

Headlines

• **EC : Communication on Packaged Retail Investment Products**

On 16 December 2009, the European Commission published an [update on packaged retail investment products](#) (PRIPs). The paper provides further detail on how the Commission will take forward the commitments it made in the 30 April 2009 Communication on PRIPs. In a further step, the Commission Services are working on preparing legislative proposals and plan to consult in the forthcoming months on a draft of these before seeking their adoption, in accordance with the principles of better regulation.

• **EC : Updated Q&As on the Payment Services Directive**

The European Commission has published an update of its document containing questions and answers on the Payment Services Directive (PSD).

New Q&As in the document, dated 14 December 2009, include:

- the interpretation of Article 73 with regard to internal payment transactions (page 254);
- whether interbank paper credit transfers are within the scope of the PSD (page 255); and
- the scope of the definition of a payment account (page 262). Read more: http://ec.europa.eu/internal_market/payments/docs/framework/transposition/faq_en.pdf

• **EC consults on a review of the Financial Conglomerates Directive**

The European Commission has published a consultation paper entitled "Review of Directive 2002/87/EC on the Supplementary Supervision of credit institutions, insurance undertakings and investment firms in a financial conglomerate". This consultation addresses the review of the Financial Conglomerates Directive (FCD), as provided in the Directive's review clause. It is designed to help the Commission develop its proposals to revise the FCD.

The Commission is seeking comments on the effectiveness of potential options for reform, compliance costs, impacts on competition and other implied costs and benefits.

Comments on the consultation paper are requested by 15 January 2010.

Please find here the [Consultation paper](#) and [related webpage](#).

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• Publication of the UCITS IV directive in the *Official Journal* of the European Union

• ALFI position paper in response to CESR consultation 09-785 on level 2 measures relating to mergers of UCITS, master-feeder UCITS structures and cross-border notification of UCITS

ALFI responded to CESRs' consultation paper on level 2 measures relating to mergers of UCITS, master-feeder UCITS Structures and cross-border notification of UCITS.

The paper addresses among other the content and format of the information to be given to unitholders in the context of UCITS mergers, the content of the agreement to be concluded between a feeder and master UCITS, issues regarding the liquidation, merger or division of a master UCITS, the content of the agreement to be concluded between depositaries of master feeder UCITS, and the reporting by the master UCITS depositary. The response also gives ALFI's opinion on the scope of information to be published by each Member State in the context of the notification procedure, the facilitating of access to the notification documentation, the content of the notification letter and attestation, as well as the electronic transmission of notification files.

• CESR : advice on mergers, master-feeder structures and cross-border notification of UCITS and KID methodologies

On 22 December 2009, CESR delivered two documents related to the future UCITS IV Directive: a technical advice on mergers of UCITS, master-feeder UCITS structures and cross-border notification and two methodologies for Key Investor Document for UCITS.

For CESR's technical advice to the European Commission on level 2 measures relating to mergers of UCITS, master-feeder UCITS structures and cross-border notification of UCITS (09-1186) : <http://www.cesr.eu/popup2.php?id=6359>

For the annex to CESR's technical advice on the level 2 measures related to the format and content of Key Information Document disclosures for UCITS: methodology for the calculation of the synthetic risk and reward indicator (09-1026) : <http://www.cesr.eu/popup2.php?id=6361>

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For the annex to CESR's technical advice on the level 2 measures related to the format and content of Key Information Document disclosures for UCITS: methodology for the calculation of the ongoing charges figure (09-1028) : <http://www.cesr.eu/popup2.php?id=6360>

• **MiFID complex and non-complex financial instruments: appropriateness requirements – Feedback statement CESR/09-558) and Q&As (CESR/09-559)**

In May 2009 the Committee of European Securities Regulators (CESR) published a consultation paper analysing various types of MiFID financial instruments and setting out its proposed views on how specific types of MiFID products are likely to fit within the complex/non-complex categories for the purposes of the Directive's appropriateness requirements. CESR has now published a feedback statement (CESR/09-558) and Q&As (CESR/09-559) in response to comments received on its consultation. The feedback statement sets out CESR's response on issues regarding the implications of the appropriateness requirements for:

- different types of shares and on the categorisation of subscription/nil paid rights; money market instruments, bonds and other forms of securitised debt;
- the treatment of units in collective investment undertakings (including non-UCITS); and
- certain other products such as Exchange Traded Commodities (ETC s).

The feedback statement also deals with other non-complex financial instruments (including consideration of the criteria set out in article 38 of the MiFID Level 2 Directive). It clarifies the interpretation of the criteria in article 38 and deals with issues such as the interpretation of frequent opportunities to dispose or redeem an instrument, liquidity and also when comprehensive information can be considered to be publicly available.

Please find here the [feedback statement](#) and the [Q&As](#) document.

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- **ALFI POSITION PAPER ON CESR's PUBLIC CONSULTATION CONCERNING Inducements – good and poor practices**
Ref: CESR / 09 ~958

Please find here the [document dated 21 December](#)

- **EFAMA : response to CESR consultation on understanding the definition of advice under MiFID**

[EFAMA responded](#) to the CESR's consultation paper which seeks to clarify and illustrate situations where firms will, or will not, be considered as providing investment advice. Stakeholders were consulted on their views on CESR's stance for determining whether information constitutes investment advice, and whether there are other areas where they would like CESR to conduct further work or provide clarifications.

- **OECD report on granting of treaty benefits with respect to the income of collective investment vehicles**

The OECD Committee on Fiscal Affairs has released as a [discussion draft](#) a report on granting of treaty benefits with respect to the income of collective investment vehicles (CIVs). The report containing proposed changes to the commentary on the OECD model tax convention dealing with the question of the extent to which either CIVs or their investors are entitled to treaty benefits on income received by the CIVs. The report is a modified version of the report of the Informal Consultative Group on the taxation of CIVs and procedures for tax relief for cross-border investors which was released on 12 January 2009.

The Committee invites interested parties to send their comments on this discussion draft **before 31 January 2010**. It is expected that once finalised, the Commentary changes will be included in the next update to the OECD Model Tax Convention, which is tentatively scheduled for the second part of 2010.

- **OECD publishes framework for reform of financial regulation**

On 3 December the OECD published a set of principles which are intended to guide policymakers in reforming financial systems. The principles, which target the promotion of "strong, resilient financial systems that play their part in

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driving economic growth”, comprise a benchmark definition of a well-functioning financial system and deal with issues such as the transparency of the financial system and ongoing surveillance and analysis.

Amongst other things they also provide for:

- cross-jurisdictional information-sharing between governmental authorities, through formal and informal channels;
- annual reports by governmental authorities to the public, to promote accountability; and
- a comprehensive review of the framework for governmental intervention in the financial system every five to eight years.

[OECD Recommendation and Principles](#) and [press release](#)

• IOSCO consultation report on Private Equity Conflicts of Interest

In November the Technical Committee (TC) of the International Organization of Securities Commissions (IOSCO) has published for Public comment a consultation report on Private Equity Conflicts of Interest (the Report). The Report sets out a number of factors to be considered by market practitioners and authorities when considering the management of conflicts of interest. The report examines the material conflict of interest risks encountered at each stage of the life cycle of a typical private equity fund, managed by a multi-fund, multi-strategy firm, and sets out the potential and common methods for mitigating these potential conflicts of interest alongside each risk. Mitigation typically takes the form of appropriate alignment of interest through incentive structures, disclosure and legal agreements. It also sets out a number of principles for effective mitigation of conflicts of interest in private equity. The Report will be finalised after consideration of comments received from the public.

Comments may be submitted on or **before 1 February 2010**.

For more detailed information please refer to the following documents:

IOSCO press release:

<http://www.iosco.org/news/pdf/IOSCONEWS171.pdf>

IOSCO consultation report:

<http://www.iosco.org/library/pubdocs/pdf/IOSCOPD309.pdf>

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• **IOSCO consultation on point of sale disclosure for Collective Investment Schemes**

In November, IOSCO published its [consultation report](#) regarding principles of point of sale disclosure.

The report focuses on Collective Investment Schemes (CIS) and is based on an Issues Paper that examined the issues raised by point of sale disclosure, including:

- whether regulatory disclosures are in fact effective in addressing information asymmetries that exist between investors, producers and sellers;
- what constitutes key information;
- how information should be delivered and whether a *layered approach* should be used;
- what exactly should be understood as delivery;
- at what point in time the information should be delivered;
- use of plain language rather than technical jargon; and
- the format of disclosures.

The report analyses in significant detail the key issues raised in the Issues Paper. In addition, it proposes a set of principles for the disclosure of key information regarding CIS, aimed at assisting markets and market authorities when considering point of sale disclosure requirements in their respective jurisdictions. Comments may be submitted to IOSCO **by 15 February 2010**.

• **The Council of the Islamic Financial Services Board (IFSB) admits eight new organisations into its membership**

Among the newly admitted members is Banque Centrale du Luxembourg.

[Press release](#)

• **DTT Germany**

On 11 December 2009 the Minister of Finance, Luc Frieden, received his German counterpart Wolfgang Schäuble in Luxembourg. The two ministers signed an amendment to the existing double taxation treaty between the two countries, introducing the exchange of information on demand in specific cases between their tax authorities, in compliance with the OECD standard.

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This is the 21st such treaty signed by Luxembourg since May 2009. Following signature of the treaty, Luc Frieden told the press that it represented far more than a simple double tax agreement, but was a symbol of the friendship that exists between the two countries. "The relationship with Germany is important for us", he added, "Germany is a major political and economic neighbour and is our principal trading partner". The Luxembourg Minister of Finance announced that the text would be introduced to Parliament in the near future and that he hoped it would be adopted, alongside other double tax treaties recently negotiated by Luxembourg, in around March 2010.

Publications & recent events

• NEW JOINT VENTURE TO BACK THE LUXEMBOURG FUND REVIEW

We are pleased to announce that the Luxembourg Fund Review benefits now from the combined support of ALFI and IFE Benelux (International Faculty for Executives), a provider of professional training and editorial services.

To celebrate the launch of the *IFE/ALFI joint venture*, we are offering a **special 20% reduction to €200 a year for new subscriptions received before the end of February 2010.**

To benefit, your payment must reach us by February 28. After that date, the reduced rate applies only to ALFI members.

Discover a *sample of the last editions* and get more information on www.ifebenelux.com

Keep track of the latest legislation and regulatory developments, and benefit from experts' insights with exclusive analysis of new products and distribution Strategies!

• Update of the LFF/ ALFI brochure on Luxembourg Private Equity and Venture Capital Investment Vehicles

End of November, Luxembourg For Finance and ALFI published an update of their joint brochure on Luxembourg Private Equity and Venture Capital Investment Vehicles. This publication is intended to provide comprehensive information on Luxembourg's state-of-the-art fund vehicle for private equity

and venture capital projects, the SICAR, as well as a summary of the key characteristics of other Luxembourg structuring solutions for private equity and venture capital.

http://www.alfi.lu/fileadmin/files/Statements%20%26%20Publications/Brochures/LFF_PRIVATE_EQUITY_V3b.pdf

• **The official Newsletter of the Luxembourg financial centre – Number 4/2009**

- tax treaty with Spain opens up new market for Luxembourg
- choosing your vehicle for distressed debt acquisition
- dossier UCITS IV
- Supervision after the crises : the role of the CSSF has grown

Download the PDF in [English](#) or [French](#)

• **ALFI Seminar Frankfurt in December**

The seminar was attended by 160 local participants and a delegation of 95 from Luxembourg. Have a look at the presentations slides

http://www.alfi.lu/fileadmin/files/Events/2009/2009_12_01_Frankfurt/1_Frankfurt_09_Master_all_slides_final2.pdf

ALFI Upcoming Events

• **26 & 27 January : ALFI Roadshow to Switzerland**

Zurich Seminar on 26 January (in German) : [programme & registration](#)

Geneva Seminar on 27 January (in French) : [programme & registration](#)

Participation is free

• **9 February : ALFI SRI Conference, Chamber of Commerce**

Extended deadline for early bird bookings : this Friday 8 January !

This conference will update participants on the latest developments and trends in the field and on Luxembourg's efforts to offer an ever wider range of specialised products.

Have a look at the full [programme and registration](#) details.

- **25 February 2010: ALFI & PRiM Risk Management Conference**

Get the [programme and registration](#) information.

Special EARLY BIRD RATES starting at 250 € for payments received by 20 January !

- **ALFI March 2010 events:**

**Deadline to become a sponsor of one of these events :
this Friday 8 January 12 p.m.!!!**

23 & 24 March: **The ALFI Spring Conference**, Centre de Conférences

[More information](#)

23 March evening: **The ALFI Gala Dinner**, Philharmonie

[More](#)

25 March: **The ALFI Microfinance Conference**, Chambre de Commerce

[Save the date !](#)

LuxembourgforFinance Events

- **11&12 January 2010: Financial Mission Middle East**

The Agency Luxembourg for Finance is organizing a financial mission to Dubai and Bahrain led by Mr Luc Frieden, Minister for Finance.

Please click here for the [invitations & registration forms](#).

Impressum

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