

15 July 2009

Mr Carlo Comporti
Secretary General
The Committee of European Securities Regulators
11-13 Avenue de Friedland
75008 Paris
France

Dear Mr Comporti

CESR's technical advice at level 2 on Risk Measurement for the purposes of UCITS' global exposure

The Depositary and Trustee Association (DATA) represents all depositaries and trustees of UK-based authorised unit trusts and open-ended investment companies. At the end of May 2009, the members of DATA were responsible for safeguarding £391.3 billion of funds under management

DATA welcome CESR's consultation to clarify issues which have arisen since the 2004 EU Recommendation on Financial Derivative Instruments. However, we note that a number of new methodologies and approaches have been introduced which must be universally agreed by Member States in order to fully harmonise UCITS following the implementation of the UCITS IV proposals. Therefore, given the short time frame for response, we urge CESR to give the industry an opportunity to review and respond to CESR's feedback and proposals before they are officially formalised.

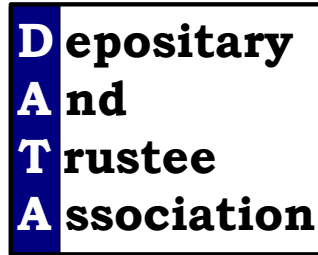
In respect of the detailed advice, we have provided input to IMA's response and we support the analysis produced. However, from a fiduciary perspective, we would like to make the following points:

- When derivatives are used for hedging / EPM **and** investment purposes it is normal for managers to use global cover regarding the relevant exposure as there are no specific limit requirements for the hedging / EPM transactions. However, we feel that when derivatives are used for hedging / EPM purposes, CESR should consult on and clarify the position, differentiating between:
 1. funds that use derivatives for hedging / EPM **and** investment purposes, and
 2. funds that use derivatives solely for hedging / EPM transactions.

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- The response to question 4 supports the inclusion of incremental leverage in global exposure calculations (under the commitment basis). We would invite CESR to consider whether and how this should be assessed under the VaR methodology.

We look forward to hearing from you in due course.

Yours sincerely

Kevin Tomlin
DATA Chairman

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