

**EFAMA Reply to the Consultation Paper on ESMA's Technical Advice on possible delegated acts concerning the Prospectus Directive**

EFAMA is the representative association for the European investment management industry. It represents through its 26 member associations and 56 corporate members approximately EUR 13.5 trillion in assets under management, of which EUR 8 trillion was managed by approximately 53,000 funds at the end of 2010. Just under 36,000 of these funds were UCITS (Undertakings for Collective Investments in Transferable Securities) funds.

EFAMA welcomes the Consultation Paper on ESMA's Technical Advice on possible delegated acts concerning the Prospectus Directive and understands the limitations placed on ESMA's Technical Advice by the delay in publication of the legislative proposals on packaged retail investment products (PRIPs).

EFAMA strongly supports equal investor protection and the creation of a level playing field in the regulation of retail investment products, particularly through pre-contractual product disclosure. We believe that the high level of investor protection and of disclosure standards provided by the UCITS framework should be extended to all PRIPs, not only to help retail investors make informed investment decisions, but also to increase competition and efficiency in retail investment markets. A harmonised cross-sectoral disclosure regime could also help rebuild retail investor confidence in the financial markets following the financial crisis.

A requirement for a harmonised Key Investor Information Document (KIID) as pre-contractual information must be introduced for all retail products falling under the scope of PRIPs, including those regulated under the Prospectus Directive. Upcoming legislative proposals are expected to include such provisions.

In the meantime, the recent review of the Prospectus Directive foresees modifications to the summary to make it more investor-friendly, but differences remain between the key information in the new summary and the UCITS KIID. Such differences may be justified in view of the different purpose of the prospectus summary and the KIID – the first being an issuance document, the second a pre-contractual document to be updated on an ongoing basis. Although EFAMA members consider that Recital 27 should be implemented as far as possible<sup>1</sup>, they strongly believe that the PRIPs KIID cannot be replaced by the Prospectus Directive summary.

We remain at your disposal for any clarification you may require.

Peter De Proft  
Director General

14 July 2011

<sup>1</sup> Recital 27 of Directive 2010/73/EU of 24 November 2010 modifying the Prospectus Directive states that delegated acts adopted by the Commission should align to the greatest extent possible the content and form of the summary with the outcome of the PRIPs initiative, preventing the duplication of documents and potential confusion for investors as well as minimising the costs.