

CESR

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Re.: CESR Consultation Paper - Key Investor disclosures for UCITS

The Bank and Insurance Department of the Austrian Federal Economic Chamber welcomes the opportunity to comment on CESR's Consultation Paper - Key Investor disclosures for UCITS:

1. General Remarks

The European Commission has asked CESR to provide advice on the form and contents of Key Investor Information (KII) in order to replace the SP.

In this regard, the KII should also be used in a wider context with its objectives being a tool for helping retail consumers to reach informed investment decisions. Since evidence suggests that complicated documents do not lead to efficient investment decisions, KII should only contain the essential elements for making and carrying out such decisions. Its clear focus should be to provide pre-contractual information for UCITS funds and therefore be delivered to all investors of such funds.

We basically agree with these intentions and goals but want to point out that a proper legal framework for the KII is necessary to ensure that - unlike the current recommendations for the SP - KII is implemented in a harmonized manner all over Europe.

2. Specific Remarks

Besides these very important general remarks, we would like to answer certain questions raised in the consultation:

ad 2) We believe that CESR's proposals would address the regulatory failures associated with the SP but want to stress again that the legal basis (preferably a regulation) is crucial for the success of the KII initiative.

ad 3) We are of the opinion that CESR clearly stated the context in which KII is likely to be used. Most important in this regard is that KII has the same status as SP in connection with the MiFID-Directive in order to ensure that the UCITS and the MiFID framework can efficiently be distinguished and no overlapping of MiFID into UCITS will occur. This means that point 3.23 is crucial for the industry.

ad 4) We basically agree with the proposed purpose and scope of KII.

ad 5) Similarly to the current situation of the SP, it would make sense if non-retail investors could opt out of receiving KII. Therefore, the elaborations in point 4.11 are useful.

ad 8) In the light of clarity and effectiveness, we opt for Option A.

ad 10) We believe that the CESR proposal finds a good balance between reducing the information provided and ensuring investors receive the needed key messages and therefore would not like to see the adding of further information to the KII.

ad 20) We consider it useful to combine strategy and objectives in one generic item since both issues are heavily interrelated.

ad 22) It might be useful from an investor perspective that the term "guarantee" is only used when there is a legal guarantee. However, we do not believe that it is necessary to name the guarantor as well as to mention explicitly that a fund is not capital guaranteed.

ad 26) We are of the opinion that regarding the specific presentation should not be too prescriptive.

ad 34) High-level principles are useful and the suggested ones cover the important aspects targeted.

ad 35) In the light of MiFID and our experience so far, it is correct to recommend that information about past performance should be included in the KII in order to avoid misunderstanding of investors.

ad 39) We recommend that the usage of the TER as summary figure should still be used in KII since investors and industry are used to it due to the past experience as well as that the TER proved to be useful in showing overall fund charges.

ad 44) Portfolio transaction charges should be excluded from the disclosure of ongoing fund charges.

ad 46) We agree with CESR that charges should be disclosed on a maximum basis but want to point out that the wording in this regard is crucial.

ad 50) Since the handling of the current SP regime proved to be efficient in Austria, significant one-off costs would arise when replacing the SP unless most of its features will be included in the KII. In order to avoid further unnecessary costs, we ask for a solid legal basis as indicated in answer 2 above.

ad 53) In order to answer this question it has to be considered which way is more cost-efficient for the industry.

Best regards,

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