

Institutions for occupational retirement provision, undertakings of collective investment in transferable securities (UCITS) and Alternative Investment Funds Managers: risk management

2011/0360(COD) - 16/01/2013 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 599 votes to 27, with 68 abstentions, a legislative resolution on the proposal for a Directive of the European Parliament and of the Council amending Directive 2009/65/EC on the coordination of laws, regulations and administrative provisions relating to undertakings of collective investment in transferable securities (UCITS) and Directive 2011/61/EU on Alternative Investment Funds Managers in respect of the excessive reliance on credit ratings.

Parliament adopted its position at first reading under the ordinary legislative procedure. The amendments adopted in plenary are the result of a compromise reached between the European parliament and the Council. They amend the proposal as follows:

Introduction of a reference to Directive 2003/41/EC of the European Parliament and of the Council: the new Directive also seeks to amend Directive 2003/41/EC which provides for regulation at Union level of institutions for occupational retirement provision (IORPs).

Excessive reliance on credit ratings: the amended text underlines the need to require IORPs, managers of UCITS and managers of Alternative Investment Funds (AIFs) to avoid relying exclusively and automatically on external credit ratings or **using them as the only parameter when assessing the risk** involved in the investments made by IORPs, by managers of UCITS and by managers of AIFs.

More specifically, Directives 2003/41/EC, 2009/65/EC and 2011/61/EU are amended in order to make provision for the competent authorities, taking into account the nature, scale and complexity of the investments of UCITS to monitor the adequacy of their credit assessment processes of the management companies, assess the use of references to credit ratings in their investment policies and, where appropriate, encourage mitigation of the impact of such references, with a view to reducing sole and mechanistic reliance on ratings.

Delegated acts: the Commission shall publish the results of consultations it carries out in the course of its preparatory work with a view to the adoption of delegated acts.