

Comments Template on EBA, EIOPA and ESMA's Joint Consultation Paper (JC CP 2012 01) on its proposed response to the European Commission Call for Advice on the fundamental Review of the Financial Conglomerates Directive		Deadline: 13.08.2012 cob
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The question numbers below correspond to Joint Consultation Paper JC CP 2012 01

Please follow the instructions for filling in the template:

- ⇒ Do not change the numbering in column "Question".
- ⇒ Please fill in your comment in the relevant row. If you have no comment on a question, keep the row empty.
- ⇒ There are in total 10 questions. Please restrict responses in the row "General comment" only to material which is not covered by these 10 questions.
 - If your comment refers to multiple questions, please insert your comment at the first relevant question and mention in your comment to which other questions this also applies.
 - If your comment refers to parts of a question, please indicate this in the comment itself.

Please send the completed template to joint-committee@eba.europa.eu, jointcommittee@eiopa.europa.eu, and joint.committee@esma.europa.eu, in MSWord Format.

CFA Questions	Comments
General Comments	<p>We welcome the opportunity to respond to the issues raised in the joint consultation paper dated 14 May 2012. By way of background, Baillie Gifford & Co is an independent investment management firm based in Edinburgh. We manage about €94bn, almost wholly on behalf of institutional clients, and employ about 710 staff. The firm is a private partnership established under the laws of Scotland and includes a group of companies which are authorised and regulated by the UK Financial Services Authority.</p> <p>The Baillie Gifford group provides one essential product to its clients, namely fund management. Whilst different legal structures have been</p>

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established to accommodate various different client types, the essential services remain the same and indeed many of the tasks undertaken by group entities are delegated back to the parent, Baillie Gifford & Co. One such legal entity which has been established is Baillie Gifford Life Ltd which provides investment only insurance services to institutional clients by way of unit linked life funds. This entity technically brings the Baillie Gifford group within the definition of a financial conglomerate but it already operates a group-wide approach to internal control mechanisms and risk management processes and is different to a traditional bancassurance conglomerate or a banking-securities trading house conglomerate. The parent Baillie Gifford & Co and the other UK regulated group entities are 'limited licence investment firms' and a UCITS firm respectively.

We strongly advocate that competent authorities be given suitable supervisory discretion to apply any rules on Financial Conglomerates in a way that is proportionate to the nature of the conglomerate itself.

In particular we strongly support competent authorities having the ability to implement on a proportionate basis any requirements relating to board composition. The governance requirements have been largely drafted with corporate (and largely quoted) firms in mind. It would be disproportionate to force other structures, such as partnerships, into this framework and apply rigid standards when this may not be necessary to meet the objectives.

It would also be disproportionate to apply crisis management plans to an asset management group which is not systemically important, does not extend credit, accept deposits or deal on its own account, unlike a banking group.

Competent authorities should also have the discretion not to impose group consolidated accounts or additional reporting requirements where not proportionate or relevant to the risk profile of the group in question.

As an asset management group it is important to ensure that ESMA is involved in the legislative process, given this different type of non-banking group.

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Annex H Questions	
General Comments	
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