

Per E-Mail

Mr Eddy Wymeersch
Chairman
Committee of European Securities
Regulators
Avenue de Friedland
75015 Paris
France

Name: Dr. Birgit Rost
Telefon: + 49 (30) 81 92 - 2 52
Telefax: + 49 (30) 81 92 - 2 58

29 May 2007

Questionnaire on simplified prospectus for retail investors (CESR/07-214)

Dear Mr. Wymeersch,

Thank you for the opportunity to comment on CESR 's Questionnaire on simplified prospectus for retail investors. Our replies to the questions posed in the questionnaire are as follows:

1. What information should be included?

Only substantive features should be included in the KII because customers are rather unlikely to read complex documents, especially if they can consult in addition the full prospectus (FP). Cross references to the FP can be useful especially in order to enhance a compact format of the KII.

2. What substantive UCITS feature do consumers need to know about?

The main focus of interest for consumers can be assumed to be the investment policy, risk disclosure, past performance disclosure, subscription and redemption procedure and fees. The targeted type of investor should not be included, as the KII are already aimed at retail clients and a description of the targeted investor is included in the prospectus.

3. What information should be provided about risks and rewards?

Risk information should be standardised in order to enhance comparison of different products. Only typical product related risks should be disclosed. The

KII should include the main risks without any type of synthetic risk indicator as it would probably prove to be difficult to find a standard for a European risk measuring methodology which would be a pre-condition for a level playing field. Potential gains might be included provided that they are displayed as not being any kind of guarantees or promise for a certain performance and would be a rather subjective indicator and have a link to the risk-descriptions of the prospectus.

4. What information should be provided about strategy and objectives?

Investment objectives should be described in plain-language including the main investment features. Benchmarks should only be included where reference is made in the investment policy or a performance fee is linked to the performance of a specific benchmark.

5. How should past performance information be presented, and for what time period?

Past performance should be depicted in a standardised way (level playing field), e. g. with standardised periods (e. g. 1, 3, 10 years) and bar charts. A risk warning that past performance is no guarantee for future performance is useful in order to raise awareness for the potential customer concerning the volatility of his investment.

6. How should information about charges and fees be presented?

Charges should be depicted as percentage figure as in the past. Using figures just in cash terms may be misleading because examples can only depict the situation for a specific amount of investment as the customer is rather used to percentage figures. The TER (without transaction costs and initial and possible exit charges) has proved to be a good means to enhance comparability of products and is widely accepted. In contrast the PTR is a rather complicated figure and not easy comprehensible for the customer, especially when the figure depicts a negative value. An explicit disclosure of a commission split between fund's producer and distributor is nearly impossible as they are agreed in several individual contracts. The information and disclosure provisions under MiFID and legal practice are sufficient.

7. How could the packaging of funds into different end-products be handled?

In order to guarantee a level playing field for different products that include investment funds an information requirement should be included. However if there is a packing of products, disclosure should be taken care of at the point of sale. It should be clarified that the wrapping entity should provide the required information as on the fund's level the impact of the wrapping is not predictable. It makes no sense to confuse customers with additional information on these combined products in the KII because not all of the possible

combinations would be applicable and would therefore rather tend to confuse the customer.

8. How far should the information be harmonized between firms and between EU members?

Comparability (also cross-border) should be the essence of the KII because otherwise it would not be useful to aim for a standard. Especially key figures as performance depiction and fee depiction should be standardised to enhance comparability. Member state information should not be included in the KII but a separate document that may be attached to the SP because approval and change procedure of the KII in the home country may prove to be a costly and time consuming hurdle in some countries.

9. Would it be useful to specify how this information should be presented?

A standardised format (e. g. FEFSI/EFAMA format) limited to a few pages should be used. Additional layout (print, colours etc.) should be at the choice of the investment industry.

10. In what form should the information be delivered?

The KII should either be easy accessible (e.g. in the internet) for execution-only clients or available via data file or hardcopy at the point of sale.

11. How should we ensure consumers get information in sufficient time for it to be useful for their investment decision?

The customers should be offered the document before the conclusion of the contract. However, there should be no obligation to hand out the document if the customer rejects it. In the past at the point of sale the intermediary rather used simple fact sheets to explain the product than the simplified prospectus. If comprehensive legal documentation is needed to make an informed decision then the full prospectus is the right document. An additional period for consideration is probably not useful because the main product features have been disclosed at the point of sale or the potential customer has already made his choice in the event of a direct execution- only investment. An additional period of consideration may therefore as well prove to be a disadvantage for a customer with an interest in prompt investment.

We would be happy to supply further information on request.

Yours faithfully,
Association of German Public Sector Banks


(Lothar Jerzembek)


(Dr. Birgit Rost)