

Alceda
Fund Management S.A.

ALLEN & OVERY
LUXEMBOURG

**am
mc
Law**
Avocats à la Cour

arendt
arendt & medernach

**BANQUE
DE LUXEMBOURG**


**BANQUE ET CAISSE D'ÉPARGNE DE L'ÉTAT
LUXEMBOURG**
Your life. Your bank.

BONN SCHMITT STEICHEN
AVOCATS

**BROWN
BROTHERS
HARRIMAN**

**CLIFFORD
CHANCE**

Deloitte.

ELVINGER, HOSS & PRUSSEN
AVOCATS À LA COUR

 **EFA**
Reliable & Independent

 **ERNST & YOUNG**
Quality In Everything We Do


HAUCK & AUFHÄUSER
INVESTMENT GESELLSCHAFT S.A.

HSBC 
The world's local bank

 **KNEIP**
Everywhere your investors are

KPMG

Linklaters

LOYENS Loeff
AVOCATS À LA COUR



Northern Trust

PRICEWATERHOUSECOOPERS 

PrimeFundSolutions

PRISMA

 **RBC DEXIA**
INVESTOR SERVICES
Your ambition. Our purpose.™

 **VP**
FUND
SOLUTIONS



association of the
luxembourg fund industry

London, 11 May 2010

Workshop:

UCITS - Implementation of UCITS IV

Moderator: José-Benjamin Longrée, Managing Director, CACEIS Bank
Luxembourg

Hermann Beythan, Partner, Linklaters LLP

Gast Juncker, Partner, Elvinger Hoss & Prussen

Jean-Michel Loehr, Chief, Industry & Government Relations, RBC Dexia
Investor Services

UCITS IV

Introduction: flash back



- UCITS IV
 - Making the management company's passport fully effective & increasing requirements of management substance
 - Replacing simplified prospectus by the key investor document/information ("KID/KII")
 - Harmonizing regime of mergers in general and imposing acceptance of cross-border mergers in particular
 - Introducing the master/feeder concept in the UCITS' realm
 - Enhancing UCITS cross-border notification
 - Strengthening supervision via increased cooperation between regulators

UCITS IV

Implementation timeline



- **The Lamfalussy process: a four levels architecture:**
 1. Adoption of the legislation by the European Parliament and the EU Council (level 1)
 2. The CESR starts its consultations and makes proposals on technical detailing measures to the Commission. Once adopted, these practical measures will be included in the Directive's framework (level 2)
 3. Implementation of the Directive into national legislation by local regulators. The cooperation principles are coordinated by the CESR
 4. Control by the European Commission of the enforcement of the new texts adopted in EU members states



UCITS IV

The challenges



- Despite all the progress the Directive brings, certain aspects of its transposition remain unclear:
 - Technical issues concerning the new features the Directive introduces (i.e. the KID, Management Company Passport, etc)
 - Lack of harmonization among Member States on Fiscal aspects

- The European Commission asked CESR to propose practical solutions to these issues
 - Once validated by the European Commission, these practical measures must be transposed into national laws

UCITS IV

The Management Company's passport



- Organisational requirements / conflicts of interest
 - MIFID Alignment

- Rules of conduct/ Inducements
 - MIFID Alignment

- Role of depositary
 - Written agreement between the Management Company and the depositary

- Risk management
 - Organisation requirements/procedures

- Supervisory co-operation
 - On-the-spot verification, investigation, exchange of information

UCITS IV

The Management Company's passport – attention points



-
- Delegation of the Management company duties
 - New type of agreement between the Management Company and the UCITS depository
 - External Governance
 - Exchange of information, confidentiality and money laundering

-
- Investor protection – improve efficiency

 - Contents of KII
 - Liability
 - Synthetic risk indicator & text
 - Charges
 - Performance

UCITS IV

KID – attention points



- Drafting challenges
- Operational challenges

UCITS IV Mergers



-
- Efficiency / size increase / reduction of number of funds
 - Special regime for Ucits funds/ 3 types of mergers
 - Cross-border merger & domestic & sub-funds
 - Preparation and clearance of the merger
 - Information on the merger/Implementation
 - Options for member states: ALFI proposals

UCITS IV

Mergers – attention points



- Timing
- New duties for the depositary and operational issues
- Tax issues

UCITS IV

Master Feeder Funds



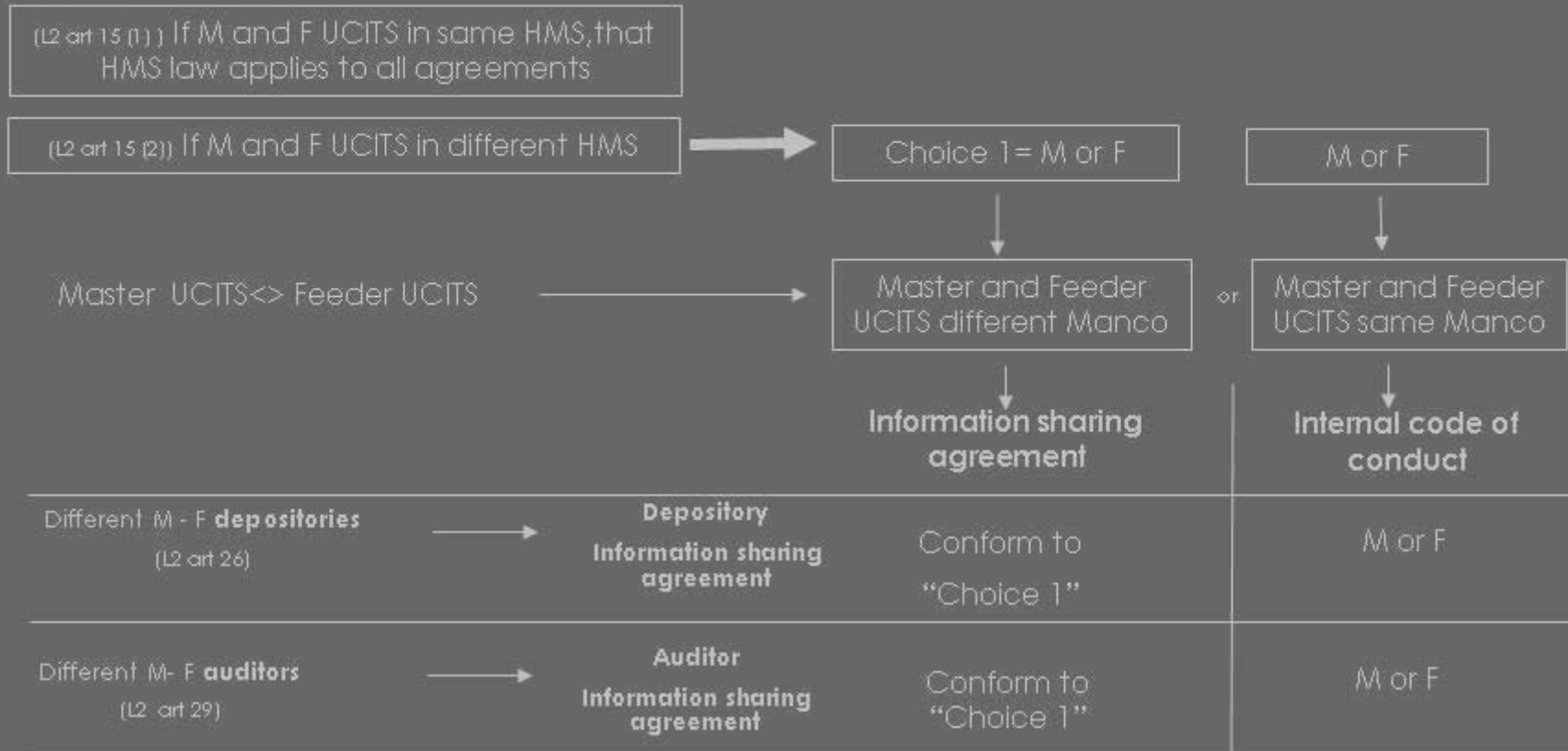
Master-feeder structures

- Written agreements to be put in place between master and feeder UCITS, as well as their respective depositaries and auditors.
 - Applicable law
 - contents
- General principle of equitable treatment for all shareholders.

UCITS IV Master Feeder Funds



Applicable law rules for master feeder funds



UCITS IV

Master Feeder Funds – attention points



-
- **Multiple configurations generate complexity**
 - Different service providers
 - Different depositaries
 - Different auditors
 - Different accounting charts and rules
 - Different data

 - **Notification of breaches**

 - **Operational issues**

UCITS IV Notification



-
- “10 days” Home Regulator to host regulator notification process
 - Host regulator ex post control
 - Language
 - Use of electronic filing and communication tools
 - Standard models expected

UCITS IV

Notification – attention points



-
- Missed opportunity for uniform process
 - Challenges for the Regulators
 - Challenges for Management Companies

Alceda
Fund Management S.A.

**ALLEN & OVERY
LUXEMBOURG**

**am
mc
Law**
Avocats à la Cour

arendt
arendt & medernach

**BANQUE
DE LUXEMBOURG**



**BANQUE ET CAISSE D'ÉPARGNE DE L'ÉTAT
LUXEMBOURG**
Your life. Your bank.

BONN SCHMITT STEICHEN
AVOCATS

**BROWN
BROTHERS
HARRIMAN**

**CLIFFORD
CHANCE**

Deloitte.

ELVINGER, HOSS & PRUSSEN
AVOCATS À LA COUR



EFA
Reliable & Independent

ERNST & YOUNG
Quality In Everything We Do



HAUCK & AUFHÄUSER
INVESTMENT GESELLSCHAFT S.A.

HSBC
The world's local bank



KNEIP
Everywhere your investors are

KPMG

Linklaters

LOYENS Loeff
AVOCATS À LA COUR



Northern Trust

PRICEWATERHOUSECOOPERS

PrimeFundSolutions

PRISMA



RBC DEXIA
INVESTOR SERVICES
Your ambition. Our purpose.™

VP FUND SOLUTIONS