

**EFAMA reply to CESR's Consultation Paper on
Guidelines for the transition from the Simplified Prospectus to the Key Investor
Information document**

EFAMA is the representative association for the European investment management industry. Through its 26 member associations and 42 corporate members, EFAMA represents about EUR 13 trillion in assets under management, of which EUR 7 trillion managed by 53,000 investment funds at end 2009.

We welcome the opportunity to comment on CESR's Consultation Paper on Guidelines for the transition from the Simplified Prospectus to the Key Investor Information document.

General Comments

In view of the preparatory work and the production time required for a very large number of KIIDs, EFAMA members encourage Member States to foresee a transitional period of up to one year, in line with Article 118 of the Level 1 Directive. Should some Member States nonetheless opt for a shorter implementation deadline, the right of UCITS notified cross-border to benefit from the home Member State transitional period should be respected in any case.

EFAMA believes that an exemption from the requirement to produce a KIID should be granted in two cases:

1. When existing funds with a simplified prospectus are no longer marketed, and
2. When funds are under liquidation.

The first case will in particular apply to Structured Funds, which are marketed for a limited period of time and are usually held to maturity as recognized by CESR in its "Guidelines on the methodology for the calculation of the synthetic risk and reward indicator in the Key Investor Information Document" of 1 July 2010 (CESR/10-673).

In both cases, an exemption from the production of a KIID would avoid unnecessary costs and administrative burdens to the fund and its investors.

Lastly, EFAMA considers that according to Art. 82 of UCITS IV the transition from the simplified prospectus to the KIID should require a simple notification, not an authorization process. In other words, competent authorities may request modifications ex post to the KIID as notified, but the KIID can be used immediately. Should an authorization be required, the very large number of KIIDs would create a huge workload for supervisors, so additional resources would be required to avoid regulatory delays (and an extended transitional period would be necessary).

Detailed replies

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

EFAMA members broadly agree with CESR's flexible and pragmatic approach in Box 2. However, they wish to ensure that there will not be any obligation to include elements of the KIID into the simplified prospectus (para. 5 of Box 5 and Para. 8 of the explanatory text), a modification which some of them in particular consider very confusing for investors.

It is inevitable that, during the transition period, investors will be offered SPs and KIIDs when making comparisons of funds from different providers, and full comparability cannot be provided until all funds produce KIIDs. Therefore, management companies should be allowed to transfer to KIIDs in the way that is most operationally efficient for them and reduces costs for investors.

2. Do you agree with the proposed treatment of cross-border notifications, fund mergers and master-feeder structures? Are there any other special circumstances which these guidelines should address?

EFAMA agrees with CESR's proposals (please see also our general comments).

In view of the requirement for the Management Company to provide the same type of document in the UCITS home and in the host Member States, if a Member State

chooses to implement early the KIID, some EFAMA members believe that the use of the KIID on a cross-border basis should also be allowed prior to the official implementation date of 1 July 2011.

As stated in our general comments, the guidelines should also address the liquidation procedure, exempting Management companies from the production of a KIID for funds or sub-funds under liquidation procedure, if this procedure starts before the end of the transitional period.

3. Are there any circumstances in which these guidelines could be detrimental to consumers?

None to our knowledge.

We hope these comments will be of assistance and remain at your complete disposal for any clarification.

Peter De Proft
Director General

13 September 2010

[10-4078]