

MEMO# 22248

February 15, 2008

ICI COMMENT LETTER - Committee of European Securities Regulators' Recommendations for Mutual Fund Disclosure Reform

[22248]

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TO: INTERNATIONAL MEMBERS No. 1-08

SEC RULES COMMITTEE No. 14-08 RE: ICI COMMENT LETTER - COMMITTEE OF EUROPEAN SECURITIES REGULATORS' RECOMMENDATIONS FOR MUTUAL FUND DISCLOSURE REFORM

Last October, the Committee of European Securities Regulators (CESR) published a consultation paper with recommendations on mutual fund disclosure reform. The core proposal is for a two-page "Key Investor Information" document that would replace the current UCITS simplified prospectus. [\[1\]](#) The ICI submitted the attached comment letter on February 15, 2008.

The letter generally supports CESR's proposals and offers the following observations and suggestions:

- We commend the efforts of CESR to address the need for standardized performance for funds.
- We commend CESR's efforts to enhance risk disclosure for funds but have reservations with the proposal for a quantitative or synthetic risk indicator.
- We agree with CESR's concerns about the challenges of quantifying portfolio turnover costs and do not believe that CESR should require the quantification and disclosure of

these costs.

- We believe that CESR should consider allowing the KII to be available electronically or in paper.

We also submitted Institute research on fund shareholders and their assessment of risk disclosure methods, including risk indicators. [2]

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[Attachment](#)

endnotes

[1] For a summary of CESR's consultation paper see Memorandum [21904] to International Members No. 30-07 and SEC Rules Members No. 142-07, dated Oct. 29, 2007. CESR's consultation paper is available at <http://www.cesr-eu.org/popup2.php?id=4814>.

[2] See Shareholder Assessment of Risk Disclosure Methods, Spring 1996 ("ICI Risk Research") available at http://www.ici.org/stats/res/arc-dis/rpt_riskdiscl.pdf; Investment Company Institute Perspective, volume 1, number 2 (November 1995) (excerpt from ICI Comment Letter on the SEC's 1995 Risk Concept Release) available at <http://www.ici.org/statements/perspective/per01-02.pdf>