

AMF instruction

Authorisation processes, preparation of a KIID¹ and a prospectus and periodic reporting for retail investment funds, funds of alternative funds and professional retail investment funds – DOC-2011-20

References: articles 421-1, 421-13, 421-33, 421-34, 422-7, 422-11, 422-16, 422-17, 422-250 and 423-1 of the AMF General Regulation

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¹ KIID: key investor information document

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Annex I bis – Creation of an AIF or a compartment - Content of information-sharing agreements in master/feeder arrangements

Annex I ter – Creation of an AIF or a compartment - Table of correlation of information to be made available to investors and communicated to the AMF as part of an application for marketing in France

Annex II - Letter of undertaking from the management company for the authorisation application of a retail investment fund/fund of alternative funds/professional retail investment fund

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Annex IV - Letter of undertaking from the management company for the authorisation application of a retail investment fund/fund of alternative funds/professional retail investment fund using the fast-track authorisation process

Annex V - Frame of reference for the undertaking signed by the management company

Annex VI - Authorisation application form in case of changes subject to the AMF’s approval of a retail investment fund/fund of alternative funds/professional retail investment fund (or a compartment of a retail investment fund/fund of alternative funds/professional retail investment fund)

Annex VI-bis - Procedures for filling in authorisation forms for changes subject to pre-approval

Annex VII - Supplementary form for any type of authorisation

Annex VIII - Notification of change to the AMF

Annex IX - Application for administrative management of multiple changes

Annex X - Prime broker compliance letter template

Annex XI - Notification form: Spin-off decided pursuant to Articles L. 214-24-33 and L. 214-24-41 of the Monetary and Financial Code

Annex XII - Standard template for individual notifications of unitholders or shareholders (Simple or complex conversion)

Annex XIII - Standard template of the key investor information document (KIID)

Annex XIV - Standard template for the prospectus

Annex XV - Standard fund rules

Annex XVI - Standard articles of incorporation

Annex XVII - Statistical and financial data to be filed with the AMF

This instruction applies to

- retail investment funds governed by paragraph 1 of sub-section 2 of section 2 of chapter IV of title I of Book 2 of the Monetary and Financial Code;
- funds of alternative funds governed by paragraph 6 of sub-section 2 of section 2 of chapter IV of title I of Book 2 of the Monetary and Financial Code;
- and professional retail investment funds governed by sub-paragraph 1 of paragraph 1 of sub-section 3 of section 2 of chapter IV of title I of Book 2 of the Monetary and Financial Code,

hereafter “**AIF**”.

In this instruction and unless otherwise specified, the concepts of master and feeder AIF are not to be interpreted within the meaning of Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011² but within the meaning of Article L. 214-24-57 of the Monetary and Financial Code.

Unless otherwise specified, the term “management company” in this instruction refers to the asset management company authorised in France³ or the management company authorised in a Member State of the European Union⁴ other than France that manages one or more AIF in France under the principle of freedom to provide services or the freedom of establishment.

Where reference is made in this instruction to sending documents to the GECO database of the management company, those management companies located in a Member State of the European Union other than France managing or wishing to manage an AIF shall transmit such documents by e-mail to the following address: gjo@amf-france.org.

² These definitions stemming from Directive 2011/61/EU are incorporated into Article L. 214-24(IV) of the Monetary and Financial Code.

³ Whether it is subject to title I or title I bis of book III of the AMF General Regulation.

⁴ Authorised in accordance with Directive 2011/61/EU and acting through a branch in France or under the principle of freedom to provide services.

Chapter I - Procedures

Section I - Creation of a AIF

Authorisation process and periods for creating an AIF

Step	FCP or SICAV management company	Autorité des Marchés Financiers (AMF)
1	Files an authorisation application for an AIF	
2		Checks compliance of the application Acknowledges receipt of the application, specifying the expiry date of the authorisation period or rejects the application, with an explanation of the reasons for the rejection
3		Examines the application May contact the applicant May reject the application in the event of non-compliance with the fast-track authorisation process for a comparable fund
4		Where applicable, requests further information, which may or may not require the management company or the SICAV to submit a supplementary information sheet
4 bis	Where applicable, files the supplementary information sheet and the information requested within 60 days of the date of the request	
4 ter		Receives the supplementary information form and requested information Acknowledges receipt of the filing, specifying the new expiry date of the authorisation period
5		Provides notification of the decision to grant or refuse authorisation or implicit authorisation decision
6	Provides notification of the deposit certificate for the capital of the FCP or the initial capital of the SICAV	
7		Updates the information in the GECO database
8	Sends the final key investor information document (KIID), where applicable, and prospectus in accordance with the procedures stipulated in Annex XVII	
9		Posts the key investor information document (KIID) and, where applicable, the prospectus on its website

Authorisation periods

Type of transactions	Period of time
Creation	1 month (approximately 23 weekdays)
Creation of a dedicated AIF	8 weekdays
Creation of a feeder AIF	15 business days (approximately 13 weekdays)
Creation under the fast-track process	8 weekdays

Article 1 - Authorisation process

The creation of an AIF or an AIF compartment requires the authorisation of the AMF. Subject to the marketing procedure resulting from Directive 2011/61/EU (for AIF managed by authorised management companies in accordance with Directive 2011/61/EU), the AIF's units or shares may not be marketed until such authorisation has been obtained.

Specific provisions applicable to AIF managed by management companies authorised in accordance with Directive 2011/61/EU – Marketing procedure

Where the AIF is managed by an asset management company authorised in France in accordance with Directive 2011/61/EU⁵, this company must comply with Articles 421-1 and 421-13 of the AMF General Regulation prior to marketing in France, respectively, to professional clients and retail clients.

Where the asset management company wishes to request the authorisation to market the units or shares of the AIF in France at the same time as the approval of the said AIF, the asset management company must complete the authorisation application accordingly and attach the necessary documentation (see Annexes I and I ter or III and III bis of this instruction).

The maximum period of twenty weekdays mentioned in Article 421-2 of the AMF General Regulation to indicate to the asset management company whether it can begin to market the AIF to professional clients also applies to the application to market to retail clients. If the marketing procedure is carried out at the same time as the authorisation, this period begins on the date of authorisation of the AIF subject to the completeness of the application. If the application is complete and compliant, the notification of marketing in France will be issued with the notification of authorisation.

⁵ The total value of the assets of the managed AIF, calculated in accordance with Article 2 of Commission Delegated Regulation (EU) 231/2013 of 19 December 2012, is greater than the thresholds set in Article R. 532-12-1 of the Monetary and Financial Code or where it is less than these thresholds but the asset management company has opted for full application of Directive 2011/61/EU.

The asset management company must refer to another AMF instruction where:

- a) it uses this procedure subsequent to the authorisation of the AIF, if the AIF was not marketed as soon as it was authorised;
- b) it wishes to market the AIF in a Member State of the European Union other than France under the European passport.

Where the AIF is managed by a management company authorised in a Member State of the European Union other than France, the management company must refer to another AMF instruction to market the fund in France⁶.

To obtain authorisation for the AIF, an application containing the items stipulated in this instruction must be filed with the AMF.

The authorisation application must be signed by a person duly empowered by the management company or by the SICAV if the latter is self-managed. This person must be either a legal representative, meaning one of the officers of the SICAV or management company, or a specifically empowered person.

Once the application has been filed, the AMF may request the submission of documents as evidence of the powers vested in the person filing the application at any point during the authorisation process.

In order to prevent excessively frequent applications for changes of AIF, the characteristics of AIF must be thoroughly and completely examined before filing any authorisation applications.

Article 2 - Filing the authorisation application

Article 2-1 - Standard process for filing authorisation applications

Pursuant to Articles 422-7(I) and 422-11(I) of the AMF General Regulation⁷, the authorisation application filed with the AMF for the creation of AIF subject to this instruction must include:

- 1° Two copies – one copy only if the application is filed online – of the duly completed authorisation application form in Annex I;
- 2° The attachments referred to in Annex I, along with any other document that the management company deems necessary for the examination of the application;
- 3° The letter of undertaking in Annex II.

The application may be filed with the AMF online through the extranet of the GECO database in the area reserved for the management company.

⁶ The marketing of units or shares of AIF managed by a management company established in a Member State of the European Union other than France to retail clients in France is subject to specific requirements provided for in Article 421-13 of the AMF General Regulation:

- 1) an instrument for information exchange and mutual assistance in the field of third-party asset management has been put in place between the AMF and the management company's supervisory authority; and
- 2) the management company meets the conditions provided for in a mutual recognition agreement between the AMF and the management company's supervisory authority setting the special requirements applicable to the authorisation of management companies of AIF that may be marketed to retail customers.

⁷ Applicable to retail investment funds and, by reference to articles 422-250 and 423-1 of the AMF General Regulation, funds of alternative funds and professional retail investment funds.

Article 2-2 - Fast-track process for filing authorisation applications

Any authorisation application filed with the AMF under the terms of Articles 422-7(II) and 422-11(II) of the AMF General Regulation⁸ for the creation of the AIF concerned under the fast-track process must include:

- 1° The duly completed authorisation application form in Annex III;
- 2° The attachments referred to in Annex III, along with any other document that the management company deems necessary for the examination of the application;
- 3° The letter of undertaking in Annex IV.

The application may only be filed with the AMF online through the GECO database extranet in the area reserved for the management company.

Article 2-2-1 - Eligibility requirements for authorisation of a comparable fund

I. Pursuant to Articles 422-7(II)(1) and 422-11(II)(1) of the AMF General Regulation: “1° *The reference UCITS or retail investment fund and the comparable SICAV [FCP] are managed by the same asset management company or the same delegated investment manager, or by investment management companies or delegated investment managers belonging to the same corporate group, and subject to the AMF's assessment of the information provided by the management company of the comparable SICAV [FCP], in accordance with the requirements stipulated in an AMF instruction.*”

Where the comparable AIF and the reference UCITS or AIF are managed by management companies or delegated investment managers belonging to the same corporate group, the AMF shall assess their comparability in consideration of their use of common resources, management and control methods.

II. Pursuant to Articles 422-7(II)(4) and 422-11(II)(4) of the AMF General Regulation: “4° *Subscribers to the comparable SICAV [FCP] shall meet the subscription and acquisition requirements of the reference UCITS or retail investment fund.*”

The subscription and acquisition rules of the comparable AIF and the reference UCITS or AIF referred to in Articles 422-7(II)(4) and 422-11(II)(4) of the AMF General Regulation shall be assessed in consideration of the subscriber profile and the minimum investment amounts as set out in their prospectuses. For example, the subscription requirements of the comparable AIF must not be materially less strict than those of the reference UCITS or AIF. Similarly, a professional retail investment fund or a professional specialised investment fund cannot serve as the reference AIF for retail investment funds since the subscription and acquisition rules of the comparable AIF are not maintained here at a level equivalent to those of the reference AIF.

The marketing materials of the comparable AIF may only differ from those of the reference UCITS or AIF filed with the AMF to the extent necessary, in order to maintain consistency between the information provided in such documents, in the key investor information document (KIID) and the prospectus of the comparable AIF. Differences, additions or omissions of information between the marketing materials of the comparable AIF and those of the reference UCITS or AIF must be clearly identified in the authorisation application for the comparable AIF.

III. Pursuant to Articles 422-7(II)(5) and 422-11(II)(5) of the AMF General Regulation: “5° *The investment strategy, risk profile, operating rules and articles of incorporation of the comparable SICAV [FCP] shall be similar to those of the reference UCITS or retail investment fund.*”

The similarity of the investment strategy, risk profile, operating rules and articles of incorporation of the comparable AIF with those of the reference UCITS or AIF shall be assessed on the basis of the number and nature of identical features between these two funds. Any differences, additions or omissions of information between the two funds must be clearly identified in the authorisation application for the comparable AIF.

⁸ Applicable to retail investment funds and, by reference to Articles 422-250 and 423-1, funds of alternative funds and professional retail investment funds.

IV. Pursuant to Articles 422-7(II)(3) and 422-11(II)(3) of the AMF General Regulation: *“The reference UCITS or retail investment fund has not undergone any changes other than those referred to in an AMF instruction. At the reasoned request of the management company of the comparable SICAV [FCP], the AMF may allow a UCITS or retail investment fund that has undergone changes other than those referred to in the instruction to be a reference UCITS or retail investment fund”.*

The changes referred to in Articles 422-7(II)(3) and 422-11(II)(3) of the AMF General Regulation are:

1° A change that does not require the authorisation of the AMF of one of the service providers involved in the investment management or in the administrative and accounting management of the reference UCITS or AIF, or;

2° A change to the key investor information document (KIID) and/or prospectus of the reference UCITS or AIF of one of the following:

- a) Notice of compliance with the rules of investment and disclosure of Directive 2009/65/EC;
- b) ISIN code, UCITS or AIF name, expected period of existence;
- c) Change to the charges or means of collecting charges;
- d) Tax rules;
- e) Institution designated to centralise subscriptions and redemptions;
- f) Accounting period;
- g) Allocation of income;
- h) Date and frequency of net asset value calculations;
- i) Place and terms of net asset value publication;
- j) Creation of unit or share classes;
- k) Assets used, provided that the change in such instruments does not affect other items that are not referred to in this article.

The management company’s programme of activity must be consistent with any changes that might have been made.

This process may not be used if the reference UCITS or AIF:

- has not drawn up a key investor information document (KIID);
- has drawn up a key investor information document (KIID), but the said document was not examined by the AMF as part of the initial authorisation process of the reference UCITS or AIF.

Article 3 - Registration by the AMF

When the authorisation application is received, the AMF proceeds with its registration. An acknowledgement of receipt of the application is sent to the SICAV or the management company. This acknowledgement of receipt certifies that the application has been filed with the AMF and stipulates the expiry date of the authorisation period, in accordance with the terms of Articles 422-7 and 422-11 of the AMF General Regulation.

If the application filed in accordance with the aforementioned Articles 422-7 and 422-11 of the AMF General Regulation is incomplete or non-compliant, it is returned to the sender with an explanation of the reasons for its rejection, which may be of two kinds:

1° Missing documents;

2° Documents are incomplete or do not comply with the laws and regulations in force.

Pursuant to Articles 422-7 and 422-11 of the AMF General Regulation, if the reference UCITS or AIF and the comparable AIF do not comply with the requirements referred to in Articles 422-7(II) and 422-11(II) of the AMF General Regulation, “the AMF shall notify the applicant, stipulating that the further information must be included in an authorisation application in accordance with the procedures described” in Article 2-1 of this instruction. The AIF management company must provide the AMF with the documents referred to in Article 2-1 of this instruction within the 60-day period stipulated in the last paragraph of point II of the same articles.

Article 3-1 - Authorisation processes for dedicated AIF mentioned in Article L. 214-26-1 of the Monetary and Financial Code

The dedicated AIF mentioned in Article L. 214-26-1 are dedicated to no more than 20 investors or to a category of investors.

The authorisation period is eight weekdays.

The AIF may be open to all subscribers as provided in sub-section 1 of section II of chapter I of this instruction provided that the approval of all the unitholders or shareholders and the prior authorisation of the AMF have been obtained.

Article 4 - Examination of the authorisation application by the AMF

The AMF may request additional information during the review process. The management company or the SICAV may submit this information to the AMF electronically, by post or by fax, indicating the references of the application.

If the AMF asks for further information that requires submission of a supplementary information form, the AMF gives such notification, stipulating that the items requested are to be submitted within sixty days. In this case, the authorisation period is suspended. Failing receipt of the said items within this period, the authorisation application is deemed to be rejected.

The further information required must be submitted with a supplementary information form filled in using the template in Annex VII. The AMF shall acknowledge receipt when it has received all the information requested. The acknowledgement of receipt stipulates the new expiry date of the authorisation period.

The SICAV or the management company is notified of the AMF's decision to grant authorisation.

In the absence of express authorisation, the AIF shall be deemed to be authorised as of the first day following the authorisation period expiry date stipulated in the acknowledgement of receipt of the authorisation application or in the acknowledgement of receipt of the further information requested.

Article 4-1 - Management delegation requirements

The AIF or the management company, when they wish to delegate the management of the AIF, especially the investment management⁹, complies with the applicable provisions.

The rules applicable to the delegation depend in particular on the situation of the management company (authorisation under Directive 2011/61/EU or not, nationality) and the target client base (professional or retail).

As regards asset management companies approved in France, these rules are provided for in articles 313-77¹⁰ or 318-58¹¹ of the AMF General Regulation. These asset management companies approved in France must also refer to instruction no. 2008-03.

Article 4-2 - Self-managed SICAV

⁹ Or for management companies authorised under Directive 2011/61/EU, the management of risks.

¹⁰ For asset management companies covered by title I of book III of the AMF General Regulation for their AIF management activity.

¹¹ For asset management companies covered by title I bis of book III of the AMF General Regulation for their AIF management activity.

In accordance with Article 422-2(3) of the AMF General Regulation¹², SICAV not delegating the overall management of their investment must meet all the requirements applying to management companies and meet the obligations applicable to these companies.

They must therefore file an application with the AMF that complies with the programme of activity required for the authorisation of a management company.

Article 4-3 - Statutory auditors

When a SICAV or an FCP is being created, the authorisation application filed with the AMF shall specify the name of the intended statutory auditor, along with the names of the individual(s) responsible for auditing the SICAV or the FCP when the statutory audits must be carried out by a legal entity.

At the request of the AMF, the statutory auditor must submit the list of its auditing assignments in collective investments and management companies, along with the dates of appointment and the functions performed, the latest invoiced or provisional budget in the case of a creation, along with its latest total turnover figure.

The management company shall keep the work programme jointly agreed between the auditor and the SICAV or the management company available to the AMF. The programme shall specify the number of hours, broken down by audit tasks and the nature of the activities. It must give due consideration to the special features of the umbrella AIF and master and feeder AIF, where applicable. The provisional auditing fees for these activities must be kept available to the AMF, along with the hourly rate being considered.

Article 5 - Completion of the authorisation process

Article 5-1 - Fund deposit certificates for FCP or initial capital deposit certificates for SICAV

The management company or the SICAV, where applicable, shall send the AMF the deposit certificate for the funds of the FCP or the deposit certificate for the initial capital of SICAV immediately after the funds are deposited and within one hundred eighty weekdays at the latest after the AIF is authorised.

II. For AIF that are umbrella funds, this certificate shall be sent to the AMF within:

- one hundred eighty weekdays of the date of authorisation of the AIF for at least one of the compartments; and
- three hundred sixty weekdays of the date of notification of the authorisation for the other compartments if they exist.

III. If the AMF does not receive this document within one hundred eighty weekdays, the AMF declares the authorisation null and void and informs the SICAV or management company to that effect in writing.

IV. Where warranted by specific circumstances, the SICAV or management company may make a reasoned request for an extension of the deadline for depositing the funds beyond one hundred eighty weekdays. This request must reach the AMF by post or online via the extranet of the GECO database in the area reserved for the management company before the date on which the authorisation is to be declared null and void and must state the desired date. If the management company chooses the online procedure, it must attach to its e-mail message a PDF file of the letter requesting the extension and signed by a duly empowered person.

The AMF shall notify the SICAV or the management company of its decision within eight weekdays of receiving the request.

V. The first net asset value of the AIF must be calculated as soon as the funds have been deposited.

¹² Applicable to funds of alternative funds and professional retail investment funds by reference to articles 422-250 and 423-1 of the AMF General Regulation.

Article 5-2 - Submission of the final versions of the KIID and prospectus to the AMF

The SICAV or management company shall send the final versions of the key investor information document (KIID) and the prospectus by e-mail, along with fund rules or the articles of incorporation attached for retail investment funds and funds of alternative funds and the final version of the prospectus for professional retail investment funds, in accordance with the requirements set out in Annex XVII of this instruction. For dedicated AIF that have chosen not to draw up a KIID, only the prospectus is to be sent.

Section II - Changes (subject to pre-approval / ex-post notification) during the life of AIF and procedures for notifying subscribers

Article 6 - Changes

According to Article 422-16 of the AMF General Regulation applicable to retail investment funds¹³: “Two types of modifications can occur in the life of [an AIF] (...):

- 1° Changes subject to pre-approval;
- 2° Changes subject to ex-post notification.”

Changes shall only take effect, depending on the circumstances, once the depositary has been informed or given its consent, and the AMF has been notified or granted its approval. Some changes must be posted to the AMF data bank (GECO).

When changes subject to pre-approval also involve changes subject to ex-post notification, the latter shall still be governed by sub-section 3 of this section.

If a change should occur that is not covered by this instruction, the management company shall contact the AMF beforehand to determine the appropriate way of dealing with it.

Article 6-1 - Streamlined formalities

Where warranted by specific circumstances, the AMF may authorise the management company or SICAV to streamline some of the formalities stipulated in this section.

Article 6-2 - Administrative management of “Multiple changes”

A “multiple” change is when the same change is made simultaneously to more than twenty AIF.

I. Changes subject to pre-approval

In the case of “multiple” changes subject to pre-approval, the AMF updates the corresponding data in the GECO database (in accordance with Annex IX). However, the procedures for preparing an authorisation application defined in sub-section 2 of this section may be adapted.

II. Changes subject to ex-post notification

Any request for “multiple” changes subject to ex-post notification must specify the following:

- 1° The nature of the change;
- 2° The complete list of AIF concerned, including their names and the ISIN code for each of their unit or share classes;
- 3° The date on which the change is to take place, which may not be less than eight (8) weekdays after the date on which the AMF receives the written request.

When a request made under the terms of this Article is incomplete or non-compliant with the regulations in force, the AMF shall notify the management company to this effect in writing, indicating the reasons for the rejection of the request:

¹³ Applicable to funds of alternative funds and professional retail investment funds by reference to articles 422-250 and 423-1 of the AMF General Regulation.

- missing or incomplete documents;
- failure to comply with regulations in force.

Sub-section 1 - Types of changes in the life of an AIF

Article 7 - General provisions

Articles 8 to 11 of this instruction list the changes to AIF that qualify as changes subject to pre-approval or subject to ex-post notification, depending on the circumstances.

The table in Article 8 lists the obligations of management companies or SICAV with regard to authorisation and notification of AIF subscribers, depending on the changes made to the AIF.

The “authorisation” column shows whether the change in question requires the authorisation of the AMF. Changes that do not require authorisation may simply be notified to the AMF via the GECO extranet of the management company by the day when the change takes effect at the latest.

The “Individual notification” and “Notification by any means”¹⁴ columns show the procedures for notifying unitholders or shareholders of each change.

Individual notification of unitholders and the possibility to exit the fund free of charge are not required when all the unitholders or shareholders have given their prior consent to the change being considered.

Any changes that do not require the authorisation of the AMF and/or do not require individual notification may be notified to investors by any means.

In the latter case, the words “ex-post” show whether the notification of the change to unitholders or shareholders may be given after it takes effect. If there is no such indication, notification must be served to unitholders or shareholders before the change takes effect and within a reasonable timeframe.

The “exit free of charge” column shows whether unitholders or shareholders must be offered the possibility of exiting the fund free of charge.

Article 8 - Summary table of changes to the key investor information document (KIID) and/or prospectus of an AIF, notification of investors and exit free of charge

Changes	Authorisation	Individual notification	Exit free of charge	Notification by any means
Key investor information document				
Compliance	x Conversion of a UCITS into an AIF is not authorised			
ISIN code		x		
Name of the AIF				x

¹⁴ The methods of publication are detailed in sub-section 4 of section II of chapter I

Changes	Authorisation	Individual notification	Exit free of charge	Notification by any means
Management company	x	x (outside group or inside group with change of nationality)	x (outside group or inside group with change of nationality)	x (inside group without change of nationality)
<i>Objectives and investment policy</i>				
- Management objective and investment policy	x See Art. 11	x if the absolute change in exposure to one or more types of risk exceeds 20% of net assets	x if the absolute change in exposure to one or more types of risk exceeds 20% of net assets	x if the absolute change in exposure to one or more types of risk is less than or equal to 20% of net assets
- Benchmark				x
- Other information: recommended holding period				x
- Distribution procedures: allocation of net income and realised net gains		x	x	x Only for AIF wishing to explain their distribution procedures
Risk/reward profile	x if a change in the level of risk stemming from a change in the objective or investment policy exceeds 20% of net assets in terms of exposure	x if a change in the level of risk stemming from a change in the objective or investment policy exceeds 20% of net assets in terms of exposure	x if a change in the level of risk stemming from a change in the objective or investment policy exceeds 20% of net assets in terms of exposure	x if a change in the level of risk stemming from a change in the objective or investment policy is equal to or strictly less than 20% of net assets in terms of exposure
Change of UCITS or master AIF	x	x	x	
Redemption fee (including any antilution levy)		x if increased	x if increased	
Subscription fee (including any antilution levy)				x only if increased <i>Ex post</i>
Performance fee (takes effect one month after unitholders or shareholders were informed in the event of an increase)		x if increased	x if increased	x if decreased <i>Ex post</i>

Changes	Authorisation	Individual notification	Exit free of charge	Notification by any means
<i>Practical information</i>				
- Where to find information about the AIF				x
- Where to find the net asset value				x
- Where to find information about unit or share classes				x
- Depositary	x	x (outside group)	x (outside group)	x (inside group)
- Taxation (except if new regulations enter into force immediately)		x If the investment is no longer eligible for tax breaks (PEA, etc.)	x If the investment is no longer eligible for tax breaks (PEA, etc.)	
Prospectus				
- Classification	x See Art. 11	x if the absolute change in exposure to one or more types of risk exceeds 20% of net assets	x if the absolute change in exposure to one or more types of risk exceeds 20% of net assets	x if the absolute change in exposure to one or more types of risk is less than or equal to 20% of net assets
- Institution designated to receive subscriptions/redemptions		x Only if deleted		x <i>Ex post</i>
- Statutory auditor	x if not known to AMF staff			x <i>Ex post</i>
- Delegation of investment management	Commitment of the management company to verify compliance with its programme of activity	x Delegation to a company outside the group of more than 50% of the AIF's net assets	x Delegation to a company outside the group of more than 50% of the AIF's net assets	x Delegation to a company outside the group of less than 50% of the AIF's net assets or delegation to a company in the same corporate group

Changes	Authorisation	Individual notification	Exit free of charge	Notification by any means
- Administrative and accounting delegation	Commitment of the management company to verify compliance with its programme of activity			
- Prime broker	x	x	x	
- Guarantor	x	x (outside group)	x (outside group)	x (inside group)
- Lapse of the guarantee on the expiry date stipulated in the prospectus				x
- Guarantee or protection (solely in the interest of the unitholders or shareholders)	x	x		
- Change in the holding threshold of French collective investments, UCITS incorporated under foreign law, AIF established in another Member State of the European Union or investment funds incorporated under foreign law				x
- Minimum initial subscription amount	See Art. 10			x <i>Ex post</i>
- Increase in the redemption notice period		x	x	
- Option to restrict, close or reopen subscriptions				x
Introduction of a swing pricing mechanism				x
Increase in charges (takes effect one month after unitholders or shareholders were informed)		x If items 1+2 or 3 or 4 are increased (see prospectus table)	x If items 1+2 or 3 or 4 are increased (see prospectus table)	
- Order centralisation (time and day)				x
- Decrease in frequency of the net asset value (subject to the case mentioned in Article 10(I)(3))		x	x	

Changes	Authorisation	Individual notification	Exit free of charge	Notification by any means
- Increase in the number of days between the centralisation date and the settlement date		x	x	
- Distribution frequency				x
- Base currency of a class of units or shares		x	x	
- Creation / elimination of a unit or share class (C, D or others if there are no unitholders or shareholders in the eliminated unit or share class)	See Art. 10			x <i>Ex post</i>
- Winding-up of a class of units or shares ¹⁵	x	x Only to holders of the relevant unit or share class		x <i>Ex post</i> only for holders of other unit or share classes that are not concerned
- Grouping of unit or share classes		x Only to holders of the relevant unit or share class (units set to disappear)		x <i>Ex post</i> only for holders of other unit or share classes that are not concerned
- Division of a class of units or shares, decimalisation				x
- Standard investor profile	See Art. 10			x <i>Ex post</i>
- Accounting period				x

¹⁵ Except in case of winding-up of an AIF following redemption of the units or shares at the initiative of the unitholders or shareholders (see Article 18-2 of this instruction).

Changes	Authorisation	Individual notification	Exit free of charge	Notification by any means
- Establishment or modification of the contract mentioned in Article L. 214-24-10(III) ¹⁶ or (IV) ¹⁷ of the Monetary and Financial Code and Article 323-35 of the AMF General Regulation (not applicable to retail investment funds open to retail investors)	x	x	x	
- Gates (only for funds of alternative funds and professional retail investment funds)	x	x	x	
Admission to trading				x
Termination of admission to trading		x		

Any modification of the legal structure of the AIF (conversion of a retail investment fund into a professional retail investment fund/professional specialised investment fund/fund of alternate funds or vice versa, conversion of an AIF into a feeder fund, conversion of an AIF into an umbrella AIF or vice versa, etc.) is a change subject to pre-approval.

Transactions to wind up an AIF at the initiative of the management company are also changes subject to pre-approval.

In accordance with Article 6 of this instruction, if the change that is being considered, for example an amendment of the fund rules or articles of incorporation, is not covered by Article 8 of this instruction, the management company shall contact the AMF beforehand to determine the appropriate way of handling it.

Article 9 - Changes affecting the parties

I. Change of the management company of the AIF

Any change affecting the appointment of the management company of the AIF constitutes a change to the AIF subject to pre-approval. The AMF grants authorisation for such changes, as appropriate, when the management company's programme of activity is updated.

¹⁶In accordance with Article L. 214-24-10(III) of the Monetary and Financial Code, the depositary is exempt from its responsibility in respect of the AIF or in respect of the unitholders or shareholders in the event of loss by the depositary, or by a third party to which custody has been delegated, of the financial instruments under custody in accordance with Article L. 214-24-8(II), if it is able to prove that:

1° All obligations concerning the delegation of its custody tasks mentioned in Article L. 214-24-9 are fulfilled;

2° A written contract between the depositary and the third party expressly transfers the depositary's liability to this third party and allows the AIF or its management company to file a complaint against the third party about the loss of financial instruments or to the depositary to file a complaint in their name;

3° A written contract between the depositary and the AIF or the management company expressly authorises a discharge of the depositary's liability and establishes the objective reason justifying such a discharge.

¹⁷ Article L. 214-24-10(IV) of the Monetary and Financial Code refers to the case in which the depositary may discharge its liability when the legislation of a third country requires that certain financial instruments be retained by a local entity and that no local entity meets the requirements relating to the delegation as they are defined in the second paragraph of Article L. 214-24-9 of the Monetary and Financial Code.

II. Change of the depositary institution of the AIF

Any change affecting the appointment of the depositary institution for the assets of the AIF constitutes a change to the AIF subject to pre-approval. The AMF grants authorisation for such changes, as appropriate, when the asset management company's programme of activity is updated.

In any event, the AIF must be able to prove the effective appointment of a depositary institution for its assets at all times.

The establishment of an agreement mentioned to Article L. 214-24-10(III) or (IV) of the Monetary and Financial Code or the modification of the terms of such an agreement is a change to the AIF subject to pre-approval.

III. - Change in the AIF's prime broker

Any change in the prime broker or any change of the critical terms of the contract constitutes a change to the AIF subject to pre-approval.

IV. - Delegation of the administrative and/or accounting management of the AIF

Where the asset management company is authorised in France, the delegation of the administrative and/or accounting management of the AIF may take place only under the conditions mentioned, depending on the case, in Article 313-77¹⁸ or Article 318-58¹⁹ of the AMF General Regulation. The central administration of the AIF must be located in France.

The management company's programme of activity must describe the administrative and/or accounting management organisation of the AIF under its management and specify the extent to which the administrative and accounting management is delegated.

Without prejudice to the obligation for the management company authorised in accordance with Directive 2011/61/EU to provide explanations to its competent authority for the delegation²⁰, when they are the result of an express request from all the unitholders or shareholders of a dedicated AIF, the requirements relating to the designation or the change of a delegated administrative and/or accounting manager of the AIF cannot be described in the programme of activity of the asset management company.

V. – Delegation of the investment management of the AIF

An asset management company authorised in France may delegate the investment management of an AIF subject to the requirements referred to, depending on the case, in Article 313-77 or Article 318-58²¹ of the AMF General Regulation and in Article 4-1 of this instruction.

Any change affecting the appointment of the delegated investment manager of the AIF constitutes a change subject to ex-post notification. Delegation of investment management must be consistent with the programme of activity of the asset management company. In particular, any plan to sub-delegate investment management requires the explicit approval of the AMF as part of the programme of activity of the asset management company authorised in France, before being implemented in the AIF.

¹⁸ For asset management companies covered by title I of book III of the AMF General Regulation for their AIF management activity.

¹⁹ For asset management companies covered by title I bis of book III of the AMF General Regulation for their AIF management activity.

²⁰ Article 76 of Commission Delegated Regulation (EU) 231/2013 of 19 December 2012.

²¹ For asset management companies covered by title I bis of book III of the AMF General Regulation for their AIF management activity.

The AIF shall notify the AMF using the form in Annex VIII to this instruction of any change affecting a delegated or sub-delegated investment manager.

When a SICAV delegates all the management of its portfolio to a management company, any change relating to the appointment of the delegated management company constitutes a change to the SICAV subject to pre-approval and is subject to the requirements referred to in I. above. The asset management company authorised in France to which the AIF's overall management is delegated may itself delegate the AIF's investment management under the same conditions as those provided for in the first and second paragraph of point V of this Article.

VI. - Statutory auditor of the AIF

The appointment of a statutory auditor by the AIF shall be deemed to have the AMF's approval if the appointment of the auditor has already been approved by the AMF as part of the creation of another AIF or UCITS authorised by the AMF.

Article 10 - Relaxation of subscription requirements of an AIF and/or change relating to the structure of the AIF

I. Any change relating to the operation and the subscription requirements of the AIF is a change subject to pre-approval where it pertains to:

1° A material easing of the subscription and acquisition requirements for units or shares in the AIF. Such is the case when the minimum initial subscription amount of the AIF is reduced substantially or when a new unit or share class is created with a substantially lower minimum subscription amount than the existing classes;

2° The addition of a statement concerning the AIF's compliance with the rules of investment and disclosure of Directive 2009/65/EC;

3° A change in frequency of publication of the net asset value of a retail investment fund to less than two times per month;

4° The conversion of a dedicated AIF into an AIF open to all subscribers;

5° The conversion of an AIF into a professional specialised investment fund; this change requires the prior approval of all the unitholders or shareholders of the AIF, who must meet the new subscription and acquisition criteria applicable to professional specialised investment funds;

6° The conversion of a professional specialised investment fund or a streamlined UCITS into a retail investment fund, fund of alternative funds or professional retail investment fund (in this regard, streamlined UCITS must be converted into another vehicle before 22 July 2014 under the requirements of Article 34(II) of ordinance 2013-676 of 25 July 2013 modifying the legal framework for asset management);

7° The conversion of an FCIMT into a fund open to professional investors or into a UCITS or AIF open to retail investors (this conversion must take place, under the requirements of Article 34(I) of ordinance 2013-676 of 25 July 2013 modifying the legal framework for asset management, before 22 July 2014).

II. Any change relating to the structure of an AIF is a change subject to pre-approval where the change relates to at least one of the following conversions:

1° The conversion of an AIF covered by Articles R. 214-183 to R. 214-193 of the Monetary and Financial Code (fund of alternative funds and professional retail investment fund) into an AIF not covered by Articles R. 214-183 to R. 214-193 of the Monetary and Financial Code;

2° The conversion of an AIF covered by Articles R. 214-187 to R. 214-193 of the Monetary and Financial Code (professional retail investment fund) into an AIF covered by Articles R. 214-183 to R. 214-186 of the Monetary and Financial Code (fund of alternative funds);

3° The conversion of a retail investment fund into an AIF covered by Articles R. 214-183 to R. 214-193 of the Monetary and Financial Code (fund of alternative funds and professional retail investment fund);

4° The conversion of an AIF covered by Articles R. 214-183 to R. 214-186 of the Monetary and Financial Code (fund of alternative funds) into an AIF covered by Articles R. 214-187 to R. 214-193 of the Monetary and Financial Code (fund of alternative funds);

The changes subject to pre-approval referred to in points 3 and 4 above require the approval of all the unitholders or shareholders of the AIF, who must, where applicable, meet the new subscription and acquisition criteria applicable to the AIF, as it results from the conversion.

Moreover, as specified in Article 3-1 of this instruction, the dedicated AIF mentioned in Article L. 214-26-1 may be open to all subscribers subject to obtaining the approval of all the unitholders or shareholders and the prior approval of the AMF.

Article 11 - Change in the AIF investment policy

Any change affecting the investment strategy is a change subject to pre-approval if it concerns:

1° The management method used by the AIF;

For example, a change in the methods for picking financial instruments shall be deemed to be a change to the AIF subject to pre-approval. On the other hand, a change in the benchmark sector does not require pre-approval as a change to the AIF.

2° The risk and reward profile of the AIF;

A change in the risk and reward profile shall be assessed in the event of a change in the level of risk stemming from a change in objectives or investment policy (greater than 20% of net assets in terms of exposure).

3° The guarantee of the AIF.

Article 12 - Notification and/or consent of the depositary and statutory auditor

I. Any change to an AIF subject to pre-approval must obtain the unqualified consent of the depositary before the authorisation application is filed with the AMF.

II. Any change to an AIF is subject to the prior notification and consent of the depositary before it is implemented in accordance with the terms of the agreement between the management company of the AIF and its depositary. The management company must keep the notification or consent of the depositary available to the AMF.

III. The statutory auditor of the AIF must be informed of all changes subject to pre-approval or ex-post notification.

Sub-section 2 – Changes subject to pre-approval

Authorisation process and period for changes to an AIF subject to pre-approval

Step	FCP or SICAV management company	Autorité des Marchés Financiers (AMF)
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1	Files an authorisation application for a change subject to pre-approval	
2		Checks compliance of the application Sends an acknowledgement of receipt of the application by the AMF, specifying the authorisation period expiry date or returns the application with an explanation of the reasons for its rejection
3		Examines the application May contact the applicant
4		Where applicable, requests further information, which may or may not require the management company to submit a supplementary information form
4 bis	Where applicable, files a supplementary information form and the requested information within 60 days of the request	
4 ter		Receives the supplementary information form and requested information Sends an acknowledgement of receipt specifying the new authorisation period expiry date
5		Provides notification of the decision to grant or refuse authorisation or implicit authorisation decision
6	Notifies unitholders or shareholders individually, via the press or by any other means, depending on the circumstances	
7		Updates the information in the GECO database
8	Sends the final key investor information document (KIID), where applicable, and prospectus in accordance with the procedures stipulated in Annex XVII	

Authorisation periods

Type of transactions	Period of time
Change subject to pre-approval (modification & winding-up)	8 weekdays
Change to a feeder AIF subject to pre-approval	15 business days (approximately 13 weekdays)
Mergers & Spin-offs	20 business days (approximately 17 weekdays)

Article 13 - Filing the authorisation application

I. - All applications for changes subject to pre-approval must be filed with the AMF and include:

1° Two copies – only one copy if the application is filed online – of the duly completed authorisation form in Annex VI. Each section must be filled in, and the sections affected by the change subject to pre-approval must be clearly identified.

2° The attachments referred to in Annex VI, along with any other document that the asset management company deems necessary for the examination of the application.

If the change subject to pre-approval is identical for more than one AIF, the AMF may allow the authorisation applications to be grouped together at the request of the management company or the SICAV.

The application may be filed with the AMF online through the extranet of the GECO database in the area reserved for the management company.

II. The merger of two AIF or the acquisition of an AIF by a UCITS is a change subject to the AMF's pre-approval (see Annex VI).

Article 14 - Registration by the AMF of the application for a change subject to pre-approval

When the authorisation application for a change subject to pre-approval is received, the AMF registers the application. An acknowledgement of receipt of the application is sent to the SICAV or the management company.

This document officially certifies that the application has been filed with the AMF.

If the application filed is incomplete or non-compliant, it is returned to the applicant. In this case, the reason(s) for its rejection is/are explained.

There are two types of reasons for returning the file:

1° Missing documents;

2° Documents are incomplete or do not comply with the laws and regulations in force.

Article 15 - Examination of the application for a change subject to pre-approval by the AMF

The AMF may request additional information during the review process. The management company or the SICAV may submit this information to the AMF electronically, by post or by fax, indicating the references to the application.

If the AMF asks for further information that requires submission of a supplementary information form, the AMF gives such notification, stipulating that the items requested are to be submitted within sixty days. In this case, the authorisation period is suspended. Failing receipt of the said items within this period, the authorisation application is deemed to be rejected. The further information required must be submitted with a supplementary information form filled in using the template in Annex VII. The AMF shall acknowledge receipt when it has received all the information requested. The acknowledgement of receipt shall stipulate the new authorisation period expiry date.

The SICAV or the management company is notified in writing of the AMF's decision to grant authorisation.

In the event that authorisation is not explicitly granted, the AIF shall be deemed to be authorised as of the authorisation period expiry date indicated in the acknowledgement of receipt of the authorisation application or in the acknowledgement of receipt of the further information requested.

Article 16 - Completion of the authorisation application by the AMF

Article 16-1 - Submission of the final versions of the key investor information document (KIID) and prospectus to the AMF

The SICAV or management company shall send the key investor information document (KIID) and the prospectus by e-mail, along with the final version of the fund rules or the articles of incorporation for retail investment funds and funds of alternative funds and the final version of the prospectus for professional retail investment funds, in accordance with the requirements set out in Annex XVII of this instruction. For dedicated AIF having chosen not to draw up a KIID, only the prospectus to which the rules or the articles of incorporation are appended is to be transmitted.

The authorisation granted for a change subject to pre-approval is limited to that change. It does not constitute authorisation for any other items in the KIID and/or the prospectus that the management company may have amended at the same time. Any amended items subject to a simple reporting procedure will be reviewed ex post.

Sub-section 3 - Changes subject to ex-post notification

Article 17 - Notification of changes subject to ex-post notification: Procedures for notifying the AMF and updating the database (GECO)

The SICAV affected by the changes or the management companies must report such changes by updating the GECO database, where applicable, in accordance with the procedures stipulated in Annex XVII and notify the depositary or obtain the depositary's prior consent, depending on the circumstances. The management company or the SICAV is solely responsible for this operation.

Changes may not occur until the new key investor information document (KIID) and prospectus have been filed with the AMF, in accordance with the requirements stipulated in Annex XVII of this instruction and, where applicable, the GECO database has been updated. Some fields of the GECO database must be updated by the AMF on behalf of the management company (fields that are not accessible via the GECO website). Management companies must use the form in Annex VIII to submit the data for these fields to the AMF.

Article 17-1 - Special case – Winding up of an AIF following redemption of the units or shares at the initiative of the unitholders or shareholders

If an AIF is wound up as a result of the simultaneous or gradual redemption of all the units of the AIF at the initiative of the unitholders or shareholders, the management company or the SICAV shall notify the AMF within two months of the last redemption date.

This transaction constitutes a “change subject to ex-post notification”.

The statutory auditor's report may be submitted to the AMF within one month of the end of the calendar half-year period for all wound-up AIF for which declarations were received during the course of that half-year period.

Article 17-2 - Special provisions for spin-offs decided under the terms of the second paragraph of Article 214-24-33 or the second paragraph of Article L. 214-24-41 of the Monetary and Financial Code

Notwithstanding Article L. 214-24-24 of the Monetary and Financial Code, a spin-off constitutes a change subject to pre-approval, except if the spin-off is decided upon under the terms of the second paragraph of Article L. 214-24-33 or the second paragraph of Article 214-24-41 of the Monetary and Financial Code, in which case it is treated as a change to be reported promptly to the AMF.

The notification documents to be filed with the AMF for a “side pocket AIF” set up to receive assets when the disposal of such assets would not be in the interest of the unitholders or shareholders of the spun-off AIF include:

1° A copy of the duly completed notification form appearing in Annex XI;

2° The attachments referred to in Annex XI, along with any other document that the management company deems necessary.

The application may be filed with the AMF online through the extranet of the GECO database in the area reserved for the management company.

This filing constitutes notification to the AMF of the creation of the side pocket AIF, which must be set up as a professional specialised investment fund. Provided that the only difference between the replica AIF and the spun-off AIF is the absence of the assets transferred to the side pocket AIF, the replica AIF is covered by the authorisation of the spun-off AIF.

This filing does not exempt the relevant AIF or their management companies from completing the other mandatory formalities for spin-offs or creations of an AIF (Euroclear formalities, notification of the clerk of the commercial court, etc.).

The statutory auditors' report must be submitted to the AMF when it is drafted.

Sub-section 4 - Unitholder or shareholder notification when changes are made during the life of AIF and notification of the AMF

Article 18 - Unitholder or shareholder notification

I. Changes likely to occur during the life of an AIF or an AIF compartment requiring notification of unitholders or shareholders are listed in Article 8 of this instruction. These changes must be notified to the unitholders or shareholders so that they can make an informed decision about maintaining their investment or disposing of it.

II. For changes subject to pre-approval, the unitholders and shareholders may only be notified after the authorisation of the AMF has been obtained. Such authorisation is granted on the basis of the proposed notice to unitholders or shareholders, which must be attached to the authorisation application in the case of the changes subject to pre-approval stipulated in Article 8. The SICAV or management company must also submit the final versions of the key investor information document (KIID) and the prospectus of the AIF electronically to the AMF on or before the day on which the change subject to pre-approval takes effect, in accordance with the requirements stipulated in Annex XVII of this instruction.

III. The notification must state whether the change takes effect immediately or later. Subject to the specific time periods provided for in the table of changes in Article 8, immediate effect means 3 weekdays after effective notification of unitholders and shareholders, except in the cases set out in the table below, where the changes may take effect later after effective notification. This is only a minimum, and management companies must assess the reasonableness of the time period, notably in the light of the change made to the AIF.

Nature of the changes / Holder notice period	Minimum number of days between notification of unitholders or shareholders entailing the right to exit the fund free of charge and the effective date of the change	Minimum number of days between notification of the unitholders or shareholders and the end of the offer to exit the fund free of charge
AIF merger	30 calendar days + 5 business days	30 calendar days

Other (subject to specific time periods provided for in the table in Article 8)	Between 3 weekdays and 90 calendar days, depending on the material nature of the planned change, left to the discretion of the management company	30 calendar days This period must be adapted according to the frequency of net asset value calculations and the profile of the unitholders or shareholders
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The management company must work with its distributors to provide a suitable system for notifying future investors in the AIF of upcoming changes during the period between the date when the notification is sent to unitholders or shareholders and the effective date of the changes.

IV. The notification given to unitholders or shareholders makes a clear distinction between changes subject to pre-approval by the AMF and changes that are simply subject to ex-post notification to the AMF.

Article 19 - Notifications

I. Notifications of unitholders or shareholders may take two forms: individual notification of the holders (letter or any other durable medium within the meaning of Article 314-26 of the AMF General Regulation) or notification by any other medium (such as periodic reports). Article 8 of this instruction summarises the notification requirements for the AIF, depending on the nature of the change.

II. The nature of the medium used for notifications must be adapted to the marketing of the AIF and, more specifically, its geographical distribution and the profiles of the unitholders or shareholders. For changes subject to pre-approval, the publication timetable of the communication(s), the media concerned as well as the draft financial notice(s) must be held available to the AMF, which may modify their nature or content, according to the case.

III. As an exception to point I, when the nature of the change requires individual notification of unitholders or shareholders, one possible solution, with the consent of the AMF, may be to publish a financial notice containing all this information in the press.

IV. The notification may be disseminated through any appropriate medium, including a financial notice published in the press or periodic reports. The AIF shall ensure that these media are actually available to their unitholders or shareholders before the announced changes take effect, unless there are provisions to the contrary in Article 8 of this instruction. Article 18-II and III of this instruction apply in the specific case of notification by means of a financial notice. If the change is to take effect before the medium is disseminated, a personalised letter must be sent or a financial notice must be published.

Article 20 - Supervision by the AMF of changes subject to pre-approval

In the event of a change subject to pre-approval requiring individual notification, the draft notification to unitholders or shareholders must be attached to the authorisation application submitted to the AMF.

Notification of unitholders or shareholders may only take place after the AMF has authorised the change subject to pre-approval. The AMF may authorise the management company or the SICAV to give advance notification.

The authorisation application shall specify the notification method chosen (such as a letter or a document enclosed with a statement of account).

Unless agreed otherwise by the AMF, this notification must comply with the standard template in Annex XII of this instruction.

Article 21 - Special provisions for mergers, winding-up and spin-offs

A merger or spin-off of the AIF constitutes a change subject to pre-approval and requires individual notification of unitholders or shareholders with the option of exiting the fund free of charge, except if the spin-off is decided upon under the terms of the second paragraph of Article L. 214-24-33 or the second paragraph of Article L. 214-24-41 of the Monetary and Financial Code.

Winding-up of an AIF at the initiative of the management company or the SICAV constitutes a change to the AIF subject to pre-approval and requires individual notification of the unitholders or shareholders.

A spin-off constitutes a change to the AIF subject to pre-approval, except if the spin-off is decided upon under the terms of the second paragraph of Article L. 214-24-33 or the second paragraph of Article L. 214-24-41 of the Monetary and Financial Code, which is considered a change subject to ex-post notification.

Article 21-1 - Individual notification requirements for AIF mergers

I. Prior to the merger, the unitholders or shareholders of the merged AIF must receive individual notification using the standard template presented in Annex XII to this instruction.

II. The notification must include an annex on the ratio of units or shares in the receiving AIF swapped for each unitholder or shareholder's units or shares in the acquiring AIF.

III. Individual notification of the unitholders or shareholders of the acquiring AIF must be made if the merger affects them.

Article 21-2 - Individual notification requirements for changes during the life of dedicated AIF mentioned in Article L. 214-26-1 of the Monetary and Financial Code

The prior approval by all the unitholders or shareholders of the proposed changes may exempt the management company or the SICAV from providing an individual notification or notification by any means.

If the proposed change is subject to pre-approval, the management company or the SICAV may, instead of sending the proposed notification to unitholders or shareholders to the AMF, attach to the authorisation application the list of unitholders or shareholders of the AIF and a letter attesting to the written approval of all the unitholders or shareholders on the proposed change subject to pre-approval. The approval of each of the unitholders or shareholders must be held available to the AMF by the management company or the SICAV.

Article 22 - General principles regarding exits free of charge

Article 22-1 - General principles

The cases in which the option of exiting the fund free of charge must be offered are listed in Article 8.

When an AIF charges a redemption fee, unitholders or shareholders must have the option to exit the fund free of charge during a period lasting from 30 to 90 days after the date on which they are notified of a change, in accordance with the table in Article 18 of this instruction. These redemptions are to be executed in accordance with the procedures stipulated in the prospectus, but with no redemption fee.

If these changes pertain to a compartment, the option of exiting free of charge must be offered to holders of the units or shares of the compartment concerned.

However, when mergers and spin-offs of management companies or changes of management companies occur that involve companies with their registered offices in France or companies belonging to the same corporate group and do not modify the human or technical resources used for management, AIF shall be exempted from the obligation to offer the option of exiting the fund free of charge and of notifying

unitholders or shareholders individually. The same holds true for similar operations affecting the depositary.

The option of exiting the fund free of charge must be implemented in such a way that the unitholders or shareholders have a reasonable amount of time to consider the option before the conversion being considered takes effect.

Where the table contained in Article 8 of this instruction requires prior notification of the holders, the effective date of the change to the AIF must be far enough from the date on which the unitholders or shareholders were informed to enable them to exit free of charge before the entry into force of the change, while respecting the notice period for professional retail investment funds whose prospectus has set an imperative notice period between the redemption order centralisation date and the settlement date of the units or shares by the issuing account keeper on behalf of the fund.

If the management company is wound up, the unitholders or shareholders of the AIF must be notified individually and offered the option of exiting the AIF free of charge.

Article 22-2 - Exercising the right to exit free of charge when the prospectus of the AIF stipulates redemption fees charged by the AIF

This article defines how the redemption fee charged by the AIF and stipulated in the prospectus must be applied when the AIF is subject to a change entitling holders to exit free of charge.

a) Reminder: the two types of prior situations

The prospectus and the KIID of the AIF do not make provision for any advance notice incentives: the redemption fee charged by the AIF is therefore applied to all redemption requests.

The prospectus and the KIID of the AIF make provision for advance notice incentives: the redemption fee charged by the AIF is applied only to redemption requests that do not comply with the existing advance notice incentive.

Example:

Redemption fee accruing to the AIF: 3% if the redemption order is placed during the 30-day advance notice period; 0% if the redemption order is placed before the advance notice period.

- Holders who place redemption orders 40 days before the reference date (before the notice period) are not charged any redemption fees;
- Holders who place redemption orders 10 days in advance (during the notice period) are charged a redemption fee of 3% by the AIF.

b) Procedures for exercising the right to exit the AIF free of charge.

In the event of a change to the AIF entitling unitholders or shareholders to exit the fund free of charge:

- If the prospectus and the KIID of the AIF make provision for an advance notice incentive, this incentive also applies when the AIF is affected by a change that entitles holders to exit the fund free of charge. However, on such occasions, the management company may decide to reduce or eliminate the notice period stipulated in the prospectus and the KIID, provided that such a decision is made in the interests of the unitholders or shareholders and that it is implemented in such a way that it ensures fair treatment between unitholders or shareholders who choose to exit the AIF and those remaining in the AIF.

- If the prospectus and the KIID of the AIF do not make provision for an advance notice incentive, the management company must uphold the right of unitholders or shareholders to exit the AIF free of charge and take measures to ensure fair treatment between unitholders or shareholders who choose to exit the AIF and those remaining in the AIF. For example, the management company may set an advance notice period before which the AIF does not charge redemption fees, or it may reimburse unitholders or

shareholders taking up the option of exiting the AIF free of charge for any redemption fees charged by the AIF.

In any event, when the AIF has stipulated an advance notice period between the redemption order centralisation date and the settlement date, the existence of this notice period must not effectively reduce the three-month period during which unitholders or shareholders may apply to redeem their units or shares free of charge. Furthermore, where the table in Article 8 requires prior notification of unitholders or shareholders, the date on which unitholders or shareholders are notified must be far enough in advance of the date on which the change to the AIF takes effect to allow them to exit the fund free of charge before the change takes effect and to comply with the notice period required for the incentive.

Article 23 - Notification of the AMF following notification of unitholders or shareholders

Whenever unitholders or shareholders of an AIF are served individual notifications or notification by any means for the purposes of this instruction, the management company shall submit a copy of the notification to the AMF through the GECO database. In the event of ex-post notifications, the management company merely updates the GECO database with the nature of the notification, the medium used and the place where the information is available.

Chapter II - Preparing the key investor information document (KIID), the prospectus and periodic reporting

Section I - Key investor information document (KIID) and prospectus of an AIF

Article 24 - General provisions

Case of retail investment funds and funds of alternative funds

A key investor information document (KIID) and a prospectus must be drawn up for each AIF.

If an AIF is made up of several compartments, a key investor information document (KIID) must be prepared for each of its compartments and a single prospectus for all the compartments.

If an AIF is made up of several unit or share classes, a key investor information document must be produced for each of them. However, the management company may provide information about several unit or share classes in the same key investor information document, provided that the final document satisfies the requirements regarding language, length and presentation stipulated in Articles 5 and 6 of European Commission Regulation 583/2010 of 1 July 2010.

Case of dedicated AIF

Pursuant to Article 422-94(III) of the AMF General Regulation, AIF reserving subscription or acquisition of their units or shares to no more than twenty investors or to a category of investors whose characteristics are precisely defined by the prospectus can only establish a prospectus provided that they have obtained the unanimous approval of their direct or indirect holders.

Case of professional retail investment funds

A prospectus must be prepared for each professional retail investment fund. However, professional retail investment funds are not subject to the obligation to establish a key investor information document (KIID).

Article 25 - Structure of the key investor information document (KIID) and prospectus

I. Key Investor Information Document (KIID)

The key investor information document (KIID) is a summary that shall not exceed two pages of A4-sized paper when printed, except in the case of formula AIF, which may be up to three pages of A4-sized paper when printed.

II. The prospectus

The prospectus precisely describes the investment and operating rules of the AIF, along with all the procedures for compensating the management company and the depositary. It provides a complete presentation of the planned investment strategies, along with the specific financial instruments used, especially in cases where such instruments require special monitoring, are exposed to specific risks or have specific characteristics. The structure includes the following sections:

- a) General characteristics;
- b) Operating and management procedures, including compensation of the management company and the depositary;
- c) Information of a commercial nature;
- d) Investment rules;
- e) Asset valuation rules and procedures.

The fund rules or the articles of incorporation of the AIF are to be appended to the prospectus.

III. The key investor information document (KIID), prospectus, fund rules and articles of incorporation must use the standard templates developed by the AMF and found in Annexes XIII, XIV, XV and XVI. More specifically, the template and titles of the different sections of the key investor information document (KIID), prospectus, rules and articles of incorporation must be followed. If the language used is not French, the template and the section titles must be literal translations of the terms used below. The items in italics must not be modified. In accordance with Article 422-66(II) of the AMF General Regulation, the fund rules or the articles of incorporation and documents intended for notification of the holders may be written in a language customary in financial matters other than French, where the AIF or its management company ensures that the marketing mechanism in place prevents these documents from being sent to or reaching, on the territory of the French Republic, investors for whom this language would not be understandable.

Article 26 - Objectives of the key investor information document (KIID) and prospectus

The objective of the key investor information document (KIID) is to provide a summary of the essential information that investors need to make an informed decision. It is presented and laid out in a way that facilitates reading, by using sufficiently large print in particular. It is clearly written, using language that facilitates investors' comprehension of the information being communicated, more specifically by using clear, concise and understandable language, and by avoiding jargon and technical terms when everyday words can be used.

The objectives and characteristics of the prospectus consist in providing:

- 1° Detailed information about all the items summarised in the key investor information document (KIID), so that those investors who so wish may find complete information about the management and operating procedures of the AIF and compare the specific features of different AIF that have a key investor information document or UCITS with each other;
- 2° Precise information about the risks identified when the AIF was set up or updated. The prospectus must not be misleading, either by providing erroneous information or by omitting information that is needed to understand all the management and operating rules of the AIF, along with all the costs incurred;
- 3° The information that the depositary, statutory auditor and compliance and internal control officer of the management company or SICAV need for their due diligence.

The AIF or management company must give due consideration to the positions and interpretations published by the AMF when drafting the key investor information document (KIID) and prospectus.

Article 27 - Key investor information document (KIID) and prospectus dissemination procedures

I. In accordance with Article 422-86 of the AMF General Regulation²², “The key investor information document (KIID) is to be provided to investors free of charge and in a timely manner before they subscribe units or shares in the retail investment fund”.

II. The key investor information document (KIID) may be disseminated by either of the following procedures, to be chosen by the persons in charge of marketing the AIF:

1° If the persons marketing the AIF choose to record subscriptions using subscription forms, such forms must stipulate that:

- a) The subscriber has received the key investor information document (KIID) of the AIF;
- b) In accordance with Article 422-89 of the AMF General Regulation²³, *“The prospectus shall be provided to investors on request and free of charge in a durable medium, within the meaning of Article 314-26 or by means of a website.*

The most recently published annual and half-yearly reports of the fund shall be delivered to investors on request and free of charge and made available in the manner specified in the prospectus and the key investor information document.

A paper copy of the documents referred to in this article will be delivered to the investors on request and free of charge.”

2° If the persons handling marketing wish to be exempt from submitting a subscription form, the arrangements for supplying and disseminating the KIID, the prospectus, latest annual report and periodic statement must comply with the abovementioned Articles 422-86 and 422-89 of the AMF General Regulation.

Article 28 - Standard template of the key investor information document (KIID)

The key investor information document (KIID) is essential for informing subscribers and must be updated whenever necessary and under the responsibility of the management company or the SICAV.

The key investor information document (KIID) comprises five sections:

- 1° the “Objectives and investment policy” section describes the essential characteristics of the AIF that the investor should know;
- 2° the “Risk/reward profile” section contains a synthetic indicator backed up by narrative explanations of the limitations of such indicators and the major risks that are not included in the indicator;
- 3° the “Charges” section presents a standardised table of charges;
- 4° the “Past performance” section;
- 5° the “Practical information” section tells investors where to obtain more information (prospectus, etc.) about the AIF.

The standard key investor information document (KIID) template is presented in Annex XIII.

Article 29 - Standard template for the prospectus

Prospectuses may not be produced for different compartments or unit or share classes. The standard template for the prospectus is presented in Annex XIV.

Article 29-1 - Standard templates for fund rules or articles of incorporation

The fund rules or articles of incorporation must use the templates provided in Annexes XV and XVI.

Article 30 - Classifications

The SICAV or the management company declares the classification to which the AIF belongs from among the possibilities offered.

²² Applicable to funds of alternative funds by reference to Article 422-250.

²³ Applicable to funds of alternative funds by reference to Article 422-250.

The classification of the AIF must be mentioned in the “Objectives and investment policy” section of the key investor information document (KIID) and is subject to permanent compliance of the AIF with all the criteria that must be stipulated in the “Classification” section of the AIF prospectus. It is up to the SICAV or the management company of the AIF to decide whether to provide any further explanations.

The classification represents the actual exposure of the AIF. This exposure must be calculated according to the formula set out in Article 30-11 of this instruction.

The nationality of the issuer of an instrument in which the AIF is invested is defined with regard to the country where its registered office is located (including when the issuer is a subsidiary located in a different country from its parent company).

In the specific case of securitisation products or special-purpose vehicles with other underlying assets, the nationality of the issuer is the nationality of the underlying assets. However, the place of registration of the vehicles issuing these products must be mentioned in the prospectus.

AIF falling within the classifications defined in articles 30-1 to 30-4 of this instruction must have 60% or more exposure to equity markets at all times. The classification then depends on the geographical zone of the equities to which the AIF is exposed.

The notion of incidental exposure mentioned in articles 30-1 to 30-4 of this instruction means the consolidated sum of the exposure to the specific risks described. This means that the contribution of all these risks to the overall risk profile of the AIF must be low. Under no circumstances may exposure of more than 10% of the assets to specific risks be qualified as incidental exposure within the meaning of articles 30-1 to 30-8 of this instruction. On the other hand, merely complying with exposure of less than 10% is not enough in itself to qualify as an incidental specific risk. The notion of incidental risk must be addressed through the nature of the risks incurred and the contribution that the relevant assets make to the overall risk profile and potential return of the AIF.

Article 30 -1 - “French equities” AIF

The AIF has at least 60% exposure to the French equity market at all times.

Exposure to exchange rate risk or to markets other than the French market must be incidental.

The “Objectives and investment policy” section of the KIID and the “Classification” section of the AIF prospectus must mention the minimum exposure of the AIF to the French equity market.

Article 30-2 - “Euro area equities” AIF

The AIF has at least 60% exposure to one or more markets for equities issued in one or more euro area countries, possibly including the French market.

Exposure to exchange rate risk or to foreign markets outside the euro area must be incidental.

The “classification” section of the AIF prospectus must mention the minimum exposure of the AIF to euro area equity markets.

Article 30-3 - “European Union equities” AIF

The AIF has at least 60% exposure to one or more markets for equities issued in one or more European Union countries at all times, possibly including euro area markets.

Exposure to exchange rate risk for currencies other than those of the euro area or European Union must be incidental. Exposure to market risks other than within the European Union must remain incidental.

The “Classification” section of the AIF prospectus must mention the minimum exposure of the AIF to all the corresponding markets.

Article 30-4 - “International equities” AIF

At least 60% of the AIF is continuously exposed on a foreign stock market or on stock markets of several countries, possibly including the French market.

The “Classification” section of the AIF prospectus must mention the minimum exposure of the AIF to all the corresponding markets.

Article 30-5 – “Euro-denominated bonds and other debt securities” AIF

The AIF is exposed to fixed-income securities denominated in euros at all times. Exposure to equity risk must not exceed 10% of net assets.

Exposure to securities denominated in a currency other than euros and exposure to exchange rate risk must be incidental.

The “Investment strategy” section of the prospectus must provide a table showing the interest-rate sensitivity range within which the AIF is managed and the geographical zone of the issuers of the securities (or of the underlying assets for securitisation vehicles) that the AIF is exposed to, along with the relevant exposure ranges.

If the range of credit-spread sensitivity is materially different from the range of interest-rate sensitivity, the credit-spread sensitivity must be mentioned in the “Investment strategy” section of the prospectus.

Article 30-6 - “International bonds and other debt securities” AIF

The AIF is exposed to fixed-income securities denominated in other currencies than the euro at all times (and possibly to euro-denominated fixed-income securities).

Exposure to equity risk must not exceed 10% of net assets.

The “Investment strategy” section of the prospectus must provide a table showing the interest-rate sensitivity range within which the AIF is managed, the currencies in the which the securities the AIF is invested in are denominated, the level of exchange rate risk incurred, the geographical zone of the issuers of the securities (or of the underlying assets for securitisation vehicles) that the AIF is exposed to, along with the relevant exposure ranges.

If the range of credit-spread sensitivity is materially different from the range of interest-rate sensitivity, the credit-spread sensitivity must be mentioned in the “Investment strategy” section of the prospectus.

Article 30-7 - “Short-term money market” and “money market” AIF

This article is based on the CESR Guidelines on a common definition of European money market funds, dated 19 May 2010.

I. General provisions:

1. Any AIF marketed or labelled as a money market fund must adopt these provisions.
2. A money market fund shall clearly indicate in its prospectus whether it is a “short-term money market fund” or a “money market fund”.
3. A money market fund shall provide appropriate information about its risk/reward profile so that investors can identify specific risks stemming from the AIF’s investment strategy.

II. A “short-term money market” fund:

1. must have the primary objective of maintaining the principal of the fund and aim to provide a return in line with money-market rates;
2. must invest in money market instruments that comply with the criteria of Directive 2009/65/EC of 13 July 2009, or in term deposits with credit institutions;
3. must ensure that the money market instruments in which it wishes to invest are of a high quality according to an internal assessment process whereby the AIF or the management company must take into account a combination of factors which include, but are not limited to the following:
 - a) the creditworthiness of the instrument;
 - b) the nature of the asset class represented by the instrument;
 - c) the operational and counterparty risks inherent to the structure of the investment for structured financial instruments;
 - d) the liquidity profile.
4. may, for the purpose of Article 3.a), also refer to, as appropriate and in a non-exclusive manner, the short-term ratings of the rating agencies registered with the ESMA which have assigned a rating to the instrument and which the “short-term monetary” fund or its management company may deem relevant, whilst at the same time avoiding any mechanical dependence in relation to these ratings.
5. must limit its investment to financial instruments with a residual maturity until the legal redemption date²⁴ of no more than 397 days. The residual maturity means the period remaining before the legal redemption date;
6. must have a net asset value based on a daily valuation and provide daily subscriptions and redemptions;
7. must ensure that its portfolio has a Weighted Average Maturity (WAM) calculated according to the procedures defined in the CESR Guidelines of 19 May 2010 in the “Definitions” section of no more than 60 days;
8. must ensure that its portfolio has a Weighted Average Life (WAL) calculated as the average of the final maturities of financial instruments according to the procedures defined in the CESR Guidelines of 19 May 2010 in the “Definitions” section of no more than 120 days;
9. when calculating the WAL for financial instruments, including structured financial instruments, must base the maturity calculation on the residual maturity until the legal redemption date of the instruments.
However, when a financial instrument embeds a put option before the legal date, the exercise date of the put option may be used only if the following conditions are fulfilled at all times:
 - a) the option may be freely exercised by the AIF at its exercise date;
 - b) the exercise price of the put option is close to the anticipated valuation of the financial instrument at the nearest exercise date;
 - c) the investment strategy means that there is a strong probability that the option will be exercised at the nearest exercise date.
10. take into account, for both the WAL and WAM calculations, the impact of financial contracts, term deposits and the techniques and instruments used for efficient investment management (in accordance with the criteria defined in Article R. 214-32-27-II of the Monetary and Financial Code);

²⁴ The legal redemption date is the contractual maturity date defined in the issuance documents of the financial instrument.

11. not incur direct or indirect exposure to equity or commodities markets, including via financial contracts, and use financial contracts only in line with its money market investment strategy. Financial contracts that give exposure to the foreign exchange market may be used only for hedging purposes. Investments in financial instruments denominated in a currency other than the currency of the unit or share of the AIF are authorised provided that the exchange rate exposure is fully hedged. (For example, an AIF denominated in EUR may not hold financial instruments denominated in USD not hedged against EUR/USD currency risk. However, a fund denominated in USD may hold financial instruments denominated in USD not hedged against EUR/USD currency risk);
12. must limit its investments in other UCITS or AIF to UCITS or AIF that meet the definition of “short-term money market”;
13. must have a constant net asset value or a variable net asset value.

III. A “money market” fund:

1. must fulfil the conditions in points 1, 2, 3, 4, 6, 9, 10 and 11 of Article 30-7(II);

Furthermore, a “money market” fund:

2. must have a variable net asset value;
3. must limit its investment to financial instrument with a residual maturity of no more than 2 years, provided that the time remaining until the next interest rate reset date is no more than 397 days. Floating-rate financial instruments should reset to a money market rate or index;
4. must ensure that its portfolio has a Weighted Average Maturity (WAM) of no more than 6 months, calculated according to the procedures defined in the CESR Guidelines of 19 May 2010 in the “Definitions” section;
5. must ensure that its portfolio has a Weighted Average Life (WAL) calculated as the average of the final maturities of financial instruments according to the procedures defined in the CESR Guidelines of 19 May 2010 in the “Definitions” section of no more than 12 months;
6. must limit its investment in other UCITS or AIF to UCITS or AIF that meet the definitions of “money market” or “short-term money market” funds.

Article 30-8 - “Fund of hedge funds” AIF

I. More than 10% of the “Fund of hedge funds” AIF is exposed to:

- 1° Shares or units of foreign AIF or investment funds mentioned in Article R. 214-32-19(5) of the Monetary and Financial Code, including those investing more than 10% of their assets in units or shares of undertakings covered by Article D. 214-22-1 or of AIF covered by Article D. 214-32-31, units or shares in French undertaking for collective investment in transferable securities (UCITS), AIF covered by paragraphs 1, 2 and 6 of sub-section 2, sub-paragraph 1 of paragraph 1 or paragraph 2 of sub-section 3 of section 2 of chapter IV of title I of Book 2 of the regulatory section of the Monetary and Financial Code, or units or shares of AIF established in other Member States of the European Union or foreign investment funds invested under conditions identical to those mentioned in Article R. 214-93(4)(b), or units or shares of AIF or investment funds mentioned in Article R. 214-32-19(5) whose investment objective corresponds to the evolution of an index of financial instruments meeting the conditions defined in Article R. 214-32-25(I);
- 2° Shares or units of professional specialised investment funds;
- 3° Shares or units of funds of alternative funds covered by Article L. 214-140 or professional retail investment funds covered by Article L. 214-144;

4° Shares or units of streamlined undertakings for collective investment in transferable securities covered by Article L. 214-35 in its drafting prior to 2 August 2003;

5° Units of mutual funds dealing on the forward markets mentioned in Article L. 214-42 in its drafting prior to the publication date of ordinance 2011-915 of 1 August 2011 relating to undertakings for collective investment in transferable securities and the modernisation of the legal framework for asset management;

6° Units or shares of UCITS/ feeder AIF mentioned in articles L. 214-22 and L. 214-24-57 or, under the conditions defined in Article 422-105 of the AMF General Regulation, units or shares of foreign feeder funds whose master fund meets the conditions of Article R. 214-32-19(5).

II. A warning specific to this management must be inserted into the prospectus.

III. The “Objectives and investment policy” section of the key investor information document (KIID) and the “Investment objective” section of the prospectus must mention an investment objective making reference to investments in funds implementing alternative management strategies.

IV. The “Investment policy” section of the prospectus must mention:

1° The maximum percentage of exposure in the instruments mentioned above;

2° The type of alternative management strategies. Where, contrary to the generally recognised practices, the asset management company does not rule out concentrating the exposure of the “fund of hedge funds” AIF on a limited number of investment strategies, the prospectus must make investors aware of this;

3° The proposed maximum distribution or the exposure range sought for each strategy;

4° The nature of the underlying funds with their geographical origin and where they are listed (at least an indication of the fact that the underlying assets are incorporated or formed in member or non-member countries of the OECD);

5° The limits of investment in funds of funds and unlisted funds.

V. The “Risk profile” section of the prospectus must indicate a relevant quantitative risk measurement indicator.

VI. The “Subscription and redemption requirements” section of the prospectus must mention:

1° The minimum initial subscription level;

2° A specific warning in case of a notice period for redemptions.

The charges relating to the underlying funds must be mentioned in the prospectus, like for AIF of AIF.

Article 30-9 - “Formula fund” AIF

I. In accordance with the provisions of Article R. 214-32-39, the investment objective of a formula fund is to reach a predetermined amount at the end of a set period through the mechanical application of a predefined formula based on financial market indicators or financial instruments and to distribute income that is determined in the same manner, where applicable.

The words “formula [FCP / SICAV]” must be added in the “Objectives and investment policy” section of the key investor information document (KIID) and in the prospectus. These sections must include a specific investment objective for the formula.

II. The “Objectives and investment policy” section of the key investor information document (KIID) must mention the “minimum recommended holding period” if relevant. The minimum recommended holding period is replaced by the “duration of the formula” in the prospectus, which must stipulate the investment period necessary to benefit from the formula.

III. The “Risk profile” section of the prospectus must include a special mention if the provider has not established an official auditable procedure for selecting and assessing intermediaries and counterparties.

IV. The “Guarantee” section of the prospectus must mention the special characteristics stipulated in Annex XIV. The “Classification” section of the prospectus must be followed by the following language:

“Guarantee”, followed by, depending on the case: “Capital guarantee at maturity” or “The [FCP / SICAV] does not provide a capital guarantee at maturity.”

V. When rates of return are indicated for formula patterns, they must be expressed directly in the form of yield to maturity or their yield to maturity equivalent must be given.

VI. Note that Article 11 of AMF instruction DOC 2011-15 stipulates the specific information to be included in the prospectuses of formula funds meeting the criteria set out in Article 422-59 of the AMF General Regulation.

Article 30-10 - “Diversified” AIF

This category covers all AIF that are not part of any other category. The investment objective set out in the prospectus must stipulate the nature of the investment management implemented, and notably:

- 1° Full discretionary management;
- 2° Risk-profiled management.

If the investment profile does not correspond to any other classification, this point must be explained in the “Investment strategy” section of the AIF prospectus.

The “Investment strategy” section of the AIF prospectus must also mention any exchange rate risk for French residents.

Article 30-11 - Assessment of the AIF’s exposure

In addition to physical investments, the assessment must include contractual transactions, financial contracts, as well as securities with embedded derivatives, in order to measure the exposure of the AIF. Equity and bond warrants, calls, puts, CVRs, ADRs, EDRs and other financial instruments where the underlying assets are financial instruments are to be classified according to the category of the underlying assets.

The exposure corresponding to the specified category must be maintained at all times. The manager is not required to calculate it each time the net asset value is established but must be able to justify the classification of the AIF at the request of the AMF or the statutory auditors.

The exposure of an AIF invested in other French collective investments, foreign UCITS, AIF established in another Member State of the European Union or foreign investment funds must be calculated on a transparent basis. Several calculation methods may be used, depending on the amount of information available about the underlying fund:

- first, assess the actual exposure of the underlying French collective investments, foreign UCITS, AIF established in another Member State of the European Union and foreign investment funds to the markets in question;
- failing that, assess the minimum percentages of exposure to the relevant markets indicated in the regulatory documents of the underlying French collective investments, foreign UCITS, AIF established in another Member State of the European Union and foreign investment funds to the markets in question;
- lastly, failing that, include a haircut depending on the investment policies of the underlying French collective investments, foreign UCITS, AIF established in another Member State of the European Union and foreign investment funds to the markets in question. For example, under this method, a “French equities” AIF set up under French law and investing in a foreign UCITS where the investment strategy consists of “being primarily exposed to French equity markets” could assign a factor of 0.5 to its exposure to this UCITS.

Bonds that can be converted into equities or similar securities must be broken down to assess the interest rate exposure and credit market exposure of the bond component, as well as the equity market exposure of the option component.

If the AIF is specialised in a business sector, market or instrument, the “Investment strategy” section of the prospectus must set out the minimum percentage of investment and/or exposure related to such specialisation.

If the minimum exposure rules of an AIF for specific markets are no longer met following an event beyond the manager’s control (stock price movements, massive subscriptions or redemptions, mergers, etc.), the manager’s priority objective in its sales must be to remedy the situation in the interest of the unitholders or shareholders.

In accordance with Article 422-24 of the AMF General Regulation, contracts pertaining to sub-categories of one commodity must be considered a contract on only one commodity for the calculation of the diversification limit provided for in Article R. 214-32-23 a) of the Monetary and Financial Code. The sub-categories of a commodity should not be considered as the same commodity if they are not highly correlated. With regard to the correlation factor, two sub-categories of one commodity should not be considered as highly correlated if 75% of the correlation points are lower than 0.8. For this purpose, it is appropriate to calculate the points of correlations observed on the basis of (i) equally weighted daily yields of the corresponding commodities prices and (ii) a sliding window of 250 days over a period of five years.

Formula used to measure AIF exposure to a given market

a) Items that must be taken into consideration:

- + Valuation of physical assets invested in the market
- +/- Equivalent underlying assets for financial instruments with embedded derivatives
- +/- Temporary disposals or acquisitions of securities
- +/- Physical equivalent of derivatives
(number of contracts x unit value x settlement price)
- +/- Equivalent of underlying assets in swaps that alter the dominant exposure of the AIF to the market
- Equivalent of underlying assets for net short calls and long puts
- + Equivalent of underlying assets for net short puts and long calls

A

b) Calculation of the degree of exposure:

$$\text{Degree of exposure} = \frac{A \times 100}{\text{global net assets}}$$

Article 31 - Specific procedures

Article 31-1 - Master and feeder structures

I. The classification of the feeder is the same as that of the master, except if the conclusion of financial contracts by the feeder AIF involves a modification of its exposure requiring a change of its classification.

II. If the account closing date of the feeder AIF is different from that of the UCITS or master AIF, a technical memo must be filed with the AMF explaining the reasons for the difference (the dividend date of the UCITS or master AIF is not a valid reason), and the measures taken to ensure that the unitholders or shareholders of the feeder AIF receive equivalent disclosure and treatment to what they would receive as unitholders or shareholders of the UCITS or master AIF.

III. The key investor information document and prospectus must mention the direct charges stemming from the feeder AIF and the indirect charges stemming from the UCITS or master AIF. The language in the prospectus relating to indirect charges stemming from the UCITS or the master AIF must appear in italics.

Article 31-2 - Guaranteed AIF

I. The guarantee must be granted either to the AIF or to the unitholders or shareholders by an institution referred to in Article R. 214-32-28 of the Monetary and Financial Code²⁵.

II. When a guaranteed level or formula is offered, the guarantee must apply to:

- 1° The initial net asset value, if there is a single subscription net asset value;
- 2° The highest net asset value during the subscription period.

III. The nature of the guarantee and its characteristics must be clearly set out in the relevant section. The information must include:

- 1° The level of the guarantee:
 - full capital guarantee;
 - partial capital protection.
- 2° Whether the guarantee includes entry charges or not;
- 3° Subscription dates for obtaining the guarantee;
- 4° Dates on which the guarantee will be granted;
- 5° Whether the guarantee is granted to the AIF or directly to the unitholders or shareholders. If the guarantee is granted directly to the unitholders or shareholders and they are required to request redemption of their units or shares on a specific date to benefit from the guarantee, this requirement must be pointed out in a warning that specifies the final net asset value that is guaranteed, along with the deadline for submitting redemption orders. If the guarantee requires action by the unitholders or shareholders (such as making a request for redemption at a set net asset value, for example), they must be alerted individually by letter in a timely manner if there is any likelihood that it will be in their interest to redeem their units or shares.

Article 31-3 - For an AIF investing in French collective investments, undertakings for collective investment in transferable securities (UCITS) incorporated under foreign law, AIF established in another EU Member State or investment funds incorporated under foreign law

I. Any AIF must specify the extent to which it is authorised to invest in units or shares in French collective investments, undertakings for collective investment in transferable securities (UCITS) incorporated under

²⁵ See also Position no. 2013-12 - Requirement to offer a guarantee (of the formula and/or capital, as appropriate) for structured UCITS and AIF, "guaranteed" UCITS and AIF and structured debt securities issued by special-purpose vehicles and marketed to the general public.

foreign law, AIF established in another EU Member State, or investment funds incorporated under foreign law:

- 1° The AIF invests up to 10% of its net assets in units or shares mentioned above;
- 2° The AIF may invest more than 10% of its net assets, without exceeding 20% of its net assets, in units or shares mentioned above;
- 3° The AIF has the option of investing more than 20% of its net assets in units or shares mentioned above.

II. Disclosure of indirect charges:

If the AIF has the option of investing more than 20% of its net assets in shares or units of French collective investments, undertakings for collective investment in transferable securities (UCITS) incorporated under foreign law, AIF established in another EU Member State, or investment funds incorporated under foreign law, the impact of indirect charges and fees must be included in the total ongoing charges referred to in the key investor information document (KIID).

The table in the prospectus that shows all charges must then also disclose maximum indirect charges. Furthermore, if the management company retains the option of disclosing a maximum total charge rate, this total will then have to include the indirect charges levied".

Section II - Periodic reporting and other information made available to investors

Article 32 - Half-yearly or quarterly reports and half-yearly or quarterly asset breakdowns

I. In accordance with Articles L. 214-24-62 and D. 214-33 of the Monetary and Financial Code, AIF must draw up a half-yearly report at the end of the first half of their accounting period.

They may choose to publish reports more frequently. In that case, should they wish to return to a less frequent publication schedule, they shall notify holders in advance by any means within a reasonable time.

II. This half-yearly or quarterly report must be published no later than two months after the end of the first half of the year, or after the end of each quarter, where applicable.

III. The half-yearly or quarterly reports may be compiled:

- 1° either on the last trading day of the half-year period or quarter, as the case may be;
- 2° or the day on which the last net asset value is calculated.

IV. Regardless of their presentation, all the disclosures about an AIF or a compartment must include its name.

V. The half-yearly reports must contain the following information:

- 1° a statement of assets and liabilities, including the following items:
 - a) the eligible financial securities referred to in Article L. 214-24-55(I)(1) of the Monetary and Financial Code;
 - b) bank balances;
 - c) other assets held by the AIF;
 - d) total assets held by the AIF;
 - e) liabilities;
 - f) net book value.

2° Number of units or shares in circulation,

3° Net book value per unit or share,

4° Portfolio

5° Statement of changes in the composition of the portfolio during the reference period;

6° Quantified data on post-tax dividends paid or proposed during the period.

VI. In accordance with Article L. 214-24-49 of the Monetary and Financial Code, a document called “asset composition” must be drawn up as of the date of the last net asset value of the half-year period. This document must be sent to any unitholder or shareholder who requests it within eight weeks of the end of each half-year period.

This document must provide the following information:

- 1° A detailed inventory of the portfolio specifying the quantities and values of financial instruments;
- 2° Net assets;
- 3° Number of units or shares in circulation;
- 4° Net asset value;
- 5° Off-balance sheet commitments.

The document must be compiled in detail and must be understandable for any unitholder or shareholder.

VII. In accordance with Article 422-83 of the AMF General Regulation, AIF with assets of more than 80 million euros are required to have the quarterly document mentioned in VI certified by the statutory auditor of the AIF.

VIII. The document mentioned in VI may be replaced by the document used to calculate the net asset value and provided by the SICAV or the asset management company to the statutory auditor of the AIF, provided that it contains the items referred to in points 1 to 5 of VI.

The provisions of Article 422-83 are not applicable to AIF reserving subscription or acquisition of their units or shares pursuant to Article L. 214-26-1 of the Monetary and Financial Code.

Article 33 - Annual report

The annual report must be drawn up as of the last day of the accounting period or the day on which the last published net asset value is calculated, if so stipulated in the prospectus.

It must contain the following items:

- the management report,
- the summary documents defined in the chart of accounts and the certification of the statutory auditor,
any substantial change subject to ex-post notification within the meaning of Article 106 of Commission Delegated Regulation (EU) 231/2013 of 19 December 2012, in the notifications referred to in Article 36 of this instruction made during the accounting period to which the report relates.

Where the AIF is managed by a management company authorised in accordance with Directive 2011/61/EU, the annual report must also include:

- the total amount of compensation for the accounting period, broken down into fixed compensation and variable compensation, paid by the management company to its staff, and the number of beneficiaries, and, where applicable, the carried interests paid by the AIF;
- the aggregate amount of compensation, broken down between executives and members of the staff of the management company whose activities have a significant impact on the risk profile of the AIF.

The management company authorised in accordance with Directive 2011/61/EU of 8 June 2011 must also comply with Article 107 of the Commission Delegated Regulation (EU) 231/2013 of 19 December 2012.

The accounting data contained in the annual report must be prepared in accordance with French accounting standards and the accounting rules established in the fund rules and articles of incorporation of the AIF.

The report issued by the statutory auditor and, where applicable, the statutory auditor's remarks must be reproduced in full in the annual report.

The AIF's annual report must also include an indication of the changes in the composition of the securities portfolio during the reference accounting period and, where applicable, information about the financial instruments in the portfolio that have been issued by the management company or entities in its group. Where applicable, it must also indicate the collective investments referred to in Article 311-1 A of the AMF General Regulation, AIF and investment funds managed by the management company or the entities in its group.

If the AIF's annual report is published within 8 weeks of the end of the accounting period and contains the items referred to in Article 32(VI)(1) to (5) of this instruction, the SICAV or management company is not required to report the asset composition. In this case, the annual report must be sent to any unitholder or shareholder who requests disclosure of the asset composition.

Management report

The information provided for in Article 421-34 of the AMF General Regulation must at least appear in the management report if it is not communicated in the periodic reports according to the procedures and deadlines defined in the prospectus.

In addition, in accordance with Article 421-35 of the AMF General Regulation, the management company must comply with articles 103 to 109 of Commission Delegated Regulation (EU) 231/2013 of 19 December 2012.

The items that must be indicated in the annual report and are not indicated in the summary documents must be included in the management report.

Article 34 - Specific requirements for feeder AIF

The management report of a feeder AIF must indicate the latest available information about direct and indirect charges that it incurs, meaning the charges actually collected, in the form of a percentage.

The annual report of a feeder AIF must mention the items in the annual report of the UCITS or master AIF as well as the total charges of the feeder AIF and of the UCITS or master AIF.

The annual report of the UCITS or master AIF must also be appended to the management report of the feeder AIF.

The other periodic reports must be appended to those of the feeder AIF.

The statutory auditor of the feeder AIF must report any problems or inaccuracies found in the statutory auditor's report on the financial statements of the UCITS or master AIF and draw the conclusions deemed necessary, if they affect the feeder AIF.

Article 35 - Specific requirements for index-tracking AIF and “fund of hedge funds” AIF

I. - The management report of an index-tracking AIF must measure the actual tracking error of the AIF and compare it with the maximum error indicated in the prospectus.

II. - The management report of a “fund of hedge funds” AIF must indicate:

1° The actual distribution of the “fund of hedge funds” AIF between the possible alternative strategies and its comparison with the distribution indicated in the prospectus;

2° The quantitative indicator(s) of the risk measurement actually achieved by the “fund of hedge funds” AIF and their comparison with the maximum indicated in the prospectus. These indicators must be accompanied by an explanation of their meaning.

Article 36 – Information made available to investors

Pursuant to Article 421-34(I) of the AMF General Regulation, the AIF or the management company must make the following information available to the AIF's investors before they can invest in the AIF:

- a) a description of the AIF's strategy and the investment objectives, information about where any master AIF is established within the meaning of Article L. 214-24(IV) of the Monetary and Financial Code and where the underlying funds are established if the AIF is a fund of funds, a description of the types of assets in which the AIF can invest, techniques that it may use and all the associated risks, any applicable restrictions on investment, circumstances in which the AIF may use leverage, types of leverage and sources of leverage authorised and the associated risks, any restrictions on the use of leverage, as well as any arrangements for reusing collateral or assets and on the maximum level of leverage that a management company is permitted to use on behalf of the AIF;
- b) a description of the procedures that may be implemented by the AIF to change its investment strategy, its investment policy or both;
- c) a description of the main legal consequences of the contractual commitment made for investment purposes, including information on legal competence, applicable law and whether legal instruments exist permitting the recognition and enforcement of decisions on the territory of the French Republic;
- d) the identification of the management company, the depositary and the statutory auditor of the AIF, as well as any other service provider, and a description of their obligations and the rights of investors;
- e) where the AIF is managed by a management company authorised under Directive 2011/61/EU, a description of how the management company complies with the requirements set out in Article 317-2(IV) of the AMF General Regulation (or its equivalent, transposing paragraph 7 of Article 9 of Directive 2011/61/EU into the law applicable to the management company);
- f) a description of any management function delegated by the management company and any custodianship function delegated by the depositary, the identification of the delegate and any conflict of interest that may arise from these delegations;
- g) a description of the AIF's valuation procedure and the methodology for determining the price used to assess the asset value, including the methods employed for assets that are difficult to value;
- h) a description of the management of AIF's liquidity risk, including the rights to reimbursement in both normal and exceptional circumstances, and the existing arrangements with investors regarding reimbursement;
- i) a description of all potential costs, charges and fees, and their maximum amounts, borne directly or indirectly by investors;
- j) a description of how the management company guarantees fair treatment of investors and, from the moment an investor receives preferential treatment or the right to receive preferential treatment, a description of this preferential treatment, the type of investors who receive this preferential treatment, and, where applicable, the indication of their legal or economic ties with the AIF or the management company;
- k) where applicable, the most recent annual report referred to in Article 33;
- l) the procedure and the conditions for issuing and redeeming units or shares;
- m) where applicable, the most recent net asset value of the AIF or the most recent market price of the unit or share of the AIF;

- n) where applicable, the past performance of the AIF;
- o) the identity of the prime broker and a description of all the important steps that the AIF has taken with its prime brokers and how conflicts of interest relating thereto are managed and the provision of the contract with the depositary stipulating the possibility of a transfer or reuse of assets of the AIF and the information relating to any transfer of responsibility to the prime broker that could exist;
- p) a description of the procedures and deadlines for communicating the information required under Article 421-34(IV) and (V) of the AMF General Regulation.

Such information, with the exception of the information referred to in k) and m) (and n) for AIF that may not establish a KIID), is contained in the standard template of the KIID and the prospectus, the standard fund rules and the standard articles of incorporation reproduced in Annexes XIII, XIV, XV and XVI of this instruction. A table of correlation appears in Annex I ter (table 1). The information not included in these regulatory documents is cited in the Annex I ter (table 2); it must be made available to investors. The AIF or the management company must inform the investor of any substantial change pertaining to this information.

In addition, Article 421-34 of the AMF General Regulation also provides for the following:

“IV. EU AIF and AIF marketed in the EU, or their asset management company, management company or AIF manager, shall periodically disclose to investors:

- 1° The percentage of the AIF's assets subject to special arrangements arising from their illiquid nature;
- 2° Any new arrangements for managing the liquidity of the AIF;
- 3° The current risk profile of the AIF and the risk management systems employed by the AIF or its asset management company, management company or AIF manager to manage those risks.

V. EU AIF and AIF marketed in the EU, employing leverage, or their asset management company, management company or AIF manager, shall, for each such AIF, disclose on a regular basis:

- 1° Any changes to the maximum level of leverage which the asset management company, management company or AIF manager may employ on behalf of the AIF as well as any right to reuse the AIF's assets given as collateral and any guarantee under the leveraging arrangements;
- 2° The total amount of leverage employed by that AIF”.

In accordance with Article 421-35 of the AMF General Regulation, the management company must comply with Articles 108 and 109 of Commission Delegated Regulation (EU) 231/2013 of 19 December 2012.