



## Book IV - Collective investment products

### Title II - AIFS

#### Chapter II - Funds open to retail investors

##### Section 1 - Retail investment funds

##### Sub-section 4 - Calculation of aggregate risk

##### Paragraph 2 - Counterparty risk and issuer concentration

### General regulation of the AMF

#### Article 422-63 into force since 21 December 2013

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#### Article 422-63

I. - In order to calculate the counterparty risk specified in I of Article R. 214-32-29 of the Monetary and Financial Code, the retail investment fund shall take into account any collateral granted to an investment services provider and its subsequent variations, relative to financial contracts, concluded on a market specified in 1°, 2° or 3° of I of Article R. 214-32-18 of the Monetary and Financial Code or traded over the counter, that is not protected by client asset protection rules or other similar rules, allowing the retail investment fund to be protected against the risks of bankruptcy of the investment services provider.

II. - In order to calculate the limits specified in III of Article R. 214-32-29 of the Monetary and Financial Code, the retail investment fund shall take into account the net risk to which it is exposed with regard to the transactions specified in Article R. 214-32-27 of the Monetary and Financial Code for any given counterparty. The net risk shall be equal to the amount that may be recovered by the retail investment fund, less (where applicable) any collateral benefiting the retail investment fund.

The risk created by the reuse of collateral benefiting the retail investment fund shall also be taken into account when calculating the issuer ratio.

III. - In order to calculate the limits specified in Article R. 214-32-29 of the Monetary and Financial Code, the retail investment fund shall determine if the counterparty for which it has exposure is an investment services provider, a clearing house or another entity relating to an over-the-counter financial contract.

IV. - The limits specified in Articles R. 214-32-29, R. 214-32-33 and R. 214-32-34 of the Monetary and Financial code shall take into account exposure relating to assets underlying the financial contracts, including incorporated financial contracts, relating to eligible financial securities or money market instruments.

V. - If the retail investment fund calculates concentration limits for each type of entity, the underlyings for financial contracts, including incorporated financial contracts, must be taken into account when determining the exposure to a given issuer arising from these positions.

Exposure relating to a position shall be taken into account when calculating the concentration limits for each type of issuer. Where appropriate, it shall be calculated using the commitment approach.

The measurement of maximum potential loss in the event of default by the issuer shall be taken into account if it gives a more conservative result.

This article shall apply to all retail investment funds, irrespective of whether they use the value at risk (VAR) approach when calculating aggregate risk.

This article does not apply to financial contracts based on an index that fulfils the criteria of Article R. 214-32-25 of the Monetary and Financial Code.

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