



Banc Ceannais na hÉireann
Central Bank of Ireland

Eurosystem

2014

Implementation of ESMA guidelines on ETFs and other UCITS issues: Issues arising

23 January 2014

Implementation of ESMA guidelines on ETFs and other UCITS issues

The European Securities and Markets Authority (ESMA) published guidelines on ETFs and other UCITS issues on 18 December 2012 (ref: ESMA/2012/832) (“the guidelines”).

Transitional provisions:

The Central Bank of Ireland issued a memorandum to the Irish funds industry regarding implementation of the guidelines in February 2013 which *inter alia* noted that:

UCITS created before 18 February 2013 can avail of the transitional provisions set out in guidelines 63-70 of the ESMA guidelines.

Since then, on 20 December 2013, ESMA issued a consultation paper which proposes an amendment to the guidelines which would revise the rules for the diversification of collateral received by UCITS that take the form of money market funds in the context of efficient portfolio management techniques and OTC transactions.

In the light of that consultation it is reasonable for a UCITS money market fund, authorised before 18 February 2013, to delay its compliance with paragraph 43(e) of the ESMA guidelines until such time as ESMA has issued its feedback and concluded the consultation process.

Annual reports disclosure requirements:

In accordance with Guideline 35(d), the UCITS Notices require the following disclosure to be included in the annual reports issued by UCITS:

The revenues arising from efficient portfolio management techniques for the entire reporting period together with the direct and indirect operational costs and fees incurred. (ref: paragraph 9, Appendix A to Notice UCITS 8).

A reasonable interpretation of the reference to “revenue” in Guideline 35(d), subject to any clarification which may be provided by ESMA, would be that it is applicable only to revenue from securities lending arrangements and repurchase/reverse repurchase agreements.

T +353 1 224 6000 F +353 1 671 6561 www.centralbank.ie fundspolicy@centralbank.ie



Banc Ceannais na hÉireann
Central Bank of Ireland

Eurosystem

**Bosca PO 559, Sráid an Dáma, Baile Átha Cliath 2, Éire
PO. Box No 559, Dame Street, Dublin 2, Ireland**