

MEMO# 29269

August 19, 2015

IOSCO Consultation on International Standards on Fees and Expenses of Investment Funds

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TO: ICI GLOBAL REGULATED FUNDS COMMITTEE No. 49-15
INTERNATIONAL COMMITTEE No. 44-15
INTERNATIONAL INVESTING SUBCOMMITTEE No. 6-15 RE: IOSCO CONSULTATION ON
INTERNATIONAL STANDARDS ON FEES AND EXPENSES OF INVESTMENT FUNDS

In late June, the International Organization of Securities Commissions (IOSCO) published a consultation report on [Elements of International Regulatory Standards on Fees and Expenses of Investment Funds](#), with comments due by September 23.

The consultation proposes an updated set of common international standards of best practice for the operators of Collective Investment Schemes (CIS) and regulators to consider. It builds on the recommendations made in IOSCO's 2004 paper on [International Regulatory Standards on Fees and Expenses of Investment Funds](#) and seeks to determine whether these standards should be updated in light of market and regulatory changes. IOSCO notes in the consultation that, since the 2004 report, the natural evolution of the industry has resulted in new CIS product structures, new investment strategies and changing distribution models, amongst other developments. IOSCO further states that regulatory developments in some jurisdictions or at the regional level (e.g. MiFID revision) have at the same time changed the way fees and expenses are disclosed, and the effectiveness of certain disclosure models has been tested with investors.

The consultation focuses on issues identified as being key across jurisdictions, and includes discussions of the following:

- types of permitted fees and expenses
- performance-related fees
- disclosure of fees and expenses
- transaction costs

- hard and soft commissions on transactions

We are drafting a response to the consultation and will circulate a draft to members. We will not be holding a member call, but invite members interested in this issue to reach out to us directly. You can reach me at emykolenko@ici.org or 202-326-5837 or Susan Olson at solson@ici.org or 202-326-5813.

Eva M. Mykolenko
Associate Chief Counsel - Securities Regulation

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