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KII will need testing before we know it will work, warns Delcourt

source: international-adviser.com

As the European fund industry prepares for the cost of implementing the Key Investor Information document, Simone Delcourt of the Luxembourg investment regulator, the CSSF warned there may still need to be improvement.

Speaking at the Association of the Luxembourg Fund Industry's (Alfi) annual global investments funds forum yesterday, Delcourt, who is a director at the CSSF, said the document, due to be implemented with the Ucits IV legislation to replace the current simplified prospectus, will increase transparency for investors.

However, she warned there were points on it which would need to be tested through "experience" before the industry would know if it was of significant use to the end client.

"People were very quickly unhappy with the simplified prospectus introduced with the Ucits III legislation because it was too complicated," said Delcourt.

"The objective soon afterwards was to find an alternative which is the KII, which is very short, very clear and very transparent. However, there are elements of it which will need testing before we know if it really is going to be useful for investors."

Her comments came as Philip Warland, head of public policy at Fidelity International, said he expected the company to have to produce up to 45,000 KII documents, a 1500% increase on the 3,000 simplified prospectuses currently produced by the company each year. Warland added producing the current number takes the company around three months each year.

Meanwhile, Eric Roux, managing director, fund reporting at fund administration service provider KNEIP, warned the costs of implementing the new documents could potentially be huge for the industry. "None of the providers are talking about the costs openly at the moment because they all know it is going to be big," said Roux.

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