# ESMA_QA_949

**Submission Date**
21/11/2016

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## Additional Information

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**Level 1 Regulation**
Undertakings for Collective Investment in Transferable Securities Directive (UCITS) Directive 2009/65/EC

**Topic**
Disclosures

**Subject Matter**
Investment limits

**Question**
Pursuant to Article 56(2)(c) of the UCITS Directive, a UCITS may acquire no more than 25% of the units of any single UCITS or other collective investment undertaking. Where the underlying UCITS or other collective investment undertaking is an umbrella fund, should this limit be applied at the level of the umbrella or at the level of the individual sub-funds within the umbrella?

## ESMA Answer

21-11-2016

Original language

*[ESMA 34-43-392 UCITS Q&A, Section 1, 4a]*

The limit set out in Article 56(2)(c) should be applied at the level of the individual sub-funds in the UCITS or collective investment undertaking of which the units are to be acquired, to ensure the principle of risk-spreading within the investing UCITS. Where an investment company or a management company is currently applying a different interpretation of this limit, it must at the earliest convenience adjust the funds' portfolios whilst acting with due skill, care and diligence in the best interest of the UCITS it manages.