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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
A UCITS has a clause in its fund rules limiting investment in units of other funds to 10%, in line with Article 50(1)(e)(iv) of the UCITS Directive. If, in accordance with paragraph 43 of the ESMA Guidelines on ETFs and other UCITS issues, this fund re-invests cash collateral in short-term money market funds, should this investment be included in the calculation when

calculating the 10% limit?

ESMA Answer

12-10-2016

Original language

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

Yes. Investment of cash collateral in short-term money market funds should be treated in the same way as any other investment made by the UCITS in units of other UCITS or other collective investment undertakings and should be compliant with all the requirements of the UCITS Directive.