

MEMO# 31292

July 19, 2018

UCITS Investment Into Non-UCITS Funds - Central Bank of Ireland Q&A

[31292]

July 19, 2018 TO: ICI Global Exchange Traded Funds Committee
ICI Global Investing Subcommittee
ICI Global Regulated Funds Committee
International Operations Advisory Committee
International Operations Working Group RE: UCITS Investment Into Non-UCITS Funds -
Central Bank of Ireland Q&A

On 5 July 2018, the Central Bank of Ireland (CBI) published a markets update,[\[1\]](#) including a new edition of its UCITS Q&A.[\[2\]](#) The Q&A includes an amendment to a question concerning UCITS investing in non-UCITS investment funds. Specifically, the CBI is seeking to clarify that where a UCITS invests in a non-UCITS fund the following two conditions must be satisfied:

- the constitutional document of the non-UCITS must include a prohibition on investing more than 10% in other investment funds; and
- the non-UCITS must be subject to requirements in its jurisdiction of domicile which are equivalent to certain UCITS investor protections.

If the second condition above is not met, then the non-UCITS fund must have requirements of the same effect in its constitutional document or offering document.

The CBI has stated that UCITS should be in compliance with the revised Q&A as soon as possible, taking into account the best interests of the investors, and, in any event, compliance should be ensured no later than 5 October 2018.

The publication by the CBI of an amended Q&A dealing with UCITS investing in non-UCITS investment funds follows a similar announcement by the Luxembourg Commission de Surveillance du Secteur Financier (CSSF) at the start of the year.[\[3\]](#) Attached is a table comparing side-by-side the conditions set out by the CBI and CSSF.

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Attachment

endnotes

[1] Central Bank of Ireland Markets Update, Issue 10 2019, 5 July 2018, available from <https://www.centralbank.ie/regulation/markets-update/issue/markets-update-issue-10-2018>

[2] Twenty-third edition of UCITS Q&A, 5 July 2018, available from <https://www.centralbank.ie/regulation/markets-update/article/markets-update-issue-10-2018/central-bank-of-ireland/central-bank-publishes-twenty-third-edition-of-ucits-q-a>

[3] Press Release 18/02, Investment by UCITS in other UCIs under Article 41(1)€ of the UCITS law of 2010, 5 January 2018, available from http://www.cssf.lu/fileadmin/files/Publications/Communiques/Communiques_2018/PR1802_UCITS_Change_of_Policy_050118.pdf

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