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June 25<sup>th</sup> 2008

Dear Ms. McMahon

**Response of the Association of Corporate Treasurers to Consultation Paper CP05/08: Rome I - Should the UK opt in? (April 2008)**

The ACT is a professional body for those working in corporate treasury, risk and corporate finance. Further information and contact details are provided in the attachment and on our website [www.treasurers.org](http://www.treasurers.org).

On this subject we canvassed the opinion of our members through our Policy and Technical Committee, *The Treasurer* magazine and our website.

**General**

The ACT welcomes the opportunity to comment on this matter.

This response is on the record and may be freely quoted or reproduced with acknowledgement.

**EU adoption of the Rome I Regulation**

An issue raised by the process of adoption of the Rome I Regulation is the lack of an impact assessment from the Commission. That this was on the spurious grounds that there would be no effect, despite the fact that the Commission were not proposing to adopt the text of the Rome I convention, then in force but to make substantive changes. It is important that this should not be allowed to set a precedent.

It is disappointing that weaknesses in the Convention have not been addressed.

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## Responses to consultation questions

**Question 1:** Is it in the national interest for the Government, in accordance with Article 4 of the UK's Protocol on Title IV measures, to seek to opt in to the Regulation? If not, please explain why.

We note that the points of concern which were the main considerations in the UK's decision not to opt in have been addressed in the final text of the Regulation. There is a residual worry that on some of these points the Convention provision has been effectively retained but subject to a review in coming years by the Commission. As the Commission proposed the changes which had been of concern, this could be a risk.

We note also that Denmark has not expressed an intent to opt in to the Regulation.

We understand that there are weaknesses in certain areas, e.g. on the application of non-national legal systems such as UCP for letters of credit and in some aspects of assignments.

Despite the foregoing we take the view that the UK should opt in. To fail to do so, given the changes in the original draft, would be likely to weaken the UK's negotiating position in any future such processes.

**Question 2:** Should the Rome 1 rules apply throughout the UK if the UK opts in to the Regulation? If not, please explain why.

Yes. Were they not to do so, it would add unnecessary complication.

**Question 3:** Do you agree with the Partial Impact Assessment at Annex A of the consultation paper? If not, please explain why.

We are not best placed to comment on this. However we have seen no argument to suggest that the impact would be material or unfavourable.

Yours sincerely

*Transmitted electronically without signature*

John Grout  
Policy and Technical Director

## The Association of Corporate Treasurers

The ACT is an international body for finance professionals working in treasury, risk and corporate finance. Through the ACT we come together as practitioners, technical experts and educators in a range of disciplines that underpin the financial security and prosperity of an organisation.

The ACT defines and promotes best practice in treasury and makes representations to government, regulators and standard setters.

We are also the world's leading examining body for treasury, providing benchmark qualifications and continuing development through training, conferences, publications, including *The Treasurer* magazine and the annual *Treasurer's Handbook*, and online. Our 3,600 members work widely in companies of all sizes through industry, commerce professional service firms.

Further information is available on our website (below).

Our policy with regards to policy and technical matters is available at <http://www.treasurers.org/technical/resources/manifestoMay2007.pdf> .

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*The Association of Corporate Treasurers is a company limited by guarantee in England under No. 1445322 at the above address.*