

01 August 2011

By email to: reg.reco@oecd.org

Dear Sir/Madam,

Draft recommendation on regulatory policy and governance

IMA represents the UK-based investment management industry. Our Members include independent asset managers, the investment management arms of retail banks, life insurers and investment banks, and the managers of occupational pension schemes. They are responsible for the management of about \$6.4 trillion of assets, which are invested on behalf of clients globally.

We welcome the OECD's recommendations on International Regulatory Co-operation. The financial sector is facing an increasing amount of directives and regulations coming from the European Union. The EU is the biggest single trading block in the world, meaning that any actions regulating EU member states will have an impact on its trading partners. Law-making authorities such as the European Commission should always take into account the potential impact of their directives on third countries trading with the EU as well as on national European governments. In the interest of considered, efficient and effective regulation, proper consideration should be given to the views of market professionals and other stakeholders by conducting consultations which allow an appropriate amount of time to respond. Political developments must be taken into consideration, but should not dominate the time frame. Smart regulation must always include a thorough and wide-ranging impact assessment.

In the past, legislative proposals aimed at the financial services industry were often poorly coordinated. A recent example is the Alternative Investment Fund Management Directive (AIFMD). It potentially has much wider-ranging impacts, both within Europe and globally, than originally envisaged. It was billed as a directive covering funds exhibiting systemic risks, but it actually covers thousands of "plain vanilla" funds, including e.g. non-UCITS retail funds and charity funds.

Efficient and effective financial regulation is crucial in order to ensure consumer protection and promote confidence in the financial markets. Authorities should therefore commit to better internal communication, regular exchanges of information and proper

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engagement with the relevant industries. This would lead to a horizontal, well-informed and efficient regulation.

For these reasons, we support the OECD's proposals on better International Regulatory Co-operation.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'M. Loewe', followed by a long horizontal line extending to the right.

Marie-Noëlle Loewe
European Affairs