



Book IV - Collective investment products

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

Chapter unique - Undertakings for collective investment in transferable securities (UCITS)

Section 4 - Calculating global exposure

Paragraph 1 - Measuring the global exposure of CIS to financial derivative instruments

Sub-paragraph 1 - General provisions

General regulation of the AMF

Article 411-73 into force since 03 January 2018

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Article 411-73

I.-To calculate the global exposure of the CIS under its management, the management company shall use either the commitment approach or the Value at Risk (VaR) approach specified in an AMF instruction.

Within the meaning of this paragraph, "value at risk" shall mean the estimated maximum potential loss at a given confidence interval and over a given period.

II. - The CIS management company shall ensure that the method that it uses to measure global exposure is appropriate, given the risk profile arising from the CIS investment strategy, the types and complexity of financial derivative instruments entered into, and the share of the CIS portfolio made up of financial derivative instruments.

III. - The management company shall use the VaR approach if the managed CIS presents one of the following characteristics:

- a) The CIS implements complex investment strategies that comprise a significant proportion of its investment policy;
- b) The CIS has significant exposure to non-standard financial derivative instruments;
- c) If the market risk, as defined in Article 321-76, borne by the CIS is not adequately captured by the commitment approach.

The VaR approach is supplemented by a stress-testing programme. An AMF instruction shall provide definitions for standard and non-standard financial derivative instruments.

IV. - A feeder CIS shall calculate its global exposure to financial derivative instruments by adding its own direct exposure to financial derivative instruments entered into in accordance with Article L. 214-22 of the Monetary and Financial Code to:

- a) either the real exposure of the master CIS to financial derivative instruments, proportionate to the feeder's investment in the master CIS;
- b) or the maximum potential global exposure of the master CIS to financial derivative instruments provided for under the master CIS rules or instruments of incorporation, proportionate to the feeder's investment in the master CIS.

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