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 411-76 into force since 03 January 2018

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Article 411-76

I. - If the use of financial derivative instruments does not generate additional exposure for the CIS and if the following criteria are met, it is not necessary to include the underlying exposure in the commitment calculation:

1 • It is designed to exchange the performance of all or part of the scheme's assets for the performance of other reference financial instruments;

2 • It totally eliminates the market risk of the assets being exchanged. The performance of the CIS no longer depends on the performance of the assets being exchanged;

3 • It does not include an additional optional component, leverage, or any additional risk as compared with a direct investment in the reference assets.

II. - A financial derivative instrument is not included in the calculation of global exposure using the commitment approach if it meets the following criteria:

a) The combination of the derivative and a cash amount invested in assets earning the risk-free rate may be used to obtain exposure equivalent to that obtained through a direct investment in the underlying;

b) It does not generate additional exposure or leverage and does not add any market risk as defined in Article 321-76.

III. - If the commitment approach is used, it is not necessary when calculating global exposure to include temporary cash borrowing arrangements entered into on behalf of the CIS in accordance with Article R. 214-29 of the Monetary and Financial Code.

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