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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 61 of the guidelines recommends that financial indices in which UCITS invest should be subject to independent valuation. Does this mean that UCITS should not invest in financial indices for which the valuation is performed by the index provider itself?

ESMA Answer

24-03-2014

Original language

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

No. If the valuation is performed by an entity independent from the index provider, the criterion of independent valuation is considered to be fulfilled. However, UCITS can invest in financial indices for which the valuation is performed by the index provider, insofar as the unit in charge of the valuation of the index is functionally independent from the unit responsible for the design of the index and the UCITS itself carries out its own due diligence. Also, the remuneration of the staff responsible for the valuation of the index should not be linked to the performance of the financial index.