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Additional Information

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

Topic
Depositaries

Subject Matter
KIID Collateral management

Question
According to paragraph 43(g), where there is title transfer, the collateral received should be held by the depositary of the UCITS. Where there is title transfer and where the provider is also the depositary of the UCITS, should the collateral be held by the depositary of the UCITS?

ESMA Answer

01-10-2016

Original language

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

Yes. However, the depositary should have functionally and hierarchically separated the performance of its depositary tasks from its activity of collateral provider vis-à-vis the UCITS in order to address potential conflicts of interest.