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PRESS RELEASE

**CESR Members adopt common supervisory approaches for the new regime
eligible assets for UCITS**

CESR publishes today its final Level 3 guidelines on eligible assets of UCITS (Ref. CESR/07-044). These guidelines complement the Level 2 implementing Directive adopted today by the European Commission (see <http://eur-lex.europa.eu/en/index.htm>).

All these measures will help remove uncertainty as to whether UCITS can properly invest in categories of financial instruments, including transferable securities, money market instruments, derivative instruments on financial indices.

The Level 3 CESR Guidelines are part of the CESR advice to the European Commission adopted in January 2006 (Ref. CESR/06-005, with a feedback statement Ref. CESR/06-013) regarding clarification of definitions concerning eligible assets for investments of UCITS. This document was submitted to two rounds of consultations. CESR did not consider it necessary to consult again on the Level 3 Guidelines since the changes made to the previous document were not substantial and necessary to align the guidelines to the text of the Directive adopted by the Commission.

The CESR Guidelines are meant to foster supervisory convergence in the day-to-day application of the criteria adopted in the new level 2 Directive by national authorities and to ensure their consistent implementation.

Notes for Editors:

1. CESR is an independent Committee of European Securities Regulators. The role of the Committee is to:
 - a. Improve co-ordination among securities regulators;
 - b. Act as an advisory group to assist the EU Commission, in particular in its preparation of draft implementing measures in the field of securities;
 - c. Work to ensure more consistent and timely day-to-day implementation of community legislation in the Member States;
 - d. The Committee was established under the terms of the European Commission's decision of 6 June 2001 (2001/1501/EC).
2. Each Member State of the European Union has one member on the Committee. The members are nominated by the Member States and are the Heads of the national public authorities competent in the field of securities. The European Commission has nominated the Director General of the DG Market, as its representative. Furthermore, the securities authorities of Norway and Iceland are also represented at a senior level.
3. Preparation of CESR's advice on this mandate has been undertaken by the CESR Expert Group on Investment Management, which is chaired by Mr Lamberto Cardia, Chairman of the Italian securities regulator, the Commissione nazionale per le società e la Borsa (CONSOB).
4. Furthermore, a consultative working group composed of 16 market practitioners and consumers has also been formed to provide technical advice to the Expert Group on Investment Management. The market participants are experts in different fields of investment management drawn from across the European markets. They are not intended to represent national or a specific firms' interest and do not replace the important process of full consultation with all market participants. For a full list of the individuals, please visit the page dedicated to Investment Management on the CESR website.
5. **Background on eligible assets:** In the context of the implementation of the so-called UCITS III Directive (Directive 85/611/EEC as amended by Directives 2001/107/EC and 2001/108/EC), the issue of whether, or to what extent, some financial instruments could be considered eligible investments (i.e. "eligible assets") for a UCITS to invest in, has come up. In particular, the definitions of "transferable securities" under Art. 1 (8), of "money market instruments" under Art. 1 (9) and the list of authorised investments under Art. 19 have caused some difficulties of interpretation.
6. Ensuring consistent implementation and interpretation of EU legislation across the Member States is a crucial dimension of the building up of the internal market in financial services. The European Commission has therefore identified the need to clarify certain definitions of eligible assets of the UCITS Directive as short term priority for the implementation of the amendments made by Directive 2001/108/EC of 21 January 2002 to the UCITS Directive.
7. In view of this, DG Internal Market made use of the delegated powers conferred by Art. 53a of the UCITS Directive to the Commission, to clarify some of the definitions pertaining to eligible assets which are contained in the UCITS Directive. In providing its technical advice to the Commission CESR responded to a mandate received on 28 October 2004: "The Formal Mandate to CESR for Advice on Possible Modifications to the UCITS Directive in the Form of Clarification of Definitions concerning Eligible Assets for Investments of UCITS"
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