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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 Financial indices

Question
Paragraph 54 of the guidelines prohibits investment in financial indices which rebalance on an intra-day or daily basis but notes that technical adjustments made to financial indices (such as leveraged indices) according to publicly available criteria should not be considered as rebalancing in the context of the guidelines. What is meant by “technical adjustments”?

ESMA Answer

24-03-2014

Original language

[ESMA 34-43-392 UCITS Q&A, section 3, Q&A 7e]

Technical adjustments in the context of the guidelines are adjustments which:

- are based solely on algorithmic non-subjective frameworks;
- are generally published on an ex-ante basis;
- draw on publicly available criteria (or data); and
- do not rely on the judgement of the index-provider, for example, indices which follow mechanical rebalancing formulae.