

WILLIAM FRY III

Amending CBI UCITS Regulations Consultation
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Sent by email to fundspolicy@centralbank.ie

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Consultation on amendments to the Central Bank UCITS Regulations (the "Consultation Paper" or "CP 105")

Dear Sir/Madam

Introduction

We are pleased to respond to the Consultation Paper.

William Fry is an independent Irish law firm whose funds industry practice focusses specifically on the provision of legal, regulatory and company secretarial services to our fund clients.

We have reviewed the response to the Consultation Paper made by Irish Funds and wish to express our support for the detailed submissions made in that response.

The only comment we would raise as an add-on to the responses provided by Irish Funds is to suggest, further to **Question 2** of the Consultation Paper, an additional amendment to the Central Bank UCITS Regulations, as follows:

The disclosure requirements referenced in **Regulation 44(c) (ii) and (iii)** of the Central Bank's UCITS Regulations are required, in accordance with that regulation, to be made in the UCITS' prospectus.

The provisions in question require disclosure of the identity of any entity to whom direct and indirect operational costs and fees associated with efficient portfolio management techniques are paid and of the fact, if applicable, that such entity is a related party to either the UCITS' management company or its depository.

These disclosure requirements stem from ESMA's *Guidelines on ETFs and other UCITS Issues (ESMA/2014/937)* (the "**Guidelines**"), specifically, from paragraph 28 of the Guidelines.

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Question and answer **4c** of **Section III** of ESMA's *Questions and Answers – Application of the UCITS Directive (ESMA/2016/1135)*, as published on 19 July 2016 (the "**Q&A**"), specifically provides as follows in relation to paragraph 28 of the Guidelines:

Question 4c: *According to paragraph 28 of the guidelines, UCITS should disclose the identity of the entity(ies) to which the direct and indirect costs and fees are paid and indicate if these are related parties to the UCITS management company or the depositary. Where should this information be disclosed?*

Answer 4c: *UCITS management companies may disclose this information in the prospectus of the UCITS or in the annual report of the UCITS.*

(underlining above our own).

We would submit that Regulation 44(c) of the Central Bank UCITS Regulations should be amended to provide for the same flexibility as provided for by ESMA in its Q&A and that the equivalent sections of the Central Bank's UCITS Application Form should updated accordingly.

Yours faithfully



William Fry

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