



Book IV - Collective investment products

Title I - Undertakings for Collective Investment in Transferable Securities (UCITS)

Chapter unique - Collective investment schemes

Section 6 - Information to be provided to investors

Sub-section 3 - Prospectus

General regulation of the AMF

Article 411-117 into force from 17 April 2016 to 21 February 2019

DISCLAIMER : Information boxes have been inserted within the General Regulation. They allow for a direct access to the relevant European regulations on the subject matter.

The user will be redirected to the European regulations as initially published in the Official Journal of the European Union and to the subsequent corrigenda, if any. The AMF does not guarantee the completeness of the redirections to these European regulations and corrigenda.

The boxes are located at the most relevant level of the GRAMF depending on the provision of the EU regulations to which they refer (Book, Title, Chapter, Section, etc.).

This additional material is provided for information purposes only and does not constitute a regulatory instrument. The AMF shall not be held liable or responsible for any harm resulting directly or indirectly from the provision or the use of these information boxes.

Article 411-117

I. - Where the UCITS invests principally in any category of assets defined in Article 214-20 of the Monetary and Financial Code other than eligible securities or money market instruments, or where a UCITS replicates a stock or debt securities index in accordance with Article R. 214-16 of the Monetary and Financial Code, its prospectus shall include a prominent statement drawing attention to the investment policy.

II. - A UCITS that invests a substantial proportion of its assets in other collective investments shall disclose in its prospectus the maximum level of the management fees that may be charged both to the UCITS itself and to the other collective investment schemes in which it intends to invest.

III. - The UCITS referred to in Article R. 214-23 of the Monetary and Financial Code shall include a prominent statement in its prospectus drawing attention to its authorisation and indicating the European Union Member States, States party to the European Economic Area agreement, local authorities, or public international bodies in the securities of which it intends to invest or has invested more than 35% of its assets.

IV. – When a UCITS indicates in its prospectus that it is a “short-term money market” fund or a “money market” fund, it shall provide appropriate information about its risk/reward profile so that investors can identify specific risks stemming from its investment strategy.

1 • A short-term money market UCITS must:

- a •** Have the primary investment objective of maintaining the principal of the fund and aim to provide a return in line with money market rates;
- b •** Invest in money market instruments that comply with the criteria in Directive 2009/65/EC of 13 July 2009, or in term deposits with credit institutions;
- c •** Ensure the money market instruments in which it invests are of a high quality according to an internal assessment process whereby the UCITS or the management company must take into account a combination of factors which include, but are not limited to the following:
 - i) The creditworthiness of the instrument;
 - ii) The nature of the asset class represented by the instrument;
 - iii) The operational and counterparty risks inherent to the structure of the investment for structural financial instruments;
 - iv) The liquidity profile;
- d •** May, for the purposes of point c.i), also refer to, as appropriate and in a non-exclusive manner, the short-term ratings of the rating agencies registered with the European Securities and Markets Authority which have rated the instrument and which the “short-term monetary” UCITS or its management company may deem relevant, whilst at the same time avoiding any mechanical dependence in relation to these notations.
- e •** Limit its investment to financial instruments with a residual maturity until the legal redemption date, corresponding to the contractual maturity date defined in the issuance documents of the financial instruments, of no more than 397 days. The residual maturity means the period remaining before the legal redemption date;
- f •** Have a net asset value based on a daily valuation and provide daily subscription and redemption;
- g •** Ensure that its portfolio has a weighted average maturity until the portfolio's maturity date calculated according to the procedures defined in Committee of European Securities Regulators' Guidelines of 19 May 2010 under the heading “definitions” of no more than 60 days;
- h •** Ensure that its portfolio has a weighted average life until the extinction date of the financial instruments of its portfolio calculated as an average of the financial instruments' final maturities according to the procedures defined in CESR's Guidelines of 19 May 2010 under the heading “definitions” of no more than 120 days;
- i •** When calculating the weighted average life for securities, including structured financial instruments, 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:

- i) The option may be freely exercised by the UCITS at its exercise date;

ii) The exercise price of the put option is close to the anticipated valuation of the financial instrument at the nearest exercise date;

iii) The investment strategy means that there is a strong probability that the option will be exercised at the nearest exercise date.

j • Take into account, for both the weighted average life and weighted average maturity calculations, the impact of financial derivatives, term deposits and the techniques and instruments used for efficient investment management, in accordance with the criteria defined in Article R. 214-18, II of the Monetary and Financial Code;

k • Not incur direct or indirect exposure to equity or commodities markets, including via derivatives; and use derivatives only in line with its money market investment strategy. Derivatives that give exposure to the foreign exchange market may be used only for hedging purposes. Investment in non-base currency securities is allowed, provided the exchange rate exposure is fully hedged;

l • Limit its investment in other UCITS and AIFs to those that comply with the definition of a short-term money market fund;

m • Have either a constant or a variable net asset value.

2 • A “money market” UCITS must:

a • Fulfil the conditions in points a, b, c, d, f, i, j and k of point 1;

Furthermore, a, money market UCITS:

b • must have a fluctuating net asset value;

c • Must limit its investment to securities to those 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 securities should reset to a money market rate or index;

d • Must ensure that its portfolio has a weighted average maturity of no more than 6 months calculated according to the procedures defined in Committee of European Securities Regulators' Guidelines of 19 May 2010 under the heading “definitions”.

e • Must ensure that its portfolio has a weighted average life of no more than 12 months calculated according to the procedures defined in Committee of European Securities Regulators' Guidelines of 19 May 2010 under the heading “definitions”;

f • Must limit its investment in other UCITS and AIFs to those that comply with the definition of a “money market fund” or a “short-term money market fund”.

✚ Version into force since 22 February 2019

✚ Version into force from 17 April 2016 to 21 February 2019

