Capital International

Capital International Sàrl
10, avenue des Morgines
Case postale 310
1213 Petit-Lancy 1
Switzerland

Tel (+41) 22 807 4000
Fax (+41) 22 807 4789

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Via email (on www.cesr-eu.org)

Committee of European Securities Regulators (CESR)
11-13 avenue de Friedland
75008 Paris
France

10 September 2010

Dear Sir,

You will find below a few comments on the three outstanding consultations on the Key Investor Information document (the "KII"). We have grouped the comments since all three consultation papers are closely linked and some of the comments may be relevant to more than one consultation.

CESR's template for the Key Investor Information document
Consultation Paper CESR/10-794

Q1. Do you find the attached template useful?

We think the template is very much useful to get a concrete idea of what a KII will look like. A mock-up would even be more helpful at this stage and we would encourage any further publications of this type.

Q2. Do you have any other suggestions?

Comments specific to the charges section

We understand that the charges figures are calculated on an ex-post basis, except in case of a material change. We would like to highlight that some of the fee changes result directly from the fluctuation of the assets of the fund, in which case it is impossible in practice to provide the figures ex-ante, even in the case of important change. Regulation No 583/2010 of 1 July 2010 (implementing Directive 2009/65/EC) already provides this flexibility by stating that a review of the KII "shall be carried out prior to <u>or following</u> any changes regarded as material" (article 22 §3).

The proposed presentation of the charges may not facilitate full transparency on any capping policy the fund may have. Our current practice is to cap expenses incurred by investors by establishing a reimbursement threshold so that the total expense ratio of the fund does not exceed a defined percentage. This is applied at the discretion of the promoter of the fund and it is made clear to investors that the reimbursement policy may be changed or withdrawn at any time at the sole discretion of the promoter. In the KII, it will not be possible to explicit this capping policy unless we undertake not to amend it until the next review of the KII. The end result may be that the capping will not be mentioned in the KII, which results in incomplete information being provided to end investors and inability for them to accurately compare fees between funds.

<u>CESR's guidelines for the transition from the Simplified Prospectus to the Key Investor Information document</u>
Consultation Paper CESR/10-672

Q1. Do you agree with the proposed general approach in Box 2? Are there any other matters which the guidelines should address?

We think the guidelines for transition are clear and flexible enough to allow for a well-organized implementation. We nevertheless have the following comments:

Notification process

We understand from the wording of the Directive itself (Directive 2009/65/EC) that the KII and any amendments hereto shall be send to the competent authorities of the home Member State (article 82). We understand this describes a pure notification process (not an authorization process), i.e. the competent authorities may request some amendments to the KII as notified, but this shall not prevent the immediate use of the KII.

Should this interpretation not prevail, we would like to draw CESR's attention to the fact that the number of KII under UCITS IV will be significantly higher than the number of simplified prospectuses under UCITS III (i.e. one KII per share class v. one simplified prospectus per umbrella fund). Local authorities shall therefore assess the impact on their organizational structure in terms of additional workload in order to avoid any delay in the authorization process.

Transitional period

Given the amount of preparatory work needed for the management companies and promoters of UCITS funds, we would encourage the use of the transitional period by as many Member States as possible. Shall some Member States decide to implement the KII early, we would encourage CESR or the Commission to ensure that the rights of inwardly-notified UCITS to continue using simplified prospectuses are duly respected.

The guidelines expressly state that a UCITS that continues to use the simplified prospectus after 1 July 2011 may adapt it to reflect the requirements of KII. We are of the opinion that this option may be challenging in practice and therefore we would encourage this flexibility to be left to the management company itself.

There is an additional matter that could be mentioned in the guidelines for clarity's sake, i.e. the case of funds under liquidation. It could be provided that funds that have entered into liquidation before the KII implementation date (as set in their home Member State) shall not be obliged to produce a KII. This would allow funds to avoid unnecessary costs and administrative burden after the decision of liquidation has been taken and approved by the shareholders of the fund.

Q2: Do you agree with the proposed treatment of cross-border notifications (...)?

We agree that consistency shall prevail so that investors in host Member States will receive the same type of document as investors in the home country. We would like to highlight that some third countries may take more time to adjust to the new EU regulation and continue to require simplified prospectuses - which will create inconsistency and administrative burden (i.e. maintaining a simplified prospectus in parallel to the KII).

<u>A guide to clear language and layout for the Key Investor Information document (KII)</u>
Consultation Paper CESR/10-532

Q1: Do you agree with the concepts in Part 2 and that they should form the basis for writing a KII?

The guidelines are very clear in that we cannot add any other information than the prescribed information. We understand that this would not apply to obvious practical information (such as page numbers, version numbers, name of the fund being repeated on the second page, etc.) nor to marketing information that would allow the investors to clearly identify the fund family or the fund promoter (such as adding the logo, etc.).

It is our understanding that no civil liability is attached to the KII as long as the information is fair, clear and not misleading. Given the guidelines on clear language and layout, we think it shall be made very clear that the civil liability of the fund shall not be engaged if the wording in the KII differs from the wording in the full prospectus of the fund, as long as there are no substantial discrepancies.

Q2: Do you agree with the concepts in Part 3 and that they should form the basis for designing a KII?

We understand that the KII has to be translated into the languages of the countries in to which the shares of the fund are distributed. We expect that translations in some of the EU languages (e.g. French, German) will take more space than the English version of the text, which may make the 2 pages difficult to fit in. Specialized translators are expected to be required to this purpose, which will trigger higher costs for the funds, hence for the end investors.

We would encourage the creation of a common Glossary, to be available in several languages, which would help the end investors to understand the main concepts, avoid any misinterpretation and facilitate comparison between funds by promoting the use of a common language.

If you would like to discuss any aspect of this response further please do not hesitate to contact me.

Yours sincerely,

Fabrice Remy
Senior Counsel

CC: EFAMA, Attn. Graziella Marras, Brussels.