

Brussels, 14 June 2013

KBC Asset Management elucidates on file closed early 2010

KBC AM has just learned via an article in De Morgen (14 June 2013) of a preliminary investigation into the role of the regulator CBFA (now FSMA) in a KBC AM file closed back early 2010.

KBC AM is itself not aware of, nor has it been advised by the Public Prosecutor's Office, of any such preliminary investigation, or of an anonymous letter on the basis of which a preliminary investigation, mentioned in the article, might have been initiated.

As part of the group's policy of open and transparent communication, KBC AM is itself determined to provide complete clarity regarding the events dating back to 2008 and 2009 which have been alluded to by an employee who made use of the whistleblowing regulation adopted by KBC.

KBC AM investigated the facts thoroughly at the time and took all necessary actions. KBC was thus proactive in discussing the file with the then regulator, CBFA (now FSMA), and subsequently introduced several changes in the way the management of a number of its investment products had been organised. KBC stresses that the CBFA comments were purely technical in nature.

KBC also wishes to stress that the underlying facts no longer have any relevance whatsoever, since the necessary adjustments to the structure were made back in 2009, and the file closed. The capital protection of the funds and the financial interest of the investors were thus always protected.

What was this file about?

In the past, KBC AM had established a special structure to manage its capital protected funds efficiently. KBC AM opted for this structure in order to meet the UCITS III obligations (*). Thanks to this structure, KBC AM was able to spread the underlying investment risks very widely, and hence protect or safeguard as far as was possible, the investors' financial interests.

The CBFA (now FSMA) observed, however, that KBC AM had not approached it early enough regarding certain features of the structure and therefore wished to see some legal aspects of UCITS III conformity to still be clarified or amended.

In consultation with CBFA, KBC AM subsequently further simplified the structure and implemented the necessary further changes in order to bring greater transparency.

Some time later, the CBFA informed KBC AM that it accepted this modified structure.

KBC stresses that the CBFA comments were purely technical in nature.

() UCITS III is a European directive dated 21 January 2002 which seeks to further harmonise the European funds scene and better protect investors' interests, partly by the issuing of a simplified prospectus and by granting a European passport for investment institutions and management companies.. In the meantime, UCITS IV is already in force.*

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