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Additional Information

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

Topic
UCITS global exposure

Subject Matter
Impact of EMIR on UCITS - Valuation of OTC derivatives

Question
For OTC financial derivative transactions that are centrally cleared and subject to the reporting obligation of EMIR, can UCITS management companies rely on the valuation provided by the central counterparty (CCP)?

ESMA Answer

19-07-2016

Original language

[ESMA 34-43-392 UCITS Q&A, section 6, Q&A 1]

No. The UCITS framework requires UCITS management companies to have in place a process for accurate and independent verification of the value of the OTC financial derivative transactions, even if they are centrally cleared. The valuation provided by the CCP can only serve as a point of reference for the verification performed by the UCITS management company. Nevertheless, the UCITS management company should be able to justify any deviation from the valuation provided by the CCP.