

To CESR
(web-reply)

Consultation paper - CESR's technical advice to the European Commission on level 2 measures relating to mergers of UCITS, master-feeder UCITS structures and cross-border notification of UCITS

The Swedish Investment Fund Association¹ (SIFA) welcomes the opportunity to submit its comments to the ongoing consultation regarding level 2 measures relating to mergers of UCITS, master-feeder UCITS and cross-border notification of UCITS.

SIFA refers to the answers, and further comments, to CESR's questions raised in the consultation submitted by the European Fund and Asset Management Association (EFAMA), of which SIFA is a member. In addition to this, SIFA wishes to give the following additional comments relating to Articles 37-48, Articles 58-67 and Articles 91-97 of the UCITS IV Directive, i.e. the Articles which are related to CESR's questions.

Key Investor Information (KII)

The transitional provisions regarding "*Key Investor Information*" (KII) foresees level 3 guidelines. In this context it is important that it is clarified that the grandfathering period also enables a management company to choose whether to use the KII for Funds that are newly created during the grandfathering period. Furthermore, it is essential for management companies to be able to use one standardized document when it comes to both new as well as existing funds. Client communication will benefit from clarity without running the risk that 1) employees have difficulties in understanding legal requirements as to the simplified prospectus versus the KII, 2) clients get

¹ The Swedish Investment Fund Association is an association of 37 fund management companies representing approximately 95 percent of the Swedish fund market.



confused. Operationally it is also without doubt more efficient to use one system-support at the time for production of information sheets.

(Please see Article 39, paragraph 2, point b, Article 43, paragraph 3, point e, Article 93 paragraph 2, point b, Article 59, paragraph 3, point b, Article 63, paragraph 3, and Article 64, paragraph 1, point b)

Language

Documents provided in English should always be accepted. If not, however, considerable costs and time-delay due to translation requirements will occur. This may cause unfair competition between the Member States and ultimately result in difficulties in reaching set time-limits for information to unit-holders.

(Please see Article 39, paragraph 2, last section, Article 91, paragraph 3, and Article 59 paragraph 3, last section)

It can be noted that it is unsaid which language is considered to fall under "*language customary in the sphere of international finance*". For that reason, we advocate that all of the information stated in the article must and should at least be in English. It is furthermore preferable that all of the information provided by the Member State can be found on one webpage and accordingly not be based on link techniques.

Equal treatment of unit holders

A question to be clarified is to what extent the relationship between the master and the feeder fund is subject to the principle of equal treatment between unit holders. The issue of equal treatment may be disputable in cases of need of information-sharing and NAV-publications.

(Please see Article 60)

Cross-border notifications

The obligation to "*notify any amendments*" entails a risk that it might counteract with the overall aim of the updated Directive. We believe that the measures may cause unnecessary administration and considerable costs to the line of business. The notification procedure therefore needs to be simple, clear and



efficient, especially since amendments are to be communicated to the authority in the UCITS' host Member State, and not to the authority in the home Member State. SIFA suggests that only major or significant amendments should be notified.

(Please see Article 93, paragraph 7)

In accordance with the current Swedish regime, notifications are made on a sub fund level. In order not to enhance the administrative burden for fund managers disproportionately, it is vital that the notification procedure prescribed in Article 93 paragraph 8 can be handled swiftly and easily by electronical means.

(Please see Article 93, paragraph 8)

Miscellaneous

The wording “another UCITS with similar investment policies ..().. indirect holding” raises many questions such as regarding 1) the ability to invest in UCITS not being offered in the Member State of the unit holders and 2) what is meant by “a similar investment policy”.

(Please see Article 45, paragraph 1)

The use of Internet and e-mail are modern ways of communication and in addition the preferred means of communication throughout the world. It is of great importance to clarify that these forums are accepted when communicating with unit holders. For example, the accessibility of KII and other investor information is best provided over the Internet.

For that reason, a copy of reports of the independent auditor or, where applicable, the depository (Article 42) is most appropriately provided over the Internet. To achieve a high level of customer service we advocate quick access to easily handled information. Furthermore it is cost efficient to the line of business and facilitates the observance of the directive. According to the directive, a printed copy will be sent to the unit holder on request. Keeping MiFID in mind, internet and e-mail are regarded as feasible mediums.



(Please see Article 94 and Article 42, paragraph 3)

THE SWEDISH INVESTMENT FUND ASSOCIATION