

## Chapter 4

# Communicating with clients, including financial promotions

## 4.13 UCITS

### Application

4.13.1

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- (1) This section applies to a *firm* in relation to a communication to a *client*, including an *excluded communication*, that is a marketing communication within the meaning of the *UCITS Directive*.
- (2) This section does not apply to:
  - (a) *image advertising*; or
  - (b) the *instrument constituting the fund*, the *prospectus*, the *key investor information* or the periodic reports and accounts of a *UCITS scheme*.

[Note: recital (58) of the *UCITS Directive*]

### Marketing communications relating to UCITS schemes

4.13.2

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- (1) A *firm* must ensure that a marketing communication that comprises an invitation to purchase *units* in a *UCITS scheme* and that contains specific information about the *scheme*:
  - (a) makes no statement that contradicts or diminishes the significance of the information contained in the *prospectus* and the *key investor information document* for the *scheme*;
  - (b) indicates that a *prospectus* exists for the *scheme* and that the *key investor information document* is available; and
  - (c) specifies where and in which language such information or *documents* may be obtained by investors or potential investors or how they may obtain access to them.
- (2) Where a *UCITS scheme* may invest more than 35% of its *scheme property* in *transferable securities* and money market instruments issued or guaranteed by the *United Kingdom* or an *EEA State*, one or more of its local authorities, a third country or a public international body to which the *United Kingdom* or one or more *EEA States* belong, the *firm* must ensure that a marketing communication relating to the *scheme* contains a prominent statement drawing attention to the investment policy and indicating the particular *states*, local authorities or public international bodies in the *securities* of which the *scheme* intends to invest or has invested more than 35% of its *scheme property*.
- (3) Where a *UCITS scheme* invests principally in *units* in *collective investment schemes*, *deposits* or *derivatives*, or replicates a stock or debt securities index in accordance with ■ COLL 5.2.31 R (Schemes

replicating an index), the *firm* must ensure that a marketing communication relating to the *scheme* contains a prominent statement drawing attention to the investment policy.

- (4) Where the net asset value of a *UCITS scheme* or has, or is likely to have, high volatility owing to its portfolio composition or the portfolio management techniques that are or may be used, the *firm* must ensure that a marketing communication relating to the *scheme* contains a prominent statement drawing attention to that characteristic.

[Note: articles 54(3), 70(2), 70(3) and 77 of the *UCITS Directive*]

**Marketing communications relating to a feeder UCITS**

4.13.3

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A *firm* must ensure that a marketing communication (other than a *key investor information document*) relating to a *feeder UCITS* contains a statement that the *feeder UCITS* permanently invests at least 85% in value of its assets in *units* of its *master UCITS*.

[Note: article 63(4) of the *UCITS Directive*]