**Annex – Question 20. Table on eligible assets UCITS EAD.**

For the purposes of Question 20, please complete the table below with the requested information, taking into account the instructions provided in the footnotes. After having completed the form, please save the document (according to the following convention: “ESMA\_Q20\_nameofrespondent”) and upload it online at <https://www.esma.europa.eu/press-news/consultations/call-evidence-review-ucits-eligible-assets-directive>under the heading *‘Your input - Consultations’*, as an Annex to the Reply Form. In case you upload a pdf file, please choose an editable form.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Asset class[[1]](#footnote-2)** | **Merits of allowing direct UCITS exposures** | **Merits of allowing *indirect* UCITS exposures[[2]](#footnote-3)** | **Extent/amount of existing UCITS exposures[[3]](#footnote-4)** | **Additional comments[[4]](#footnote-5)** |
| 1. Loans[[5]](#footnote-6) |  | ​(1) Via another open-ended or closed-ended CIS/AIF: Allows investment by means of professional management;  (2) Access to unconventional assets that allow for diversification and negative correlation of the portfolio; |  | ​Review the restrictive interpretation and allow for the inclusion in at least Article 50(2)(a) of the UCITS Directive, of both open-ended and closed-ended AIFs. |
| 2. Catastrophe bonds (‘Cat bonds’) | ​(1) Allow only when the manager has the capacity and the means to value the investment in this type of asset. | (1) Via Funds: Allows investment by means of professional management;  (2) Access to unconventional assets that allow for diversification and negative correlation of the portfolio; |  | Indirect investment via Funds would require the revision of Article 50(2)(a) of the UCITS Directive. |
| 3. Contingent Convertible bonds (‘CoCo bonds’) | ​(1) Issuers with high credit rating (2) good profitability,  (2) There are risk management teams capable of valuing and managing them.  (3) Assets with market maturity. |  |  |  |
| 4. Unrated bonds |  |  |  |  |
| 5. Distressed securities |  | (1) Via another CIS (AIF): Allows investment by means of professional management;  (2) Access to unconventional assets that allow for diversification and negative correlation of the portfolio; |  | (1) the restrictive interpretation and allow for the inclusion in at least Article 50(2)(a) of the UCITS Directive, of both open-ended and closed-ended AIFs. |
| 6. Unlisted equities[[6]](#footnote-7) | ​(1) Portfolio diversification;  (2) Exposure to non-traditional assets. | ​(1) Portfolio diversification;  (2) Exposure to non-traditional assets. |  | Harmonise the criteria for investment in unlisted securities |
| 7. Crypto assets[[7]](#footnote-8) |  | ​a) Via other closed-ended and open-ended CISs/AIFs:  (1) Allows for investment via professional and specialised risk management;  (2) Portfolio diversification;  (3) Exposure to non-traditional assets.  b) Via ETPs:  (1) No embedded derivative;  (2) Portfolio diversification;  (3) Exposure to non-traditional assets. |  | ​(1) Deemed financial instruments by MiCA;  (2) Specific risk management;  (3) Specialised depositary;  (4) Allows for inclusion in the 10% of Article 50(2)(a) of the UCITS Directive. |
| 8. Commodities and precious metals[[8]](#footnote-9) |  | (1) Exposure via traded securities apart from delta-one e.g., ETFs;  (2) Portfolio diversification;  (3) Exposure to non-traditional assets.  (4) Assets traded with a trading volume;  (5) Via indices, in accordance with that stated in the ESMA Guidelines on ETFs and other UCITS issues. |  | (1) Settlement by differences;  (2) Principle of commodity risk diversification; it is not acceptable for a UCITS to invest exclusively in different securities that are  linked to the profitability of the same underlying asset;  (3) Assets with market maturity. |
| 9. Exchange-traded commodities (‘ETCs’) | ​(1) Exposure to non-traditional assets via traded securities;  (2) Portfolio diversification;  (3) Traded securities with a high trading volume;  (4) Reduction in replication costs. |  |  | As long as:  (1) there is daily trading; (2) the market  price is determined based on sale transactions performed by third parties. |
| 10. Real estate |  | 1) Exposure via traded securities;  (2) Portfolio diversification;  (3) Exposure to non-traditional assets. |  |  |
| 11. Real Estate Investment Trusts (‘REITs’) | ​(1) They are traded securities;  (2) Portfolio diversification;  (3) Exposure to non-traditional assets. |  |  |  |
| 12. Special Purpose Acquisition Companies (‘SPACs’) | ​(1) They are traded securities;  (2) Portfolio diversification;  (3) Exposure to non-traditional assets. |  |  |  |
| 13. EU AIFs[[9]](#footnote-10) | ​(1) Via another closed-ended or open-ended CIS/AIF: Allows for investment in professional and regulated management;  (2) Access to unconventional assets that allow for diversification and negative correlation of the portfolio;  (3) Limited leverage;  (4) Assets under custody;  (5) Report to the supervisor. | ​ |  | ​Review the restrictive interpretation and allow for the inclusion in at least Article 50(2)(a) of the UCITS Directive, of both open-ended and closed-ended AIFs. |
| 14. Non-EU AIFs | US ETFs  (1) Traded securities;  (2) Portfolio diversification;  (3) Access and exposure to US market with high liquidity. |  |  | Allow foreign ETFs, when not fulfilling the criteria of Article 50(1)(e) of the UCITS Directive, inasmuch traded securities can be considered securities and not CIS. |
| 15. Emission allowances |  | (1) Financial instrument according to MiFID II (Annex I, section C,11));  (2) Access to unconventional assets that allow for diversification and negative correlation of the portfolio. |  | The EU Emissions Trading Scheme is the main tool of the EU to reduce greenhouse gas emissions. |
| 16. Delta-one instruments | ​(1) They are traded securities;  (2) No embedded derivative  (3) They allow for portfolio diversification;  (4) Exposure to non-traditional assets. |  |  | As long as:  (1) there is daily trading;  (2) the market  price is determined based on sale transactions performed by third parties. |
| 17. Exchange-traded notes (‘ETNs’) | ​(1) Exposure to non-traditional assets via traded securities;  (2) Portfolio diversification;  (3) Traded securities with a high trading volume;  (4) Reduction in replication costs. |  |  | As long as:  (1) there is daily trading;  (2) the market  price is determined based on sale transactions performed by third parties. |
| 18. Asset-backed securities (‘ABS’) including mortgage-backed securities (‘MBS’) |  |  |  | ​Relaxation of the requirements to encourage their appeal. |
| 19. Other relevant asset classes (please specify) | ​ADRs |  |  | ​Certificate representing a marketable security. |

1. ESMA acknowledges that most of the asset classes listed below have not been clearly defined in EU legislation and this might be a source of divergent interpretations and misunderstandings. Where possible, ESMA invites stakeholders to specify their understanding or definition of the relevant asset classes under the “additional comments” box. [↑](#footnote-ref-2)
2. Where relevant, please distinguish between indirect exposures via instruments such as delta-one instruments, exchange-traded products, derivatives, or AIFs (EU or non-EU). [↑](#footnote-ref-3)
3. Please share any available data or estimates that help to assess the amount or extent to which there are existing UCITS exposures (distinguishing between direct and indirect, where possible) to these asset classes. Where no reliable data is available, ESMA would appreciate receiving estimates in terms of numbers and/or percentages of UCITS exposed to these asset classes and what is the average proportion in the relevant portfolios. Any additional data and insights on strategies, techniques and instruments used to gain exposure to these asset classes would be also highly appreciated. [↑](#footnote-ref-4)
4. Please include under this column any other evidence or views that you would like to share. [↑](#footnote-ref-5)
5. Where relevant, please distinguish between leveraged/structured loans, collateralised loan obligations (CLOs) and other types of loans or loan participations (please specify). [↑](#footnote-ref-6)
6. Where relevant, please distinguish between equity instruments issued by (1) private companies and (2) shares in public companies that that are not listed. [↑](#footnote-ref-7)
7. Where relevant, please specify what type of crypto assets and whether the implementation of MICA will change anything in terms of your assessment. With respect to indirect exposures, ESMA is particularly interested in stakeholder input on exchange-traded products including ETFs with crypto assets as an underlying. [↑](#footnote-ref-8)
8. With respect to indirect exposures, ESMA is particularly interested in stakeholder input on ETFs with commodities/precious metals as underlying. Please note that under the current UCITS rules, precious metals and certificates representing them are not eligible (Article 50(2)(b) of the UCITS Directive). [↑](#footnote-ref-9)
9. Where relevant, please distinguish between different types of AIFs (e.g. open-ended, closed-ended) and investment strategies (e.g. real estate, private equity, hedge funds). [↑](#footnote-ref-10)