Press release | 03.07.2013

Investment fund rules (UCITS)

Conservatives and Liberals block stronger investor protection

The European Parliament today voted to revise draft EU legislation on investment funds (the UCITS directive), a sector that is valued at almost €6.3 trillion. The legislation, which is being shepherded through the European Parliament by Green draftsperson/rapporteur Sven Giegold, also included provisions on remuneration and performance fees, which were both narrowly defeated during the voting. After the vote, **Sven Giegold**, Green finance spokesperson, stated:

“Today is a black day for investor protection in Europe. Conservative and Liberal MEPs voted down rules reducing excessively risky speculation by investment fund managers. This has prevented any significant, comprehensive change of the culture in the financial industry.

"Crucially, MEPs have voted against capping bonuses for fund managers and employees with an influence on investment decisions to a maximum equivalent to the fixed remuneration. 24 months of pay should be more than enough incentive for fund managers and employees to successfully carry out their duties. This provision would have complemented the recently adopted EU rules capping bankers’ bonuses, ensuring these rules cannot be circumvented and providing for a level playing field.

"Additionally, conservatives and liberals deleted rules proposed by the economic and monetary affairs committee to significantly limit performance fees for management companies. These opaque fees demanded by management companies are a rip-off for investors, unfairly reducing their income from funds.

"However, MEPs today also broadly endorsed the original proposals from the EU Commission aimed at improving investor protection through strict liability on depositories, combined with tougher sanctions: strengthening and harmonising existing regimes to limit the scope for arbitrage. All amendments by Conservative and Liberal MEPs to weaken the Commission’s proposal were therefore defeated in the end.

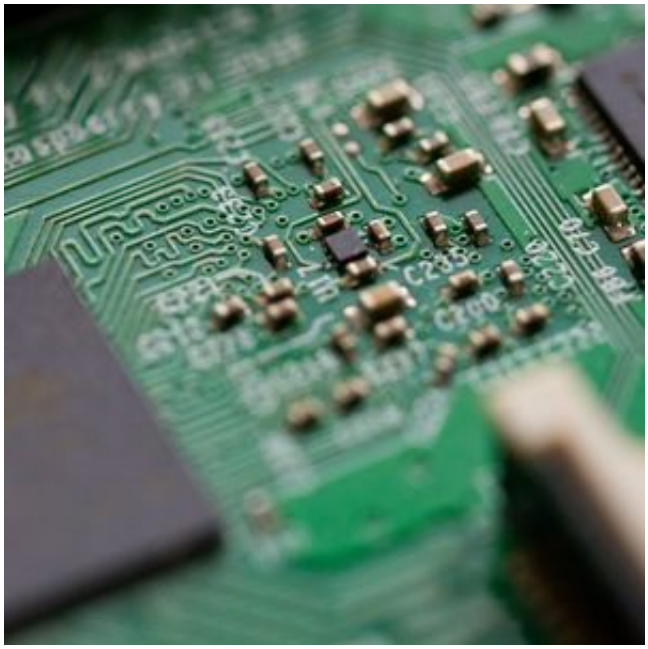
"Now that the European Parliament has finalised its position on the UCITS V reform, it's up to the Council to

make progress on the dossier. In upcoming trialogue negotiations, today's achievements will have to be defended against the interests of individual Member States. Consumer protection relating to investment funds has to be regulated at European level to provide a level playing field for undertakings carrying out business throughout the Union and from any Member State."

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Sven Giegold

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