

To Whom It May Concern,

we refer to you in order to give feedback regarding your launched consultation process on guidelines for regulations in implementing the UCITS III transitional provisions as well as questions concerning the European passport.

1.) Our understanding of the implementation of grandfathering rules under Luxembourg laws following the Directive 2001/107/EC (often referred to as the Management Companies Directive) and the European Directive 2001/108/EC (often referred to as the Products Directive) covering the transitional provisions for UCITS established prior to February 13, 2002 is as follows:

1.1) UCITS established prior to February 13, 2002 may continue under the Luxembourg 1988 Law until February 13, 2007.

1.2) New compartments of UCITS which are still subject to the Luxembourg 1988 law may be opened, still complying with the Luxembourg 1988 law, until the UCITS itself falls under the Luxembourg 2002 Law.

(Art 134 (1) of the Luxembourg 2002 Law.)

1.3) The need to launch a simplified prospectus runs in parallel to these regulations, meaning there is no need (until now) for 1988 funds to launch such simplified prospectus.

The Luxembourg regulator has knowingly taken the decision to run the 1988 law and the 2002 Law in parallel.

Our regulator has decided this way to enable most flexibility for the market participants as possible.

In this respect he has build up a **trust protection principle**, acting in line within the [defaults](#) indicated under the aforementioned European Directives.

Therefore we do not foresee how this trust protection principle could be changed or amended

by the more restrictive limits you would like to put in place under your suggested guidelines.

2.) Our understanding of the transitional provisions for Management Companies is as follows:

2.1) The Luxembourg 2002 law applied to all management companies with effect from the date of entry into force of this Law (January 1, 2003). All references in their articles to the Luxembourg 1988 Law are deemed to have been replaced by reference to the Luxembourg 2002 Law.

They must, however, comply with Article 80 of the Luxembourg 2002 Law (annual accounts audited by an independent auditor) within 12 months.

Apart from this it should be noted that SICAVs launched under the Luxembourg 1988 Law can designate themselves to be “self-managed” until February 13, 2007

2.2) Management companies existing at January 1, 2003

Management companies existing at January 1, 2003, are, ipso jure, subject to the provisions of

chapter 14 and are deemed to be authorized. If they manage UCITS (which are subject to the 1988 Law), they must comply with chapter 13 by February 13, 2007.

2.3.) Management companies authorized between January 1, 2003 and February 13, 2004

Such management companies had the choice to be submitted to chapter 13 or chapter 14 of the Luxembourg 2002 Law. If they are submitted to chapter 14 and manage UCITS, they must comply with chapter 13 by February 13, 2007.

Also in respect to the transitional provisions for Management Company, we are bound by the already implemented Luxembourg laws and regulations.

As a matter of fact we do not think that your suggested guidelines should be more restrictive than binding laws the market participants already entrust to be binding and final.

Overall we understand the Luxembourg regulator has found a very flexible user-friendly way of implementing timeframes for the transitional provisions to be respected.

Therefore we'd be pleased if you could take the suitable limits of already existing regulations into account for the draft of your guidelines opening market participants' user-friendly transitional timeframes for the implementation of the new UCITS III regulations.

Thank you in advance for taking this into account, for your time and consideration. We remain for your convenience in case you might have any comments or questions.

Mit freundlichen Grüßen / Yours sincerely / Med vänlig hälsning

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