



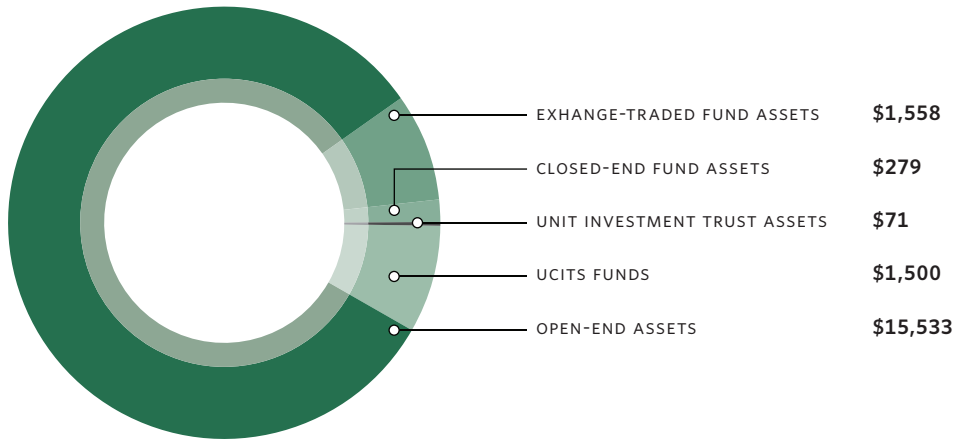
2014 ANNUAL REPORT TO MEMBERS



ICI and ICI Global Members Manage...

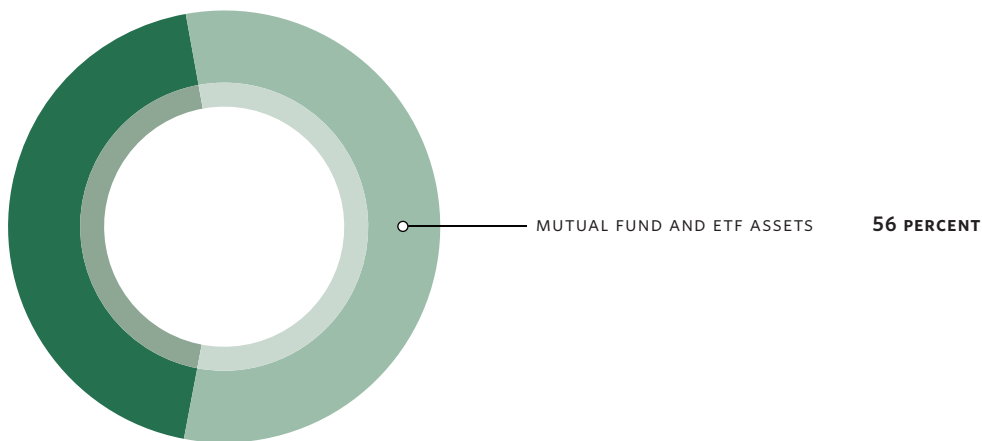
More than US\$18.9 trillion in assets*

Regulated fund assets, billions of dollars



And account for 56 percent of assets in mutual funds and ETFs worldwide

Percentage of assets



* Data for US mutual funds and US exchange-traded funds are as of 31 October 2014. Data for closed-end assets and UCITS are as of 30 September 2014. Data for US unit investment trusts are as of 31 December 2013.

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LETTER FROM THE Steering Committee Chairman



Robert Higginbotham

CHAIRMAN, ICI GLOBAL STEERING COMMITTEE
GROUP HEAD OF GLOBAL INVESTMENT SERVICES AT T. ROWE PRICE

As head of global investment services at T. Rowe Price, Robert Higginbotham is responsible for institutional distribution globally, and distribution via financial intermediaries in Latin America, Europe, the Middle East, and Africa (EMEA), and the Asia-Pacific region. Higginbotham also serves as a vice president of T. Rowe Price Group. Before joining the firm, he was CEO for EMEA and Latin America at Fidelity Worldwide Investment.

We're entering, as some have suggested, a new age: the age of asset management. Funds are playing a greater role in developing and financing capital markets around the globe, and they are increasingly serving as long-term savings vehicles for citizens worldwide.

As our industry continues to evolve and mature, so too does ICI Global. During its third year of operations, ICI Global hit its stride as it advocated for sound policies on a wide-range of issues and marshalled its considerable convening power to more effectively serve funds and their investors around the world.

Nowhere was this more evident than in the organisation's response to one of the greatest challenges facing our industry: the potential designation of funds as globally systemic important financial institutions (G-SIFIs).

ICI Global worked hard—by leveraging ICI's strengths in law, research, industry operations, and communications—to explain why funds should not be designated as G-SIFIs. Through comment letters, meetings with policymakers worldwide, and high-profile speeches, ICI Global demonstrated how G-SIFI designation could impose a heavy, unnecessary regulatory burden on funds of all sizes and result in significant costs to investors. ICI Global also explained that there is a better approach: to regulate activities or practices that authorities perceive as risks to financial stability—and to regulate them across markets and participants.

Good policymaking, of course, requires more than vigorous engagement and hard work; it requires open dialogue among regulators, academics, industry experts, and fund representatives. Consequently, last year ICI Global used its convening powers to bring together key stakeholders to address an issue important to funds and citizens everywhere: the challenges involved in saving for retirement.

As economic conditions and demographic changes put pressure on traditional systems, countries are seeking to improve how they can provide their populations with retirement resources. Our industry has a shared interest in the larger role that we might play in helping individuals build long-term savings. During its second Global Retirement Savings Conference in Geneva, ICI Global fostered an exchange of information between member firms, pension experts, and policymakers around the world to help these stakeholders better understand how different pension systems are evolving and the growing role that funds can play in those systems.

Several themes emerged from the conference, but one thing is clear: the recognition of the usefulness of funds as retirement savings vehicles is growing, with no sign of stopping.

The asset management industry is coming of age and with it ICI Global. I hope you enjoy reading about the organisation's accomplishments during 2014. We look forward to continuing to serve our members and the global fund community in the years to come.

LETTER FROM THE Managing Director



Dan Waters

MANAGING DIRECTOR
ICI GLOBAL

During his career, Dan Waters served as asset management sector leader at the UK Financial Services Authority from 2004 to 2010. He also represented the United Kingdom in the International Organization of Securities Commissions (IOSCO) Standing Committee on Investment Management. Waters began work in the United Kingdom in 1993 as director of enforcement at the Investment Management Regulatory Organisation.

Policymakers worldwide are increasingly recognising that a strong asset management sector is critical to national, regional, and global economic success. With this recognition comes heightened regulatory scrutiny of funds, their activities, and the policies that govern them.

Helping regulators and member firms find common ground on issues important to funds is at the heart of ICI Global's work. One key to gaining significant traction on regulatory issues last year involved better aligning our policy work with ICI's international operations in Washington, DC. Improving this alignment helped strengthen ICI Global, enabling us to better respond to the needs of funds worldwide and more effectively advocate on their behalf.

One of the most important debates we engaged in centered on the role of funds in financial stability. Throughout the year, ICI Global met with policymakers to help them better understand the nature of funds and why some proposed regulations—such as the potential designation of funds as global systemically important funds, or the European Union's proposed 3 percent capital buffer on certain money market funds—would inadvertently harm funds and their investors. Of course, we will continue these efforts—the debate surrounding asset management and financial stability is complex, and undoubtedly will take years of advocacy and effort to resolve.

Another issue that has involved several years of work—and likely will continue to do so—is the reform of the Markets in Financial Instruments Directive (MiFID II) and Regulation (MiFIR). Last year the

European Securities and Markets Authority (ESMA) issued a consultation on MiFID II and MiFIR; the outcome will greatly affect funds' use of dealing commissions, derivatives, and their trading practices. Working with member firms, ICI Global submitted a comprehensive comment letter, and brought together policymakers, funds, and other market participants at our third Trading and Market Structure conference to discuss key issues within the consultation.

Convening key stakeholders involved in initiatives affecting funds is crucial to fostering deeper learning about regulatory developments—which is a key part of ICI Global's mission. For example, through webinars, CEO luncheons, and member dinners, ICI Global helped member firms better understand some important advancements in the Asia-Pacific region, including Hong Kong-Shanghai Stock Connect and the expansion of the renminbi qualified foreign institutional investor scheme.

We also submitted comments on and met with regional policymakers about the development and direction of three cross-border fund passports in the region that could deepen its capital markets, support industry growth, and benefit investors.

As you read this report, you'll find more information about these and the other issues on which our staff remained deeply engaged. I look forward to your engagement with us in the coming year, as we continue our work advocating for our members and elevating the influence of investment funds around the world.

Engaging in the Asia-Pacific Region

Supporting Industry Growth and Investor Opportunities

By Qiumei Yang

Asia-Pacific (APAC) fund assets have increased 450 percent to \$3.3 trillion over the past two decades, and ICI Global research demonstrates tremendous potential for further growth and development in the asset management sector. Our first ICI Global research paper, 'Globalisation and the Global Growth of Long-Term Mutual Funds,' published in March 2014, further explains some of the potential factors that could lead to this growth, including a rising middle class and greater access to cross-border funds domiciled within the region (see page 14).

Opportunities for such development are beginning to come to fruition, and ICI Global is poised to help member firms take advantage of these opportunities as new enterprises throughout the region help open up capital markets for the benefit of funds and their investors.

ICI Global engaged on several of these initiatives, including the development of cross-border fund agreements, the launch of Shanghai-Hong Kong Stock Connect, and the further internationalisation of China's currency, the renminbi.



Qiumei Yang

CEO, HEAD OF ASIA-PACIFIC
ICI GLOBAL

During her career, Qiumei Yang has worked for the Hong Kong Stock Exchange as head of mainland development, the China Securities Regulatory Commission as deputy director general for the department of investment fund supervision and the department of international affairs, as well as a consultant for the Organisation for Economic Co-operation and Development.

Helping Develop Cross-Border Fund Agreements

The development of cross-border fund agreements—or passporting initiatives—between APAC countries could deepen the region's capital markets, support industry growth, and benefit investors. To achieve this, the framework for each passport must be strong and flexible while encouraging competition, lowering costs, and fostering innovative ways for funds to offer better products to their investors.

Three passport agreements are emerging, in different stages of development:

- » the Association of Southeast Asian Nations (ASEAN) Collective Investment Scheme (CIS) Framework;
- » the Asia Region Funds Passport (ARFP); and
- » a mutual recognition agreement between Hong Kong and mainland China.

ASEAN CIS Framework. This initiative, launched in August 2014, includes three members of the ASEAN Capital Markets Forum: Malaysia, Singapore, and Thailand. ICI Global worked with policymakers and commented on the initiative's ongoing development, saying that the passport has strong potential to provide a wider choice of products for investors and new distribution opportunities for the industry. In urging regulators to coordinate implementation of the framework, we called for an examination of the incentives and barriers to cross-border distribution.

Cross-Border Fund Initiatives in the Asia-Pacific Region



ARFP. This agreement includes six members of Asia-Pacific Economic Cooperation (APEC): Australia, New Zealand, Singapore, South Korea, Thailand, and the Philippines. In April 2014, those countries issued a consultation paper on the passport's framework. We responded through a comment letter and in meetings with regional policymakers, explaining that the initiative would be more economically and operationally feasible if the six countries addressed issues in three broad areas: tax, operations, and implementation. ICI Global also suggested that the countries form a group of representatives to monitor passport developments and resolve implementation differences.

Mutual recognition. This highly anticipated platform would be a key gateway through which investors could access China's capital markets. ICI Global has been actively engaging on this initiative by working with members of its mutual recognition task force to draft recommendations on the design and implementation of the platform's framework. While there isn't a specific launch date yet, we expect mutual recognition to go live and will continue to keep members updated about its development.

Navigating Shanghai-Hong Kong Stock Connect

November 2014 saw the implementation of an important programme that is creating new opportunities for funds and their shareholders inside and outside of mainland China: Shanghai-Hong Kong Stock Connect. For the first time, investors in both regions have been trading and settling shares listed on each other's market via each region's local exchange and clearinghouse.

Leading up to Stock Connect's launch, ICI Global closely monitored its progress and updated members through meetings and a webinar, offering in-depth analysis of the programme's details. We also engaged with regulators about several member concerns, including custodian issues and the potential tax treatment of shares traded via Stock Connect trades.

For example, funds needed guidance on whether China would collect a 10 percent tax on capital gains realised by foreign equity investors. This tax was never collected on investments made through the renminbi qualified foreign institutional investor

(RQFII) programme or the qualified foreign institutional investor (QFII) scheme, and it was unknown whether this tax would be collected on Stock Connect trades.

ICI Global was pleased when regulators took into account investors' concerns and issued a temporary tax exemption for capital gains on mainland shares bought and sold by personal and corporate Hong Kong investors through Stock Connect as well as through QFII and RQFII schemes.

Many funds and investors have taken advantage of Stock Connect, particularly within Hong Kong. In a presentation at a member luncheon, Charles Li, CEO of Hong Kong Exchanges and Clearing Limited (HKEx), outlined the next stages of development for Stock Connect. He also discussed the growing role that Hong Kong and HKEx will play as China continues to open up its capital markets and internationalise the renminbi.

Increasing Renminbi Investment Opportunities

China's expansion of its RQFII scheme is offering funds greater access to the mainland's capital markets and giving investors exposure to more diverse products. Obtaining RQFII licences and managing quotas

can be difficult though. Thus, ICI Global hosted a seminar that included presentations by two Chinese members who have extensive experience with RQFII issues.

In addition, we worked with members of our RQFII task force to develop recommendations on how to improve quota allocation. Through comments and meetings, ICI Global suggested that the State Administration of the Foreign Exchange (SAFE) give RQFII quotas to fund managers rather than to funds, which would enable asset managers to allocate quotas across their different products. We were pleased when SAFE released guidelines incorporating ICI Global's recommendation, and we hosted a presentation and a seminar to help members understand the new rules. We also worked with members and policymakers throughout the year to help make it easier for funds to invest directly in renminbi-denominated securities on the mainland.

The asset management sector in the Asia-Pacific region has the potential for tremendous growth, and we will continue to work with members and policymakers to support the implementation of sound initiatives and regulations that both help and protect investors.



KEY MESSAGES

- » ICI Global engaged on three important initiatives that will offer new opportunities to funds inside and outside of the Asia-Pacific region: fund passporting schemes, Shanghai-Hong Kong Stock Connect, and the further internationalisation of the renminbi.
- » Through letters, meetings with members, and engagement with policymakers, ICI Global expressed members' thoughts about the three fund passporting initiatives in the region.
- » ICI Global conducted meetings, presentations, and webinars to help funds understand the opportunities that Stock Connect presents for them and their investors.
- » ICI Global worked with members and policymakers to make it easier for funds to manage their RQFII quotas and was pleased when Chinese regulators adopted some of those suggestions.

ICI GLOBAL IN THE NEWS

During 2014, ICI Global raised awareness about funds and the benefits they provide, as well as about ICI Global's efforts on behalf of the fund industry. The following news outlets covered or met with ICI Global to discuss issues affecting funds and their investors.

- » *21st Century Business Herald*
- » *Asia Asset Management*
- » *AsianInvestor*
- » *The Asset*
- » *Benchmark*
- » *Benefits & Compensation International*
- » *Best Execution*
- » *Bloomberg*
- » *China Business News*
- » *China Business Today*
- » *China Daily*
- » *Chosun Daily*
- » *Citywire*
- » *CNBC Europe*
- » *Daily Telegraph*
- » *Dow Jones*
- » *The Economist*
- » *Euromoney*
- » *Europolitics*
- » *Financial News*
- » *Financial Times*
- » *Financial Times (FTfm)*
- » *Funds Europe*
- » *Funds Global Asia*
- » *FX Week*
- » *Global Capital*
- » *Global Risk Regulator*
- » *Hong Kong Commercial Daily*
- » *Hong Kong Economic Journal*
- » *Hong Kong Economic Times*
- » *Ignites*
- » *Ignites Asia*
- » *Ignites Europe*
- » *International Adviser*
- » *International Investor*
- » *InvestmentNews*
- » *Investment Europe*
- » *IPC: Investment & Pensions China*
- » *IPE: Investment & Pensions Europe*
- » *Korea Economic Daily*
- » *London Evening Standard*
- » *Ming Pao Daily News*
- » *MLex*
- » *Nikkei Asian Review*
- » *Oriental Daily News*
- » *Pensions & Investments*
- » *Pensions Expert*
- » *Professional Pensions*
- » *Regulation Asia*
- » *Reuters*
- » *Risk*
- » *South China Morning Post*
- » *Thomson Reuters Accelus™ Compliance Complete*
- » *The Trade*
- » *Times of London*
- » *Wall Street Journal*
- » *Wall Street Journal Europe*

Global policymakers continue to devote significant attention to whether the asset management sector poses risks to financial stability. Two areas of intense focus last year were the potential designation of funds as global systemically important financial institutions (G-SIFIs) and money market fund reforms in the United States and Europe. ICI Global vigorously engaged with policymakers worldwide to help them better understand the nature of regulated funds and why they do not threaten financial stability.

Making the Case Against G-SIFI Designation

In January 2014, the Financial Stability Board (FSB) released a consultation, proposing methodologies for identifying nonbank, non-insurer G-SIFIs. The methodology for assessing investment funds established a “materiality threshold” based on size alone. The proposed approach would have singled out 14 regulated funds—all US-registered investment companies—for further analysis.

ICI, on behalf of its entire membership, submitted a lengthy response, commenting in detail on the FSB’s methodology and explaining why regulated funds do not warrant G-SIFI designation.

The FSB’s materiality threshold is fundamentally flawed, stated the letter. Size alone reveals very little about whether a fund could pose risk to the financial system. Instead, any initial threshold used for evaluating investment funds should also include balance sheet leverage, because leverage—not size—is the essential fuel of financial crises.

ICI also outlined four main reasons why regulated funds—even the largest funds—should not be designated as G-SIFIs:

- » Funds make little use of leverage.
- » They are highly substitutable.
- » They do not fail in a disorderly manner.
- » Their structure and regulation limits risks.

In addition, the letter explained the harmful consequences of designation, and recommended that regulators instead address any perceived risks to financial stability by regulating activities and practices across markets and participants.



WATCH MANAGING DIRECTOR DAN WATERS DISCUSS WHY FUNDS SHOULD NOT BE DESIGNATED AS G-SIFIS.

www.iciglobal.org/waters

Beyond the comment letter, ICI Global and ICI communicated their views about the issue through a variety of other channels. Throughout the year, leadership and staff regularly met with policymakers from the FSB, the International Organization of Securities Commissions, and other global bodies, as well as national regulators in Asia, Europe, South America, and the United States. ICI and ICI Global leadership also gave high-profile speeches about the topic in England, Malta, and the United States.

The FSB is expected to issue a consultation in 2015 focused more on asset management activities. ICI and ICI Global plan to comment and will continue to engage vigorously on this issue.

Moving Forward on US Money Market Fund Reforms

After six years of deliberations and extensive analysis, the US Securities and Exchange Commission (SEC) released its final money market fund rule in July 2014. According to the rule, by October 2016, institutional prime and institutional municipal money market funds must maintain a floating net asset value (NAV), so that sales and redemptions are based on the current market value of the underlying securities. These funds no longer will be allowed to use amortised cost (for securities with maturities greater than 60 days) to maintain a stable NAV of \$1.00 per share. However, government money market funds and retail money market funds—which account for nearly 80 percent of US money market fund assets—may continue to maintain a stable NAV using amortised cost valuation and/or penny rounding.

The rule also provides money market fund boards with new tools to stem heavy redemptions by giving them discretion to impose a liquidity fee or gate if a fund's weekly liquid assets fall below a specific threshold. In addition, the rule requires all nongovernment money market funds—including floating NAV money market funds—to impose a liquidity fee if the fund's weekly liquid assets fall below a designated level, unless the fund's board determines that imposing such a fee is not in the best interests of the fund.

Many European policymakers are interested in understanding the changes and effects of the new US rule. To that end, ICI Global met with numerous EU policymakers, including members and staff of the Parliament and the European Council, to explain the SEC's analysis, the resulting rule, and what it means for funds and their investors.

Defending Money Market Funds in Europe

While money market fund reforms have moved forward in the United States, the European Union's proposed money market fund rule is still pending. Much of the debate surrounding the rule has focused on the feasibility of imposing a 3 percent capital buffer on constant NAV (CNAV) funds, with some policymakers suggesting alternatives to capital requirements.

In meetings with EU policymakers, ICI Global explained why the proposed capital buffer is impractical and not economically viable for member funds. It also stressed that any additional regulation should be designed both to strengthen money market funds in the European Union and ensure a continued robust and competitive money market fund industry.



KEY MESSAGES

- » The FSB released a consultation, proposing a methodology for identifying nonbank, non-insurer G-SIFIs. Through a comprehensive comment letter, regular meetings with policymakers around the world, and high-profile speeches, ICI and ICI Global explained why regulated funds should not be designated as G-SIFIs.
- » The US SEC released its final money market fund rule. ICI Global met with EU policymakers to explain the SEC's analysis, its rule, and what it means for funds and their investors.
- » The European Union's proposed money market fund rule is pending, with much of the debate focused on the feasibility of a 3 percent capital buffer on CNAV funds. In meetings with EU policymakers, ICI Global explained why the capital requirement is impractical for member funds.

Raising the Industry's Profile on the Global Retirement Savings Stage

As economic conditions and demographic changes put pressure on traditional pension systems, private funded pensions—particularly defined contribution (DC) plans—will have to play a bigger role in many countries to help their populations build retirement resources. To navigate this environment, ICI Global and member firms worked together to develop a strategy for engaging with policymakers and pension experts about the powerful role the fund industry can play in helping countries meet retirement saving challenges.



Tim Jones, CEO of the UK National Employment Savings Trust (NEST), discusses investor engagement at the 2014 Global Retirement Savings Conference.

Identifying and Shaping Policy Priorities

Members were key to shaping ICI Global's pension priorities last year. During calls and meetings of its Global Retirement Savings Committee, ICI Global and member firms identified key issues of interest in retirement systems around the world, including system design, financial education, default investments, and lifetime income products. ICI Global also analysed pension developments in Europe, the United Kingdom, and the Asia-Pacific region, and engaged with policymakers as appropriate.

For example, ICI Global commented on a consultation published by Hong Kong's pension regulator, the Mandatory Provident Fund Schemes Authority (MPFA). The consultation proposed the introduction of a "core fund" that would serve as a default fund for participants who do not make investment choices.

In a letter and meetings with regulatory staff, ICI Global supported the MPFA's recommendation that the fund should be a lifecycle-type product. Yet ICI Global cautioned against adopting product design rules that are too detailed, because such an approach could stifle innovation and result in a product that is unattractive to MPF investors.

Addressing Global Retirement Savings Challenges

On 17-18 June 2014, ICI Global hosted its second Global Retirement Savings Conference in Geneva, Switzerland, which featured speakers, panellists, and participants from around the world.

Keynote speakers included Solange Berstein, former head of Chile's Pension Supervisory Authority; Pablo Antolín-Nicolás, principal economist and head of the private pension unit for the Financial Affairs Division at the Organisation for Economic Co-operation and Development (OECD); and Tim Jones, CEO of the United Kingdom's National Employment Savings Trust (NEST).

Delegates from 17 countries on five continents attended the event. They participated in discussions about many issues, including the role of the government in building retirement resources, the use of default investments, how to build investor engagement, and how to deliver sustainable outcomes. These conversations resulted in three overarching conclusions:

- » Pension systems must be considered holistically. Most systems are composed of several components designed to deal with different sectors of the population and different social needs. Any assessment of a system's adequacy in providing retirement security must take all of those elements into account.
- » The role of DC-type components in retirement systems continues to grow around the world.
- » Although policymakers must address a common set of features when constructing DC systems, including the design of default investments, payout solutions, contribution rates, participation levels, and costs, these features must be addressed in a way that is country-specific to reflect different economies, cultures, histories, and needs.

The themes and the ideas from the conference are documented in a post-conference report, *Insights from the 2014 Global Retirement Savings Conference*, which is available at www.iciglobal.org/grsc.

Engaging with Policymakers and Thought Leaders Across the Globe

Working with global regulators, international organisations, trade associations, and academics remains crucial to promoting the role that regulated funds can play in helping countries address their long-term savings needs. To that end, ICI Global engaged with key stakeholders, including the World Bank and the OECD's Working Party on Private Pensions (WPPP), an influential group composed of pension regulators from OECD member countries. ICI Global also gave a presentation at the December 2014 meeting of the WPPP, during which Senior Economist Peter Brady addressed tax and other financial incentives in retirement savings.

In addition, ICI Global engaged with pension officials from several countries, including China and Vietnam, and gave presentations in both jurisdictions about how the US 401(k) system works—a topic that several countries have become interested in as they explore reforms to their own systems.



KEY MESSAGES

- » ICI Global worked with members of its newly established Global Retirement Savings Committee to identify key issues of interest in retirement systems worldwide, including system design, financial education, default investments, and lifetime income products.
- » Hong Kong's pension authority, the MPFA, proposed the introduction of a "core fund" that would serve as a default fund. In a comment letter, ICI Global supported the MPFA's recommendation that the fund should be a lifecycle-type product, but cautioned against adopting product design rules that are too detailed.
- » The second Global Retirement Savings Conference examined the evolution of pension systems globally. Three themes emerged from the event: pension systems must be considered holistically; the role of DC-type components continues to grow; and DC systems must be designed in a way that is country-specific to reflect different economies, cultures, and needs.
- » Working with international and national policymakers remains crucial to helping countries address their long-term savings needs. To that end, ICI Global engaged with influential stakeholders and pension officials globally.

Examining the Growth and Globalisation of the Mutual Fund Industry

Over the past 20 years, mutual fund assets worldwide have increased more than sevenfold, rising from \$4 trillion in 1993 to almost \$29 trillion in September 2013. In its first research report, ICI Global analysed the development of mutual funds in various regions around the world, examining the reasons for the rapid growth of funds in different economic and regulatory environments.

Factors Affecting Growth and Globalisation

The March 2014 publication, 'Globalisation and the Global Growth of Long-Term Mutual Funds,' found strong growth in mutual fund assets in four broad regions (the United States, Europe, Asia-Pacific, and the rest of the world)—yet experiences ranged widely among individual countries. A number of elements account for this development and the different growth experiences, including the following four factors.

Improving levels of economic development. Mutual fund investment rises with a country's economy as it develops. A cross-country statistical analysis shows that the ratio of long-term mutual fund assets to gross domestic product tends to grow as a country's per capita income increases.

Deep and liquid capital markets. Capital markets are a key foundation for the development of a mutual fund industry. Capital markets with adequate access to a supply of stocks and bonds that trade with some regularity enable funds to buy and sell securities at a reasonable cost (in terms of bid-ask spreads) and make it easier to determine a fund's net asset value.

The existence of a defined contribution (DC) system that enables investors to invest in regulated funds. Countries with DC systems that allow participants to choose investments are more likely to have a robust mutual fund industry.

Strong and appropriate regulation. Capital markets and regulated funds thrive in an environment with strong and appropriate regulation. Securities regulation helps prevent fraud, promote transparency, and foster market liquidity, while mutual fund regulation helps protect investors, provide adequate disclosure, and limit potential conflicts of interest.

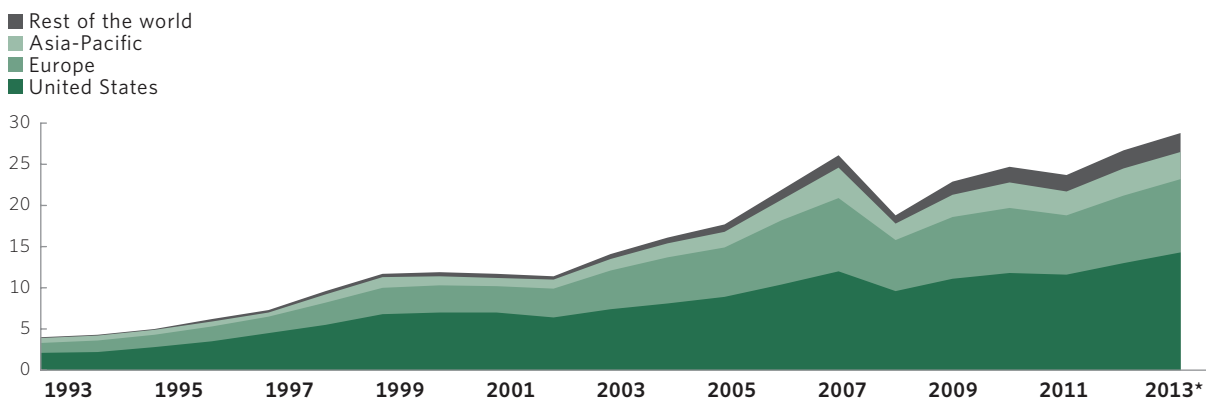


WATCH SENIOR ECONOMIST CHRIS PLANTIER DISCUSS THE GLOBAL REGULATED FUND INDUSTRY AND SOME OF THE KEY FINDINGS FROM 'GLOBALISATION AND THE GLOBAL GROWTH OF LONG-TERM MUTUAL FUNDS.'

www.iciglobal.org/plantier

Worldwide Total Net Assets of Mutual Funds

Trillions of US dollars; year-end, 1993–2013*



* Data are as of September 2013.

Note: Data include equity, bond, mixed/other, and money market funds. Funds of funds are not included except for France, Italy, and Luxembourg. Data include home-domiciled funds, except for Hong Kong SAR, the Republic of Korea, and New Zealand, which include home- and foreign-domiciled funds.

Source: International Investment Funds Association

In addition to discussing these factors and others that affect the development and growth of regulated funds worldwide, the paper also examines the potential demand for funds, gauging the implications of further development.

For example, the economic and financial maturation of many developing economies, combined with a corresponding increase in per capita incomes, has given rise to a global middle class that is expected to increase from 1.8 billion people in 2009 to 4.9 billion by 2030, with most of this growth occurring in Asia—which should lead to a significant increase in mutual fund assets.

Furthermore, over the next 50 years, aging populations in the Asia-Pacific region will create pressure on public pension systems, which will likely increase the importance of DC plans and the use of mutual funds as a means to attain long-term savings goals.

Finally, a third potential factor is greater access to cross-border funds domiciled within the region. This could further broaden the range of funds available to investors there, while bolstering the already strong global demand for mutual funds elsewhere.

To learn more and to read the entire paper, visit www.iciglobal.org/globalisation.



KEY MESSAGES

- » ICI Global released its first research publication, 'Globalisation and the Global Growth of Long-Term Mutual Funds.' The report analyses the development of regulated funds in various regions around the world, explains the reasons for the rapid growth of funds in different economic and regulatory environments, and looks ahead at the potential demand for regulated funds.
- » Mutual fund assets worldwide have increased more than sevenfold since 1993—from \$4 trillion in 1993 to almost \$29 trillion in September 2013. Numerous elements account for this growth, including improving levels of economic development, deep and liquid capital markets, the existence of a DC system that enables investors to invest in mutual funds, and strong and appropriate regulation.
- » The Asia-Pacific region holds great opportunities for funds, with three potential factors contributing to the industry's growth within the region: a rising middle class, increasing importance of DC plans, and greater access to cross-border funds domiciled within the region.

Advocating for Appropriate Transnational Regulations

As the fund industry has become global in nature, so too has regulation. Policies with cross-border effects have become a fact of life, growing in number and significance. Policymakers worldwide proposed or continued to work on many transnational regulations throughout 2014—and ICI Global was there to engage with government officials and regulators, working to ensure that such regulations do not inadvertently harm funds and their investors.

The Implementation of FATCA

Since FATCA's enactment in 2010, ICI and ICI Global have engaged with US officials to minimise the law's burdens on funds and their investors. These efforts contributed to:

- » the regulatory phase-in of FATCA's requirements;
- » relief from penalties based on good-faith compliance efforts;
- » the creation of intergovernmental agreements (IGAs), which greatly simplify FATCA compliance for local institutions; and
- » extensions for signing an IGA.

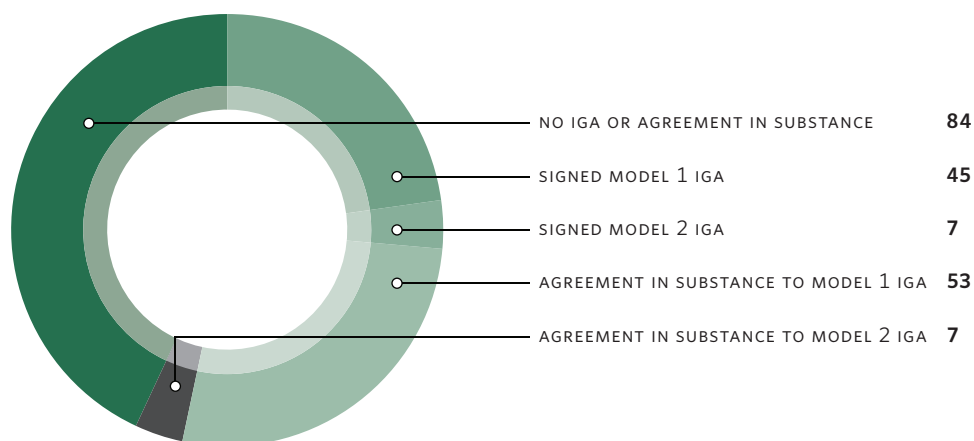
Governments can enter into one of two types of IGAs with the United States. Under model 1, a financial institution reports information about US accounts to its country's tax authority, which then provides the information to the United States. Under model 2, a financial institution reports information about US accounts directly to the United States. More than 100 countries have either signed or agreed in substance to IGAs.

FATCA GOES GLOBAL

At the request of the Group of 20—an international forum for the governments and central bank governors from 20 major economies—the Organisation for Economic Co-operation and Development (OECD) developed a common reporting standard (CRS) for collecting and sharing investor tax information between governments. Almost 60 countries have agreed to share information under the CRS beginning in 2017, while another 35 countries have announced plans to implement the CRS in 2018.

Through the efforts of Senior Counsel for Tax Law Keith Lawson, who chairs the Business Advisory Group to the OECD on these issues, ICI Global has led the global financial services industry's efforts to minimise the CRS's burdens. These efforts include minimising the differences between FATCA and the CRS, and maximising the consistency in how countries implement the CRS.

Number of Countries with a Signed IGA or Agreement in Substance for FATCA



Source: US Treasury, as of 31 December 2014

A Tailored Approach to Base Erosion and Profit Shifting Regulation

The OECD's Base Erosion and Profit Shifting (BEPS) action plan presents many challenges for funds and their advisers. Although the plan's 15 "action items" are directed primarily at multinational entities, many of the proposed actions could affect the industry negatively.

The Action 6 "tax treaty abuse" concerns present unique issues for funds already facing obstacles to claiming treaty-provided reduced withholding tax rates on dividends paid by foreign companies. The OECD's first discussion draft on this action item failed to reflect earlier work done by the OECD and the fund

industry to develop administrable rules to provide all funds with avenues for claiming withholding tax reductions.

Through a comment letter, extensive correspondence, and meetings with the OECD, ICI Global expressed its concerns about this omission and was pleased when the Action 6 interim report published in September 2014 included alternative approaches for different types of funds and administrable procedures for all funds for claiming treaty relief. ICI Global already has begun developing industry responses to questions for which decisions were not reached in the interim report. A final report is expected in 2015.



KEY MESSAGES

- » ICI Global engaged with US officials to minimise FATCA's burdens on funds and their investors worldwide. These efforts contributed to the regulatory phase-in of FATCA's requirements, relief from penalties based on good-faith compliance efforts, the creation of IGAs, and extensions of the deadline for signing an IGA.
- » The OECD has developed a common reporting standard (CRS) to promote consistent rules for collecting and sharing tax information among governments around the world. Through its work with the OECD, ICI Global led the global financial services industry's efforts to minimise the differences between FATCA and the CRS, and maximise consistency in how countries implement the CRS.
- » The OECD released a draft discussion paper on Action 6 of its BEPS initiative. ICI Global provided extensive comments, participated in public forums, and provided substantial additional follow-up. The OECD's report, released in September 2014, was modified substantially to address member concerns.

Markets for securities and derivatives are rapidly evolving—as are policymakers' efforts to regulate them. Regulated funds play an important role in these markets, and throughout 2014, ICI Global engaged on a host of issues to ensure that global financial markets remain highly competitive and efficient for the benefit of investors. Chief among those matters was the reform of the Markets in Financial Instruments Directive (MiFID II) and Regulation (MiFIR) .



Kay Swinburne, member of the European Parliament, discusses MiFID II during the 2014 Trading and Market Structure Conference.

Addressing Members' Concerns About MiFID II and MiFIR

The European Union's simultaneous adoption in 2014 of the reform MiFID II and MiFIR is one of the most significant regulatory developments in Europe since the financial crisis. The European Commission, in April 2014, tasked the European Securities and Markets Authority (ESMA) with developing advice to help member states and the EU implement MiFID II and MiFIR.

In May 2014, ESMA released a consultation on its draft advice. ICI Global engaged with policymakers and filed a comprehensive letter that addressed key issues of importance to funds.

Dealing Commissions. ICI Global argued that ESMA's proposal to severely restrict the use of dealing commissions to acquire research would have significant negative and unintended consequences that would disproportionately harm small- and medium-sized issuers, niche research providers, and certain investment firms. ICI Global also explained how the bundled brokerage model, if combined with appropriate oversight, could continue to provide an effective and efficient way of providing access to execution and research services.

Trading and Market Structure. ICI Global supported ESMA's call for a thorough examination of market structure regulations. Yet it urged ESMA to use caution when crafting its implementation rules, to ensure that funds do not suffer unintended consequences when they participate in the markets.

ICI Global also supported ESMA's proposed ideas to boost pre- and post-trade transparency in the equities markets. To help prevent investors from encountering difficulties when executing orders, ICI Global argued for keeping in place exceptions to transparency requirements for certain orders.

CONVENING THOUGHT LEADERS TO ADDRESS ISSUES AFFECTING THE BUYSIDE

On 9 December 2014, ICI Global held its third Trading and Market Structure Conference, bringing together regulators, legislators, and fund industry representatives to discuss topics affecting the buy-side. Nearly 150 senior leaders from all sectors of the financial industry convened in London to hear from keynote and guest speakers, including:

- » David Wright, secretary general of IOSCO, who spoke about the increasing role that asset management is playing in capital market growth;
- » Kay Swinburne, member of the European Parliament, who discussed changes under MiFID II, including those relating to dealing commissions and derivatives;

- » Verena Ross, executive director of ESMA, who talked about transparency and best execution under MiFID II; and
- » David Lawton, director of markets for the UK Financial Conduct Authority (FCA), who spoke about market microstructure issues and the challenge of keeping pace with technology.

Organised by Ari Burstein, senior counsel for capital markets, the conference also examined order routing and cross-border derivatives regulation, and discussed how the media can help the public better understand trading issues.

Derivatives. ICI Global called for ESMA to tailor the requirements for illiquid contracts to avoid information leakage that could harm funds and their investors.

Coordination of Derivatives Regulation

EU and US regulators are implementing reforms to the derivatives market. Given that most derivatives transactions are conducted on a cross-border basis, it is imperative that regulators meaningfully coordinate with one another about how rules will be applied to market participants that engage in cross-border transactions.

Accordingly, ICI Global urged European and US regulators to coordinate their efforts on the implementation of derivatives rules, including margin requirements for non-centrally cleared over-the-counter derivatives.

Specifically, ICI Global submitted comments to European and US regulators recommending that they conform their proposed rules on margin requirements for uncleared derivatives to the international standards adopted by the Basel Committee on Banking Supervision and the International Organization of Securities Commissions (IOSCO). ICI Global also recommended that European and US regulators develop a global approach to achieving a workable application of the margin rules for cross-border derivatives transactions.

In addition, the organisation worked with regulators worldwide to address global concerns about the cross-border effects of derivatives rules, particularly to avoid imposing potentially overlapping and conflicting requirements on regulated funds.



KEY MESSAGES

- » ESMA released a consultation on MiFID II and MiFIR. ICI Global commented on many issues, including dealing commissions, pre-trade transparency, changes to fixed-income markets, and the trading of standardised derivatives on regulated venues.
- » EU and US regulators are implementing reforms aimed at providing greater oversight of the derivatives markets. ICI Global expressed support for this goal, but urged European and US regulators to coordinate their efforts on the implementation of derivatives rules.
- » During ICI Global's third Trading and Market Structure conference, delegates examined issues affecting the buy-side and heard from David Wright, secretary general of IOSCO; Kay Swinburne, member of the European Parliament; Verena Ross, executive director of ESMA; and David Lawton, director of markets for the FCA.

APPENDIX A Organisation

The international arm of the Investment Company Institute, ICI Global serves a fund membership that includes regulated funds publicly offered to investors in jurisdictions worldwide, with combined assets of US\$18.9 trillion. ICI Global seeks to advance the common interests and promote public understanding of global investment funds, their managers, and investors. ICI Global has offices in London, Hong Kong, and Washington, DC.

The Investment Company Institute Board of Governors established ICI Global and created the ICI Global Steering Committee in October 2011. The Steering Committee is composed of senior executives from leading global asset managers (see Appendix B on page 21) and develops ICI Global's policy agenda and positions. In addition, a number of committees, task forces, and chapters composed of professionals from ICI Global member firms (see Appendix D on page 22) inform ICI Global's policy and membership work. ICI Global's managing director oversees the ICI Global staff and reports to ICI's president and CEO.

ICI Global's committees, task forces, and chapters are geographically diverse and include fund groups sponsored by a variety of financial institutions. This broad-based representation helps ensure that ICI Global's policy deliberations consider the interests of the fund industry and investment company shareholders.

ICI Global leverages the intellectual capital of ICI. Based in Washington, DC, ICI brings the broad expertise of legal, regulatory, research, public communication, and fund industry operation experts to help ICI Global execute its policy agenda. ICI is the national association of US mutual funds, exchange-traded funds, and other registered investment companies. The Institute's US member funds represent 98 percent of the US mutual fund market, serve more than 90 million investors, and manage total assets of US\$17.4 trillion as of 31 December 2014.

It is ICI Global's policy to comply with all applicable competition laws and regulations, including antitrust laws, in such a manner as to avoid even the appearance of improper activity.

APPENDIX B ICI Global Steering Committee

(As of 31 December 2014)

Robert Higginbotham (Chairman)

President, Global
Investment Services
T. Rowe Price International Ltd.

Mark Armour

Chief Executive Officer
Invesco Perpetual

Andrew Arnott

President and CEO, John
Hancock Funds
John Hancock Financial Services, Inc.

Richard Bisson

President
Nomura Asset Management
UK Limited

David J. Brennan

Chairman and CEO
Baring Asset Management Limited

Eddie Chang

Chief Executive Officer
China International Fund
Management Co., Ltd.

Peng Wah Choy

Chief Executive Officer
Harvest Global Investments Limited

Robert Conti

President
Neuberger Berman Management LLC

Chen Ding

Chief Executive Officer
CSOP Asset Management Limited

Gregory P. Dulski

Senior Corporate Counsel,
International Legal and
Regulatory Affairs
Federated Investors, Inc.

Mark Flaherty

Chief Investment Officer, UK
Fidelity Management &
Research Company, UK

Campbell Fleming

Chief Executive Officer
Threadneedle Investment
Services Limited

Hamish Forsyth

President, Europe
Capital Group Companies Global

Toby E. Goold

Managing Director
Dodge & Cox Worldwide
Investments Ltd.

Massimo Greco

Head of European Fund Business
JPMorgan Asset Management
(UK) Limited

Tjalling Halbertsma

Managing Director, EMEA
Business Development
Nuveen Investments

James S. Hamman

Managing Director, Corporate
Development/Legal
Artisan Partners Limited Partnership

Arnie Hochman

Vice President, Legal
TD Bank Financial Group

Gaohui Huang

Chief Executive Officer
E Fund Management (HK) Co. Ltd.

Terry Johnson

Head, International Sales
Legg Mason Investments
(Europe) Limited

John Kingston III

Vice Chairman
Affiliated Managers Group, Inc.

Arthur J. Lev

Managing Director and Head,
Long Only Business
Morgan Stanley Investment
Management Inc.

Andy Lin

Chief Executive Officer
China Universal Asset
Management Co. Ltd.

Zhang Lixin

Chief Executive Officer
Fullgoal Asset Management
(HK) Ltd.

Ross Long

Chief Legal Officer
Nikko Asset Management Co., Ltd.

Brenda Lyons

Executive Vice President
State Street Bank and Trust Company

John MacCarthy

Executive Vice President,
Secretary, and General Counsel
Nuveen Investments

Lina Medeiros

President of Distribution for UCITS
MFS International (UK) Limited

Bryan Melville

Managing Director
Coronation International Limited

James M. Norris

Managing Director,
International Operations
Vanguard Asset
Management Limited

Nicholas Phillips

Co-Head of GSAM
Distribution for Europe
Goldman Sachs Asset
Management International

Jed Plafker

Executive Managing Director
Franklin Templeton Investments

Niall Quinn

Managing Director
Eaton Vance Management
(International) Limited

Karla M. Rabusch

President
Wells Fargo Funds Management, LLC

Tom Rice

Executive Vice President,
European Legal Counsel
PIMCO Europe Ltd.

Kristen Richards

SVP, Chief Compliance Officer,
and Associate General Counsel
Waddell & Reed Investment
Management Co.

Timothy Ryan

Chief Executive Officer, UK
and Co-Head, EMEA
AllianceBernstein, Ltd.

Jonathan Schuman

Executive Vice President, Head of
Global Business Development
Matthews International
Capital Management, LLC

Roger Thompson

Chief Financial Officer
Henderson Group plc

Liz Ward

Head of Europe
UBS Global Asset Management (UK)

Zhang Xiaoling

Chief Compliance Officer
China Asset Management
(Hong Kong) Limited

Wu Yaodong

Chief Executive Officer
Bosera Asset Management Co., Ltd.

Ben Y. B. Zhang

Managing Director
Hai Tong Asset Management
(HK) Limited

APPENDIX C ICI Global Leadership and Staff

(As of 31 December 2014)

Leadership

Daniel F. Waters
Managing Director

Qiumei Yang
CEO, Asia-Pacific

Susan M. Olson
Chief Counsel

Staff

HONG KONG

Irene Leung
Member Relations and Research, Asia-Pacific

LONDON

Giles S. Swan
Director, Global Funds Policy

WASHINGTON, DC

Anna A. Driggs
Associate Counsel, Pension Regulation

Eva M. Mykolenko
Associate Counsel, International Affairs

APPENDIX D ICI Global Committees and Task Forces

(As of 31 December 2014)

Committees

ICI Global Asia-Pacific Chapter
ICI Global Exchange-Traded Funds Committee
ICI Global Regulated Funds Committee
ICI Global Retirement Savings Committee
ICI Global Tax Committee
ICI Global Trading and Markets Committee

Task Forces

ICI Global Asia-Pacific Fund Passports Task Force
ICI Global Mutual Recognition Task Force
ICI Global RQFII Task Force
ICI Global Securities Lending and Repo Task Force
ICI Global Shadow Banking Task Force

APPENDIX E ICI Global Members

(As of 31 December 2014)

Affiliated Managers Group, Inc.
AllianceBernstein, Ltd.
Artisan Partners Global Funds, plc
Baring Asset Management Limited
Bosera Asset Management Co., Ltd.
Capital Group Companies Global
China Asset Management (Hong Kong) Limited
China International Fund Management Co., Ltd.
China Universal Asset Management Co. Ltd.
Coronation Fund Managers Limited
CSOP Asset Management Limited
Dodge & Cox Worldwide Investments Ltd.
E Fund Management (HK) Co. Ltd.
Eaton Vance International (Ireland) Funds plc
Federated Investors, Inc.
FMR Investment Management (UK) Limited
Franklin Templeton Investments
Fullgoal Asset Management (HK) Ltd.
Goldman Sachs Asset Management International
Hai Tong Asset Management (HK) Limited
Harvest Global Investments Limited
Henderson Global plc
Invesco Perpetual
Ivy Investment Management Company
John Hancock Financial Services, Inc.
J.P.Morgan Asset Management (UK) Limited
Legg Mason Investments (Europe) Limited
Matthews International Capital Management, LLC
MFS Investment (UK) Limited
Morgan Stanley Investment Management Inc.
Neuberger Berman Management LLC
Nikko Asset Management Co. Ltd.
Nomura Asset Management Co., Ltd.
Nuveen Investments
PIMCO Europe Ltd.
SSgA Funds Management, Inc.
T. Rowe Price International Ltd.
TD Asset Management, Inc.
Threadneedle Investment Services Limited
UBS Global Asset Management (UK)
Vanguard Asset Management Limited
Wells Fargo Funds Management, LLC

ICI Global Action on Select Policy Developments, Calendar Year 2014

ASIA-PACIFIC INITIATIVES

Cross-Border Fund Passports: Throughout 2014, work continued on the development of three Asia-Pacific cross-border fund passport agreements: the Association of Southeast Asian Nations (ASEAN) Collective Investment Scheme (CIS) Framework, the Asia Region Funds Passport (ARFP), and a mutual recognition agreement between Hong Kong and mainland China.

ICI Global submitted comment letters and met with regulators about the development of the ASEAN CIS Framework and the ARFP, explaining member concerns about distribution, implementation, operations, and tax issues. Regarding mutual recognition, ICI Global worked with members of its mutual recognition task force to draft recommendations on the design and implementation of the platform's framework.

Renminbi Qualified Foreign Institutional Investor Scheme (RQFII): China expanded its RQFII offshore programme by appointing yuan clearing banks in Frankfurt, Paris, and Luxembourg, and awarding RQFII quotas to France, Germany, Qatar, and South Korea. The State Administration of the Foreign Exchange (SAFE) also changed its guidelines on RQFII quota allocation.

ICI Global worked with members of its RQFII task force to develop recommendations on how to improve quota allocation. Through a comment letter and meetings with regulators, ICI Global advocated for giving RQFII quotas to fund managers rather than to funds, and was pleased when SAFE released guidelines incorporating its recommendations.

Shanghai-Hong Kong Stock Connect: In November 2014, Shanghai-Hong Kong Stock Connect launched, enabling investors in both regions to trade and settle shares listed on each other's market via each region's local exchange and clearinghouse.

ICI Global closely monitored Stock Connect's development, updating members about its progress and launch through meetings, a webinar, and a luncheon with the CEO of the Hong Kong Exchanges and Clearing Limited. ICI Global also engaged with regulators about several member concerns, including custodian issues and the potential tax treatment of shares traded via Stock Connect trades. Chinese regulators addressed members' concerns by issuing a temporary capital gains tax exemption.

FINANCIAL MARKETS

MiFID Reform: European policymakers continued work on implementing reforms to the Markets in Financial Instruments Directive (MiFID II).

ICI Global engaged directly with European legislators and policymakers to discuss proposals related to the implementation of MiFID II and the Markets in Financial Instruments Regulation (MiFIR). In meetings and a comment letter, ICI Global raised concerns related to the use of dealing commissions and inducements, as well as key provisions affecting order routing, pre- and post-trade transparency, and the trading of derivatives.

RETIREMENT

Pension Regulation: The Hong Kong Mandatory Provident Fund Schemes Authority (MPFA) issued a consultation proposing that all Mandatory Provident Fund (MPF) schemes be required to introduce a "core fund"—a standardised, low-fee investment product designed in a manner consistent with the overall objective of retirement savings. The fund would be available to every MPF scheme member and serve as a default fund for members who do not make investment choices.

ICI Global provided comments and met with the MPFA to express support for the regulator's recommendation that the core fund be a lifecycle-type product. ICI Global cautioned against regulating product design, particularly with detailed rules, because such an approach may stifle innovation and result in a product that is unattractive to MPF investors.

TAXES

Base Erosion and Profit Shifting (BEPS): The Organisation for Economic Co-operation and Development (OECD) finalised several draft papers as part of its BEPS initiative to address tax avoidance by multinational entities.

ICI Global provided extensive comments on two papers, participated in public forums, and provided substantial additional follow-up. The OECD's report, released in September, was modified substantially to address member concerns.

Financial Transaction Tax (FTT): The European Council held discussions on FTT proposals throughout 2014. Unresolved issues include the proposals' extraterritorial scope and their application to different types of securities.

In September, ICI Global met separately with government officials from several European countries to explain the negative effects of an FTT on fund investors, issuers, and the financial markets. As a result of the organisation's strong advocacy and that of others, the FTT proposal has been narrowed and its progress slowed.

Foreign Account Tax Compliance Act (FATCA) and Global FATCA: See pages 16-17.

SANCTIONS

Russia Sanctions: In response to events in Ukraine, the United States, the European Union, and other countries issued sanctions related to Russia, including the designation of certain persons and entities. Members had to quickly understand and incorporate the sanctions into their existing compliance programmes.

ICI Global held regular calls with members to discuss developments and changes in the sanctions and their effect on the activities of managers and regulated funds—including, for example, similarities and differences between sanctions issued by the United States and by European countries.

FUND REGULATION

Dealing Commissions: The UK Financial Conduct Authority (FCA) banned the use of dealing commissions to pay for corporate access, and the European Securities and Markets Authority (ESMA) issued a consultation on MiFID II that included a proposal to severely restrict the use of dealing commissions for acquiring research.

ICI Global submitted comment letters explaining that prohibiting the use of dealing commissions to pay for research would disproportionately harm small- and medium-sized issuers, niche research providers, and certain investment firms. ICI Global also explained that the bundled brokerage model, when combined with appropriate oversight and controls, can continue to provide an effective and efficient way of providing access to execution and research services.

Derivatives (Margin Requirements): See page 19.

Derivatives (Reporting and Recordkeeping Rules): The Hong Kong Monetary Authority (HKMA) and the Securities and Futures Commission (SFC) issued a further consultation on reporting and recordkeeping rules for over-the-counter (OTC) derivative transactions.

In a comment letter, ICI Global explained the difficulties that fund managers would face in reporting OTC derivative transactions. The HKMA and SFC took these and other comments into account, and decided not to subject fund managers to the reporting requirements in the first phase of implementation. ICI Global also addressed the HKMA's and SFC's proposal to define products traded on US swap execution facilities as "OTC derivatives," which would subject them to Hong Kong reporting and recordkeeping rules. ICI Global argued that these types of transactions should not be included in the definition of OTC derivatives and not be subject to Hong Kong reporting requirements.

Financial Stability: Asset managers and investment funds have come under scrutiny as policymakers, legislators, and media outlets around the globe have examined whether regulated funds or their managers pose risks to financial stability. Of particular concern to ICI Global is the possible designation of regulated funds or their managers as global systemically important financial institutions, or G-SIFIs. In early 2014, the Financial Stability Board (FSB) issued a consultation proposing a methodology for identifying nonbank, non-insurer G-SIFIs. Legislation also was proposed in Canada to establish a "cooperative" capital markets regulator and to give this new regulator broad systemic risk powers. The legislation provides authority to designate capital markets intermediaries—including investment funds and asset managers—as systemically important entities, as well as heightened regulation of systemically important products and activities.

ICI Global and ICI worked hard to demonstrate that regulated funds and their managers do not pose a threat to financial stability and should not be subject to G-SIFI designation. These efforts included filing detailed comment letters on the FSB consultation and the Canadian legislation; meeting with regulators in the Asia-Pacific region, Europe, South America, the United Kingdom, and the United States; and leveraging ICI research and data to correct misperceptions.

Money Market Fund Reform: The US Securities and Exchange Commission (SEC) finalised sweeping new rules for money market funds, largely preserving the fundamental characteristics of most money market funds. Although the final rules impose a floating net asset value (NAV) for prime institutional money market funds, they maintain use of the stable NAV for all retail investors—including those held through retirement plans and omnibus accounts—and for government (other than municipal) funds.

In the European Union, the European Parliament and the European Council are actively considering proposed money market fund regulations. As part of their efforts, they also are seeking to ensure that they have an accurate understanding of the new US amendments, the basis for these changes, and their impact.

ICI Global continued to stress—publicly and in meetings with policymakers—that money market fund regulation should be designed to strengthen the resilience of these funds, preserve their benefits for investors, and develop, diversify, and deepen the sources of financing in the European Union.



ICI GLOBAL'S KEY APPEARANCES AND EVENTS

ICI GLOBAL SPEECHES AND TESTIMONIES

14 March 2014	Chatham House Global Financial Markets Conference London
18 June 2014	FESE Convention Zurich
10 September 2014	Global Fund Distribution London
16 September 2014	Investment Management Summit London
18 September 2014	Fourth Annual Malta Funds Conference Malta
23 September 2014	Crane's European Money Fund Symposium London
24 September 2014	China Pension Forum Beijing

ICI GLOBAL EVENTS

17 June 2014	Global Retirement Savings Conference Switzerland
27 November 2014	CEO Luncheon Hong Kong
9 December 2014	Trading and Market Structure Conference London
16 December 2014	Renminbi Qualified Foreign Institutional Investor Seminar Hong Kong



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Membership in ICI Global is open to global investment funds that invest in securities, are substantially regulated, and are available to the general public in jurisdictions around the world.

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