

ETF Naming Rules updated by CBI

The Central Bank of Ireland (the “CBI”) has issued an updated Questions and Answers (“Q&A”) document pertaining to UCITS. This new 41st edition of the UCITS Q&A revises three responses pertaining to naming requirements at the share class level in order to facilitate ETF naming requirements for specific share classes. This should further assist the expansion of ETF products in Ireland, which is already the lead European domicile for ETFs by a considerable margin, by facilitating the launch of ETF share classes on fund structures that are not dedicated ETF products.

Background

The CBI issues Q&A documents on various topics in order to communicate its interpretations of relevant legislation as well as regarding practical elements of its various processes. UCITS, AIFMD and MiFID are all the subject of specific Q&As. These are living documents which are regularly updated as new queries come to light or new policy positions are adopted, typically following representations made on behalf of regulated firms. The CBI has clarified that the responses in the Q&As do not have legal force in terms of ensuring compliance but adherence to them should afford a strong defence in the event of any related uncertainty. The corollary is also true.

New Requirements

The updated Q&A document revises Q&As ID 1012, ID 1016 and ID 1088.

ID 1012 details the requirements to provide details of the holdings within the UCITS ETF portfolio on a daily basis.

ID1016 clarifies that while the term UCITS ETF must be used in sub-funds names that are ETFs, where only a share class is an ETF, this naming requirement instead applies at that level.

ID1088 addresses the requirements where a UCITS has both unlisted share classes and listed ETF share classes. It sets out the clarifications and details to be included in the prospectus investors can easily distinguish between the listed and unlisted share classes. The Responsible Person for a UCITS ETF must ensure the prospectus discloses the implications for investors depending on whether they are invested in the ETF share class or the unlisted share class.

How Clerkin Lynch Can Help

The asset management team in Clerkin Lynch advise on all aspects of the establishment and ongoing regulation of funds authorised as UCITS in Ireland. Our website contains a wealth of related materials available for review. Feel free to contact us for more information or with related queries.



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