



Comments on the “Consultation paper on Principles of Enforcement of Accounting Standards in Europe, CESR/02-188b”

The Swedish Investment Fund Association has been given the opportunity to comment on the paper mentioned above and would like to make the following remarks:

Although we welcome the IAS it is our opinion that a large part of the IAS that is not suitable (or at least needs further interpretations) for investment funds.
A few examples are:

-The main purpose of publishing accounts for an investment fund should be to inform investors. The accounts should therefore – ideally – be based on the interests and the needs of investors and the creditors approach included in IAS is not relevant for investment funds.

-An investment fund is by definition a liquid entity, not having fixed assets but current assets and current liabilities with investors focusing on the net asset values (NAV). Questions are therefore raised as to the uses and benefits of a cash flow statement.

-In order to improve information to investors/consumers, the new UCITS Directive recently introduced a Simplified Prospectus. Introducing new accountancy rules that add precious little to, or are even in contradiction with, the disclosure exercise is likely to do more harm than benefit.

Our suggestion is to either exempt investment funds from IAS or to obtain specific IAS rules adapted to funds in the interest of investors. We believe that it is of great importance that further work on the application of the IAS is made in cooperation with the fund industry, for example with the European Investment Fund Association (FEFSI) who has made some work on this topic and the UCITS Contact Committee.

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