

## Chapter 11

# Master-feeder arrangements under the UCITS Directive

## 11.2 Approval of a feeder UCITS

### Explanation

11.2.1

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- (1) Section 283A(1) (Master-feeder structures) of the *Act*, in implementation of article 59(1) of the *UCITS Directive*, provides that the *operator* of a *UCITS scheme* may not invest a higher proportion of *scheme property* in *units* of another *UCITS* than is permitted by *rules* made by the *FCA* implementing article 55 of the *UCITS Directive*, unless the investment is approved by the *FCA* in accordance with that section.
- (2) The *FCA* has implemented article 55(1) of the *UCITS Directive* in ■ COLL 5.2.11 R (9), which provides that not more than 20% in value of a *scheme* is to consist of the *units* of any one *collective investment scheme*.

### Application for approval of an investment in a master UCITS

11.2.2

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- (1) An application for approval of an investment in a *master UCITS* under section 283A of the *Act* must be accompanied by the following documents:
  - (a) the *instrument constituting the fund* of the *feeder UCITS* and of the *master UCITS*;
  - (b) the *prospectus* and the *key investor information* referred to in ■ COLL 4.7.2 R (Key investor information) of the *feeder UCITS* and of the *master UCITS*;
  - (c) the *master-feeder agreement* or the internal conduct of business rules in accordance with ■ COLL 11.3.2R (2) (Master-feeder agreement and internal conduct of business rules);
  - (d) where applicable, the information to be provided to *unitholders* in accordance with ■ COLL 4.8.3 R (Information to be provided to Unitholders);
  - (e) if the *master UCITS* and the *feeder UCITS* have different *depositaries*, the information-sharing agreement in accordance with ■ COLL 11.4.1R (2) (Information-sharing agreement between depositaries); and
  - (f) if the *master UCITS* and the *feeder UCITS* have different auditors, the information-sharing agreement in accordance with ■ COLL 11.5.1 R (Information-sharing agreement between auditors).
- (2) Where the *master UCITS* is an *EEA UCITS scheme*, the application for approval must also be accompanied by an attestation by the *master UCITS's Home State regulator* that the *master UCITS*:

- (a) is an *EEA UCITS scheme* or a *sub-fund* of it; and
- (b) fulfils the conditions set out in article 58(3)(b) and (c) of the *UCITS Directive*.

(3) The *documents* referred to in (1) and (2) must be provided in English.

[**Note:** article 59(3) of the *UCITS Directive*]