

# **Statement of Recommended Practice**

## **Financial Statements of Authorised Funds**

### **Additional Guidance**

**July 2011**

## Additional guidance

The current SORP was issued by the IMA in October 2010. The FSA rules (COLL) require authorised funds to apply the requirements of the SORP in preparing annual and half-yearly reports. The SORP requires the disclosure of the total expense ratio (TER) in these reports.

On 1 July 2011, the FSA's rules and guidance implementing the European Directive 2009/65/EC on undertakings for collective investment in transferable securities (UCITS) came into force. These rules replace the previous requirement to produce a simplified prospectus containing the TER figure with a requirement to produce a key investor information document (KIID) containing an ongoing charges figure. The KIID requirements must be implemented as soon as possible and in any event no later than 30 June 2012.

The ongoing charges figure is designed to serve the same purpose as the TER but the calculations are not identical. In order that investors in a particular fund are presented with a single consistent figure, IMA is issuing this additional guidance in respect of the contents of the long report as specified by the SORP. This guidance has not been reviewed by the ASB nor does it carry the authority of the SORP. However, it is expected that it will be incorporated into the SORP at the next opportunity.

This guidance does not require a corresponding ongoing charges figure to be calculated for the preceding financial year.

This guidance has the effect as if the SORP paragraphs 3.5 and 3.9, and the associated footnotes, were amended as follows:

- Total expense ratio<sup>x</sup> or ongoing charges figure<sup>y</sup>

<sup>x</sup> The TER calculated in accordance with COLL 4 Annex 1 R together with the corresponding figure for the preceding financial year (TER is not required for a QIS).

<sup>y</sup> The ongoing charges figure for the period calculated in accordance with [CESR/10-674](#) (ongoing charges disclosure is not required for a QIS).

This guidance does not alter in any way the requirements of the SORP in relation to the financial statements section of the long report.