ESMA_QA_735

Submission Date
30/03/2023

Status: Answer Published

Additional Information

Level 1 Regulation
Benchmarks Regulation (BMR) - Regulation 2016/1011

Topic
Benchmarks Regulation

Subject Matter
NAV of investment funds (ESMA70-145-114_Q&A 5.10)

Question
Can NAV of investment funds qualify as benchmarks?

ESMA Answer

26-09-2018

Original language

No. The net asset value (NAV) of an investment fund is its value per share or unit on a given date or at a given time. It is calculated by subtracting the fund’s liabilities from its assets, the result of which is divided by the number of units to arrive at the per share value. It is the most widely used determinant of the fund’s market value and very often, particularly for exchange traded funds (ETF), it is published on any trading day.

But, according to BMR Article 3(1)(24) point (b), the NAVs of investment funds are data that, if used solely or in conjunction with regulated-data as a basis to calculate a benchmark, qualify the resulting benchmark as a regulated-data benchmark. The Regulation thereby treats NAVs as a form of input data that is regulated and, consequently, ESMA considers that NAVs should not be themselves considered indices as defined in Article 3(1)(1) of BMR.

Investment funds providing NAVs for regulatory purposes (e.g. UCITS Directive - Directive 2009/65/EC) should therefore be considered, from the perspective of the BMR, providers of potential input for regulated-data benchmarks and not providers of benchmarks.