**UCITS\_Transfer**

**ID:** 40\_D **Code:** COM (2008) 458 **Type:** Directive **Proposal** **Date:** 16.7.2008

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**Title:** Proposal for a DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS)

**Commission Official:** DG Internal Market and Services

**Background:** The UCITS Directive adopted in 1985 aimed to offer greater business and investment opportunities for both industry and investors by integrating the EU market for investments funds. The Directive has been key to the development of European investment funds. In June 2007, UCITS assets under management amounted to € 6tr. UCITS represent about 75% of the EU investment fund market. Strong in-built investor protection safeguards have also achieved UCITS broad recognition beyond EU borders. Despite this positive evolution, it became evident over the years that the Directive was excessively constraining and prevented fund managers from fully exploiting their development possibilities. Amendments in 2001 enlarged the investment powers available to UCITS but did not tackle bottlenecks to industry efficiency. Important missed opportunities have been identified. Estimated potential annual savings amount to several billion euros. In 2005, the Commission Green Paper on investment funds launched a public debate on the need for EU level action (and its scope). One year later, the White Paper on investment funds announced, among other measures, a set of targeted modifications to the UCITS Directive.

**Objective:** This proposal has two objectives. One is to codify the successive changes introduced to the UCITS Directive since 1985. The other is to translate the measures announced in the White Paper into concrete legislative provisions.

**Consultation:** Throughout the whole process of revision of the UCITS framework Commission Services have maintained a regular dialogue with stakeholders. The objective was to gather the views from different sides of the fund market (investors, industry and public authorities) in order to design solutions that would effectively address the concerns and expectations of all interested parties. That dialogue took place through a variety of channels including two expert groups, three open hearings, two workshops on the simplified prospectus and four public consultations

**Issues:**

Pro-contra regulation: European fund industry has urged on the Commission to come out with final legislative proposals, by the end of April, to reform the EU retail funds market whereas The Alternative Investment Management Association (AIMA) insists that new regulation in the sector is not welcome.

'passport' for investment fund managers: the European Commission was initially against this, but it was supported by the EU fnance ministers, EFAMA and some liberal MEP’s.

**Frames:**

Harmful for the industry: EFAMA: "A further delay would be very bad for the industry".

Efficiency and confidence: German liberal MEP Wolf Klinz:

“The management company passport will hence lead to more efficiency with the same high level of investor protection.” EFAMA: “Today's vote is a major step towards an efficient internal market. ”

The last missing link: French Economy Minister Christine Lagarde, whose country currently holds the rotating EU presidency, announced that a political deal had been reached in the Council, underlining that the European passport for UCITS managers was "the last missing link in the internal market for the management of UCITS".

The common market: the European Parliament's rapporteur on UCITS, commented: "Parliament has voted for the introduction of a management company passport, promising huge cost savings and a true common market for the fund industry. Conservative MEP John Purvis, vice president of the Parliament's economic and monetary affairs committee, added: "UCITS are a vital part of the single market in financial services.