



Matthew Cherrill
CIS Regulation & Policy Team
Retail Policy Division
Financial Services Authority
25 The North Colonnade
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4 June 2008

Dear Matthew,

RE: CP08/7: Quarterly Consultation (No.16)

We welcome FSA's proposals to introduce fair value pricing for immovables and the revision of the rules with respect to suspension of dealing for authorised funds.

In spite of the difficult year for property funds, and funds in general, we note that no authorised fund has had to implement any suspension of dealing or limited redemption. This has demonstrated the excellent liquidity and redemption policies that property authorised fund managers have in place.

Despite this, we do feel that introducing fair value pricing will be of benefit to investors and should a situation arise, suspension of dealing will also assist fund managers in achieving the right price for properties they sell to meet any redemption requests.

If you have any questions, please do not hesitate to contact us.

Yours sincerely

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DATA Chairman

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Do you agree with the suggested changes to the valuation requirements of immovable property?

DATA agrees in principle with the proposals. However, we do believe that the new guidance (5.6.20A G) should acknowledge investments in international immovables. FSA should consider inserting a sentence along the lines of '....or in the case of international property, a suitable alternative to the RICS valuation standards' would be appropriate.

Do you agree with the introduction of fair value pricing for immovable property?

As stated above, we welcome the introduction of fair value pricing for immovables and we have no further comments.

Do you agree with our amendments to, and guidance for, rules relating to the suspension of unit dealing?

We recognise that this method of suspension has been operating in the institutional space for some time and we believe that there will be measurable benefits in introducing this rule for all funds - not only for funds investing in illiquid assets such as property funds, but also those funds that will fall within the the proposed FAIFs regime.

COLL 7.2.2 G (3) states "The *authorised fund manager* should ensure that all *deals* outstanding are executed at the first *valuation point* following the restart of *dealings* in *units*."

We do not believe that this guidance would enable the fund to restart dealing as suspension would have to be sufficiently lengthy to provide all redemptions after restart of dealing. Meanwhile the queue of withdrawing investors would lengthen, which could perpetually increase the suspension. We therefore believe that guidance should be added to allow an appropriate mechanism to manage the queuing of deals. Clarification on whether redemptions would be met once the end of the suspension was reached or whether the rules would allow redemptions as soon as there was sufficient liquidity within the fund would also be welcome. An explicit rule to allow this might be required.

We also believe there are a number of areas of the rules/guidance which would benefit from some minor amendments for clarity and brevity:

7.2.1 R (2A) 'The authorised fund manager must ensure that a notification of the suspension is made to unitholders of the authorised fund on the date suspension commences. The method of communication should be appropriate to the expected duration of the suspension period and be in a form consistent with the AFM's knowledge of how the recipient expects to receive the notification. This should also take into account the nature of the suspension (such as in the case of schemes of arrangement, where notification to investors has already been made).

We also believe that this rule may benefit from the additional wording as it takes into account notifications when a fund is part of a Schemes of Arrangement or the suspension is short lived.

We also suggest the following amendments to the proposed wording of COLL 7.2.2G(3) to ensure that the investor has the opportunity to cancel a request to deal during the period of suspension.

7.2.2 G (3) '....that person has the option to withdraw the request during the period of suspension or have the request executed when the suspension ends'.