

Report on asset management

2006/2037(INI) - 27/04/2006 - Text adopted by Parliament, single reading

The European Parliament adopted a resolution based on the own-initiative report drafted by on asset management drawn up by Wolf **KLINZ** (ALDE, DE) in response to the Commission's Green Paper on the enhancement of the EU framework for investment funds. Parliament stated that the primary objectives of asset management regulations were to protect investors, to diversify the financing of the economy, and to create a level playing field within the internal market. The European asset management industry was still fragmented in size in comparison with that of the US and, therefore, action at European level was needed to boost economic efficiency,

Parliament felt that the interaction between the Directive 85/611/EEC on UCITS, MiFID and its Level 2 measures, and the Directive 2000/31/EC on electronic commerce, leave undesirable scope for interpretation and required clarification and consolidation. It drew attention to differences between the regulation of UCITS and other investment products and called on the Commission, CESR and the Committee of European Insurance and Occupational Pensions Supervisors (CEIOPS) to ensure a high standard of transparency, management of conflicts of interests, notification requirements, and thus of equal treatment between UCITS and competing products.

The changes introduced by Directives 2001/107/EC and 2001/108/EC (UCITS III) had not yet been exhausted. The transposition and interpretation of these Directives should be closely monitored. Parliament felt that there was a need to modify in some areas the Directive 85/611/EEC as amended by UCITS III. These modifications concern the following: a simplified prospectus, a modification of the notification procedure, the abolition of tax barriers for cross-border mergers and pooling and, if appropriate, the adaptation of eligible assets to market developments.

Parliament proposed that the simplified prospectus - in the spirit of the European Federation of Investment Funds and Companies (FEFSI) proposal of October 2003 - should take the form of a fact sheet to give investors transparency and provide them with a harmonised pan-European document setting out brief, standardised, understandable, and comparable information, on two to three pages. This document should be offered to the investor before conclusion of the contract. Parliament asked the Commission to propose amendments to Directive 85/611/EEC on the content of the simplified prospectus for the purpose of establishing binding EC legislation on a fully harmonised simplified prospectus.

The report went on to make recommendations on a range of issues: investor information and protection, risk management, European product passports, management company and depository passports, fund processing standardisation, cross-border consolidation, distribution structures, investment policy, non-UCITS investments, supervision issues and the Lamfalussy process.