



ISDA LIBA



European Commission – DG Markt, G4

by electronic mail: markt-consult-substiprod@ec.europa.eu

Friday, 18th January, 2008

Dear Sir/Madam,

We welcome the Commission's invitation to express our views on the opportunity and need for a harmonised legal framework regarding product transparency and distribution requirements for 'substitute' retail investment products.

Executive Summary

The Joint Associations Committee (JAC)¹ is grateful for the opportunity to respond to the commission's call for evidence on the need for a coherent approach to product transparency and distribution requirements for "substitute" retail investment products. The JAC was formed to address the issues which arise out of the retail distribution of structured returns, and for most members this issue arises predominantly in the field of retail distribution of structured securities. Many members also distribute structured returns through structured funds, and almost all provide structures to insurance companies and other investors which may be repackaged into retail products. The committee therefore does not focus exclusively on one product type. However, it is felt that whereas the commission is likely to be provided with information from other sources on fund and insurance products, it is useful for the JAC to provide information as regards securities. This response therefore focuses on the issues which arise out of the sale of structured securities to retail investors.

Regulatory harmonization – and, in particular, the elimination of unjustified discrepancies – is, in principle, a worthy objective. However, harmonization of itself is

¹ The JAC is sponsored by: European Securitisation Forum (ESF), International Capital Market Association (ICMA), International Swaps and Derivatives Association (ISDA), London Investment Banking Association (LIBA) and Securities Industry and Financial Markets Association (SIFMA). Fuller descriptions of the associations appear within Appendix 3. In the first instance, any queries may be addressed to metcalfe@isda.org