

Collective investment transferable securities UCITS: management companies, simplified prospectuses (amend. Directive 85/611/EEC)

1998/0242(COD) - 05/06/2001 - Council position

In its common position, the Council has been able to incorporate fully, partly or in essence ten of the European Parliament's thirteen amendments at first reading. In particular, the Council agrees that higher capital requirements for management companies than those originally proposed are necessary. The Parliament's amendment, however, is too burdensome given that the assets of a UCITS engaged only in collective portfolio management must be entrusted to a depositary for safekeeping, and that it mainly operational risks that need to be covered. The Council has therefore struck a different balance between the need to ensure that management companies are adequately funded and the need to avoid placing an unduly heavy burden and unjustified restrictions upon management companies. One of the changes is that initial capital requirement is lowered to 125 000 rather than 150 000. There are further provisions on ongoing capital requirements. The common position concerning prudential rules contains a number of modifications to the Commission's amended proposal. Most of the amendments on delegation are accepted but redrafted. The Council is of the opinion that rules of conduct, which management companies have to observe at all times, should be drawn up in the interest of investors and in order to create a level playing field between management companies and investment companies. It has therefore added a new provision outlining the content of such rules, which are based on the rules of conduct for investment companies set out in the Investment Services Directive.