

Chapter 11

Master-feeder arrangements for UCITS schemes

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 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 (which implemented article 55 of the UCITS Directive), unless the investment is approved by the FCA in accordance with that section.
- (2) The relevant *rule* which implemented article 55(1) of the UCITS Directive is ■ 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 from a *person* acceptable to the FCA 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*]