

**Submission Date**

15/03/2013

## ESMA\_QA\_1108

Status: Answer Published

### **Additional Information**

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#### **Level 1 Regulation**

Undertakings for Collective Investment in Transferable Securities Directive (UCITS) Directive 2009/65/EC

#### **Topic**

Efficient portfolio management (EPM) techniques

#### **Subject Matter**

ESMA's guidelines on ETFs and other UCITS issues - Efficient portfolio management techniques

#### **Question**

According to the guidelines, all revenues arising from efficient portfolio management techniques, net of direct and indirect operational costs, should be returned to the UCITS. Does this mean that securities lending agents should not be paid for their services?

## ESMA Answer

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15-03-2013

Original language

[ESMA 34-43-392 UCITS Q&A, section 3, Q&A 4a]

No. The guidelines do not prohibit the deduction from gross revenues arising from efficient portfolio management techniques of fees paid to securities lending agents as a normal compensation for their services in the context of such techniques. However, pursuant to paragraph 35 of the guidelines, the annual report of the UCITS should contain div on the revenues arising from efficient portfolio management techniques for the entire reporting period together with the direct and indirect operational costs and fees incurred.