

**MEMO# 12461**

August 9, 2000

## **SALE OF MUTUAL FUNDS IN ITALY VIA INTERNET**

[12461] August 9, 2000 TO: INTERNATIONAL COMMITTEE No. 25-00 RE: SALE OF UCITS IN ITALY VIA INTERNET On July 21, 2000, Italy's CONSOB issued Communication No. DIN/56016 regarding sales of UCITS shares through the Internet. The Communication described a simplified procedure for updating the offering documents for Internet sales and commented on certain aspects of selling via the Internet. Attached is a copy of a memorandum prepared by Italian counsel describing the Communication. CONSOB described the information that must be added to offering documents for the sale of fund shares through the Internet. The document must indicate that an investor will be permitted to place orders through the Internet after identification of the investor and the assignment of a password or identification code. The information document also must state that the description of the specific procedures for purchasing fund shares through the Internet is contained in the web site and that the contract for the initial sale of fund shares through distance communication techniques will be suspended for seven days, permitting investors to withdraw during this period without incurring any charges. In addition to submitting an amended offering document to CONSOB, a fund must submit a declaration by the fund's legal representative that the information required in offering documents has been added and a copy of the management regulation of the fund, which has been approved by the Bank of Italy. The fund also must produce a list of all entities entrusted with placement of fund shares in Italy and a copy of the agreement with entities that are selling shares via the Internet. In connection with describing the procedure for updating the offering documents for Internet sales, CONSOB offered several comments related to the sale of UCITS via the Internet. CONSOB noted that before an investor can purchase fund shares over the Internet, the investor must be identified to satisfy the anti-money laundering regulations and to be issued a password or identification code, which is necessary to close the transaction. Moreover, CONSOB stated that the client must be fully aware of the choice of the investment and the completion of the transaction. Specifically, the web site must require the clients to read the offering prospectus prior to filling in the data form to complete the transaction. The clients also must confirm the data in the form and be able to download the data entered, the offering prospectus, and all other documents that must be made publicly available. Jennifer S. Choi Assistant Counsel Attachment Attachment (in .pdf format)