

Comments from Raiffeisen Capital Management on CESR's "Call for Evidence" regarding the proposed "Key Investor Disclosure for UCITS"

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Raiffeisen Capital Management appreciates the opportunity to give some comments on CESR's "Call for Evidence" (Ref. CESR/07-241) regarding the "Key Investor Disclosure for UCITS" and agrees to the necessity to amend the UCITS Directive with respect to the simplified prospectus.

The establishment of a new "key investor information" (KII), as described in the "Exposure Draft" of the European Commission, is an effective way to offset the current situation and to achieve that a special investor gets - according to his needs - relevant information of a special UCITS. The success of the KII will especially depend on the acceptance and commitment of the regulators within the Member States. This will depend how the Level 2 work - that lies ahead - evolves. The new concept of KII should nevertheless not widen the gap between UCITS and other (retail) saving products, for example regarding the disclosure requirements. This is especially true if the UCITS is used in a wrapper and the danger that this leads to a disadvantage of the fund industry. To achieve a "level playing field" should still be considered as a crucial goal of the whole financial industry.

The KII should make a distinction between the addressed types of investors (retail *versus* institutional investor). The consequence would otherwise be information overload. Professional investors, for example, need not to know who the depositary, distributing bank-entities or auditor of the UCITS are, but are keen to know about specific product data, like Sharpe ratio, Volatility, Alpha, Beta, Tracking Error, TER, Teynor Ratio or Information Ratio. On the other hand it is regularly important for the retail investor to know the past performance of the UCITS (that should be subject to a standardized calculation method), to know the TER, to know where further documents of the UCITS (full prospectus, annual report...) are available and to have a contact point where additional explanations may be obtained.

Since the KII is intended as a short pre-contractual document that will make reference to the full prospectus it seems necessary to amend the provisions of the latter as well (adaptation of the UCITS Directive). Level 2 measures would therefore also include the full prospectus.

Regarding the UCITS-documents only the KII should be translated into the local language. All other documents should be translated into English as the only accepted language that is customary in the sphere of international finance.

The KII should – like currently the simplified prospectus – be offered over to the investor at the point-of-sale through intermediaries or distributors. This obligation ensures that the investor obtains standardised, harmonised and accurate product information. It would otherwise be left to the discretion of the intermediaries or distributors what information is supposed to be appropriate for the investor.

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