



By email:

9 September 2010

Dear Sir/Madam

The Legal & General Group is one of the UK's leading financial services companies. As at 30 June 2010 we were responsible for investing £320 billion worldwide on behalf of investors, policyholders and shareholders. We also had over 7 million customers in the UK for our life assurance, pensions, investments and general insurance plans.

Please find enclosed our response to the below paper:

- Template for the Key Investor Information document (CESR/10-794).

We welcome the opportunity to respond separately to three KII related papers and take this opportunity to highlight some concerns which remain in relation to the current form of the Synthetic Risk and Rewards Indicators (SRRI), the template format of the KII and the proposed timescales for implementation.

We are concerned that the current format of the SRRI does not provide an adequate measurement to enable investors to distinguish between funds. Previous concerns raised during the consultation on UCITS VI by us and other UK firms and trade bodies remain and we feel that further work in this area needs to be carried out. Whilst we appreciate the intention behind the SRRI and the difficulties in accommodating the wide range of funds and fund structures available in Europe we are of the opinion that to make the SRRI a useful document for investors to understand and distinguish funds, change need to be made or additional documentation supplied. We have noted this in more detail below.

We are also concerned that that the proposed format of the KII does not provide enough flexibility to provide all the information that needs to be included. Our initial attempts to create a KII has revealed that the restrictions in the format, particularly in the risk disclosure section, mean that we cannot provide all the information which we believe should be included. A more flexible template would therefore be desirable.

Finally, whilst we appreciate the need for an appropriate transition period to introduce the new KII, particularly for new funds, we believe that new funds should be moved to the new KII format at the same time as existing funds, to avoid having documents in two formats.

Here's our response to the detailed questions on this paper:

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| <b>CESR's template for the Key Investor Information document (CESR/10-794)</b> |
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**Q1. Do you find the attached template useful?**

We see the 'template' as more of a list of inclusions in a two page format. A mock up, as was originally indicated, containing 'real' information would have been more useful.

Given the information provided we have produced a draft KII for one of our funds. As noted above we have found that the restrictions on size and format have meant that the amount of space in which to provide information is limited – this is of particular concern in relation to the space available for the risks of a fund.

The template does not make allowances for sections where the required text is larger than the space available for its inclusion. More flexibility would therefore be desirable.

**Q2. Do you have any other suggestions?**

The reason for the introduction of the KII was to give potential customers the information they need to make an informed investment decision in one document.

We have detailed our concerns on the SRRI in our response to Q5 of 'A guide to clear language and layout for the Key Investor Information document (CESR/10-532)'. Given our concerns we believe that we will need to provide our customers with at least one further document to enable them to make a more informed decision. We do not believe that the SRRI gives a broad enough spectrum of risk as our testing, along with that completed by the UK trade body the Investment Management Association, shows that there is significant bunching of funds.

A pictorial display/measure is an excellent way to help a customer to understand, but this falls down if large sections of funds are shown with the same number. In such a situation how does a customer know if one fund is at the opposite end of the bucket to another? We are aware that these concerns have been raised previously by other UK firms and trade bodies and would urge CESR to re-visit the parameters of the calculation in the SRRI to allow a customer to get a more informed view of where a fund sits compared to others.

If this is not possible, we would suggest that the SRRI is removed from the KII and more emphasis is put on the written description of risk against reward. Whilst we appreciate that this may make it more difficult for customers to instantly compare funds, we believe it is necessary to give the customer a better understanding of how the fund works and how it fits with their attitude to risk.

We would be happy to discuss any part of our response with you directly.

Regards

Steve Donnelly

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