

London 18 September 2014

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Press Release

Change in outlook signalled at European Commission

Mr Tilman Lueder, who is in charge of the asset management division at the European Commission, last night anticipated a “change in outlook” for the new Commission. He addressed a large audience of New City Initiative member firms, telling them: “We are going to be a somewhat more focused and somewhat more technical directorate. We want to create harmonised standards so that there is more opportunity – this is not about regulation for the sake of regulation.”

Mr Lueder added that “what you see from the new Commission is that the era of ‘command and control’” – in terms of regulatory backlash in the wake of the financial crisis of 2008 – “has peaked. Ultimately, what the EC stands for is to integrate markets and create opportunities.”

He also threw his weight behind greater capital markets union. He said: “Let’s be clear – capital markets union is not the ‘little brother’ of banking union, this will not be a Eurozone thing. This is more about creating greater cross-border investment flows” from which Europe’s specialist asset managers could greatly benefit by “conquering new markets” such as China. Chinese investors “want smaller, specialist niche operators, they want a slower and more gradual approach. The EC is interested in learning what kind of strategy might niche fund managers be able to offer.”

Mr Lueder travelled from Brussels to spend a day in dialogue with various NCI member firms before speaking in the evening at the HQ of JLT, the insurance brokers, who hosted the event. “Brussels is mostly focused on the

big houses, and index funds. It has therefore been a refreshing experience for me to learn about smaller firms involved in active management strategies. The entire debate in Brussels about asset management is focused on cost disclosures – but we need to have a wide debate,” he added.

On the issue of ‘passporting’ funds within the EU itself, Mr Lueder said that “we need regulatory cooperation and we are going to try to sort this out in practice. We need a joint rulebook and the EC needs to ensure that there is a common interpretation of the rulebook.”

Dominic Johnson, founder and CEO of Somerset Capital, and also Chairman of NCI, said: “Our 47 member firms in the UK and Continental Europe together account for almost \$450 billion of AUM, and employ almost 3,000 people. What links us is a common policy of independence and employee-ownership. We also believe that a good culture – aligning us closely with the interests of our clients – is worth infinitely more than any measure of regulation. It’s therefore terrifically heartening to hear from Tilman Lueder that his part of the European Commission is focused on fostering true European capital markets integration, assisting our members – and firms like them – to compete better globally. However, we still need to ensure that smaller firms are properly represented in the European body politic, which is why we so welcome the dialogue with Dr Lueder.”

For further information or comment please contact:

Dominic Johnson: 020 7259 1300.

Gary Mead: Executive Director, NCI: 07715 873697.

Tom Allison/Ed Orlebar: Temple Bar Advisory: 020 7002 1080.