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## **Consultation on a Stewardship Code for Institutional Investors**

Dear Ms. Haan,

BVI Bundesverband Investment und Asset Management e.V. is grateful for the opportunity to participate in the consultation on a Stewardship Code for Institutional Investors (SCII) in the United Kingdom.

BVI represents the interest of the German fund and asset management industry. Its 84 members manage currently assets in excess of EUR 1.7 trillion both in investment funds and asset management mandates.<sup>1</sup>

Our members believe that in order to be successful, the Stewardship Code must be principles-based. They question the need for a separate SCII given the existence of the voluntary ISC Code of Responsibility.

The Code should contribute to constructive dialogue between companies and their investors with the aim of long-term value creation for the benefit of the underlying asset owner or beneficiary. It should not seek to prescribe a certain investment management style or business model. It should not become bureaucratic or compliance driven.

The Code must be formulated in a way that allows investors outside the UK to support it, without becoming subject to unnecessary regulatory burdens.

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<sup>1</sup> For more information, please visit [www.bvi.de](http://www.bvi.de). BVI is filed in the EU register of interest representatives (1575282143-01).

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To aid non-UK based investors, it would be helpful if the Code made clearer reference to these, thereby providing context on the expected level of compliance with the Code.

Whilst our members clearly welcome greater commitment to responsible ownership, the Code creates issues for investors which invest cross-border into UK companies. Our members are subject to a comprehensive body of national and EU rules on fund governance and in particular on the exercise of the rights of the underlying investors in our investment funds (beneficial owners). These rules are prescribed by either the regulators (German investment fund act, UCITS Directive, in particular the upcoming Level 2 rules on the Management Company Passport, MiFID) or by the industry itself (BVI code of conduct). These rules are by and large in agreement with the ISC Code of Responsibility.

A voluntary and principles based approach in the SCII is absolutely necessary for foreign investors. A direct and unconditional application would require full alignment of the SCII with the national and EU rules and regulations applicable to German investment fund and asset managers in order to avoid conflicting requirements.

Our member companies furthermore indicate that their willingness to abide by a growing number of national codes of conduct declines because they do not have the resources to monitor the diverging number of obligations resulting from such codes. They expect considerable additional costs because of the SCII implementation. In particular you should be aware that any requirement imposing independent verification on them may cause considerable issues and cost to investors outside the UK.

Please do not hesitate to contact us with questions or comments.

Yours sincerely

**BVI Bundesverband Investment und Asset Management e.V.**

Signed: Rudolf Siebel LL.M

signed: Marcus Mecklenburg