



Sent via email: posdisclosure@iosco.org

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Mr. Mohamed Ben Salem
Senior Policy Advisor
International Organization of Securities Commissions (IOSCO)
Calle Oquendo 12
28006 Madrid
Spain

Dear Mr. Ben Salem,

We thank the International Organization of Securities Commissions (IOSCO) for providing the opportunity to submit comments on the Consultation Report regarding '*Principles on Point of Sale Disclosure*', issued last November.

We would like to express the following comments regarding the IOSCO Report:

1. We applaud the IOSCO Technical Committee for having approved the *Joint Project Specification on Point of Sale Disclosure to Retail Investors* in February 2007. In particular, we support the fact that both SC5 (in charge of Investment Management) and SC3 (in charge of Market Intermediaries) are working together on this topic. We also support considering together both product and distribution issues on the point of sale topic. Equally, point of sale disclosure principles must take into account, and offer regulation that works within, all modes of product distribution.

2. We believe that it is important to note that in some countries, distribution is mainly done through independent financial advisors while in other jurisdictions banking or insurance sales points are the primary or preferred channels. There are few common features between those different distribution models. We therefore encourage IOSCO to recognize in the principles that regulators should ensure that disclosure requirements are designed to minimize disruptions to the sales process.
3. We disagree with the IOSCO Technical Committee's decision not to extend the discussion on point of sale disclosure to retail investment products other than Collective Investment Schemes (CIS). As the objective of the point of sale disclosures is to assist retail investors, not extending the discussion to all retail investment products raises key concerns of investor protection. If "substitute" investment products are subject to less stringent disclosure requirements, especially in the area of risks and costs, prospective investors may mistakenly believe that certain risks exist only in the area of CIS. In fact retail investment funds are already highly regulated and transparent retail investment products and any principles regarding point of sale disclosure should apply consistently to a whole range of products. Also, requirements applicable to CIS only could create strong incentives for brokers and other intermediaries to recommend other investment products not subject to the same requirements, even when those products do not offer the same level of regulatory protection and other benefits to investors.

We therefore strongly urge IOSCO to develop an all-encompassing approach for point of sale disclosure in order to avoid asymmetries in investor information and to better position investors to make fully informed, appropriate product choices by requiring similar information for all retail investment products. Indeed, the vast majority of the principles expressed by IOSCO in this Report could be applicable to this whole range of products and should not target only CIS. In this regard, some investment fund associations have had disappointing experiences with regulators implementing point of sale disclosure changes that were intended (as in the Joint Project Specification) to be applied to all retail products, but which ultimately were applied solely to CIS to date.

4. We fully support IOSCO statements regarding financial education. Re-launching the work of IOSCO on this issue is important for helping investors understand investment products and enabling them to better identify appropriate products or the desired level of service for their goals. We support efforts by IOSCO and other regulatory bodies at international, regional and local levels to improve investor education.
5. We fully support consumer testing and investor research, as stressed by IOSCO. However, any such testing or research must be well-designed and properly implemented in order to provide accurate and informative results. To be meaningful, it should also only be carried out once underlying calculation methodologies for any elements of the key information have been fully developed.

We also refer you to the individual investment fund association letters submitted to IOSCO which may provide more detail on association experiences or additional comments. Once again, we thank you for the opportunity to be heard.

We invite you to contact any of the undersigned if you wish to discuss our comments or if we can be of further assistance. For your convenience, you may direct any inquiries care of Ralf Hensel at rhensel@ific.ca.

Yours very truly,

Asociación de Administradoras de Fondos Mutuos de Chile (AAFMM)
Associação Brasileira das Entidades dos Mercados Financeiro e de Capitais (ANBIMA)
Association for Savings & Investment S.A. (ASISA)
Association Française de la Gestion financière (AFG)
Association of the Luxembourg Fund Industry (ALFI)
BVI Bundesverband Investment und Asset Management e.V. (BVI)
Camara Argentina de Fondos Comunes de Inversión (CAFCI)
European Fund and Asset Management Association (EFAMA)
Hong Kong Investment Funds Association (HKIFA)
Investment & Financial Services Association (IFSA)
Investment Company Institute (ICI)
Investment Management Association (IMA)
Irish Funds Industry Association (IFIA)
Securities Association of China (SAC)
Swedish Investment Funds Association (SIFA)
Swiss Funds Association (SFA)
The Investment Funds Institute of Canada (IFIC)
The Investment Trusts Association, Japan (JITA)
Vereinigung Österreichischer Investmentgesellschaften (VÖIG)