

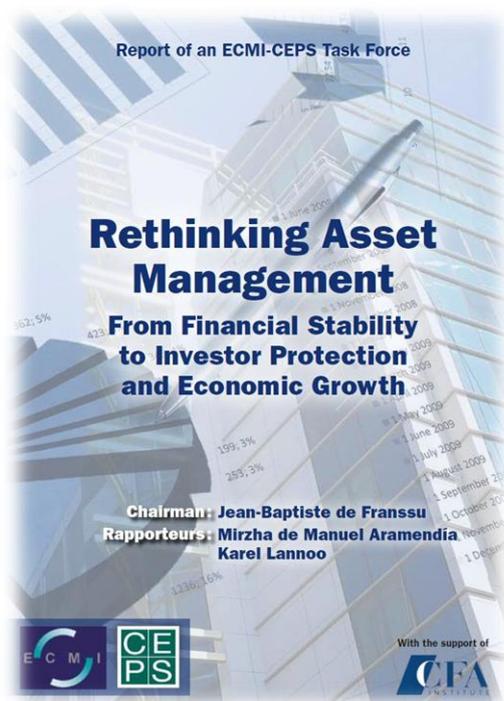
RETHINKING ASSET MANAGEMENT

From Financial Stability to Investor Protection and Economic Growth



NEW PUBLICATION BY ECMI AND CEPS

FROM THE BACK COVER:



The asset management industry has reached an impasse in the wake of the financial crisis and the extensive, ongoing revision of EU regulation. Much rides on its ability to make investment funds deliver better results to its investors. Distribution remains the major stumbling block, but action is also needed to promote the contribution of asset management to the real economy and to preserve financial stability. In response to these challenges, CEPS and ECMI formed a Task Force composed of market participants, international experts, regulators and academics who met regularly throughout 2011 to closely examine the workings of the asset management industry and its contribution to the EU economy.

This report draws the link between asset management and several key issues: financial stability, product integrity, investor protection and the real economy. It evaluates the many legislative proposals that are currently under consideration - including implementation of the alternative investment fund managers Directive (AIFMD), the review of the markets in financial instruments Directive (MiFID II) and packaged retail investment products (PRIIPS) - as well as the discussions on product integrity in UCITS and 'shadow banking'. In an effort to make these complex issues

comprehensible to a broad group of readers, the report combines clear language and straightforward introductions with detailed technical illustrations and analysis.

FREE DOWNLOAD:

The final report is available for free download at the ECMI and CEPS websites. Printed copies are also available for purchase (from 1 May 2012).

- Following the link: www.eurocapitalmarkets.org/rethinkingam
- Or visit: www.ceps.eu

ABOUT:

A Task Force was set up in late 2010 by the Centre for European Policy Studies (CEPS) and the European Capital Markets Institute (ECMI) to investigate four seminal issues, in view of their importance for the European economy, the single market and investors: (a) the future of the asset management industry after the financial crisis and the adoption of the AIFMD; (b) product innovation in UCITS and the way forward to complete the single market and strengthen product integrity; (c) the distribution of investment funds and other products to strengthen the choice and protection of retail investors; (d) the contribution of the asset management industry to the economy and how to unleash its untapped potential.

For this purpose, CEPS and ECMI brought together a wide range of stakeholders, including asset managers, custodian banks, academics, experts and policy-makers, under the chairmanship of Jean-Baptiste de Franssu, Chairman of INCIPIT.

The Final Report has two objectives: to serve as a reference work on asset management regulation and to carefully examine the desirability and feasibility of the multitude of ongoing regulatory reforms. It was acknowledged during the Task Force meetings that the nature and role of asset management products and services is not always clear to investors and other stakeholders. The Report is aimed therefore at raising awareness of the asset management industry, its contribution to the economy, and the detail of its regulation in Europe. It was also felt during the Task Force meetings that recent and forthcoming regulatory reforms will have profound effects on asset managers, investors and the economy at large. The Report considers therefore most of the legislative proposals that were on the table at the time of drafting, including the implementation of the AIFMD, the review of the markets in financial instruments Directive (MiFID), and the packaged retail investment products initiative (PRIIPS). It also examines the potential for further regulatory reform in some areas such as long-term and responsible investing. The drafting attempts to combine clear language and straightforward introductions with detailed and technical analysis and illustrations.

The Report is structured following a horizontal approach by substantive issues (financial stability, product integrity, investor protection and economic contribution), presented in five chapters.

Chapter 1 Setting the scene: Asset management and its regulation in Europe

Provides an introduction to the industry and its regulation. It argues that the AIFMD radically alters the picture and embodies in terms of substance the basic regulatory framework of asset management in Europe. It also anticipates the five regulatory trends that will contribute to shaping the future of the asset management industry in Europe.

Chapter 2 Financial stability: Scoping the issues and navigating the regulatory reform

Reflects on the issues of financial stability that concern the asset management industry and the progress achieved so far by regulation in addressing each of them. It also considers the examples of money market funds and exchange-traded funds.

Chapter 3 Strengthening product integrity: Which way for UCITS?

Considers product innovation in UCITS and the rules governing the use of derivatives and financial indices by presenting their strengths and shortcomings. It also elaborates on non-market risks and the role of fund depositaries.

Chapter 4 Distribution: Single market, investor protection and investor choice.

Examines the current state of distribution in Europe and a wide range of policy instruments to consolidate the single market, improve investor protection and foster investor choice. It refers to disclosure and comparability, product complexity and investment advice, among other aspects.

Chapter 5 Nourishing the real economy: Today and tomorrow

Assesses the contribution of the asset management industry to the financing of the economy, and in particular the need to foster some practices such as long-term investing, responsible investing and venture capital.

MORE INFORMATION:

Contact Mirzha de Manuel (rapporteur) and Karel Lannoo (co-rapporteur) at 00 32 2 229 39 17 or mirzha.demanuel@ceps.eu. Visit also www.eurocapitalmarkets.org or www.ceps.eu.

ISBN 978-94-6138-180-4

