



29 September 2009

Matthew Cowie
Savings and Investments
HM Treasury
1 Horse Guards Road
London
SW1A 2HQ

Dear Matthew,

RE: Consultation on introducing a protected cell regime for OEICs

The Depository and Trustee Association (DATA) represents all depositaries and trustees of UK-based authorised unit trusts and open-ended investment companies. At the end of May 2009, the members of DATA were responsible for safeguarding £391.3 billion of funds under management.

DATA welcomes the proposal to introduce a protected cell regime for OEICs which is another step towards increasing the competitiveness of UK funds in Europe. We have had the opportunity to review IMA's response and we agree with its content. We also wish to highlight two points made by IMA and these are as follows:

HMT proposal

Regulation 4(3) requires all contracts to be re-negotiated within one year of the regulations coming into force. While some contracts will be able to be re-negotiated within this time period, we are unable to confirm that this would be possible for all types of contracts and for all OEICs. We therefore ask HMT to reconsider this approach, possibly by removing the time limit, or by increasing the time limit following consultation with affected counterparties.

FSA proposal

We believe that the definition of "Foreign Law Contract" needs to be amended as it captures agreements that practically will not be at risk of a foreign court's action. An example of such a contract is the 2002 ISDA Master Agreement.

We look forward to reviewing the final regulations in due course.

Yours sincerely

Kevin Tomlin
DATA Chairman