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Investment fund rules (UCITS)

Bonuses for fund managers to be capped among wider investor protection in new draft EU rules

The European Parliament's economic and monetary affairs committee today voted on proposals to revise EU legislation on investment funds (the UCITS directive), with a total sector value of almost €6.3 trillion in funds. The vote on the legislation, which is being shepherded through the European Parliament by Green draftsman/rapporteur Sven Giegold, also includes key provisions on remuneration and performance fees. After the vote, **Sven Giegold** stated:

"Today's vote would ensure greater protection for investors and help reduce excessively risky speculation by investment fund managers. The rules as voted today would be an important step towards ending the gambler mentality in the investment fund sector.

"Crucially, MEPs have voted to cap bonuses for fund managers and employees with an influence on investment decisions to the maximum of fixed remuneration. 24 months of pay should be a more than sufficient incentive for fund managers and employees to successfully carry out their duties. This crucial provision will help strengthen investor protection and reduce risky speculation. It will also complement the recently adopted EU rules capping bankers' bonuses, ensuring these rules cannot be circumvented and providing for a level playing field.

"MEPs also voted to include wider provisions significantly limiting performance fees for management companies. These opaque fees for management companies are a rip-off for investors, unfairly reducing their income from funds.

"The vote also broadly endorsed the original proposals from the EU Commission which aim to improve investor protection through strict liability on depositories, combined with tougher sanctions: strengthening and harmonising existing regimes to limit the scope for arbitrage."

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Responsible MEPs



Sven Giegold

Member

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