

PRESS RELEASE 17/06

ESMA HAS ISSUED AN OPINION ON SHARE CLASSES OF UCITS

On 30 January 2017, ESMA has issued an Opinion, addressed to national regulators in order to ensure a harmonised approach across the EU, in which it sets out the following four high-level principles which UCITS must follow when setting up different share classes:

- common investment objective;
- non-contagion;
- pre-determination; and
- transparency.

It should be noted that ESMA considers that hedging arrangements at share class level – with the exception of currency risk hedging – are not compatible with the requirement for a fund to have a common investment objective.

In order to mitigate the impact on investors in share classes established prior to the issuance of this Opinion which do not comply with these principles, ESMA is of the view that they should be allowed to continue to operate. However, such share classes should be closed for investment by new investors until 30 July 2017 at the latest, and for additional investment by existing investors until 30 July 2018.

As a consequence, the CSSF expects UCITS to take the necessary measures to comply with the transitional provisions set forth in the ESMA Opinion. Furthermore, new share classes do henceforth have to comply with the common principles for setting up share classes in UCITS funds.

ESMA's press release and the Opinion can be found on ESMA's website at the following addresses:

https://www.esma.europa.eu/sites/default/files/library/opinion_on_ucits_share_classes_press_release.pdf

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Luxembourg, 13 February 2017