



Book III - Service providers

Title I ter - Asset management companies of UCITS

Chapter III - Organisational rules

Section 11 - Risk management

Sub-section 1 - Risk management policy and risk measurement

Paragraph 1 - Permanent risk management function

General regulation of the AMF

Article 321-77 into force since 03 January 2018

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Article 321-77

I. – The asset management company shall establish and maintain a permanent risk management function.

II. - The permanent risk management function shall be hierarchically and functionally independent from operating units.

However, the asset management company may derogate from this obligation where the derogation is appropriate and proportionate in view of the nature, scale diversity and complexity of its business and of the UCITS it manages.

The asset management company shall be able to demonstrate that appropriate safeguards against conflicts of interest have been adopted so as to allow an independent performance of risk management activities and that its risk management process satisfies the requirements of Article L. 533-10-1 du Monetary and Financial Code.

III. - The permanent risk management function shall:

a) implement the risk management policy and procedures;

b) ensure compliance with the UCITS risk limit system, including statutory limits concerning global exposure and counterparty risk in accordance with Articles 411-71-1 to 411-83;

c) provide advice to the board of directors as regards the identification of the risk profile of each managed UCITS;

d) provide regular reports to the board of directors and, where it exists, the supervisory function, on:

i) the consistency between the current levels of risk incurred by each managed UCITS and the risk profile agreed for that UCITS;

ii) the compliance of each managed UCITS with relevant risk limit systems;

iii) the adequacy and effectiveness of the risk management process, indicating in particular whether appropriate remedial measures have been taken in the event of any deficiencies;

e) provide regular reports to the senior management outlining the current level of risk incurred by each managed UCITS any actual or foreseeable breaches to their limits, so as to ensure that prompt and appropriate action can be taken;

f) review and support, where appropriate, the arrangements and procedures for the valuation of OTC derivatives as referred to in Article 411-84.

IV. - The permanent risk management function shall have the necessary authority and access to all relevant information necessary to fulfil the tasks set out in III.

📌 **Version into force since 3 January 2018**