

Deloitte regulatory news alert

New ESMA paper on UCITS share classes

12 April 2016

Following the first consultation paper on UCITS share classes in December 2014, ESMA introduced on 6 April 2016 [a new consulting paper](#) on this topic with their current thinking regarding a framework for UCITS share classes. This paper states high level principles and new operational principles.

ESMA came up with some principles listed hereafter guiding the establishment of UCITS share classes:

1. Common investment objective
2. Non-contagion
3. Pre-determination for all features of share classes
4. Transparency

As for the last consultation paper, ESMA continues to argue against duration and volatility hedging at share class level as they might prove difficult to be compliant with their principle of non-contagion.

Feedback from the industry is requested on these new elements by 6 June 2016 which will lead ESMA to take further steps at the end of 2016.

Your contacts

Xavier Zaegel

Partner - Capital Markets/Financial Risk Leader

Tel: +352 451 452 748

xzaegel@deloitte.lu

Julien Baguet

Partner - ERS - Capital Markets

Tel: +352 451 454 609

jbaguet@deloitte.lu

Deloitte Luxembourg

560, rue de Neudorf

L-2220 Luxembourg

Tel: +352 451 451

Fax: +352 451 452 401

www.deloitte.lu

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