AUTORITÉ DES MARCHÉS FINANCIERS

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 2 - Commitment approach

General regulation of the AMF

Article 411-75 into force since 21 October 2011

Article 411-75

I. - The management company may take account of netting and hedging arrangements, where these arrangements do not disregard obvious and material risks and result in a clear reduction in risk exposure.

II. - 1° A netting arrangement comprises a combination of positions in financial derivative instruments or securities relating to the same underlying asset, regardless of the contracts' due dates, where the positions are solely intended to eliminate the risks linked to positions taken through other financial derivative instruments or securities.

2° A hedging arrangement is a combination of positions in financial derivative instruments and/or securities that:

a) do not necessarily refer to the same underlying asset;

b) are entered into solely to offset risks linked to positions taken via other financial derivative instruments or securities.

3° A CIS that has primarily entered into interest rate derivatives may use specific duration netting rules, whose procedures are specified in an AMF instruction, to take account of correlations between instruments with different maturities on the yield curve. Specific duration netting rules may not be used if they lead the CIS risk profile to be incorrectly assessed.

A CIS that uses specific duration netting rules for its interest rate derivatives may still take hedging arrangements into consideration. However, only interest rate derivatives that are not included in hedging arrangements may apply the specific netting rules.

↘ **Version into force since 21 October 2011**