

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

1998/0242(COD) - 17/07/1998 - Legislative proposal

OBJECTIVE: to amend the UCITS Directive (85/611/EEC) to update the rules on management companies. **SUBSTANCE:** With the aim of removing existing barriers to free cross-border marketing of units issued by collective investment undertakings (UCITS), the Commission has prepared a package of measures distributed in two separate proposals: one (proposal 1) focussing essentially on the 'product' (the types of investments funds), the other (proposal 2) focussing essentially on the 'service provider' (the management company) and on prospectuses for UCITS. The objective of proposal 2 is to reinforce the Single Market in the field of UCITS by: - updating the regulation for management companies and aligning it with that existing for other operators in the financial services area (banks, investment firms, insurance companies); operators in this sector would receive a European passport, which, in accordance with the principles of the Treaty, would allow them to set up branches in other Member States and to operate within the EU under the freedom to provide services; - revising the current restrictions which prevent management companies from engaging in activities other than the management of assets of common funds /unit trusts and investment companies (collective portfolio management); in the future, such companies will be permitted to provide, in addition to the collective portfolio management, individual portfolio management services (to single private or institutional investors, such as pension funds), as well as some specific non-core activities linked to the core-business; - identifying the functions comprised in the activity of collective portfolio management and defining the conditions under which such functions can be delegated to third parties; - modernising the information documents to be given to investors; the proposal introduces simplified prospectuses.