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Additional Information

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

Topic
UCITS eligible assets and investment restrictions

Subject Matter
KIID Collateral management

Question
Paragraph 43(e) refers to “a basket of collateral with a maximum exposure to a given issuer of 20% of its net asset value”. Does this diversification requirement refer to the basket of collateral or to the net asset value of the UCITS?

ESMA Answer

01-10-2016

Original language

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

The diversification refers to the net asset value of the UCITS. Therefore, collateral received should be diversified so that exposure to any issuer does not exceed 20% of the net asset value of the UCITS. This means that where the amount of collateral received by a UCITS does not exceed 20% of its net asset value, the collateral can be issued by a single issuer.