



Commission de Surveillance
du Secteur Financier

User Guide of the Standardised Model Prospectus for UCITS

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Users are advised to read this guide before drafting a fund prospectus based on the Standardised Model Prospectus.

This guide aims at providing practical information on the steps to consider when drafting a prospectus by using the Standardised Model Prospectus.

Step 1: Assess whether the contemplated UCITS project is suitable for the use of the Standardised Model Prospectus

The Model Prospectus is available in English version and its wording is designed for the set-up of an undertaking of collective investment with the following characteristics:

- an undertaking of collective investment in transferable securities (UCITS) subject to Part I of the Law of 17 December 2010 concerning undertakings for collective investment
- a UCITS to be set up in the form of an investment company with variable capital (SICAV)
- a UCITS to be managed by a Luxembourg-domiciled Management Company or by a Management Company domiciled in another EU Member state in accordance with the freedom to provide services on a cross-border basis
- a UCITS set up with multiple sub-funds of low to average complexity, hence sub-funds with the following characteristics are out of scope: higher leverage, targeted investments implying particular risks and/or liquidity constraints, unconventional investment strategies, atypical investment instruments, uncommon markets, regulatory queries about approvability.

The Model Prospectus provides freedom to add or alter texts but to a limited extent. Users are advised that modifying the model and/or adding provisions is limited to a reasonable degree only, so as not to override the benefit of the standardisation.

In case the Standardised Model Prospectus is modified to a large extent, the CSSF reserves the right to assess on a case by case basis whether the degree of adaptations can still give access to the accelerated examination.

The considerations below are useful to be taken into account when producing investor information that shall be easily understood by the average retail investor:

- a good knowledge and understanding of regulatory context and requirements are a prerequisite for adequate drafting of the Prospectus disclosures
- concentrate on information necessary for investors to understand capital risks involved with the investment and to make informed investment decisions
- restrict the use of technical and legalistic language. Where it is unavoidable, consider providing explanations in brackets, footnotes or cross-references to a glossary
- prefer short sentences
- prefer small paragraphs, and bulleted lists rather than long sentences
- depending on your experience and proficiency in drafting pre-contractual documents, it may be beneficial to consider the assistance of professionals with experience in that work
- make limited use of colours (if any) as the text may be photocopied or downloaded in black and white. Hence ensure enough contrast between the text and its background – the effect is better if the text is dark and the background pale
- keep the spacing between lines aligned with the spacing policy of the entire document (sections, paragraphs)
- we recommend document CESR/10-1320 CESR's guide to clear language and layout for the Key Investor Information Document, dated 20 December 2010 as a useful reference for further reading in drafting prospectus narratives in plain language for retail investors.

Step 2: Copy a version of the model to your desktop and name the document with reference to the name of the future UCITS project

Step 3: Customise the general part of the prospectus by filling out all variable text fields (highlighted in turquoise) and adapt (to a limited extent) the standardised wording to reflect the contemplated UCITS project

Practically, the Model Prospectus contains variable free text fields (highlighted in turquoise) for the fund initiator to customise in order to reflect the particularities and characteristics of the fund project, or to align with its preferences for corporate or group identity.

Any adaptations made must be highlighted by using the track change function.

Step 4: Customise the sub-fund specific part of the prospectus by filling out any sub-fund specific items provided by the standardised grid

The Sub-Fund Specific Information sections provide a number of variable text fields for defining the specific characteristics of each sub-fund through a mandatory standardised grid.

Customisation is of particular importance at sub-fund level as each sub-fund represents a financial product with individual characteristics in terms of investment objective, investment policy and strategies and categories of shares issued, that must be disclosed to investors. Using a mandatory standardised grid eases the reading of the investment features by investors and fosters comparability between investment proposals.

A Sub-Fund Specific guidance is available on the website to provide information on the content expected for any of the sub-fund specific items.

When drafting the variable sub-fund specific text fields, get acquainted with the entire model document to ensure that the Sub-Fund Specific Information and wording is aligned with the other parts of the Prospectus. If full alignment is not easily achieved, at least avoid vocabulary in Sub-Fund Specific Information that might be disconnected from the wording of the general part of the Prospectus.

Step 5: Proceed to an extensive review of the customised draft prospectus version

After completion of the customised draft Prospectus, proceed to an extensive coherence check of the Prospectus with the Key Investor Information Document(s) of any sub-fund(s), the Articles of incorporation of the fund and the final structure and operations of the contemplated UCITS project.

Before any submission to the CSSF, the final prospectus version is deemed validated by all relevant responsible bodies of the future UCITS, notably Fund governance, Management Company, Service Providers, etc.

Step 6: Add finalised and duly validated prospectus to the other supporting documentation of the UCI Approval Application file for upload in the “UCI Approval” application as further described under the ordinary authorisation process applicable for UCITS.

The draft prospectus version shall be uploaded with the track change function activated and free of any encryption, password protections, build in macros and without any remaining variable free text fields respectively optional texts (both highlighted in turquoise) that are not filled out respectively inserted.

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