**Standard fund rules**

This document constitutes Annex XV to AMF Instruction - Authorisation procedures, preparation of a KIID[[1]](#footnote-1) and a prospectus, and periodic reporting for Retail Investment Funds, Funds of Alternative Funds, and Professional Investment Funds - DOC-2011-20.

The term “AIF” is systematically used in the standard fund rules to refer to retail investment funds, funds of alternative funds, or professional investment funds. Where applicable, this term may be replaced by “retail investment fund”, “fund of alternative funds” or “professional retail investment fund”

**TITLE 1 - ASSETS AND UNITS**

**Article 1 - Joint ownership units**

Joint ownership rights shall be expressed in units, with each unit corresponding to the same fraction of the fund's assets (or the compartment's assets, where applicable). Each unitholder has a right of co-ownership of the fund’s assets that is proportional to the number of units held.

The duration of the fund is ……, commencing on ………., except in the event of early winding up or extension, as stipulated in these regulations.

(specify the duration, if any)

*Optional clause*

Compartments: each compartment issues units representing the assets of the FCP attributed to it. In this case, the provisions of these rules applying to units in the FCP apply to the units issued to represent the assets of the compartment.

Where applicable, state that the compartments are jointly and severally liable for each other (no statement to this effect if the compartments are not jointly and severally liable for each other).

*Optional clause*

Classes of unit:

The characteristics of the various unit classes and their access requirements are explained in the prospectus of the FCP.

The different unit classes may:

- Be subject to different dividend policies (income or capital growth);

- Be denominated in different currencies;

- Be subject to different management charges;

- Be charged different subscription and redemption fees;

- Have different par values;

- Come with automatic partial or full risk hedging, as defined in the prospectus. This hedging is achieved using financial instruments that minimise the impact of hedging transactions on the other unit classes in the AIF;

- Be reserved for one or more marketing networks

*Optional clause*

Option to implement splits or reverse splits.

*Optional clause*

Units may be split, by decision of the management company (specify competent body) into (specify tenths, hundredths, thousandths or ten-thousandths), referred to as fractional units.

The rules governing the issue and redemption of units shall apply to fractional units. The value of such fractional units shall always be proportional to the value of the units that they represent. Unless otherwise indicated, all other rules relating to the units shall apply to the fractional units, without any need to make specific mention to that effect.

The management company (specify competent body) may, at its sole discretion, split the units by creating new units that shall be attributed to unitholders in exchange for the old units.

**Article 2 - Minimum asset amount**

No redemption of units may take place if the assets of the FCP (or a compartment) fall below €300,000 if the fund is an all-subscriber fund, or €160,000 if the fund is a dedicated fund. If the assets remain below this amount for thirty days, the management company must take the necessary steps to wind up the AIF in question, or carry out one of the transactions referred to in Article 422-17 of the AMF General Regulation (transfer of the AIF).

**Article 3 – Issuance and redemption of units**

Units are issued at any time at the request of the unitholders on the basis of their net asset value, plus any subscription fees as applicable.

Redemptions and subscriptions are conducted under the terms and conditions defined in the prospectus.

The units in an FCP may be listed for trading in accordance with the regulations in force.

Subscriptions must be fully paid up on the day of calculation of the net asset value. They may be paid in cash and/or in financial instruments. The management company has the right to refuse the proposed securities and, to this end, has seven days from their deposit to make its decision known. In the event of acceptance, the securities contributed are valued in accordance with the rules set out in article 4 and subscription is conducted on the basis of the first net asset value following acceptance of the securities in question.

Redemptions may be made in cash and/or in kind. If redemption in kind corresponds to a representative pro rata share of the assets in the portfolio, then only the written agreement signed by the redeeming unitholder must be obtained by the AIF or the management company. Where redemption in kind does not correspond to a representative pro rata share of the assets in the portfolio, all unitholders must indicate in writing their agreement authorising the redeeming unitholder to redeem its units against certain specific assets, as explicitly defined in the agreement.

Notwithstanding the above, where the fund is an ETF, redemptions on the primary market may, with the agreement of the portfolio management company acting in the interests of the unitholders, be carried out in kind under the conditions set out in the prospectus or the fund rules. The assets are then delivered by the issuer account keeper under the conditions set out in the fund's prospectus.

As a general rule, the redeemed assets are valued according to the rules set out in Article 4 and redemption in kind is made on the basis of the first net asset value following the acceptance of the securities concerned.

Redemptions shall be settled by the issuer account keeper within a maximum of five days following the valuation of the unit.

However, if, under exceptional circumstances, redemption requires prior liquidation of the assets in the fund, this deadline may be extended, without exceeding 30 days.

Except in the case of succession or inter vivos distribution, sales or transfers of units between unitholders, or between unitholders and third parties, shall be treated as redemptions followed by a subscription. If the units are sold or transferred to a third party, the amount of the sale or transfer must, where applicable, be supplemented by the beneficiary so that it is at least the minimum subscription amount required in the prospectus.

Pursuant to Article L. 214-24-41 of the French Monetary and Financial Code, the redemption by the FCP of its units, and the issue of new units, may be suspended temporarily by the management company, when required by exceptional circumstances and in the interests of the unitholders.

If the net assets of the FCP (or a compartment, where applicable) are less than the regulatory minimum amount, no units may be redeemed (in the relevant compartment, where applicable).

*Optional clause*

Pursuant to Articles L. 214-24-41 of the French Monetary and Financial Code and 422-21-1 of the AMF General Regulation, the management company may decide to cap redemptions when required by exceptional circumstances and if it is in the interests of the unitholders or the general public to do so.

The operating procedures for the mechanism of capping redemptions and informing unitholders thereof must be described in detail.

*Optional clause*

Option of minimum subscription requirements, in accordance with the terms and conditions set out in the prospectus.

*Mandatory clause*

The AIF may cease to issue units pursuant to the third paragraph of Article L. 214-24-41 of the French Monetary and Financial Code, either temporarily or permanently, fully or partially, in situations that objectively require that subscriptions be closed, for example if a maximum number of units or a maximum amount of assets is reached, or at the end of a fixed subscription period. Should this provision be implemented, existing unitholders shall be informed thereof by any means, as well as of the threshold and the objective situation that led to the decision to fully or partially close subscriptions. In the case of partial closure, this information by any means shall explicitly specify the terms under which existing unitholders may continue to subscribe during the period of such partial closure. Unitholders shall also be informed by any means of the decision by the AIF or the management company either to end the full or partial closure of subscriptions (when falling below the threshold), or not (in the event of a modification to the threshold or a change in the objective situation leading to implementation of this provision). A change in the objective situation indicated, or in the threshold triggering the implementation of the provision, must always be made in the best interests of the unitholders. Unitholders shall be informed of the exact reasons for these changes by any means.

*Optional clause*

The depositary or the person appointed as such shall ensure that subscribers are investors whose subscriptions are reserved for twenty investors at most or for a category of investor.

**Article 4 - Calculation of net asset value**

The net asset value of the units is calculated in accordance with the valuation rules appearing in the fund prospectus.

*Optional clause relating to contributions and redemptions in kind*

Contributions in kind may consist only of securities, financial instruments or derivatives that are eligible assets for AIFs. Contributions and redemptions in kind shall be valued in accordance with the valuation rules applicable to the calculation of net asset value.

**TITLE 2 - OPERATION OF THE FUND**

**Article 5 - Management company**

The fund is managed by the management company in accordance with the objective defined for the fund.

The management company may take any decision to change the investment strategy or investment policy of the AIF, in the best interests of the unitholders, and in compliance with the applicable laws and regulations in force. These changes may be subject to approval by the Autorité des marchés financiers.

The management company shall act in the best interests of the unitholders at all times and is exclusively entitled to exercise the voting rights attached to the securities held by the fund.

**Article 5b - Operating rules**

The instruments and deposits that are eligible assets for the AIF are described in the prospectus, along with the investment rules.

**Article 5c - Admission to trading on a regulated market and/or a multilateral trading facility**

The units may be admitted to trading on a regulated market and/or a multilateral trading facility according to the legislation in force. In the case of an FCP whose units are admitted to trading on a regulated market and whose investment objective is based on an index, the fund must implement a mechanism whereby its unit rate may not vary significantly from its net asset value.

**Article 6 - Depositary**

The depositary shall perform tasks incumbent upon it under the laws and regulations in force, along with the tasks entrusted to it under the terms of its contract with the management company. It must ensure the lawfulness of the decisions made by the management company. It must, if necessary, take any precautionary measures that it considers to be appropriate. It shall notify the Autorité des marchés financiers in the event of a dispute with the management company.

*Optional clause*

If the fund is a feeder AIF, the depositary will have entered into an information-sharing agreement with the depositary of the master UCITS or AIF (or, if the depositary is also the depositary of the master UCITS or AIF, it will have drawn up suitable contract specifications).

**Article 7 - Statutory auditor**

A statutory auditor shall be appointed for six financial accounting periods, subject to agreement by the Autorité des marchés financiers, by the governing body or Executive Board of the management company.

The statutory auditor shall certify the lawfulness and accuracy of the financial statements.

The appointment of the statutory auditor may be renewed.

The statutory auditor is required to immediately report to the Autorité des marchés financiers any act or decision relating to the AIF that it may become aware of in the exercise of its mission, that is likely to:

1. Constitute a breach of the laws or regulations applying to the undertaking and may have a material impact on its financial situation, earnings or assets;

2. Compromise its business continuity;

3. Lead to reservations or a refusal to certify the financial statements.

The statutory auditor shall supervise the valuation of assets and the calculation of exchange rates for conversions, mergers or demergers.

The statutory auditor shall be responsible for appraising all contributions and redemptions in kind, excluding redemptions in kind for an ETF on the primary market.

The statutory auditor shall verify the accuracy of the structure of the assets and other elements before publication.

The statutory auditor's fees shall be mutually agreed by the statutory auditor and the management company's Board of Directors or Executive Board, in accordance with a programme of work that shall specify the tasks considered to be necessary.

The statutory auditor shall certify the statements used to calculate interim income distributions.

*Optional clause*

If the fund is a feeder AIF:

- The statutory auditor will have entered into an information-sharing agreement with the statutory auditor of the master UCITS or AIF.

- If the statutory auditor is also the statutory auditor of the master UCITS or AIF, it shall establish a suitable programme of work.

The statutory auditor's fees shall be included in the management fees.

**Article 8 - Financial statements and management report**

At the close of each financial accounting period, the management company shall compile summary statements and a report on the management of the fund (and for each compartment, where applicable) with respect to the accounting period just ended.

The management company shall establish, at least every half-year and under the supervision of the depositary, an inventory of the assets of the AIF.

The management company shall make these documents available to the unitholders within six months of the end of the financial accounting period and shall inform them of the amount of income accruing to them. These documents shall either be mailed to unitholders at their express request, or made available to them at the management company's premises.

**TITLE 3 - PROCEDURES FOR ALLOCATION OF INCOME**

**Article 9 - Procedures for allocation of income**

(Complete as appropriate)

This section sets out the major principles governing the allocation of distributable income.

The specific terms and conditions shall be included in the prospectus.

**TITLE 4 - MERGERS/DEMERGERS/WINDING UP/LIQUIDATION**

**Article 10 - Mergers/Demergers**

The management company may either contribute some or all of the assets in the fund to another UCITS or AIF, or may split the fund into two or more other funds.

Such mergers and demergers may only be carried out after notification thereof to the unitholders. Such transactions shall give rise to the issue of a new certificate specifying the number of units held by each unitholder.

*Optional clause*

The provisions of this article shall apply to each compartment.

**Article 11 - Winding up/Extension**

If the assets of the fund (or compartment, where applicable) fall below the amount specified in Article 2 above and remain there for thirty days, the management company shall notify the Autorité des marchés financiers and proceed with the winding up of the fund (or compartment, where applicable), except in the event of a merger with another fund.

The management company may wind up the fund early (or compartment, where applicable). It shall notify the unit-holders of its decision and shall no longer accept orders for subscriptions or redemptions with effect from that date.

The management company shall also wind up the fund (or a compartment, where applicable) if an order is received for the redemption of all units, if the depositary ceases to perform its function and no other depositary has been appointed, or if the term of the fund expires, unless it has been extended.

The management company shall notify the Autorité des marchés financiers by mail of the date and procedure adopted for the winding up of the fund. It shall then send the report of the statutory auditor to the Autorité des marchés financiers.

The management company may decide to extend the term of a fund subject to the agreement of the depositary. Its decision must be made at least three months before the scheduled expiry of the term of the fund, and it must notify the unitholders and the Autorité des marchés financiers thereof.

**Article 12 - Liquidation**

In the event of liquidation, the management company or the depositary shall assume the functions of liquidator; failing that, the liquidator shall be appointed by the court at the request of any interested party. In this regard, they shall be granted full powers and authority to divest assets, pay any creditors, and divide the remaining balance among the unitholders in the form of cash or securities.

The statutory auditor and the depositary shall continue to perform their functions until the liquidation procedures have been completed.

*Optional clause*

The rules shall specify the procedures for distribution of the assets in the event of the liquidation of one or more compartments.

**TITLE 5 - DISPUTES**

**Article 13 - Jurisdiction - Address for service**

Any disputes relating to the fund, which may arise during the term of the fund or upon its liquidation, either among the unitholders, or between unitholders and the management company or the depositary, shall be subject to the jurisdiction of the competent courts.

1. KIID: Key investor information document [↑](#footnote-ref-1)