



Charlie McCreevy
Commissioner for Internal Market and Services
European Commission
Office: C107 07/42
B-1049 Brussels
Belgium

15 June 2009

Dear Commissioner

We are writing with reference to the proposed Directive on Alternative Investment Fund Managers. As institutional investors representing the insurance, mutual fund and pension industries our job is to invest funds to the ultimate benefit of individual savers, investors and pensioners. We depend on efficient markets and choice in asset allocation to do this effectively. We are therefore anxious to ensure that the proposed Directive does neither inhibit our efforts to serve our beneficiaries and nor indirectly imposes unnecessary costs upon them.

Much of the discussion of this Directive to date has focused on the views of the providers of hedge funds and private equity, and of regulators and politicians seeking to address the challenges thrown up by the financial crisis. This Directive is intended inter alia to set out a regime which protects investors in these funds, but little attention has been paid to professional investors whose interests it seeks to protect. We therefore felt it would be appropriate to set out some high level points from this perspective.

First, choice matters. If we are to allocate assets effectively we need the widest possible range of choice available to us. We are concerned at the way in which the proposed Directive would effectively limit our access to third country funds. We are also concerned that its very wide scope will encompass and limit a range of funds and investment opportunities which do not pose a systemic risk.

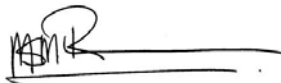
Second, we feel that the compliance burden on those affected may far outweigh any benefits. We note that in places it imposes requirements designed to benefit professional investors which are more onerous than those which already exist in the UCITS regime to protect retail investors. This cannot be right. We note also the conflicts with and overlap between the requirements of the proposed Directive and those which already apply under the Markets in Financial Instruments Directive, the Transparency Directive and the Takeover Bids Directive. This will further add to the large costs of compliance which will ultimately have to be born by savers, investors and pensioners across the European Union.

We fully understand the need for regulators - and, indeed, the market - to have access to information that enables them to anticipate and address systemic risk. We certainly support this objective in the Directive. We also strongly support the concept of passporting because this will tend to add to investors' choice across the entire European Union and be a further step forward in the creation of a unified financial market.

As important users of the financial markets, however, we would wish to avoid a debate which demonises hedge funds and private equity. Both have an important role to play. Hedge funds help provide liquidity and improve price formation. Private equity firms have the capacity to invest in business in ways that should support the economic recovery we are all working for.

We hope that our concerns can be taken into account so that we have a balanced and rational debate resulting in a Directive that truly serves European interests well. We would be very happy to discuss these ideas further with you and your officials and look forward to continued contribution to the elaboration of detailed language.

Yours sincerely



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Chairman Eumedion, the Dutch corporate governance forum for institutional investors



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