



MALTA FINANCIAL SERVICES AUTHORITY

3rd Circular addressed to the financial services industry regarding the recast EU Directive on Undertakings for Collective Investment in transferable Securities ('UCITS IV Directive')

Master-Feeder UCITS Structure

5th January, 2010

The purpose of this circular is to provide the financial services industry with:

- (a)** A brief overview of the principal elements of the Master-Feeder UCITS Structure;
- (b)** An overview of CESR's advice on the Master-Feeder UCITS Structure, and an update regarding other advice issued by CESR; and
- (c)** An outline of the manner in which the Authority intends transposing the requirements pertaining to the Master-Feeder Structure. This circular also serves as a consultation document on the new rules which the MFSA intends to adopt in order to transpose some of the articles in the UCITS IV Directive which set requirements relating to the Master-Feeder UCITS Structure.

(a) The Master-Feeder UCITS Structure

The UCITS IV Directive makes it possible for product providers to establish Master-Feeder Structures, which will allow a feeder UCITS to invest most of its assets in a master UCITS. In this regard, the Directive stipulates that feeder UCITS [i] should invest at least 85% of its assets into a single master UCITS; and [ii] may also invest up to 15% in liquid assets, financial derivative instruments or, in the case of investment companies, property essential for the direct pursuit of business.

The UCITS IV Directive allows the feeder UCITS and the master UCITS to be situated in different Member States and also to have different depositories and auditors. Where depository or auditors are different for the master UCITS and the feeder UCITS, agreements between the depositories and auditors must be in place to ensure information sharing.

Over the past years, it has been an MFSA supervisory policy not to accept applications for the licensing of feeder funds and similar structures where such funds are to be marketed to retail investors. This policy does not apply to Professional Investor Funds. Whilst such policy will no longer be applied for UCITS Master-Feeder Structures established in accordance with the requirements of the UCITS IV Directive, it is to be retained for Retail Non-UCITS Schemes, although it may be subject to review in due course.

The requirements on the Master-Feeder UCITS Structure are set in articles 58 to 67 of the UCITS IV Directive. A number of these articles will be supplemented by implementing measures which will be issued by the Commission further to CESR's level 2 technical advice.

(b) CESR's level 2 technical advice

On the 21st December 2009, CESR issued its level II technical advice on: **[i]** master-feeder structures; **[ii]** fund mergers; **[iii]** passporting notification procedures; **and [iv]** technical methodologies on risk and reward and charges in the context of the key investor information. The following is an overview of CESR's advice in these areas.

Master-Feeder Structures

CESR's advice on Master-Feeder UCITS Structures deals *inter alia* with the content of the written agreements which must be established between the master and feeder UCITS, as well as their respective depositaries and auditors. In this regard, where the feeder UCITS and the master UCITS are established in different Member States, CESR is recommending that the parties to the agreement should be free to decide whether the applicable law should be that of the Member State where the feeder UCITS is established or that of the Master UCITS. CESR's advice also spells out detailed requirements on the steps to be taken in the case of a liquidation, merger or division of a master UCITS in order to satisfy the time frames established in the UCITS IV Framework Directive.

Fund Mergers

In this area, CESR concentrates on the information which must be provided to unitholders of both the merging and receiving UCITS in the case of a merger. CESR's recommended requirements are based on the fundamental principle that the information must be customized to cater for the different needs of the two groups of unitholders.

Passporting Notification procedure

CESR's advice on the passporting notification procedure covers: **[i]** the information that Member States should make available in relation to marketing in their jurisdiction of UCITS established in another Member State; **[ii]** the content and the format of a standard notification letter and attestation; **[iii]** how the competent authorities of the home state should facilitate the host state's access to updated notification documentation; and **[iv]** the procedure for electronic transmission of notification files. In preparing this advice CESR took into consideration the current level 3 guidelines on notification (CESR/06-120b).

Key Investor Information ('KII')

CESR's additional advice on the KII covers two areas, namely the calculation methodologies for the synthetic risk and reward indicator and the ongoing charges figure.

CESR's advice has been issued through the publication of the following three documents:

CESR/09-1186 - CESR's technical advice to the European Commission on level 2 measures relating to mergers of UCITS, master-feeder UCITS structures and cross-border notification of UCITS.

CESR/09-1026 – Annex 1 to CESR's technical advice on the level 2 measures related to the format and content of Key Information Document disclosures for UCITS (Ref. CESR/09-949): methodology for the calculation of the synthetic risk and reward indicator.

CESR/09-1028 - Annex 2 to CESR's technical advice to the European Commission on the level 2 measures related to the format and content of Key Information Document disclosures for UCITS (Ref. CESR/09-949) - Methodology for calculation of the ongoing charges figure.

A copy of the above mentioned documents is available on the MFSA's web-page dedicated to 'Securities' in the section entitled 'UCITS IV'. MFSA encourages members of the Maltese investment funds industry to download a copy of these documents from our web-page and familiarise themselves with the requirements of this Directive.

(c) Consultation on the proposed MFSA measures for the transposition of the articles in the UCITS IV Directive relating to the Master-Feeder UCITS Structure

As indicated above, the requirements on the Master-Feeder UCITS Structures are set in articles 58 to 67 of the UCITS IV Framework Directive. These will be supplemented with level 2 requirements which will be adopted by the Commission further to CESR's advice mentioned above. This circular has *inter alia* the purpose of serving as a consultation document on the amendments to the standard licence conditions ('SLCs') which the Authority intends to make in Part B II of the Investment Services Rules for Retail Collective Investment Schemes, which have the purpose of transposing the requirements of UCITS IV Framework Directive that relate to the Master-Feeder UCITS Structures.

Additions to the SLCs in Part BII of the Investment Services Rules for Retail Collective Investment Schemes ('Part BII')

Part BII of the Rules will be amended in order to introduce a number of SLCs with the aim of transposing the articles of the UCITS IV Framework Directive which regulate Master-Feeder Structures. The attached document includes the proposed new SLCs to transpose most of these articles. With regards to any obligations applicable to a UCITS Custodian, the Authority plans to introduce a cross-reference in Section 9 of Part B of the Investment Services Rules for Investment Services Providers to the relevant SLCs in Part B II of the Investment Services Rules for Retail Collective Investment Schemes. Similarly cross references will be introduced in Section 10 of Part B of the Investment Services Rules for Investment Services Providers to the requirements applicable to UCITS Managers. **The MFSA invites comments by not later than the 5th February, 2010 on the draft new rules attached to this document. Interested parties are to send their comments in writing addressed to the Director – Securities and Markets Supervision Unit, MFSA.**

The MFSA is still considering the manner in which article 58 (4); the second paragraph of 60 (4); the second paragraph 60 (5); the third paragraph of 61 (1) and 62 (3) of the UCITS IV Directive should be transposed, and will inform the industry in due course in this regard.

With regards to article 58 (4) (a) of the UCITS IV Directive, this provides a derogation for a master UCITS having at least 2 feeder UCITS as unit-holders, from the requirement of raising capital from the public (public offer of units) as per the definition of UCITS in article 1 (2) of the UCITS IV Directive, thereby giving the Master UCITS the choice whether or not to raise capital from other investors in addition to feeder UCITS. Given that the definition of collective investment scheme in the Investment Services Act, 1994 (“ISA”) does not refer to the required offer of ‘units to the public’, it is our view that no amendments to the ISA will be required for the proper implementation of this article of the Directive. However, the MFSA is currently considering whether an amendment to the Undertaking for Collective Investment in Transferable Securities and Management Companies Regulations (*‘the Regulations’*) will be required in order to transpose this article given the Regulations include a definition of a UCITS as per the UCITS Directive.

Article 58 (4) (b) of the UCITS IV Directive exempts a Master UCITS from the requirements set in Chapter XI of the Directive [Special provisions applicable to UCITS which market their units in Member States other than those in which they are established] and the second subparagraph of article 108 (1) [right of the host Member State to take action against a passporting UCITS] where the Master UCITS does not raise capital from the public in the host Member State but only has one or more feeder UCITS in that State. MFSA is of the view that this requirement should be transposed in the Regulations.

Commission Level 2 Implementing measures

As already indicated in our 2nd Circular on the UCITS IV Directive, issued on the 4th December 2009, the Commission’s Level 2 implementing measures may be issued either in the form of an EC Directive or an EC Regulation. Should these measures be issued in the latter form, these would not require transposition, as an EC Regulation by nature would automatically be applicable in Malta and enforceable by the MFSA. In such instance, the Authority is proposing that the Rules should be amended to cross refer to the relevant Regulation with the ultimate purpose of alerting the industry about its applicability in Malta.

If, on the other hand, the Commission Level 2 measures are issued in the form of an EC Directive, the MFSA plans to include these supplementary requirements through the issue of new Appendices or the amendment of existing Appendices to the Rules.

Contacts

Should you have any queries regarding the UCITS IV Directive please do not hesitate to contact:

Karl Mercieca
Manager
25485134
kmercieca@mfsa.com.mt

Christopher P. Buttigieg
Senior Manager
25485229
cbuttigieg@mfsa.com.mt

Annex to Circular dated 5th January, 2010

New Section – Master Feeder Structures
New Sub-Section 1 – Scope and Approval
NEW SLC [transposing article 58 (1) & (2) of the UCITS IV Framework Directive]
In order to qualify as a feeder UCITS, the Scheme's investment objective as approved by the MFSA in terms of SLC [transposing Art 59(1)] , must be to invest at least 85 % of its assets in units of another UCITS (the master UCITS).
A feeder UCITS may hold up to 15 % of its assets in one or more of the following: (a) ancillary liquid assets; (b) financial derivative instruments, which may only be used for hedging purposes subject to compliance with the SLCs relating to such instruments [transposing Art 50 (1) (g) and Art 51 (2) and (3)] ; (c) movable and immovable property which is essential for the direct pursuit of the business, if the feeder UCITS is an investment company.
For the purposes of compliance with SLC 5.19 [transposing Art 51 (3)] , the feeder UCITS shall calculate its global exposure related to financial derivative instruments by combining its own direct exposure under point (b) of the first subparagraph with either: (a) the master UCITS' actual exposure to financial derivative instruments in proportion to the feeder UCITS' investment into the master UCITS; or (b) the master UCITS' potential maximum global exposure to financial derivative instruments provided for in the master UCITS' fund rules or instruments of incorporation in proportion to the feeder UCITS investment into the master UCITS.
NEW SLC [transposing article 58 (3) of the UCITS IV Framework Directive]
A master UCITS is a Scheme, which: (a) must have, among its unit-holders, at least one feeder UCITS; (b) must not itself be a feeder UCITS; and (c) must not hold units of a feeder UCITS.
NEW SLC [transposing article 59 (1) & (2) of the UCITS IV Framework Directive]

A feeder UCITS' shall obtain the MFSA's approval before investing into a given master UCITS, thereby exceeding the limit applicable under **SLC 5.38 [transposing article 5 (1)]** for investments into other UCITS.

The MFSA shall inform feeder UCITS within 15 working days following the submission of all required documents required in terms of **SLC [the following SLC.]**, whether or not the feeder UCITS may invest in the master UCITS.

NEW SLC [transposing article 59 (3) of the UCITS IV Framework Directive]

Prior to issuing an approval in terms of **SLC [the previous SLC]**, the MFSA shall verify whether the feeder UCITS, its Custodian and its auditor, as well as the master UCITS, comply with all the requirements set out in this Section of the Rules. For such purposes, the feeder UCITS shall provide the MFSA with the following documents:

- (a) the fund rules or instruments of incorporation of the feeder UCITS and the master UCITS;
- (b) the prospectus and the key investor information of the feeder and the master UCITS;
- (c) the agreement between the feeder and the master UCITS or the internal conduct of business rules referred to in **SLC (transposing Art 60(1))**;
- (d) where applicable, the information to be provided to unit-holders in terms of **SLC (transposing Art 64(1))**;
- (e) if the master UCITS and the feeder UCITS have different Custodians, the information-sharing agreement between their respective Custodians; and
- (f) if the master UCITS and the feeder UCITS have different auditors, the information-sharing agreement between their respective auditors.

Where the master UCITS is established outside Malta, the feeder UCITS shall also provide the MFSA with an attestation by the competent authorities of the master UCITS home Member State, that the master UCITS is a UCITS, or an investment compartment thereof, which is not itself a feeder UCITS and does not hold units of a feeder UCITS. The documents shall be provided to the MFSA by the feeder UCITS in English or any other language approved by the MFSA.

New Sub-Section 2 – Common provisions for feeder and master UCITS

NEW SLC [transposing article 60 (1) of the UCITS IV Framework Directive]

A master UCITS shall provide the feeder UCITS with all documents and information necessary for the latter to meet the requirements laid down in Part B II to these Rules and

the UCITS IV Directive. For this purpose, the feeder UCITS shall enter into an agreement with the master UCITS.

The feeder UCITS shall not invest in excess of the limit applicable under **SLC 5.38 [transposing Art 55 (1)]** in units of that master UCITS until the agreement referred to in the first subparagraph has become effective. That agreement shall be made available, on request and free of charge, to all unit-holders.

In the event that both master and feeder UCITS are managed by the same management company, the agreement may be replaced by internal conduct of business rules ensuring compliance with the requirements set out in this SLC.

NEW SLC [transposing article 60 (2) of the UCITS IV Framework Directive]

The master and the feeder UCITS shall take appropriate measures to coordinate the timing of their net asset value calculation and publication in order to avoid market timing in their units, preventing arbitrage opportunities.

[N.B. Market timing is the strategy of attempting to predict the future price movements and thus the direction of the market, typically through the use of various fundamental and technical indicators or economic data. Thus market timing is the practice of switching among fund asset classes in an attempt to profit from the changes in their market outlook.]

NEW SLC [transposing article 60 (3) of the UCITS IV Framework Directive]

Without prejudice to **SLC 12.6 [transposing article 84]**, if a master UCITS temporarily suspends the repurchase, redemption or subscription of its units, whether at its own initiative or at the request of its competent authorities, each of its feeder UCITS is entitled to suspend the repurchase, redemption or subscription of its units notwithstanding the conditions laid down in **SLC 12.6 [transposing article 84 (2)]** within the same period of time as the master UCITS.

NEW SLC [transposing the first part of article 60 (4) of the UCITS IV Framework Directive]

If a master UCITS is liquidated, the feeder UCITS shall also be liquidated, unless the MFSA approves:

- (a) the investment of at least 85 % of the assets of the feeder UCITS in units of another master UCITS; or
- (b) the amendment of its fund rules or instruments of incorporation in order to enable the feeder UCITS to convert into a UCITS which is not a feeder UCITS.

NEW SLC [transposing the first part of article 60 (5) of the UCITS IV Framework Directive]

If a master UCITS merges with another UCITS or is divided into two or more UCITS, the feeder UCITS shall be liquidated, unless the MFSA grants approval to the feeder UCITS to:

- (a) continue to be a feeder UCITS of the master UCITS or another UCITS resulting from the merger or division of the master UCITS;
- (b) invest at least 85 % of its assets in units of another master UCITS not resulting from the merger or the division; or
- (c) amend its fund rules or its instruments of incorporation in order to convert into a UCITS which is not a feeder UCITS.

NEW SLC [transposing article 60 (6) of the UCITS IV Framework Directive]

[Implementing Measures – Scenario 1/Commission Regulation - The following will be adopted in the Rules, if the Commission’s implementing measures are issued in the form of a Regulation]

In complying with the SLCs of this sub-section of these Rules, a Feeder UCITS and a Master UCITS shall also refer to and comply with the applicable provisions of Chapter XX of the Commission Regulation.

OR

[Implementing Measures – Scenario 2/Commission Directive - The following will be adopted in the Rules, if the Commission’s implementing measures are issued in the form of a Directive]

In complying with the SLCs of this sub-section of these Rules, a Feeder UCITS and a Master UCITS shall also refer and comply with the provisions set out in **Appendix XX** of these Rules.

New Sub-Section 3 – Custodians and Auditors

NEW SLC [transposing the first and second paragraphs of article 61 (1) of the UCITS IV Framework Directive]

Where the master and the feeder UCITS have different Custodians, those Custodians shall enter into an information-sharing agreement in order to ensure the fulfillment of the duties of both Custodians. The feeder UCITS shall not invest in units of the master UCITS until such agreement has become effective.

NEW SLC [transposing the last paragraph of article 61 (1) of the UCITS IV Framework Directive]
The feeder UCITS or the Manager shall be in charge of communicating to the Custodian of the feeder UCITS any information about the master UCITS which is required for the completion of the duties of the Custodian of the feeder UCITS.
NEW SLC [transposing article 61 (2) of the UCITS IV Framework Directive]
The Custodian of the master UCITS shall immediately inform the MFSA, the feeder UCITS or, where applicable, the Manager and the Custodian of the feeder UCITS about any irregularities it detects with regard to the master UCITS which are deemed to have a negative impact on the feeder UCITS.
NEW SLC [transposing article 61 (3) of the UCITS IV Framework Directive]
[Implementing Measures – Scenario 1/Commission Regulation - The following will be adopted in the Rules, if the Commission’s implementing measures are issued in the form of a Regulation]
In complying with SLCs ... of this sub-section of these Rules, a Custodian shall also refer and comply with the applicable provisions of Chapter XX of the Commission Regulation.
OR
[Implementing Measures – Scenario 2/Commission Directive - The following will be adopted in the Rules, if the Commission’s implementing measures are issued in the form of a Directive]
In complying with SLCs ... of this sub-section of these Rules, a Custodian shall also refer and comply with the provisions set in Appendix XX of these Rules.
NEW SLC [transposing article 62 (1) of the UCITS IV Framework Directive]
Where the master and the feeder UCITS have different auditors, the Schemes shall request those auditors to enter into an information-sharing agreement in order to ensure the fulfilment of their duties, including the arrangements taken to comply with the requirements set out in SLC (transposing Art 62(2)... The feeder UCITS shall not invest in units of the master UCITS until such agreement has become effective.
NEW SLC [transposing article 62 (4) of the UCITS IV Framework Directive]

[Implementing Measures – Scenario 1/Commission Regulation - The following will be adopted in the Rules, if the Commission’s implementing measures are issued in the form of a Regulation]
In complying with the above SLC ... , the Schemes and their auditors shall also refer to and comply with the applicable provisions of Chapter XX of the Commission Regulation.
OR
[Implementing Measures – Scenario 2/Commission Directive - The following will be adopted in the Rules, if the Commission’s implementing measures are issued in the form of a Directive]
In complying with the above SLC , the Schemes and their auditors shall also refer and comply with the provisions set in Appendix XX of these Rules.
NEW SLC [transposing the first paragraph of article 62 (2) of the UCITS IV Framework Directive]
The feeder UCITS shall request its auditor, to take into account the audit report of the master UCITS when preparing the audit report on the feeder UCITS. If the feeder and the master UCITS have different accounting years, the master UCITS shall request its auditor to make an ad hoc report on the closing date of the feeder UCITS.
NEW SLC [transposing the second paragraph of article 62 (2) of the UCITS IV Framework Directive]
The feeder UCITS shall request its auditor to report on any irregularities revealed in the audit report of the master UCITS and on their impact on the feeder UCITS.
New Sub-Section 4 – Compulsory information and marketing communications by the feeder UCITS
NEW SLC [transposing article 63 (1) of the UCITS IV Framework Directive]
The feeder UCITS shall ensure that, in addition to the information required in Appendix I of these Rules, its prospectus also contains the following information:
(a) a declaration that the feeder UCITS is a feeder of a particular master UCITS and as such permanently invests 85 % or more of its assets in units of that master UCITS;
(b) the investment objective and policy, including the risk profile and whether the

performance of the feeder and the master UCITS are identical, or to what extent and for which reasons they differ, including a description of investment made in accordance with SLC [transposing Article 58(2)];

- (c) a brief description of the master UCITS, its organisation, its investment objective and policy, including the risk profile, and an indication of how the prospectus of the master UCITS may be obtained;
- (d) a summary of the agreement entered into between the feeder UCITS and the master UCITS or of the internal conduct of business rules pursuant to SLC [transposing Article 60(1)];
- (e) how the unit-holders may obtain further information on the master UCITS and the agreement entered into between the feeder UCITS and the master UCITS pursuant to SLC [transposing Art 60(1)];
- (f) a description of all remuneration or reimbursement of costs payable by the feeder UCITS by virtue of its investment in units of the master UCITS, as well as of the aggregate charges of the feeder UCITS and the master UCITS; and
- (g) a description of the tax implications of the investment into the master UCITS for the feeder UCITS.

NEW SLC [transposing article 63 (2) of the UCITS IV Framework Directive]

The feeder UCITS shall ensure that, in addition to the information provided in Appendix II of these Rules, the annual report of the feeder UCITS also contains:

- (a) a statement on the aggregate charges of the feeder UCITS and the master UCITS; and
- (b) details of how the annual and the half-yearly report of the master UCITS can be obtained.

NEW SLC [transposing article 63 (3), (4) & (5) of the UCITS IV Framework Directive]

In addition to the requirements laid down in SLC [transposing articles 74 and 82], the feeder UCITS shall send the prospectus, the key investor information referred to in SLC (transposing Article 78) and any amendment thereto, as well as the annual and half-yearly reports of the master UCITS, to MFSA.

A feeder UCITS shall disclose in any relevant marketing communications that it permanently invests 85 % or more of its assets in units of such master UCITS.

A paper copy of the prospectus, and the annual and half-yearly reports of the master UCITS shall be delivered by the feeder UCITS to investors on request and free of charge.

New Sub-Section 5 – Conversion of existing UCITS into feeder UCITS and change of master UCITS

NEW SLC [transposing article 64 (1) of the UCITS IV Framework Directive]

A UCITS which has decided to convert into a feeder UCITS or a feeder UCITS which has decided to invest into a different master UCITS, shall provide the following information to its unit-holders:

- (a) a statement that the MFSA has approved the investment of the feeder UCITS in units of such master UCITS;
- (b) the key investor information referred to in **SLC [transposing Art 78]** concerning the feeder and the master UCITS;
- (c) the date when the feeder UCITS is to start to invest in the master UCITS or, if it has already invested therein, the date when its investment will exceed the limit applicable under **SLC 5.38 [transposing Art 55 (1)]**; and
- (d) a statement that the unit-holders have the right to request within 30 days the repurchase or redemption of their units without any charges other than those retained by the UCITS to cover disinvestment costs; that right shall become effective from the moment the feeder UCITS has provided the information referred to in this paragraph.

The above information shall be provided at least 30 days before the date referred to in paragraph (c) of this SLC.

NEW SLC [transposing article 64 (2) of the UCITS IV Framework Directive]

In the event that the feeder UCITS has passported into in another Member State in terms of Undertaking for Collective Investment in Transferable Securities and Management Companies Regulations, the information referred to in the above **SLC** shall be provided in the official language, or one of the official languages, of the feeder UCITS host Member State or in a language approved by its competent authorities. The feeder UCITS shall be responsible for producing the translation. That translation shall faithfully reflect the content of the original.

NEW SLC [transposing article 64 (3) of the UCITS IV Framework Directive]

The feeder UCITS shall not invest into the units of the given master UCITS in excess of the limit applicable under **SLC 5.38 [transposing Art 55 (1)]** before the period of 30 days referred to in **SLC ...** has elapsed.

NEW SLC [transposing article 64 (4) of the UCITS IV Framework Directive]

[Implementing Measures – Scenario 1/Commission Regulation - The following will be

adopted in the Rules, if the Commission’s implementing measures are issued in the form of a Regulation]
In complying with SLCs ... of this sub-section of these Rules, a Scheme shall also refer and comply with the applicable provisions of Chapter XX of the Commission Regulation.
OR
[Implementing Measures – Scenario 2/Commission Directive - The following will be adopted in the Rules, if the Commission’s implementing measures are issued in the form of a Directive]
In complying with SLCs ... of this sub-section of these Rules, a Scheme shall also refer and comply with the provisions set in Appendix XX of these Rules.
New Sub-Section 6 – Obligations and competent authorities
NEW SLC [transposing article 65 of the UCITS IV Framework Directive]
<p>The feeder UCITS shall monitor effectively the activity of the master UCITS. In performing that obligation, the feeder UCITS may rely on information and documents received from the master UCITS or, where applicable, its Manager, Custodian and auditor, unless there is reason to doubt their accuracy.</p> <p>Where, in connection with an investment in the units of the master UCITS, a distribution fee, commission or other monetary benefit is received by the feeder UCITS, its Manager, or any person acting on behalf of either the feeder UCITS or the Manager of the feeder UCITS, the fee, commission or other monetary benefit shall be paid into the assets of the feeder UCITS.</p>
NEW SLC [transposing article 66 (1) of the UCITS IV Framework Directive]
The master UCITS shall immediately inform the MFSA of the identity of each feeder UCITS which invests in its units. Where the feeder UCITS is established outside Malta, the MFSA shall immediately inform the competent authority of the feeder UCITS home Member State of such investment.
NEW SLC [transposing article 66 (2) of the UCITS IV Framework Directive]
The master UCITS shall not charge subscription or redemption fees for the investment of the feeder UCITS into its units or the redemption thereof.
NEW SLC [transposing article 66 (3) of the UCITS IV Framework Directive]
The master UCITS shall ensure the timely availability of all information that is required in

accordance with these Rules, to the feeder UCITS or, where applicable, its Manager, and to the competent authorities, the Custodian and the auditor of the feeder UCITS.

NEW SLC [transposing article 67 of the UCITS IV Framework Directive]

Where the master UCITS and the feeder UCITS are established in Malta, the MFSA shall immediately inform the feeder UCITS of any decision, measure, observation of non-compliance with the conditions of this Section of these Rules or of any information reported pursuant to **SLC [transposing Art 106 (1)]** with regard to the master UCITS or, where applicable, its Manager, Custodian or auditor.

Where the master UCITS is established in Malta and the feeder UCITS is established in another Member State, the MFSA shall immediately communicate any decision, measure, observation of non-compliance with the conditions of this Section of these Rules or information reported pursuant to **SLC [transposing Art 106 (1)]** with regard to the master UCITS or, where applicable, its Manager, Custodian or auditor, to the competent authorities of the feeder UCITS home Member State.

Where the feeder UCITS is established in Malta and the master UCITS is established in another Member State, the MFSA shall immediately communicate to the feeder UCITS any information received from the home Member State of the Master UCITS in terms of this SLC.