

MEMO# 15569

January 22, 2003

UK ISSUES CONSULTATION PAPER ON UCITS MANAGEMENT DIRECTIVE

ACTION REQUESTED [15569] January 22, 2003 TO: INTERNATIONAL COMMITTEE No. 4-03
RE: UK ISSUES CONSULTATION PAPER ON UCITS MANAGEMENT DIRECTIVE Recently, the UK Financial Services Authority (FSA) jointly with H.M. Treasury issued a consultation paper on the UCITS Management Directive. The FSA's summary of the consultation paper is attached. The complete consultation paper may be obtained through the FSA's website at, <http://www.fsa.gov.uk/pubs/cp/cp163.pdf>. The proposed Management Directive would: (1) introduce a new passport, allowing a UCITS management company to carry out cross-border investment services; (2) impose new financial resource requirements and conduct of business rules on the UCITS management company; and (3) provide for a simplified prospectus to be used as a marketing document throughout the European Economic Area. According to the FSA, the minimum standards of financial resources and conduct of business provisions that would be imposed by the proposed Management Directive are already met by the FSA's rules. The main changes being proposed by the consultation paper would be to permit a UCITS management company to provide services that are being provided by firms authorized under the Investment Services Directive. In describing the new requirements on management companies, the FSA notes that the Authorized Corporate Director (ACD) of a UK open-end investment company would be treated as a management company for the first time because of the definition of "management company" in the amended UCITS Directive. The FSA's consultation paper contemplates that some ACDs may have to restructure their operations because they will no longer be able to hold an Investment Services Directive passport once they are defined as UCITS management companies. The consultation period for the paper ends on April 1, 2003. The Institute will be considering whether to submit comments on the consultation paper. If you have any particular concerns about the FSA's proposals, please contact me at (202) 326-5810 or at jchoi@ici.org no later than March 1, 2003. Jennifer S. Choi Associate Counsel Attachment (in .pdf format)