

Submission Date

25/05/2018

ESMA_QA_1207

Status: Answer Published

Additional Information

Level 1 Regulation

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

Topic

Remuneration

Subject Matter

Application of disclosure requirements on remuneration to delegates

Question

Do the remuneration-related disclosure requirements under Article 69(3)(a) of the UCITS Directive also apply to the staff of the delegate of a management company to whom investment management functions (including risk management) have been delegated?

25-05-2018

Original language

[ESMA 34-43-392 UCITS Q&A, section 9, Q&A 1]

Yes. In line with the approach followed under the UCITS Remuneration Guidelines^[1], management companies can ensure compliance in one of the following two ways:

1. where the delegate is subject to regulatory requirements on remuneration disclosure for its staff to whom investment management (including risk management) activities have been delegated that are equally as effective as those under Article 69(3)(a) of the UCITS Directive, the management company should use the information disclosed by the delegate for the purposes of fulfilling its obligations under Article 69(3)(a) of the UCITS Directive; or
2. in other cases, appropriate contractual arrangements should be put in place with the delegate allowing the management company to receive (and disclose in the annual report for the relevant UCITS that it manages) at least information on the total amount of remuneration for the financial year, split into fixed and variable remuneration, paid by the management company, the investment company and, where relevant the UCITS itself to the identified staff of the delegate – and number of beneficiaries, and, where relevant, performance fee – which is linked to the delegated portfolio. This means that the disclosure should be done on a prorated basis for the part of the UCITS' assets which are managed by the identified staff within the delegate.

In both situations set out above, the disclosure may be provided on an aggregate basis i.e. by means of a total amount for all the delegates of the management company in relation to the relevant UCITS.

^[1] See paragraph 16 of the UCITS Remuneration Guidelines.