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In case of discrepancies between the French and the English texts, the French text shall prevail

Luxembourg, 27 July 2000

To all UCIs, credit institutions and other professionals of the financial sector

CIRCULAR CSSF 2000/14

Ladies and Gentlemen,

We draw your attention to the adoption of the law of 17 July 2000 amending certain provisions of the law of 30 March 1988 relating to undertakings for collective investment (Mémorial A-no. 60 of 24 July 2000).

- The law establishes the legal validity of the redemption of units even after the occurrence of the event triggering the liquidation of a *fonds commun de placement* (common fund), provided that an equal treatment of unitholders can be assured. However, the issue of units remains prohibited as soon as the event triggering the liquidation of a *fonds commun de placement* occurs, on pain of nullity (Article 21(3).

- The law provides that a UCI shall, in case of suspension of issues and redemptions, inform forthwith the supervisory authority and, in case of marketing of its units in other States of the EC, they also inform forthwith the supervisory authorities of the latter. This provision shall now apply to all UCIs regardless of their legal form (Article 69(5)).

- The law requires that the report of the statutory auditor and where appropriate, any qualifications s/he may have shall be reproduced in full in each annual report and it provides for the condition that the statutory auditor of a UCI shall prove that s/he possesses adequate professional experience (Article 89(1)). In

particular, the statutory auditor of a UCI shall have a strong professional experience within the financial sector as well as the necessary means to carry out his/her mandate with professionalism in accordance with the requirements for the authorisation of statutory auditors of banks and other professionals of the financial sector.

- Moreover, the law provides for the possibility for the Commission de Surveillance du Secteur Financier to establish rules as regards the scope of the audit mandate given to statutory auditors of UCIs and as regards the content of the audit report on annual accounting documents (Article 89(3)).

- The law abolishes the appointment of *commissaires* provided for in Article 151 of the law of 10 August 1915 on commercial companies for a UCI having the legal form of an investment company. The interests of the investors are safeguarded as the statutory auditor of the UCI remains in office until the liquidation of the UCI is concluded (Article 89(5)).

- The law introduces in Article 111 a provision according to which the assets of a given sub-fund only cover the debts, liabilities and commitments of the sub-fund concerned, unless otherwise provided for in the articles of incorporation of the UCIs.

- Article 108 of the law provides that a sub-fund reserved for institutional investors created within the context of a UCI subject to the law of 30 March 1988 may benefit from a reduced subscription tax rate of 0.01% in the same way as if it were created in the form of an institutional fund under the law of 19 July 1991.

Yours faithfully,

COMMISSION DE SURVEILLANCE DU SECTEUR FINANCIER

Charles KIEFFER
Director

Jean-Nicolas SCHAUS
Director General