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## Response by Sveriges Riksbank to the Consultation by the European Commission on the UCITS Depository Function, September 2009

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The European Commission is conducting a public consultation regarding the adequacy and effectiveness of the UCITS regulatory framework applicable to depositaries, with a view to increasing the level of protection of the UCITS investors.

Although investor protection is not a central bank task, investor-compensation schemes may affect the central bank's task to preserve financial stability. Therefore, the Riksbank limits its answers to one of the questions in the consultation document.

### Question and response

*Question 19: Do you agree that UCITS holders should also benefit from compensation if their custodian defaults and these assets are lost?*

Extending the investor compensation schemes to UCITS holders may have a positive effect on the confidence of the market, as well as the confidence for other consumer protection arrangements, notably the deposit guarantee schemes. This is important for maintaining financial stability. Thus, the Riksbank supports an extension of the European Investor Schemes Directive to UCITS holders. In Sweden, investors in mutual funds are protected up to a certain amount by the Swedish investor compensation scheme if the institution that keeps the units or shares defaults.

Sveriges Riksbank

Mattias Persson

Head of Department