cssf

Commission de Surveillance
du Secteur Financier

FAQ concerning master-feeder structures

Version 3 – 12 February 2026

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date	Modification/addition/deletion …
12.02.2026	Adaptation to the new graphic guidelines
11.07.2013	Addition of questions Q8, Q9, and Q10
24.06.2013	First publication

Table of contents

Preliminary remarks

Note

Q1. Article 27(1)(e) of CSSF Regulation No 10-05: Identification of matters that shall be treated as irregularities disclosed in the audit report of the approved statutory auditor of the master UCITS. What should be considered as irregularities at the level of the feeder UCITS?

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Q2. Article 82(2) of the Law of 17 December 2010 (hereinafter "the 2010 Law"): " the annual report of the feeder UCITS must include a statement on the aggregate charges of the feeder UCITS and the master UCITS". Should such aggregate charges be disclosed in monetary terms (expressed in the fund currency of the feeder UCITS) by applying a look-through approach or by adding total charges expressed as a percentage of the average net asset value (NAV) of the master UCITS and feeder UCITS, or both?

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Q3. Article 82(2) of the 2010 Law: Aggregate charges of the feeder UCITS and master UCITS. Should this information be included in the notes to the financial statements, or can it be presented in the report on the activity of the feeder UCITS, or in the "Other information" section of the annual report?

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Q4. Article 82(2) of the 2010 Law: Aggregate charges of the feeder UCITS and master UCITS. When the master UCITS has a different year-end than the feeder UCITS and total charges of the master UCITS cannot be obtained for the same accounting period as the feeder UCITS, is it acceptable to aggregate the total charges of the feeder UCITS over its financial year with the total charges of the master UCITS based on its last audited annual report?

Published on 24 June 2013

Q5. Article 81(2) of the 2010 Law: An *ad hoc* report is to be prepared by the approved statutory auditor of the master UCITS when the master UCITS and feeder UCITS have different accounting years. What is the scope of this *ad hoc* report (full scope audit or review)? What should be the financial period covered?

Published on 24 June 2013

Q6. Article 82(2) of the 2010 Law: "The annual [and half-yearly] report of the feeder UCITS must indicate where the annual [and half-yearly] report of the master UCITS can be obtained". Should the annual [and half-yearly] report of the master UCITS be translated into the language used by the feeder UCITS in its annual [and half-yearly] report?

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Q7. Article 81(2) of the 2010 Law: An *ad hoc* report is to be prepared by the approved statutory auditor of the master UCITS when the master UCITS and feeder UCITS have different accounting years. The related audit fees and fees linked to the preparation of the *ad hoc* financial statements should be supported by the master UCITS or by the feeder UCITS?

Published on 24 June 2013

Q8. Article 159(3)(c) of the 2010 Law: Is it acceptable that a UCITS converting into a feeder of a newly created master UCITS refers to its past performance?

Published on 11 July 2013

Q9. Article 159(3)(c) of the 2010 Law: Could an existing UCITS fund converting into a master with a newly created feeder UCITS refer to its past performance? Could the newly created feeder UCITS refer to the past performance of the master?

Published on 11 July 2013

Q10. Does the CSSF accept the principle that there are no look-through requirements at the Luxembourg feeder UCITS level including the CSSF monthly reporting and long form reports?

Published on 11 July 2013

Preliminary remarks

This document will be updated from time to time and the CSSF reserves the right to alter its approach to any matter covered by the FAQs at any time. You should regularly check the website of the CSSF in relation to any matter of importance to you to see if questions have been added and/or positions have been altered.

Note

- If the feeder UCITS is established in Luxembourg, please refer to questions Q1 - Q10.
- If the master UCITS is established in Luxembourg, please refer to questions Q4, Q5, Q7, Q9.

Q1. Article 27(1)(e) of CSSF Regulation No 10-05: Identification of matters that shall be treated as irregularities disclosed in the audit report of the approved statutory auditor of the master UCITS. What should be considered as irregularities at the level of the feeder UCITS?

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Any situation that requires a modification of the audit report of the master UCITS in accordance with ISA 705 is an irregularity. In case of an emphasis of matter paragraph in accordance with ISA 706, the statutory auditor of the feeder UCITS has to evaluate if the information requires an emphasis of matter paragraph or a note to the financial statements in the audit report of the feeder UCITS.

Q2. Article 82(2) of the Law of 17 December 2010 (hereinafter "the 2010 Law"): "the annual report of the feeder UCITS must include a statement on the aggregate charges of the feeder UCITS and the master UCITS". Should such aggregate charges be disclosed in monetary terms (expressed in the fund currency of the feeder UCITS) by applying a look-through approach or by adding total charges expressed as a percentage of the average net asset value (NAV) of the master UCITS and feeder UCITS, or both?

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Aggregate charges must be disclosed in monetary terms (expressed in the fund currency of the feeder UCITS) by applying a look-through approach and must also be disclosed by adding total charges expressed as a percentage of the average NAV of the master UCITS and feeder UCITS. If aggregate charges cannot be disclosed in monetary terms, as transitional measure, the aggregate charges of the master UCITS and feeder UCITS may only be disclosed by adding total charges expressed as percentage of their average NAVs.

It is to be noted that for the annual accounts of the financial years ending on or after 1 January 2014, both information must be disclosed in the annual report.

Q3. Article 82(2) of the 2010 Law: Aggregate charges of the feeder UCITS and master UCITS. Should this information be included in the notes to the financial statements, or can it be presented in the report on the activity of the feeder UCITS, or in the "Other information" section of the annual report?

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The CSSF considers that the information should be presented in the notes to the financial statements or in the "Other information" section of the annual report.

Q4. Article 82(2) of the 2010 Law: Aggregate charges of the feeder UCITS and master UCITS. When the master UCITS has a different year-end than the feeder UCITS and total charges of the master UCITS cannot be obtained for the same accounting period as the feeder UCITS, is it

acceptable to aggregate the total charges of the feeder UCITS over its financial year with the total charges of the master UCITS based on its last audited annual report?

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The related information regarding the master UCITS should be presented in principle, for the same accounting period as the feeder UCITS. However, if this information cannot be obtained without undue costs and to the extent that:

(i) aggregate charges of the feeder UCITS and master UCITS are expressed in monetary terms and as a percentage of the average NAVs (refer to question 2 above);
(ii) these main charges applicable for the master UCITS have not changed significantly since its last year-end (no change in the fees rates applicable to investment management, administration, custody, distribution, etc.);
(iii) there were no significant subscriptions/redemptions at the level of the master UCITS which could have a significant impact on the total of charges expressed in monetary terms and as percentage of the average NAV due to dilution of fixed charges (charges not linked to the NAV such as audit fees, lawyer fees, etc.);
(iv) it has to be clearly mentioned in the audit report that total charges of the master UCITS do not cover the entire financial period of the feeder UCITS,

the information could be provided for the last audited period of the master UCITS.

If the aforementioned conditions are not met, the master UCITS has to provide the feeder UCITS with the said information. It is recommended that the agreement between the master UCITS and feeder UCITS as required by Article 79(1) of the 2010 Law, indicates that the master UCITS has to provide the feeder UCITS with the requested information.

Q5. Article 81(2) of the 2010 Law: An *ad hoc* report is to be prepared by the approved statutory auditor of the master UCITS when the master UCITS and feeder UCITS have different accounting years. What is the scope of this *ad hoc* report (full scope audit or review)? What should be the financial period covered?

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It is expected that the *ad hoc* report is a full scope audit prepared under ISA 700 or ISA 800 (or to an equivalent auditing standard when the approved statutory auditor of the master UCITS does not apply ISA in its national audit regulation). The audited *ad hoc* financial statements should cover the financial period from the first day since the last audited financial statements of the master UCITS to the financial year-end of the feeder UCITS or the audited *ad hoc* financial statements should cover the same financial period as the feeder UCITS.

Q6. Article 82(2) of the 2010 Law: "The annual [and half-yearly] report of the feeder UCITS must indicate where the annual [and half-yearly] report of the master UCITS can be obtained". Should the annual [and

half-yearly] report of the master UCITS be translated into the language used by the feeder UCITS in its annual [and half-yearly] report?

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The master UCITS and the feeder UCITS can agree on this subject in the agreement required by Article 79(1) of the 2010 Law. However, the language in which the annual [and halfyearly] report of the master UCITS must be prepared should at least correspond to a language commonly used in Luxembourg for financial information (English, French or German).

Q7. Article 81(2) of the 2010 Law: An *ad hoc* report is to be prepared by the approved statutory auditor of the master UCITS when the master UCITS and feeder UCITS have different accounting years. The related audit fees and fees linked to the preparation of the *ad hoc* financial statements should be supported by the master UCITS or by the feeder UCITS?

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The feeder UCITS might not be the sole investor of the master UCITS since the master UCITS can also have direct investors and/or other feeder UCITS. The investment made by the feeder UCITS in the master UCITS enables to increase the total of Asset Under Management (AUM) of the master UCITS and therefore to enhance its total expenses ratio though a spreading of non-NAV linked expenses over a larger base. On this basis, it could be defensible that the costs of the *ad hoc* report (audit fees, cost for preparation of the financial statements, etc.) to be prepared for the feeder UCITS can be fully or partly supported by the master UCITS. It is recommended that the agreement between the master UCITS and feeder UCITS, as required by Article 79(1) of the 2010 Law, indicates who should support such fees. When the master UCITS will support all or a proportion of the cost of the *ad hoc* report, it is also recommended to ensure a proper disclosure in the prospectus of the master UCITS.

Q8. Article 159(3)(c) of the 2010 Law: Is it acceptable that a UCITS converting into a feeder of a newly created master UCITS refers to its past performance?

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Article 35(2)(c) of the Commission Regulation (EU) No 583/2010 (hereinafter "the Regulation") foresees that where the feeder UCITS has a past performance record from before the date on which it began to operate as a feeder, the feeder UCITS may use its own record retained in the bar chart for the relevant years, provided that the material change of its conversion into a feeder is disclosed as required by Article 17(2) of the Regulation.

Q9. Article 159(3)(c) of the 2010 Law: Could an existing UCITS fund converting into a master with a newly created feeder UCITS refer to its

past performance? Could the newly created feeder UCITS refer to the past performance of the master?

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Concerning the past performance of the master UCITS, its own record may be retained in the bar chart for the relevant years provided that the material change of its conversion into a master is disclosed as required by Article 17(2) of the Regulation.

As regards the past performance presentation of the newly created feeder UCITS, if the feeder UCITS was launched at a later date than the master UCITS, provided that the conditions of Article 19 of the Regulation are complied with, the past performance presentation in the key information document of the feeder UCITS can reproduce the performance record of the master UCITS, in accordance with Article 35(2)(b) of the Regulation.

Q10. Does the CSSF accept the principle that there are no look-through requirements at the Luxembourg feeder UCITS level including the CSSF monthly reporting and long form reports?

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By analogy with Article 82(2) and 82(5) of the Law of 17 December 2010 concerning annual and half-yearly reports of the feeder UCITS, the application of the look-through principle at the feeder UCITS level is not required for reporting purposes, neither for the CSSF monthly reporting, nor for the long form reports.