

## The Association of Corporate Treasurers

Comments in response to  
***Inter-institutional Monitoring Group  
Second Interim Report Monitoring the  
Lamfalussy Process***, Brussels, 26 January 2007

March 26<sup>th</sup>, 2007

### ***The Association of Corporate Treasurers (ACT)***

The ACT is a professional body for individuals working in corporate treasury, risk and corporate finance. Further information is provided at the back of these comments and on our website [www.treasurers.org](http://www.treasurers.org).

Contact details are also at the back of these comments.

We usually canvas the opinion of our members through seminars and conferences, our monthly e-newsletter to members and others, *The Treasurer magazine*, topic-specific working groups and our Policy and Technical Committee.

While we have members working in the financial services industry, where there may be any conflict of interest it is our policy to comment from the point of view of non-financial services sector businesses.

### ***General***

The ACT welcomes the opportunity to comment on this matter.

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### ***Summary***

We think that inputs to the Lamfalussy processes from the standpoint of non-financial-services businesses as end-users have been insufficient, and believe that some coordination of those processes would increase the possibility of such input.

## Comments

### Background to our comments

We will comment only in relation to the discussion in paragraphs 40 and 41 and Question 3:

*Do you believe a direct approach could help to improve consumer input in the consultation process? Do you have any other suggestions on how to get end-users' input?*

These refer to “end-users”, the focus being on consumers.

Rather we will focus on non-financial-sector businesses as end-users of financial services, which we think are probably under-represented in the processes.

Financial services are a crucial input to non-financial services businesses in the operation of many aspects of their business – fund raising, cash management, collections and payments, risk management, currency exchange, etc.

### Non-financial-service sector companies as end-users

The financial services sector has many well-funded industry groups which represent it to legislators and regulators.

General industry groups which normally represent industry at national and EU levels usually include in their membership both financial and non-financial sector businesses. Of course, in many instances, the interests of the two sides – in efficient, transparent markets, for example – coincide and there is no problem.

However, as they normally operate by a process of consensus, in commenting on financial services regulation such bodies may be effectively unable to comment or take positions where there is conflict of interest between the financial services industry and their business clients on a particular point or generally.

Sectoral trade or industry groups, for example, engineering employers federations, would not be so constrained, but they don't usually see financial markets as a mainstream interest.

Professional services firms (lawyers, accountants, etc.) and the relevant large, well funded professional bodies representing qualified workers in the areas can comment on draft regulation, but may be constrained with clients in both financial services and non-financial services sectors.

In fact, we have noticed that the ACT, sometimes with our French counterparts and perhaps the EACT which groups treasury associations at the European level is the only non-consumer, non-financial services sector respondent to consultations by financial services regulators.

Views of non-financial-services businesses thus do not normally feature significantly in inputs to the Lamfalussy or other financial services regulatory processes.

## Treasury associations

The staff of businesses which have most contact with financial services providers can be recognised as their treasurers – irrespective of the actual job titles.

In Member States, as elsewhere in the world, the individuals concerned have variously formed clubs, professional associations or professional bodies (national treasury associations – NTAs). All function as a network for the individuals (not the companies for which they work) who are their members. The Professional bodies are qualifying bodies, with ethical codes, etc. Among Member States, only two of the Member State NTAs of which we are aware have paid staff working on policy issues, and even in these, it is a limited activity.

NTAs have got together to form a coordinating group – the European Association of Corporate Treasurers – recently expanded to cover the whole EU from the Euro-zone.

Of course, having individual rather than company memberships, neither the clubs and associations nor the professional bodies generally have the resources of the financial services industry lobbies.

## Input on Lamfalussy processes by treasury associations

The ACT (based in the UK) and the AFTE (based in France) have commented at the EU level and to their national regulators in the Lamfalussy processes. Sometimes the EACT is able to take soundings from NTAs generally and make some comment.

However, for an NTA, gathering comment from individual members working in many industrial sectors in businesses throughout a Member State and wider, takes time. For the EACT to achieve agreement from all EU MS NTAs takes further time.

Perhaps not unreasonably, later-stage Lamfalussy processes often cannot allow much time for comments.

However, we believe that NTAs find, and it is certainly our own experience, that it is hard to find out what is due to be consulted on and what is being consulted on throughout the Lamfalussy processes. Discovering that there is a possibility of commenting only late in the process – or after the comment period has closed only adds to the difficulty of making comment.

There does not seem to be a central point to which, say, weekly reference could be made over the internet which sets out up-coming consultations, the status of open consultations and the “next steps” for closed consultation matters. May there is such a page on the internet, but we have not found it.

For example, we discovered this consultation to which we are now responding only at the last minute when a financial services lobby group asked about what we intended to say. NTAs in other MSs and the EACT were unaware of this consultation until we asked them if they were planning to comment. We are the only one which might comment due to pressure of time.

## Proposal

Accordingly, we think that care within the Lamfalussy bodies to provide adequate publicity and the provision of a central reference point on the internet covering all the bodies/processes as set out above would materially improve the level of input from the standpoint of business customers of the financial services industry.

## The Association of Corporate Treasurers

The ACT is a 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/manifestosept2006.pdf>.

<p><b>Contacts:</b>  <b>John Grout, Policy and Technical Director</b>          (020 7847 2575; <a href="mailto:jgrout@treasurers.org">jgrout@treasurers.org</a>)  <b>Martin O'Donovan, Assistant Director,</b>  <b>Policy and Technical</b>          (020 7847 2577; <a href="mailto:modonovan@treasurers.org">modonovan@treasurers.org</a>)  <b>Peter Matza, Policy and Technical Officer</b>          (020 7847 2576; <a href="mailto:pmatza@treasurers.org">pmatza@treasurers.org</a>)</p>	<p>The Association of Corporate Treasurers          51 Moorgate          London EC2R 6BH, UK</p> <p>Telephone: 020 7847 2540          Fax: 020 7374 8744          Website: <a href="http://www.treasurers.org">http://www.treasurers.org</a></p>
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The Association of Corporate Treasurers is a company limited by guarantee in England under No. 1445322 at the above address