

Group Briefing

July 2018

Central Bank Updates UCITS Q&A on Investment in non-UCITS Funds

Ireland Client Service Law Firm of the Year 2018
Chambers Europe Awards

Ireland Law Firm of the Year 2018
International Financial Law Review (IFLR)
Europe Awards

Advised on Equity Deal of the Year 2018 – Allied Irish Banks IPO
International Financial Law Review (IFLR)
Europe Awards

Ireland Law Firm of the Year 2018
Who's Who Legal

Ireland Law Firm of the Year 2017
Chambers Europe Awards

Best Firm in Ireland 2018, 2017 & 2016
Europe Women in Business Law Awards

Best National Firm for Women in Business Law 2018, 2017 & 2016
Europe Women in Business Law Awards

Best National Firm Mentoring Programme 2018, 2017 & 2016
Europe Women in Business Law Awards

Best National Firm for Minority Women Lawyers 2018
Europe Women in Business Law Awards

On 5 July 2018 the Central Bank updated its UCITS Q&A (ID 1002) to clarify its requirements relating to investment by a UCITS in a non-UCITS investment fund.

Where a UCITS intends to invest in a non-UCITS investment fund, the constitutional document, rather than merely the prospectus, of the non-UCITS investment fund must include a prohibition on investing more than 10% of its net assets in other investment funds.

The Central Bank has stated that a UCITS must comply with this requirement as set out in the revised Q&A as soon as possible, but by no later than 5 October 2018. UCITS which currently invest in non-UCITS investment funds will need to review their holdings of non-UCITS investment funds to ensure that the constitutional documents of these non-UCITS investment funds meet this requirement and UCITS must realign their portfolios when this is not the case.

If the non-UCITS investment fund is an umbrella fund and certain of its sub-funds may pursue a fund of funds strategy it would appear that, subject to

further clarification from the Central Bank, the 10% restriction on investment in other investment funds which is to be included in the constitutional document should also state that this restriction is subject to any disclosure in the prospectus so as to allow a fund of funds strategy to be pursued.

If you would like to discuss the foregoing requirements, or require assistance in undertaking any necessary analysis of the eligibility of any non-UCITS investment fund for investment, please feel free to contact a member of the team.

The Q&A can be accessed [here](#).

This document contains a general summary of developments and is not a complete or definitive statement of the law. Specific legal advice should be obtained where appropriate.

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