross-border distribution of funds. Only a third of UCITS funds are sold on a cross-border basis in more than five countries at the moment. So encouraging greater cross-border distribution can provide benefits to investors in terms of more choice, and allow funds to benefit from economies of scale. There are significant benefits in pursuing this work.

Ortbals-Tibbs: Indeed, when we submitted our comments to the European Commission, you focused those reforms around reducing cost and removing complexity. How does that look? What did we tick through that is the highest priority?

Swan: There are three sets of recommendations that we made. Firstly, to reduce the cost and complexity of the authorization process. Secondly, to reform the way in which marketing notifications and requirements are put in place. And thirdly, to harmonize some of the legal definitions and the administrative processes that are required at the moment.

Ortbals-Tibbs: We should mention as well that you suggested financial technology as something that they should think about as well.

Swan: We've commented on a number of the commission's consultations around the role of financial technology—fintech—and its potential to transform the way in which investors engage with funds and purchase funds. The message we're delivering to the commission here is that we want the regulatory framework to accommodate and to enable financial technology to really be used to its full potential.

Ortbals-Tibbs: Including potentially through investors being able to look at something more centralized in terms of investor information?

Swan: Indeed. One of the recommendations we made to the commission was to have a central hub or repository for all of the key investor documents for the UCITS funds that are available for sale in the EU—effectively a one-stop shop for information. We feel that would be beneficial to investors in terms of the ability to access information and, of course, to potentially save them and funds cost as well.

Ortbals-Tibbs: Looking forward now with this work, what will happen next? How will things unfold and how will ICI Global stay involved?

Swan: The consultation is a part of the European Commission's Capital Markets Union initiative. The commission is working on a number of aspects to encourage greater cross-border investment. You should expect the commission to continue to work through that, and through its action plan, for the Capital Markets Union initiative. And indeed, the commission has said that it will make legislative changes, if they're necessary, to take account of the comments that it's received to the consultation.

Ortbals-Tibbs: ICI Global will continue to bring data, information, and ideas into this debate moving forward. And really, a lot of these ideas are not a very heavy lift, but they could make a real difference for funds and investors in the markets.

Swan: Indeed. They could be a game-changer for investors in UCITS funds. ICI Global brings a global perspective to this debate. That's not just investors in the European Union, but that's investors around the world that are benefitting from the choice and the investment opportunities that the products such as UCITS can provide to them.

Additional Resources

- [Release: UCITS Distribution Reforms Would Benefit Funds and Investors](#)