

**EFAMA reply to CESR's Consultation Paper on level 3 guidelines on
the selection and presentation of performance scenarios in the Key Investor
Information document (KII) for structured UCITS**

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 level 3 guidelines on the selection and presentation of performance scenarios in the Key Investor Information document (KII) for structured UCITS.

Choice of the scenarios (Box 2)

- 1. Do you agree with the proposals in Box 2?**
- 2. Are there any other scenarios which these guidelines should address?**

EFAMA believes that the guidelines given by CESR under Box 2 for the choice of the scenarios are helpful and give an appropriate level of flexibility to the management companies to select scenarios that will help investors to understand how the structured fund will work under different market conditions, depending on the characteristics of each individual structured UCITS.

Reasonable assumptions about market conditions – However, in order to ensure comparability between structured UCITS, and a certain level of consistency among management companies in the choice of the scenarios, some members deem it important that CESR defines more precisely the meaning of the terms “unfavorable”, “favorable” or “medium” market conditions.

Extreme market conditions – Clarifications would be welcome as well concerning the type of objective criteria that should be used to determine the extreme market conditions under which a fourth scenario would be required.

Narrative explanations – Several of our members highlighted the fact that the requirement to present at least three scenarios (and potentially more) completed with narrative explanations is hardly compatible with the limitation of the KIID to a maximum of 3 pages. They therefore suggest that it should be possible, where appropriate, to replace some of the narrative explanations by references to more detailed explanations in the prospectus.

Presentation of the scenarios (Box 3)

- 3. Do you agree with the proposals in Box 3?**
- 4. Is there any other guidance which should be given about the presentation of scenarios?**

EFAMA generally agrees with the proposals in Box 3. In particular, we strongly support the choice that is given to present each set of scenarios as either tables or graphs, whichever is the clearer way to present the characteristics of each individual UCITS. We also fully endorse CESR's statement under point 7 of the explanatory text that management companies are best placed to decide between tables or graphs.

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.