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Additional Information

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

Topic
Leverage

Subject Matter
Risk Measurement and Calculation of Global Exposure and Counterparty Risk for UCITS - Disclosure of leverage

Question
For UCITS using VaR to calculate global exposure, can the required disclosure of leverage be made on a net basis i.e. leverage calculated after netting/hedging arrangements are taken into account?

ESMA Answer

01-07-2012

Original language

[ESMA 34-43-392 UCITS Q&A, section 5, Q&A 2a]

No. In accordance with Boxes 24 and 25 of CESR's guidelines, leverage should be calculated as the sum of the notionals of the derivatives used.