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Additional Information

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

Topic
Disclosures

Subject Matter
KIID Collateral management

Question
Do the requirements on collateral only apply to the fraction of assets that reduces the counterparty risk of the UCITS to the limit imposed by the UCITS Directive?

ESMA Answer

01-10-2016

Original language

[ESMA 34-43-392 UCITS Q&A, section 3, Q&A 6a]

No. The requirements on collateral apply to all the assets received in the context of OTC financial derivative transactions and efficient portfolio management (EPM) techniques to cover counterparty risk. This means that assets received in excess (i.e. after the application of haircuts) should also comply with the same requirements.