



AUTHORISATION PROCEDURES, PREPARATION OF A KIID¹ AND A PROSPECTUS, AND PERIODIC REPORTING FOR EMPLOYEE SAVING SCHEME FUNDS

References: Articles 424-1 et seq. of the AMF General Regulation

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¹ KIID: Key Investor Information Document

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This document includes annexes that may be viewed under the "Annexes and links" tab:

Annex I – Authorisation application form for the formation of an employee saving scheme fund (or a sub-fund of an employee saving scheme fund)

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Annex V - Reference framework for the undertaking signed by the management company

Annex VI - Authorisation of changes to an employee saving scheme fund (or sub-fund of an employee saving scheme fund) that require pre-approval

Annex VI bis - Procedures for completing authorisation forms for changes subject to pre-approval

Annex VII - Authorisation following a request for additional information

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Annex IX - Multiple change request

Annex X – Standard template for individual notification of unitholders or shareholders

Annex XI – Standard template of the Key Investor Information Document (KIID)

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Annex XV - Statistical and financial data to be filed with the Autorité des Marchés Financiers

Annex XVI - Reporting form for annual statistics on employee saving scheme funds

Unless expressly stipulated otherwise, the term “management company” in this instruction means asset management companies authorised in France² or management companies authorised in a Member State other than France that manage one or more alternative investment funds (AIFs) in France under the freedom to provide services or the freedom of establishment.

This instruction is also applicable to employee savings plan investment funds (FCPE) within the scope of Article L. 214-165-1 of the Monetary and Financial Code, introduced by Ordinance n° 2017-1432 of 4 October 2017, unless stipulated otherwise.

Note that in this instruction and unless otherwise stated, the concepts of master AIF and feeder AIF are not to be understood as per Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011³ but as per Article L.214-24-57 of the Monetary and Financial Code.

² Whether subject to Title I or Title I bis of Book III of the AMF General Regulation.

³ These definitions, taken from Directive 2011/61/EU, are repeated in IV of Article L.214-24 of the Monetary and Financial Code.

Unless otherwise specified, where reference is made in this Instruction to the transmission of documents from the management company, this must be done through the GECO database extranet. However, those management companies located in another Member State than France and managing or wishing to manage an employee saving scheme fund shall transmit such documents to the following address: gio@amf-france.org.

CHAPTER I - PROCEDURES

Section I - Formation of an employee saving scheme fund

Authorisation process and authorisation waiting times to form an employee saving scheme fund

Step	Management company of an employee saving scheme fund (FCPE or SICAVAS)	Autorité des Marchés Financiers
1	File an authorisation application for an employee saving scheme fund	
2		Compliance verification Acknowledgement of receipt of the application by the AMF, specifying the waiting time for the authorisation decision <i>or</i> rejection of the application, with an explanation of the reasons for the rejection
3		Examination of the application Possible contact with the applicant Possible rejection of the application in the event of noncompliance with the procedure for authorising a "comparable" fund
4		Where applicable, a request for further information, which may or may not require the asset management company to submit a supplementary information sheet
4 bis	Where applicable, filing of the supplementary information sheet and the information requested within 60 days of the request	
4 ter		Receipt of the supplementary information sheet and the information requested Acknowledgement of receipt specifying the new deadline for the authorisation decision
5		Notice of the decision to grant or refuse authorisation, or implicit authorisation decision
6	Notification of the initial deposit certificate for SICAVAS	
7		Update of the GECO database
8	Submission of the final Key Investor Information Document (KIID) and	

	prospectus according to the procedures stipulated in Annex XV	
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Authorisation waiting times

Type of operation	Waiting time
Formation	One month (approx. 23 weekdays)
Formation of a feeder fund	15 business days (approx. 13 weekdays)
Creation under a fast-track process (Including the creation under the fast-track process of an employee saving scheme fund formed pursuant to a demerger decided on in accordance with the second paragraph of Article L. 214-24-33 or the second paragraph of Article L. 214-24-41 of the Monetary and Financial Code)	8 weekdays

Article 1 - Authorisation procedure

The formation of an employee saving scheme fund or a sub-fund of an employee saving scheme fund requires AMF authorisation. Subject to the marketing procedure arising from Directive 2011/61/EU (for employee saving scheme funds managed by management companies authorised under Directive 2011/61/EU), the units or shares in an employee saving scheme fund cannot be marketed until such authorisation has been obtained.

Specific provisions applicable to employee saving scheme funds managed by management companies authorised under Directive 2011/61/EU – Marketing procedure

Where the employee saving scheme fund is managed by an asset management company authorised in France in accordance with Directive 2011/61/EU,⁴ that company has to comply with Articles 421-1 and 421-13 of the AMF General Regulation before it starts marketing in France to professional clients and retail clients, respectively.

Where the asset management company wishes to apply for authorisation to market the units or shares in the employee saving scheme fund in France at the same time as it applies for authorisation for the said undertaking, the asset management company must fill out the authorisation application, appending the necessary documentation (see Annexes I and I bis or III and III bis).

The maximum waiting time of 20 business days mentioned in Article 421-2 of the AMF General Regulation for informing the asset management company whether it may begin marketing the employee saving scheme fund to professional clients also pertains to applications for marketing to retail clients. If the marketing procedure is carried out at the same time as the authorisation, this period starts to run on the authorisation date of the employee saving scheme fund, provided the application is complete. If the

⁴ The total asset value of managed AIFs, calculated in accordance with Article 2 of Commission Delegated Regulation (EU) No. 231/2013 of 19 December 2012, exceeds the limits set in Article R.532-12-1 of the Monetary and Financial Code or, where it is lower but the French asset management company has opted for full application of Directive 2011/61/EU.

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application is complete and compliant, notification for marketing in France will be issued along with the authorisation notification.

The asset management company shall refer to another AMF instruction where:

- a) it follows this procedure after the employee saving scheme fund has been authorised, in a situation where the employee saving scheme fund was not marketed on being authorised;
- b) it wishes to market the employee saving scheme fund in a Member State other than France under European passporting arrangements.

Where the employee saving scheme fund is managed by a management company authorised in a Member State other than France, the management company shall refer to another AMF instruction as regards marketing the fund in France.⁵

To obtain authorisation for the employee saving scheme fund, an application containing the items stipulated in this instruction must be filed with the AMF.

The authorisation application must be signed by a person duly empowered by the management company or a person authorised by the SICAV for employee shareholders (hereafter "SICAVAS") if the latter is self-managed. That person shall be either a legal representative, meaning one of the senior managers of the SICAVAS or the management company, or a specifically empowered person.

Once the application has been filed, the AMF may, at any point during the authorisation procedure, request proof of the powers vested in the person filing the application.

To avoid overly frequent requests to modify employee saving scheme funds, the authorisation applications must previously be subject to an in-depth and duly completed examination of all the features of such undertaking.

Article 2 - Filing the authorisation application

Article 2-1 - Standard process for filing authorisation applications

Under the terms of Article 424-2 of the AMF General Regulation, the authorisation application filed with the AMF to form an employee saving scheme fund must include:

- 1° Two copies – one copy only if the application is filed online – of the duly completed authorisation application form found in Annex I;
- 2° The attachments referred to in Annex I, along with any other document that the management company deems necessary for the examination of the application;
- 3° The signed letter of undertaking referred to in Annex II.

The application may be filed online through the extranet of the GECO database in the area reserved for the management company.

Article 2-2 - Fast-track process for filing authorisation applications

⁵ Note that marketing the units or shares in AIFs managed by a management company established in a Member State other than France to retail clients in France is subject to the specific requirements set out in Article 421-13 of the AMF General Regulation:

1. An instrument for the exchange of information and mutual assistance in the area of discretionary asset management has been set up between the AMF and the supervisory authority of the management company; and
2. The management company meets the requirements set out in a mutual recognition agreement establishing the specific requirements applicable to the authorisation of management companies of AIFs that may be marketed to retail clients concluded between the AMF and the supervisory authority of the management company.

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All employee investment funds (hereafter "FCPEs") and SICAVAS may use this procedure, with the exception of employee buyout funds.

Under the terms of II of Article 424-2 of the AMF General Regulation, every authorisation application filed with the AMF to form an employee saving scheme fund must include:

- The duly completed authorisation application form found in Annex III;
- The attachments referred to in Annex III along with any other document that the management company deems necessary for the examination of the application;
- The signed letter of undertaking referred to in Annex IV.

This article does not apply to an authorisation application file transmitted to the AMF under the terms of paragraph II of Articles 422-7 and 422-11 of the AMF General Regulation, for the creation of an employee saving scheme fund formed pursuant to a demerger decided on in accordance with the second paragraph of Article L. 214-24-33 or the second paragraph of Article L. 214-24-41 of the Monetary and Financial Code. Such applications are the subject of a specific application file described in Article 18-3 of this Instruction.

The application is filed online with the AMF through the extranet of the GECO database in the area reserved for the management company.

Article 2-2-1 - Eligibility for the fast-track authorisation procedure

I. For the purposes of point 1 of II of Article 424-2 of the AMF General Regulation: "The reference AIF and the comparable AIF shall be managed by the same asset management company or the same delegated investment manager, or by asset management companies or delegated investment managers belonging to the same corporate group and subject to the AMF's assessment of the information supplied by the asset management company of the comparable AIF in accordance with an AMF instruction".

If the comparable employee saving scheme fund and the reference employee saving scheme fund are managed by the same asset management companies or delegated investment managers belonging to the same corporate group, the AMF will assess their comparability in consideration of the use of common resources, management methods and control.

II. For the purposes of point 4 of II of Article 424-2 of the AMF General Regulation: "Subscribers to the comparable AIF must meet the conditions for subscribing or purchasing the reference AIF."

Marketing materials for the comparable employee saving scheme fund must not differ any more than necessary from those for the reference employee saving scheme fund filed with and examined, where applicable, by the AMF to the extent necessary, in order to maintain the consistency of the information provided in advertising with the Key Investor Information Document (KIID) and the prospectus of the comparable employee saving scheme fund. Differences, additions or omissions of information between the marketing materials for the comparable employee saving scheme fund and those for the reference employee saving scheme fund must be clearly identified in the authorisation application for the comparable employee saving scheme fund.

III. For the purposes of point 5 of II of Article 424-2 of the AMF General Regulation: "The investment strategy, risk profile, operating rules and articles of incorporation of the comparable AIF must be similar to those of the reference AIF".

The similarity of the investment strategy, risk profile, operating rules and articles of incorporation of the comparable employee saving scheme fund to those of the reference employee saving scheme fund will be assessed on the basis of the number and the nature of identical features of both employee saving scheme funds. Any differences, additions or omissions of information between the two employee saving scheme funds must be clearly identified in the authorisation application for the comparable employee saving scheme fund.

IV. For the purposes of point 3 of II of Article 424-2 of the AMF General Regulation: "The reference AIF must not have undergone any changes, other than those listed in an AMF instruction. At the reasoned

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request of the asset management company of the comparable AIF, the AMF may allow an AIF that has undergone changes other than those referred to in the instruction to be a reference AIF".

The changes referred to in point 3 of II of Article 424-2 of the AMF General Regulation are:

1° A change that does not require the authorisation of the AMF in the service providers involved in the investment management or in the administrative and accounting management of the reference employee saving scheme fund, or

2° An amendment to the Key Investor Information Document (KIID) and/or the prospectus of the reference employee saving scheme fund affecting one of the following:

- a) ISIN code, name of the employee saving scheme fund, expected period of existence;
- b) change in charges or the means of collecting charges;
- c) institution designated to centralise subscriptions and redemptions;
- d) accounting year;
- e) allocation of income;
- f) date and frequency of net asset value calculations;
- g) where and how the net asset value is disseminated;
- h) creation of unit or share classes not subject to AMF authorisation;
- i) assets used, provided that the change in such instruments does not affect other items that are not referred to in this article.

You are reminded that the management company's programme of activity must be consistent with any changes made.

You are reminded that by way of derogation from points 1° to 5° of paragraph II of Articles 422-7 and 422-11 of the AMF General Regulation, when the comparable employee saving scheme fund was created by a demerger of an employee saving scheme fund that had already been authorised by the AMF, pursuant to the second paragraph of Article L. 214-24-33 or the second paragraph of Article L. 214-24-41 of the Monetary and Financial Code, the comparability of the new employee saving scheme fund is assessed by the AMF notably on the basis of whether the investment strategy, risk profile, operating rules and articles of association of the comparable employee saving scheme fund are similar to those of the reference employee saving scheme fund.

This procedure cannot be used if the format of the reference employee saving scheme fund is a Key Investor Information Document (KIID) that has not been examined by the AMF as part of the initial authorisation procedure.

Article 2-3 - Filing authorisation applications for a temporary FCPE

For the formation of a temporary FCPE as defined in Article 31-6 of this instruction, the management company files with the AMF a single application for forming the temporary FCPE and merging it with the employee investment AIF.

This application must include:

- Two copies – one copy only if the application is filed online – of the duly completed authorisation application form found in Annex I of this instruction;
- The other attachments referred to in Annex I along with any other document that the management company deems necessary for the examination of the application;
- The signed letter of undertaking referred to in Annex II;
- The date on which the planned merger of the temporary FCPE and the employee investment AIF will take effect.

Where this date falls after the three-month period allowed for the merger or demerger, issuance of authorisation shall be considered as an express waiver within the meaning of Article 424-5 of the AMF General Regulation.

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The application may be filed online through the extranet of the GECO database in the area reserved for the management company.

Article 2-4 – Filing an MMF authorisation application

Regulation (EU) 2017/1131 of the European Parliament and of the Council of 14 June 2017, known as the “MMF Regulation”, came into force on 21 July 2018.

Any employee saving scheme fund corresponding to the definition of a “money market” fund within the meaning of said regulation, must obtain an MMF authorisation **in addition to its authorisation as an employee saving scheme fund** and choose one of the four classifications referred to in points 1° to 4° of Article 30-7 of this Instruction.

For the purposes of the initial authorisation application, the applications for authorisation as an AIF (as referred to in Article 1 of this Instruction) and under the terms of the MMF Regulation are filed at the same time in a single file on the GECO database.

The authorisation application file transmitted to the AMF for the purpose of **obtaining MMF authorisation** of an employee saving scheme fund comprises:

- The authorisation application form for a money market AIF (Annex I ter);
- The letter of undertaking for a money market AIF (Annex II bis).

Article 3 - Registration by the AMF

The AMF registers the authorisation application when it is received. An acknowledgement of receipt of the application is sent to the SICAVAS or to the management company. The acknowledgement of receipt certifies that the application has been filed with the AMF and stipulates the waiting period for authorisation.

If the application is incomplete or noncompliant, it is returned to the sender with an explanation of the reasons for its rejection. These reasons may be twofold:

1° Missing documents;

2° Documents are incomplete or fail to comply with the laws and regulations in force.

If the reference employee saving scheme fund or the comparable employee saving scheme fund do not meet the requirements referred to in II of Article 424-2, "the AMF shall notify the applicant, stipulating that the further information must be included in an authorisation application in accordance with the procedures described" in I of Article 2-1 of this instruction. The management company of the employee saving scheme fund must provide the AMF with the documents mentioned in Article 2-1 within the 60-day period referred to in the last paragraph of II of the same article.

Article 4 - Examination of the authorisation application by the AMF

The AMF may ask for any further information during its examination of the application. The management company or the SICAVAS may submit this information to the AMF electronically, by post or by fax, including the application’s references.

If the AMF asks for further information that requires submission of a supplementary information sheet, the AMF shall serve such notice, stipulating that the items requested must arrive within 60 days. In this case the waiting period is suspended. If the AMF fails to receive the said items within 60 days, the authorisation application is deemed to be rejected.

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The further information required must be submitted with a supplementary information sheet filled in using the template in Annex VII. The AMF acknowledges receipt when it has received all the information requested. The acknowledgement of receipt stipulates the new deadline for the authorisation decision.

The AMF's decision to grant authorisation is notified to the management company or the SICAVAS.

In the event that authorisation is not explicitly granted, the employee saving scheme fund will be deemed to be authorised as of the first day following the authorisation deadline stipulated in the acknowledgement of receipt of the authorisation application or in the acknowledgement of receipt of the further information requested.

Article 4-1 - Requirements for delegation of management tasks

If the employee saving scheme fund or the management company wishes to delegate management of the employee saving scheme fund, notably investment management,⁶ it must comply with the applicable provisions.

As regards asset management companies authorised in France, these rules are provided for in Articles 321-97⁷ or 318-62⁸ of the AMF General Regulation.

Asset management companies authorised in France shall refer also to instruction 2008-03.

Article 4-2 - Self-managed SICAVAS

In accordance with point 3 of Article 422-2 of the AMF General Regulation,⁹ SICAVAS that do not delegate the overall management of their portfolio must meet all the requirements applicable to asset management companies.

Consequently they must file an application with the AMF that complies with the programme of activity required for the authorisation of a management company.

Article 4-3 - Auditors

When a SICAVAS or an FCPE is being formed, the authorisation application filed with the AMF must specify the name of the statutory auditor contacted along with the name(s) of the individual(s) responsible for auditing the SICAVAS or FCPE where the auditor is a legal entity.

At the request of the AMF, the auditor must submit the list of its auditing assignments in collective investments and asset management companies, along with the date of appointment to functions performed, the latest budget invoiced or forecasted in the case of a company/fund formation along with its latest total turnover figure.

The management company ensures that a work programme jointly agreed between the auditor and the SICAVAS or the management company is made available to the AMF. The programme must specify the

⁶ Or, for management companies authorised under Directive 2011/61/EU, risk management.

⁷ For asset management companies governed by Title I quater of Book III of the AMF General Regulation in respect of their AIF management business.

⁸ For asset management companies governed by Title I bis of Book III of the AMF General Regulation in respect of their AIF management business.

⁹ Applicable by reference from Article 424-1 of the AMF General Regulation to employee saving scheme funds and to employee savings plan investment funds (FCPE) subject to Article L. 214-165-1 of the Monetary and Financial Code by reference from Article 424-16.

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number of hours, broken down by audit task and nature of the activities. It should take into account, where applicable, the specific features of umbrella employee saving scheme funds and the master and feeder employee saving scheme funds. The forecast auditing fees for these activities must be made available to the AMF, along with the hourly rate being considered.

Article 5 - Completion of the authorisation procedure

Article 5-1 - Deposit certificate for the initial capital of SICAVAS

I. The SICAVAS or the management company must send the AMF the deposit certificate for the initial capital of the SICAVAS immediately after the funds have been deposited.

II. If this document is not received within twelve months of the authorisation, the AMF shall deem the authorisation null and void and so notify the SICAVAS or the management company in writing. Lapse of authorisation may be confined to sub-funds that have failed to file their letter of undertaking or fund deposit certificate.

III. Where warranted by special circumstances, the SICAVAS or the management company may make a reasoned request for an extension of the deadline for depositing the funds. The request may be sent to the AMF by post or online through the extranet of the GECO database in the area reserved for the management company. It should state the desired date and must reach the AMF before the date on which the authorisation is declared null and void. If the management company chooses the online procedure, it must attach a PDF file of the letter requesting the extension, signed by a duly empowered person, to its email message. The AMF will notify the SICAVAS or the management company of its decision within eight weekdays of receiving the request.

IV. The first net asset value of the employee saving scheme fund must be calculated as soon as the funds have been deposited.

Article 5-2 - Submission of the final versions of the KIID and prospectus to the AMF

The SICAVAS or the management company must electronically send the AMF the final versions of the Key Investor Information Document (KIID) and prospectus, appending the rules or the articles of incorporation, in accordance with the requirements defined in Annex XV.

Section II - Changes (subject to pre-approval / subject to ex-post notification) during the life of an employee saving scheme fund and procedures for notifying investors

Article 6 - Changes

According to Article 422-16 of the AMF General Regulation,¹⁰ "There are two types of changes that can occur during the life of [an employee saving scheme fund] (...):

1. Changes subject to pre-approval;
2. Changes subject to ex-post notification."

Changes cannot be implemented, depending on the circumstances, until the depositary has been informed or given its consent and the AMF has been informed or granted its authorisation. Some changes must be added to the AMF's GECO database.

Where changes subject to pre-approval also involve changes subject to ex-post notification, the latter will still be governed by Sub-section 3 of this instruction.

¹⁰ *Applicable by reference from Article 424-1 of the AMF General Regulation to employee saving scheme funds.*

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If a change occurs that is not covered by this instruction, the management company will contact the AMF beforehand to determine the appropriate way of dealing with it.

Article 6-1 - Streamlined formalities

Where warranted by special circumstances, the AMF may authorise the management company or the SICAVAS to streamline some of the formalities stipulated in this section.

Article 6-2 - Administrative management of “multiple changes”

“Multiple” changes occur when the same change is made simultaneously to more than 20 employee saving scheme funds.

I. Changes subject to pre-approval

When the same change applies simultaneously to more than 20 employee saving scheme funds, the management company of these undertakings may ask the AMF in writing to update the corresponding information on the GECO database.

When “multiple” changes subject to pre-approval take place, the AMF updates the relevant data in the GECO database (in accordance with Annex IX). However, the procedures for preparing an authorisation application defined in Sub-section 2 of this section may be adapted.

II. Changes subject to ex-post notification

Any request dealing with “multiple” changes subject to ex-post notification must specify the following:

- 1° The nature of the change;
- 2° The complete list of the employee saving scheme funds concerned, including their names and the ISIN/external code for each class of units or shares;
- 3° The date on which the change is to take place. This date must not be less than eight weekdays after the date on which the AMF receives the written request.

When a request made under the terms of this article is incomplete or does not comply with the regulations in force, the AMF will notify the management company or the SICAVAS in writing and explain the reasons for the rejection of the request:

- missing or incomplete documents;
- failure to comply with regulations in force.

Sub-section 1 - Changes occurring in the life of an employee saving scheme fund

Article 7 - General provisions

Articles 8 to 12 of this instruction list the changes to employee saving scheme funds that qualify as changes subject to pre-approval or changes subject to ex-post notification, as applicable.

The table in Article 8 lists the obligations of management companies or SICAVAS with regard to authorisation and notification of subscribers of employee saving scheme fund depending on the changes to the employee saving scheme fund.

The “authorisation” column shows whether the change requires AMF authorisation. All changes subject to ex-post notification must simply be reported to the AMF via the GECO extranet of the management company by the day that the change takes effect at the latest.

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The “individual notification” and “notification by any means”¹¹ columns show the procedures for notifying unitholders or shareholders of each change.

Individual notification of unitholders or shareholders and the option to redeem units or shares free of charge are not required when all unitholders or shareholders have given their prior consent to the change being considered.

All changes that do not require the AMF’s authorisation and/or do not require individual notification may be notified to investors by any means.

In the latter case, the words “after the fact” show whether the notification of the change to unitholders or shareholders can be given after the change takes effect. Failing that, the notification must be given to unitholders or shareholders before the change takes effect and within a reasonable timeframe.

The “redemption/switch free of charge” column shows whether unitholders or shareholders have to be offered the option of redeeming their units or shares free of charge.

Pursuant to Articles L. 214-164 and L. 214-165 of the Monetary and Financial Code, the supervisory board of the FCPE decides on mergers, demergers and liquidations. These are changes subject to pre-approval by the AMF (except in the case of liquidation following redemption of all the units on the initiative of the unitholders or demergers decided on pursuant to the second paragraph of Article L. 214-24-33 or the second paragraph of Article L. 214-24-41 of the Monetary and Financial Code). Other amendments to an FCPE’s regulations are decided under the conditions set forth in the fund’s regulations.

Within the framework of a demerger decided upon under the terms of the second paragraph of Article L. 214-24-33 or the second paragraph of Article L. 214-24-41 of the Monetary and Financial Code, the management company, in accordance with Articles D. 214-32-12 and D. 214-32-15 of the Monetary and Financial Code, informs the holders of units or shares immediately of the transfer of assets and sends them in particular a report justifying the decision and setting out the procedures. This notification is individual and does not open up an entitlement for the holders of units or shares in the demerged employee saving scheme fund to exit free of charge. It may be accompanied by general information (via a news release or information on the management company’s website, for example). The documents intended for the notification of the holders of units or shares in the old and the new employee saving scheme fund are also placed at their disposal by the portfolio asset management company, in accordance with Articles D. 214-32-12 and D. 214-32-15 of the Monetary and Financial Code.

Article 8 - Summary table of changes to the KIID and/or the prospectus of an employee saving scheme fund, notification of unitholders and redemption free of charge

Changes	Authorisation	Individual notification	Redemption free of charge when assets become available / Switching free of charge	Notification by any means
Key Investor Information Document				
Name of employee saving scheme fund				x
Management company	x	x (outside group or intra-group with change of nationality)	x (outside group or intra-group with change of nationality)	x (intra-group without change of nationality)

¹¹ Dissemination methods are explained in detail in Sub-section 4 of Section II of Chapter I

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Changes	Authorisation	Individual notification	Redemption free of charge when assets become available / Switching free of charge	Notification by any means
<i>Investment objectives and policy</i>				
- Investment objectives and policy	x (see Art. 11)	x if absolute exposure to one or more types of risk exceeds 20% of net assets	x if absolute exposure to one or more types of risk exceeds 20% of net assets	x if absolute exposure to one or more types of risk becomes less than or equal to 20% of net assets
- Benchmark				x
Other information: recommended holding period				x
- Appropriation procedures: appropriation of net income and realised net capital gains		x	x	x Only in the case of employee saving scheme funds seeking to explain their distribution procedures
Risk/reward profile	x General case: if a change to the level of risk stemming from a change in investment objectives or policy is greater than 20% of net assets in terms of exposure Case of FCPEs invested in securities not admitted to trading on a regulated market: if investment	x General case: if a change to the level of risk stemming from a change in investment objectives or policy is greater than 20% of net assets in terms of exposure Case of FCPEs invested in securities not admitted to trading on a regulated market: if investment	x General case: if a change to the level of risk stemming from a change in investment objectives or policy is greater than 20% of net assets in terms of exposure Case of FCPEs invested in securities not admitted to trading on a regulated market: if investment objective or policy changes by more than 20% of net assets in terms of net exposure	x General case: if a change to the level of risk stemming from a change in investment objectives or policy is less than or equal to 20% of net assets in terms of exposure Case of FCPEs invested in securities not admitted to trading on a regulated

Changes	Authorisation	Individual notification	Redemption free of charge when assets become available / Switching free of charge	Notification by any means
	objective or policy changes by more than 20% of net assets in terms of net exposure	objective or policy changes by more than 20% of net assets in terms of net exposure		market: if investment objective or policy changes by 20% or less of net assets in terms of net exposure
Consideration of non-financial criteria in the management method, by way of derogation from Article 11 § 1 ¹²		x		
Change of master UCITS or AIF ¹³	x	x	x	
Subscription fee (adjustable entry fees retained)				x only if it is increased after the fact
Redemption fee (adjustable exit fees retained)		x if it is increased	x if it is increased	

¹² When the introduction of the consideration of non-financial criteria does not only affect the management method applied (e.g. security selection policy), the effect of the changes that are made must be assessed in light of the criteria referred to in Article 11 and notably the change to the risk and reward profile. In this respect, the consideration of non-financial criteria may be subject to authorisation by the AMF in the event of a change to the risk scale level. The procedures for changes subject to pre-approval, as described in this Instruction, shall then apply, in particular on individual notification with the possibility of an exit from the fund free of charge, etc. On this point, it is the responsibility of the management companies to determine the extent to which the introduction of the consideration of non-financial criteria affects the risk profile e.g. impact of any sector bias or of a change in management style, etc.).

¹³ The master/feeder structure is excluded:

- on the one hand, from the regime of FCPEs subject to Article L. 214-165 of the Monetary and Financial Code on account of the rules applicable to them;

- on the other hand, from Article L. 214-165-1 of said Code pursuant to Article 424-17 of the AMF General Regulation.

Changes	Authorisation	Individual notification	Redemption free of charge when assets become available / Switching free of charge	Notification by any means
Performance fee (increase - entry into force one month after investors have been informed)		x if it is increased (where the prospectus indicates a maximum portion of the performance that may be charged: only if this portion increases)	x if it is increased (where the prospectus indicates a maximum portion of the performance that may be charged: only if this portion increases)	x if it is decreased after the fact
<i>Practical information</i>				
Legal form (individualised, group-individualised or multi-company employee saving scheme fund)				x
- Where to find information about the employee saving scheme fund				x
- Where to find the net asset value				x
- Where to find information about unit or share classes				x
- Depository	x	x (outside group)	x (outside group)	x (intragroup)
- Account keeper		x If changed or eliminated		x If added
- Composition of the supervisory board			x	x
- Valuing securities of the company or a company related to it and not admitted to trading on a regulated market	x If the method for valuing securities is changed		x If the method for valuing securities is changed	x If the method for valuing securities is changed

Changes	Authorisation	Individual notification	Redemption free of charge when assets become available / Switching free of charge	Notification by any means
	<p>x</p> <p>If the weighting in a multi-criteria valuation method is changed¹⁴ if this modification changes the value of the company by more than 20% (in either direction) compared to the valuation that would have been obtained by applying the previous weighting</p>			<p>x</p> <p>If the weighting in a multi-criteria valuation method is changed¹⁵</p>
- Change in the liquidity guarantee mechanism	X	x	x	
Rules or articles of incorporation				
- Classification, where applicable ¹⁶ (except MMF classification) ¹⁷ or investment objective and strategy	x see Art. 11	x in case of absolute change of exposure to one or more risk typologies strictly higher than 20% of net assets	x in case of absolute change of exposure to one or more risk typologies strictly higher than 20% of net assets	x in case of absolute change of exposure to one or more risk typologies strictly less than or equal

¹⁴ See DOC-2012-10-Guide to employee saving scheme funds

¹⁵ See DOC-2012-10-Guide to employee saving scheme funds

¹⁶ With the exception of the classifications referred to in Articles 30-7, 30-9, 30-10 and 30-11 of this instruction, the fund classifications, as provided for in Article 30, are only applicable for the employee saving scheme funds that have chosen to retain them.

¹⁷ The MMF classifications are subject to the rules set out in Article 8-1 of this Instruction.

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Changes	Authorisation	Individual notification	Redemption free of charge when assets become available / Switching free of charge	Notification by any means
				to 20% of net assets
- Abandoning of classification ¹⁸ (except MMF classification) ¹⁹				x
- Institution designated to receive subscription-redemption orders		x Only if the organisation is eliminated		x After the fact
- Auditor	x if the AMF staff does not know the auditor			x After the fact
- Delegation of investment management	Commitment by the asset management company to ensure compliance with its programme of activity	x Delegation to a company outside the group of more than 50% of the net assets of the employee saving scheme fund	x Delegation to a company outside the group of more than 50% of the net assets of the employee saving scheme fund	x Delegation to a company outside the group of less than 50% of the net assets of the employee saving scheme fund, or delegation to a company in the same group
- Delegation of administration and accounting	Commitment by the asset management company to ensure compliance with its programme of activity			
- Guarantor	X	x (outside group)	x (outside group)	x (intragroup)

¹⁸ In accordance with Article 30 of this instruction, the classifications referred to in Articles 30-7 (money market funds), 30-9 (formula funds), 30-10 (funds invested in securities of the company) and 30-11 (funds invested in less than one third of the securities of the company) cannot be abandoned on a decision by the employee saving scheme fund.

¹⁹ The MMF classifications are subject to the rules set out in Article 8-1 of this Instruction.

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Changes	Authorisation	Individual notification	Redemption free of charge when assets become available / Switching free of charge	Notification by any means
- Guarantee or protection (solely in the interest of the unitholders or shareholders)	X	x		
- Lapse of the guarantee on the expiry date given in the guarantee				x
- Change of the holding threshold of the UCITS or AIF				x
- Minimum initial subscription amount				x After the fact
- Introduction of a subscription notice period or modification of an existing subscription notice period/Reduction of an existing redemption notice period				x
- Introduction of a redemption notice period or increase in an existing redemption notice period		x	x	
Gates	X	x	x	
- Option to trigger the closing or reopening of subscriptions				x
- Introduction of a swing pricing mechanism				x
- Increase in charges		x If items: - 1 + 2* + 3: - or 4: - or 5** are increased and payable by	x If items: - 1 + 2* + 3: - or 4: - or 5** are increased and payable by unitholders/sharehold	x After the fact if payable by the company If this is payable by

Changes	Authorisation	Individual notification	Redemption free of charge when assets become available / Switching free of charge	Notification by any means
		<p>unitholders/share-holders (see table in rules or articles of incorporation)</p> <p>Takes effect one month after investors have been informed</p> <p>* if item 2 is increased by more than 10 basis points per calendar year (except for money market employee saving scheme funds or short-term money market employee saving scheme funds)</p> <p>**if increased or, where applicable, the maximum portion of performance that may be charged is increased</p>	<p>ers (see table in rules or articles of incorporation)</p> <p>*if item 2 is increased by more than 10 basis points per calendar year (except for money market employee saving scheme funds or short-term money market employee saving scheme funds)</p> <p>**if increased or, where applicable, the maximum portion of performance that may be charged is increased</p>	<p>unitholders/share-holders and if item 2 is increased by 10 basis points or more per calendar year (except for money market employee saving scheme funds or short-term money market employee saving scheme funds) and subject to this being specifically detailed in the prospectus</p>
- Order centralisation (time and date)				x
- Decrease in the frequency of net asset value calculations		x	x	
- Increase in the number of days between the centralisation date and the settlement date		x	x	

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Changes	Authorisation	Individual notification	Redemption free of charge when assets become available / Switching free of charge	Notification by any means
- Frequency of distributions				x
- Base currency of one unit/share class		x	x	
- Creation/elimination of a unit or share class (C, D or other if there are no holders in the unit or share class eliminated)				x After the fact
- Liquidation of a unit/share category ²⁰	x	x Only for unitholders or shareholders of the relevant unit or share class		x After the fact only for unitholders or shareholders of the unit or share classes that are not concerned
- Reverse split of a unit or share category		x Only for unitholders or shareholders of the relevant unit or share class (eliminated unit(s))		x Only for unitholders or shareholders of the unit or share classes that are not concerned
- Splits of a unit or share category, decimalisation				x
- Accounting year				x
- Rules for valuing securities not admitted to trading on a regulated market				x

Any change to the legal structure of the employee saving scheme fund (conversion of an employee saving scheme fund into a feeder fund, conversion of an umbrella employee saving scheme fund) is a change subject to pre-approval.

²⁰ Except where an employee saving scheme fund is wound up following the redemption of all shares and units on the initiative of the unitholders or shareholders (see article 18-2 of this instruction).

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Transactions to merge or wind up an employee saving scheme fund (except where the undertaking is wound up following the redemption of all shares or units) are also changes subject to pre-approval.

The treatment of changes that are specific to money market funds is set out in Articles 8-1 and 8-2 of this Instruction.

In accordance with Article 6 of this instruction, if a proposed change, such as an amendment of the fund rules or articles of incorporation, for example, is not covered by Article 8 of this instruction, the management company will contact the AMF beforehand to determine the appropriate way of handling it.

Article 8-1 Specific provisions for money market funds.

The table below presents the changes that are likely to occur during the lifetime of a money market fund or of a fund wishing to become a money market fund, **without prejudice** to the application of the provisions of Article 8.

Specific changes linked to MMF authorisation				
Changes	MMF authorisation	Individual notification	Exit free of charge	Notification by any means
Obtain MMF authorisation for an existing fund	X			X
Change of type (e.g. from CNAV to VNAV) ²¹	X	X	X	
Exit from the scope of the MMF Regulation	X	X	X	

N.B.:

- Where the change that is made requires both MMF authorisation under the terms of this article and pre-approval under the terms of Article 8, the fund must file the application to change the AIF and the MMF authorisation application in a single file in the GECO database. This single file will be processed in accordance with the procedures set out in Articles 15 and 16 of this Instruction.
- For an exit from the scope of the MMF Regulation, the abandonment of the authorisation is notified to the AMF. The individual notification obligation with the possibility of an exit free of charge allows investors to identify that the fund no longer has AMF authorisation;
- For a fund already authorised as an MMF, a change from short-term to standard or vice-versa without a change of type (e.g. from short-term VNAV to standard VNAV), does not require authorization under the terms of the MMF Regulation and is assessed on the basis of Article 8.

Article 8-2. Specific regime under Article 17 (7) of the MMF Regulation – investment of fund assets in money market instruments issued or guaranteed by an issuer of public debt

In accordance with the provisions of Article 17 (7) of the MMF Regulation, a money market fund may invest up to 100% of its assets in securities issued by the same issuer of public debt, provided that the

²¹ By the terms of Article 3(2) of Regulation (EU) 2017/1131, a new MMF authorisation must be delivered. Automatic transformations of CNAV and LVNAV funds into VNAV funds in the event of extended suspensions of redemptions (see Article 34(2) of Regulation (EU) 2017/1131) do not require a new MMF authorisation.

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issues are diversified, investors are informed and authorization is delivered by the competent authority for the fund.

The AMF authorises money market funds to make use of this derogation provided that they apply the conditions referred to in Article 17 (7) of the MMF Regulation.

In practice, the AMF is likely to examine any use of the Article 17 derogation in two hypotheses:

- **At the money market fund authorisation stage:** the money market fund indicates its intention to make use of the Article 17 (7) derogation in its authorisation application (see Article 2.4);
- **During the life of the money market fund:** use of the Article 17 (7) derogation is deemed to be a change of investment policy on the terms set out in Article 11 of this Instruction.

Article 9 - Changes affecting the parties

I. Change of the management company of the employee saving scheme fund

Any change affecting the appointment of the management company of the employee saving scheme fund constitutes a change subject to pre-approval. The AMF grants authorisation for such changes, as applicable, when the management company's programme of activity is updated.

II. Change affecting the depositary of the employee saving scheme fund

Any change affecting the appointment of the depositary institution for the assets of the employee saving scheme fund constitutes a change that is subject to pre-approval. The AMF grants authorisation for such changes, as applicable, when the management company's programme of activity is updated.

In any event, the employee saving scheme fund must be able to prove the effective appointment of a depositary institution for its assets at all times.

III. Delegation of the administrative management and/or accounting of the employee saving scheme fund

Delegation of the administrative management and/or accounting of the employee saving scheme fund does not constitute a change subject to pre-approval. It may be done only in accordance with the requirements referred to in Article 321-97²² or, as appropriate, Article 318-62²³ of the AMF General Regulation. The central administration of the employee saving scheme fund must be located in France. The management company's programme of activity must describe the administrative management and/or accounting structure of the employee saving scheme fund under its management and specify how much administrative management and accounting is delegated.

IV. Delegation of investment management of the AIF

²² For asset management companies covered by title I quater of book III of the AMF General Regulation for their AIF management activity.

²³ For asset management companies covered by title I bis of book III of the AMF General Regulation for their AIF management activity.

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An asset management company authorised in France may delegate the investment management of an employee saving scheme fund in accordance with the requirements referred to in Article 321-97²⁴ or, as appropriate, Article 318-62²⁵ of the AMF General Regulation.

Any change affecting the appointment of the delegated investment manager of the employee saving scheme fund constitutes a change subject to ex-post notification. Delegation of investment management must be consistent with the asset management company's programme of activity. In particular, any plan to sub-delegate investment management requires the explicit approval of the AMF as part of the management company's programme of activity, before being implemented in an AIF.

The AIF must notify the AMF, using the form in Annex VIII of this instruction, of any change affecting a delegated investment manager or a sub-delegated investment manager.

If a SICAVAS delegates all its investment management to a management company, any change affecting the appointment of the delegated management company constitutes a change to the SICAVAS that is subject to pre-approval, in accordance with the requirements referred to in I. above. A SICAVAS may use sub-delegated investment managers subject to the same requirements set out in the first and second paragraphs of point IV of this article.

V. Statutory auditor of the AIF

The appointment of a statutory auditor by the AIF will be deemed to have the AMF's approval if the appointment of the auditor has already been approved by the AMF as part of the formation of another AIF authorised by the AMF.

VI. Change of account-keeper

This change is not considered to be a change subject to AMF authorisation.

Article 10 – Change to the structure of an AIF or to its operating rules

Any change to the structure of an AIF is subject to pre-approval if it entails:

- 1° converting an employee saving scheme fund covered by Article L. 214-164 of the Monetary and Financial Code to an employee saving scheme fund covered by Article L. 214-165 of the same Code, or vice-versa;
- 2° converting an employee saving scheme fund to an umbrella employee saving scheme fund, or vice-versa;
- 3° converting an employee saving scheme fund to an employee buyout fund, or vice-versa;
- 4° changing the valuation rules for securities not admitted to trading on a regulated market;
- 5° changing a mechanism that guarantees the liquidity of an employee saving scheme fund.

Article 11 – Change of the investment policy of the AIF

Any change affecting the investment strategy constitutes a change subject to pre-approval if it concerns:

1° The management method used by the AIF

For example, a change to the methods for picking financial instruments will be deemed to be a change to the AIF that is subject to pre-approval and, as such, requires authorisation. On the other hand, a change in the benchmark sector does not require authorisation as a change subject to pre-approval.

2° Risk and reward profile of the AIF

²⁴ For asset management companies covered by title I quater of book III of the AMF General Regulation for their AIF management activity.

²⁵ For asset management companies covered by title I bis of book III of the AMF General Regulation for their AIF management activity.

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Change of the risk and reward profile is assessed if the change of the level of risk stemming from a change in investment objectives or policy is greater than 20% of net assets in terms of exposure, with the exception of employee saving scheme funds invested in securities not admitted to trading on a regulated market.

In the latter case, the change of the risk and reward profile is assessed if the change of the level of risk stemming from a change in investment objectives or policy is greater than 20% of net assets in terms of exposure. For instance, the consideration of non-financial criteria is subject to authorisation by the AMF in the event that it changes the risk scale level of the UCITS.

3. Guarantee of the AIF.

Article 11-1: Option to close or reopen subscriptions

The AIF provides for the option of partially or fully closing subscriptions in its fund rules or articles of incorporation as of its creation. For existing funds, the fund rules or articles of incorporation provide for this option at the next update of the fund's regulatory documentation, and no later than 30 June 2019, without this amendment being subject to authorisation.

Existing unitholders shall be informed by any means possible of the triggering of this tool, as well as of the threshold and the objective situation that enabled the partial or total closing to be triggered. In the case of partial closing, this information by any means will explicitly specify the terms under which existing unitholders may subscribe following the closing. For example, setting a cap on subscriptions for each net asset value may be considered.

On falling below the triggering threshold, the reopening of subscriptions is possible, but not mandatory. The modification in the objective situation invoked or the triggering threshold of the tool is the responsibility of the asset management company and must always be carried out in the interest of the unitholders. The exact reasons for these modifications must be explained to unitholders in the information by any means.

The removal of the tool, or the absence of the removal of the tool motivated by a change of threshold or objective situation, in the event of falling below the threshold mentioned in the most recent information by any means, must also be the object of information by any means.

Article 12 - Master and feeder structures²⁶

Conversion of an AIF to a feeder AIF as well as changes to feeder AIFs are assessed with reference to Articles 10 and 11 of this Instruction.

Article 13 - Notification and/or consent of the depositary and the statutory auditor

I. Any change to an AIF that requires pre-approval must obtain the unqualified consent of the depositary before the authorisation application is filed with the AMF.

II. Any change to an AIF that is subject to ex-post notification requires the prior disclosure to or consent of the depositary before it is implemented in accordance with the terms of the agreement between the management company and its depositary. The management company must make the notification or consent of the depositary available to the AMF.

III. The statutory auditor of the AIF must be informed of all changes, whether subject to pre-approval or to ex-post notification.

The statutory auditor of the employee saving scheme fund must be informed beforehand of any planned modifications, particularly in the following cases:

²⁶ *The master/feeder structure is excluded:*

- *on the one hand, from the regime of FCPEs subject to Article L. 214-165 of the Monetary and Financial Code on account of the rules applicable to them;*

- *on the other hand, from Article L. 214-165-1 of said Code pursuant to Article 424-17 of the AMF General Regulation.*

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- changes affecting the mechanism guaranteeing the liquidity of the securities;
- changes to the valuation rules for securities not admitted to trading on a regulated market that are held by the employee saving scheme fund.

Sub-section 2 - Changes subject to pre-approval

Authorisation process and authorisation waiting period for a change requiring pre-approval to an employee saving scheme fund

Step	Management company of an FCP or a SICAVAS	Autorité des Marchés Financiers
1	Filing of an authorisation application for a change subject to pre-approval	
2		Compliance verification Acknowledgement of receipt of the application by the AMF specifying the waiting time for the authorisation decision <i>or</i> return of application with an explanation of the reasons for its rejection
3		Examination of the application Possible contact with the applicant
4		Request for further information, which may or may not require the management company to submit a supplementary information sheet
4 bis	Where applicable, filing of a supplementary information sheet and the information requested within 60 days of the request	
4 ter		Receipt of the supplementary information sheet and the information requested Acknowledgement of receipt stipulating the new expiry date of the new authorisation waiting period
5		Notice of the decision to grant or refuse authorisation, or implicit authorisation decision
6	Notification of holders individually, through the press or any medium, depending on the circumstances	
7		Updating of the GECO database
8	Filing of final Key Investor Information Document (KIID) and prospectus in accordance with the process stipulated in Annex XV	

Authorisation waiting times

Type of operation	Waiting time
Change subject to pre-approval to a feeder AIF	15 business days (approx. 13 weekdays)
Mergers and demergers	20 business days (approx. 17 weekdays)
Other changes subject to pre-approval	8 weekdays

Article 14 - Filing the authorisation application

Article 14 - 1 – Usual case

Any changes subject to pre-approval must be submitted to the AMF as a file that includes:

1° Two copies – only one copy if the application is filed on-line – of the authorisation form in Annex VI. Each section must be filled in and the sections affected by the change must be clearly identified;

2° Where the change requiring pre-approval is subject to the prior agreement of the supervisory board, a simple letter stating the reason for the change and the date of validation by the supervisory board, and confirming that the board meeting was duly held and proceeded in accordance with the requirements set forth in the rules. The management company shall make the minutes of the supervisory board available to the AMF;

3° The attachments mentioned in Annex VI, along with any other document that the management company deems necessary for the examination of the application.

If an identical change subject to pre-approval affects more than one AIF, the AMF may allow the authorisation applications to be filed together at the request of the management company or the SICAV.

The application may be filed on-line through the extranet of the GECO database in the area reserved for the management company.

Article 14-2 - Special case – Merger/Acquisition of an employee saving scheme fund

The merger or demerger must be approved by the supervisory board or the board of directors of the contributing AIF. The transaction must also be approved by the supervisory board or board of directors of the beneficiary AIF, unless its rules or articles of incorporation provide that it should receive assets from other AIFs.

If the supervisory board is unable to meet, the management company shall draft a report to that effect and, if a new supervisory board cannot be formed, the management company, in agreement with the depositary, shall be permitted to transfer the assets of the employee saving scheme fund to a multi-company fund.

The merger or demerger must be completed within three months of receiving authorisation from the AMF (except in the case of a merger of a temporary FCPE into an employee shareholding AIF). Failing this, the authorisation may be declared null and void.

Article 14-3 - Special case – Winding up/Liquidation

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Where all existing units or shares become available, the management company or, where such is the case, the SICAVAS or the depositary, may liquidate the AIF.

If unavailable units or shares continue to exist after the lifespan of the AIF, as indicated in the rules or articles of incorporation, the management company shall take the necessary steps to maintain the interests of the unitholders or shareholders, notably by extending the lifespan.

Article 15 - Registration by the AMF of the request for a change subject to pre-approval

When the authorisation application for a change subject to pre-approval is received, the AMF registers the application. An acknowledgement of receipt of the application is sent to the SICAVAS or the management company.

This document officially certifies that the application has been filed with the AMF.

If the application filed is incomplete or noncompliant, it is returned to the applicant. In this case, the reasons for its rejection are explained.

These reasons may be twofold:

- 1° Missing documents;
- 2° Documents are incomplete or fail to comply with the laws and regulations in force.

Where the application for authorisation of a change subject to pre-approval requires the employee saving scheme fund to apply for an authorisation under the MMF Regulation, the change authorisation application is only considered complete once the MMF Regulation authorisation has been delivered.

Article 16 - Examination of the authorisation application by the AMF

The AMF may ask for any further information during its examination of the application. The management company or the SICAVAS may submit this information to the AMF electronically, by post or by fax, including the references to the application.

If the AMF asks for further information that requires submission of a supplementary information sheet, the AMF shall serve such notice, stipulating that the items requested must arrive within 60 days. In this case the waiting period is suspended. If the AMF fails to receive the said items within this period, the authorisation application shall be deemed to be rejected. The further information required must be submitted with a supplementary information sheet filled in using the template in Annex VII. The AMF shall acknowledge receipt when it has received all the information requested. The acknowledgement of receipt shall stipulate the new deadline for the authorisation decision.

The AMF decision to grant authorisation is notified to the SICAVAS or the management company in writing.

In the event that authorisation is not explicitly granted, the AIF will be deemed to be authorised as of the authorisation decision deadline stipulated in the acknowledgement of receipt of the application or in the acknowledgement of receipt of the further information requested.

Article 17 - Completion of the authorisation application process by the AMF

Article 17-1 - Submission of the final versions of the Key Investor Information Document (KIID) and the prospectus to the AMF, and other documents

The SICAVAS or the management company must email the final versions of the Key Investor Information Document (KIID) and the prospectus (rules or articles of incorporation) in accordance with the requirements defined in Annex XV.

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The authorisation granted for a change subject to pre-approval is limited to that change. It does not constitute authorisation for any other items in the Key Investor Information Document (KIID) and/or the rules amended at the same time by the management company. The amended items must simply be reported and will be reviewed after the fact.

Sub-section 3 - Changes subject to ex-post notification

Article 18 - Disclosure of changes subject to ex-post notification: Procedures for notifying the AMF and updating the GECO database

Employee investment undertakings affected by changes subject to ex-post notification must disclose such changes, by updating the GECO database, when applicable, in accordance with the procedures stipulated in Annex XV, and notify the depositary or obtain the depositary's prior consent, depending on the circumstances. The management company or the SICAVAS is solely responsible for this action.

Changes subject to ex-post notification may not take effect until the new Key Investor Information Document (KIID) and rules have been filed with the AMF in accordance with the requirements stipulated in Annex XV of this instruction, and, where applicable, the GECO database has been updated. Some fields of the GECO database have to be updated by the AMF on behalf of the management company (fields that are not accessible via the GECO website). Management companies must use the form in Annex VIII to submit the data for these fields to the AMF.

Article 18-1 - Role of the supervisory board and the board of directors in the event of changes subject to ex-post notification

The rules or articles of incorporation shall determine, in compliance with legal and regulatory requirements,²⁷ the amendments that can be decided without the consent of the supervisory board or board of directors of the employee saving scheme fund. Amendments to the rules or articles of incorporation must, in any case, be brought to the attention of the supervisory board or board of directors of the employee saving scheme fund.

Meetings of the supervisory board or board of directors that deal with amendments to the rules or articles of incorporation shall, as far as possible, be held in the presence of a representative of the management company of the AIF. Minutes of supervisory board or board of directors meetings shall be sent to the management company at the earliest opportunity before the amendment is implemented.

Article 18-2 - Special case – Liquidation of an employee saving scheme fund following the redemption of units or shares at the initiative of unitholders or shareholders

If an employee saving scheme fund is wound up as a result of a simultaneous or progressive redemption of all the units or shares in the AIF at the initiative of the unitholders or shareholders, the management company or the SICAVAS shall inform the AMF within two months of the latest redemption date.

This operation constitutes a change subject to ex-post notification.

The statutory auditors' report may be submitted to the AMF no later than one month after the end of the calendar half-year for any reports received from AIFs wound up during that half-year.

²⁷ In accordance, in particular, with Articles L. 214-164, L. 214-165 and by reference from Article L. 214-165-1 to Article L. 214-165 of the Monetary and Financial Code, which provide that the supervisory board decides on mergers, demergers and liquidations.

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Article 18-3 - Special provisions for demergers decided under the terms of the second paragraph of Article 214-24-33 or the second paragraph of Article L. 214-24-41 of the Monetary and Financial Code (side pocket provision)

By way of derogation from Article L. 214-24-24 of the Monetary and Financial Code, a demerger decided upon under the terms of the second paragraph of Article L. 214-24-33 or the second paragraph of Article 214-24-41 of the Monetary and Financial Code, is treated as a change to be reported promptly to the AMF.

Prior to launching a demerger decided on in accordance with the second paragraph of Article L. 214-24-33 or the second paragraph of Article L. 214-24-41 of the Monetary and Financial Code, the management company or, where applicable, the SICAVAS contacts the AMF.

After contacting the AMF, the management company or, where applicable, the SICAVAS sends the AMF a file comprising:

- The duly completed form found in Annex III ter;
- The attachments referred to in Annex III ter, along with any other document that the management company or SICAVAS deems necessary.

This file includes the notification of the demerger, the application for fast-track authorisation²⁸ for the creation of the new employee saving scheme fund to receive those assets other than those whose disposal would not be in the best interests of the holders or units or shares, and the application for authorisation of the entry into liquidation of the former employee saving scheme fund.²⁹

The file is submitted on-line through the GECO database extranet in the area reserved for the management company.

The notification of the demerger of the initial employee saving scheme fund and delivery of the authorisation for the new employee saving scheme fund do not exempt the latter or its management company from completing the other mandatory formalities for demergers or creations of employee saving scheme funds (Euroclear formalities, notification of the clerk of the commercial court, notice in the BODACC official journal, etc.).

Pursuant to Article R. 236-2 of the Commercial Code, when the employee saving scheme fund is established in the form of a company, the formalities of filing with the clerk of the commercial court and publication must be completed at least thirty days before the date of the first general meeting convened to rule on the operation.

The statutory auditors' report must be submitted to the AMF when it is drafted.

Sub-section 4 - Investor notification when changes occur in the life of AIFs and notification of the AMF

Article 19 - Unitholder or shareholder notification

I. Changes occurring during the life of an employee saving scheme fund or a sub-fund of an employee saving scheme fund that require notification of unitholders or shareholders are listed in Article 8 of this instruction. These changes must be notified to the unitholders or shareholders so that they can make an informed decision about maintaining or redeeming their investment.

II. Information about changes subject to pre-approval can only be notified to unitholders or shareholders after the authorisation of the AMF has been obtained. Such authorisation is granted on the basis of the

²⁸ Pursuant to paragraph II of Article 424-2 of the AMF General Regulation.

²⁹ Pursuant to paragraph 2 of Articles L. 214-24-33 and L. 214-24-41 of the Monetary and Financial Code.

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proposed notice to unitholders or shareholders, which must be attached to the authorisation application in the case of the changes subject to pre-approval stipulated in Article 8. The SICAVAS or the management company must also submit the final versions of the Key Investor Information Document (KIID) and the prospectus of the AIF electronically on or before the day on which the change subject to pre-approval takes effect, in accordance with the requirements stipulated in Annex XV.

III. The notification must state whether the change takes effect immediately or later. Subject to the specific notice periods shown in the table of changes in Article 8, immediate effect means three (3) weekdays after effective notification of unitholders and shareholders, except in the cases set out in the table below, where the changes may take effect later after effective notification.

Nature of changes/Notice period for holders	Minimum number of days between notification of investors entailing the right to redemption free of charge and the date the change takes effect	Minimum number of days between notification of the investors and the end of the offer of redemption free of charge
Merger of AIFs	30 calendar days + 5 business days	30 calendar days
Other (subject to the specific time periods in the table in Article 8)	Between 3 weekdays and 90 calendar days depending on the material nature of the planned change, left to the discretion of the management company	30 calendar days This period must be adjusted according to the frequency of net asset value calculations and the profile of the unitholders or shareholders

Temporary FCPEs are not concerned by these measures.

The management company must provide a suitable system for notifying future investors of upcoming changes during the period between the date the notification is sent to unitholders or shareholders and the date the changes take effect.

IV. The notification given to unitholders or shareholders makes a clear distinction between changes that require the AMF's authorisation and those that need simply be notified to the AMF.

Article 20 - Means of disseminating notifications

I. Notifications of unitholders or shareholders may take two forms: individual notification of unitholders or shareholders (letter or any other durable medium within the meaning of Article 314-5 of the AMF General Regulation) or notification in any other medium (public display on the company premises and/or inclusion in an information document issued by the company and/or reporting documents, etc.). Article 8 of this instruction summarises the notification requirements for the AIF, depending on the nature of the change.

II. The nature of the medium used to disseminate notifications must be adapted to the marketing of the AIF, more specifically, its geographical distribution and the profiles of the unitholders or shareholders. The publication timetable of the communication(s), the media concerned and the proposed notice(s) relating to changes subject to pre-approval must be made available to the AMF, which has the right to have their nature or their content modified, depending on the circumstances.

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Article 21 - Supervision by the AMF of changes subject to pre-approval

If a change subject to pre-approval requires individual notification, the proposed notification to unitholders or shareholders must be included in the authorisation application sent to the AMF.

Notification of unitholders or shareholders can only take place after the AMF has authorised the change. The AMF may authorise the management company or the SICAVAS to give advance notification.

The authorisation application must specify the notification method chosen, such as a letter or a document enclosed with a statement of account.

This notification must comply with the standard template presented in Annex X, unless the AMF's consent is obtained.

Article 22 - Special provisions for mergers and demergers

Mergers and demergers constitute changes subject to pre-approval and require prior individual notification by mail sent to unitholders or shareholders, except:

- where a temporary fund merges with an employee saving scheme fund for which the summary asset statement may be the only document sent to unitholders or shareholders.
- where it is a merger decided on pursuant to the second paragraph of Article L. 214-24-33 and the second paragraph of Article L. 214-24-41 of the Monetary and Financial Code, which is a change subject to ex-post notification.

Article 23 - Notification of the AMF following notification of unitholders or shareholders

When unitholders and shareholders of an AIF are given individual notifications or the notification is disseminated by any means for the purposes of this Instruction, the management company shall provide a copy of the notification to the AMF through the GECO database. If the notification is given after the fact, the management company merely updates the GECO database with the nature of the notification disseminated, the medium used and the place where the information is available.

CHAPTER II – PREPARING A KEY INVESTOR INFORMATION DOCUMENT (KIID), A PROSPECTUS AND REPORTING

Section I - KIID and prospectus (rules or articles of incorporation)

Article 24 - General provisions

A Key Investor Information Document (KIID) and a prospectus containing the rules or articles of incorporation must be prepared for each employee saving scheme fund.

If an employee saving scheme fund is made up of several sub-funds, a KIID must be prepared for each of its sub-funds and a single prospectus including the rules or articles of incorporation must be prepared for all the sub-funds.

If an employee saving scheme fund is made up of several classes of units or shares, a Key Investor Information Document (KIID) must be produced for each class. However, the management company may provide information about several unit or share classes in the same KIID, provided that the final document satisfies the requirements regarding language, length and presentation stipulated in Articles 5 and 6 of European Commission Regulation 583/2010 of 1 July 2010.

Article 25 - Structure of the Key Investor Information Document (KIID) and the prospectus

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I. Key Investor Information Document (KIID)

The Key Investor Information Document (KIID) is a summary no longer than two A4 pages long in printed form, except in the case of structured employee saving scheme funds, for which the summary can be up to three A4 pages long in printed form.

II. Prospectus

The prospectus contains only the rules or articles of incorporation of the employee saving scheme fund.

III. The Key Investor Information Document (KIID) and the prospectus must use the standard templates developed by the AMF and found in Annexes XI/XII and XIII/XIII bis/XIV of this instruction. More specifically, the template and titles of the different sections of the KIID and the prospectus must be followed.

Article 26 - Objectives of the Key Investor Information Document (KIID) and the rules or articles of incorporation

The objective of the Key Investor Information Document (KIID) is to provide a summary of the key information that investors need to make an informed decision. It is presented and laid out in a way that facilitates reading, by using sufficiently large print in particular. It is clearly written, using language that facilitates investors' comprehension of the information being communicated, more specifically by using clear, concise and understandable language, and by avoiding jargon and technical terms when everyday words can be used.

The objectives and characteristics of the rules or articles of incorporation consist in providing:

1. Detailed information about all the condensed items presented in the Key Investor Information Document (KIID), so that investors who are seeking it can find complete information about the management and operating procedures of the AIF and can compare the specific features of different AIFs
2. Precise information about the risks identified when the AIF was set up or updated. The prospectus must not be misleading, either by providing erroneous information or by omitting information that is needed to understand all the management and operating rules of the AIF, along with all the costs incurred;
3. The information that the depositary, the statutory auditor and the compliance and internal control officer of the management company or the SICAVAS need for their due diligence.

The SICAVAS or the management company must give due consideration to the positions and interpretations published by the AMF when drafting the Key Investor Information Document (KIID) and the rules or articles of incorporation.

Article 27 - Dissemination procedures for the Key Investor Information Document (KIID) and the rules or articles of incorporation

I. In accordance with Article 422-86 of the AMF General Regulation,³⁰ "The Key Investor Information Document (KIID) is to be provided to investors free of charge and in a timely manner before they subscribe units or shares [in the employee saving scheme fund]".

II. An agreement signed between the management company or, where such is the case, the SICAVAS, the company and, where such is the case, the custody account-keeper, shall stipulate the methods for providing unitholders or shareholders with prior information about employee savings (in particular the Key Investor Information Document (KIID), subscription form, and the accounts for the last three financial years if the company's securities are not traded on a regulated market).

³⁰ *Applicable to employee saving scheme fund by reference to Article 424-1.*

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Article 28 - Standard template of the Key Investor Information Document (KIID)

The key investor information document (KIID) is essential for informing subscribers and must be updated whenever necessary and at least once every twelve months (in accordance with Article 22 of Commission Regulation (EU) n° 583/2010 of 1st July 2010, under the responsibility of the management company or the SICAVAS.

The Key Investor Information Document (KIID) has five sections:

- 1° "Investment objectives and policy" describes the key characteristics of the AIF that the investor should know;
- 2° "Risk/reward profile" contains a synthetic indicator backed up by narrative explanations of the limitations of such indicators and the major risks that are not included in the indicator;
- 3° "Charges" presents a standardised table of charges other than those borne by the company, which are explained in a narrative alongside the table;
- 4° "Past performance",
- 5° "Practical information" tells investors where to obtain more information (rules, articles of incorporation, etc.) about the AIF.

The standard KIID template is presented in Annex XI.

Article 29 - Standard prospectus template (rules or articles of incorporation)

The standard rules or articles of incorporation are presented in Annexes XIII bis and XIV.

Article 30 – Classifications

- **Principle of optional classification and exceptions**

With the exception of the classifications referred to in Articles 30-7, 30-8, 30-9 and 30-10 of this instruction, the fund classifications referred to below will only be retained by employee saving scheme funds on an optional basis.³¹

For employee saving scheme funds that have chosen to abandon or not adopt a classification, all of the exposure and/or investment limits relating to the classification abandoned must be included in the fund's regulatory documents. These limits, whether they are set in regulatory documents or management rules specific to the employee saving scheme fund, must be complied with at all times.

Employee investment undertakings that refer to the classifications referred to in Articles 30-1 to 30-6 in their regulatory documents and have chosen to abandon this classification must remove this reference from their documents.

As soon as they have abandoned their classification, they must enter on their GECO extranet one of the ECB classifications listed below for the purposes of the AMF's internal statistics:

Name
Funds invested in equities
Funds invested in bonds
Mixed funds

³¹ *The AMF classification will be retained without any action from the employee saving scheme fund.*

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Funds invested in real estate
Speculative funds
Other funds

- **Classification types**

The management company announces the classification of the AIF from among the possibilities on offer and mentioned in Articles 30-1 to 30-10 of this instruction.

The classification of the AIF must be mentioned in the "investment objectives and policy" section of the KIID and is subject to the permanent compliance of the AIF with all criteria that must be stipulated in the "classification" section in the prospectus. It is up to the AIF manager to decide whether to provide any further explanations.

The classification represents the actual exposure of the AIF. This exposure must be calculated according to the formula set out in Article 30-11.

The nationality of the issuer of a security in which the employee saving scheme fund is invested is defined with regard to the country where its registered office is located (including cases where the issuer is a subsidiary located in different country from its parent company).

In the specific case of securitisation products or special purpose vehicles with other underlying assets, the nationality of the issuer is the nationality of the underlying assets. However, the place of registration of the issuing vehicles must be mentioned in the prospectus (rules or articles of incorporation).

Employee investment undertakings falling within the classifications defined in Articles 30-1 to 30-4 of this instruction must have 60% exposure or more to equity markets at all times. The classification then depends on the location of the equities that the AIF holds.

The notion of incidental exposure mentioned in Articles 30-1 to 30-4 and 30-5 of this instruction means the consolidated sum of the exposure to the specific risks described. This means that the contribution of all these risks to the overall risk profile of the employee saving scheme fund must be minor. Exposure of more than 10% of the assets to specific risks cannot be qualified as incidental exposure for the purposes of this instruction. On the other hand, merely complying with a 10% exposure threshold is not in itself enough to qualify as an incidental specific risk. The notion of incidental risk must be captured by assessing the nature of the risks incurred and the contribution that the relevant assets make to the overall risk profile and the potential return of the employee saving scheme fund.

Article 30-1 - "French equity" FCPEs (optional classification)

The FCPE has at least 60% exposure to the French equity market at all times. This exposure must be calculated according to the formula set out below. Exposure to exchange rate risk or to markets other than the French market must be incidental.

The "management orientation" section of the rules must mention the minimum exposure of the FCPE to the French equity market.

Article 30-2 - "Euro area equities" FCPEs (optional classification)

The FCPE has at least 60% exposure to markets for equities issued in one or more euro area countries at all times, including possibly exposure to the French market.

Exposure to exchange rate risk or to foreign markets outside the euro area must be incidental.

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The "management orientation" section of the rules must mention the minimum exposure of the FCPE to euro area equity markets.

Article 30-3 - "European Union equity" FCPEs (optional classification)

The FCPE has at least 60% exposure to markets for equities issued in one or more European Union countries at all times, including possibly exposure to the euro area markets. Exposure to exchange rate risk for currencies other than the euro or the other European Union currencies must be incidental. Exposure to market risks other than within the European Union must be incidental.

The "management orientation" section of the rules must mention the minimum exposure of the FCPE or SICAVAS to all the relevant markets.

Article 30-4 - "International equities" FCPEs (optional classification)

The FCPE has at least 60% exposure to a foreign equity market or to equity markets in several countries at all times, including possibly exposure to the French market. This exposure must be calculated according to the formula set out below.

The "management orientation" section of the rules must mention the minimum exposure of the FCPE to all the relevant markets.

Article 30-5 - "Euro-denominated fixed-income" FCPEs (optional classification)

The FCPE is exposed to fixed-income securities denominated in euros at all times. Exposure to equities is less than 10% of net assets.

Exposure to securities not denominated in euros and exposure to exchange rate risk must be incidental.

The "management orientation" section of the rules must provide a table showing the range of interest-rate sensitivity within which the FCPE is managed, the location of the issuers (or of the underlying assets for securitisation vehicles) of the securities that the AIF is exposed to, along with the relevant exposure ranges.

If the range of credit spread sensitivity is materially different from the range of interest rate sensitivity, the credit spread sensitivity must also be mentioned.

Article 30-6 - "International fixed-income" FCPEs (optional classification)

The FCPE is exposed to fixed-income securities denominated in currencies other than the euro at all times (and possibly to euro-denominated fixed-income securities).

Exposure to equities is less than 10% of net assets.

The "management orientation" section of the rules must provide a table showing the range of interest-rate sensitivity within which the FCPE is managed, the currencies of the securities that the FCPE holds, the level of exchange rate risk incurred and the location of the issuers (or of the underlying assets for securitisation vehicles) of the securities that the AIF is exposed to, along with the relevant exposure ranges.

If the range of credit spread sensitivity is materially different from the range of interest rate sensitivity, the credit spread sensitivity must also be mentioned.

Article 30-7 - "Money market" FCPEs (mandatory classification)

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The classifications referred to in points 1° to 4° of this article are filled out at the time of MMF authorisation (Annexes I ter and II bis) and used for the purposes of transmission to ESMA and the Banque de France:

1° "Public debt constant net asset value money market" AIF (mandatory classification): these are AIF corresponding to the definition in Article 2.11) of the MMF Regulation;

2° "Low volatility net asset value money market" AIF (mandatory classification): these are AIF corresponding to the definition in Article 2.12) of the MMF Regulation;

3° "Short-term variable net asset value money market" AIF (mandatory classification): these are AIF corresponding to the definition in Articles 2.13) and 2.14) of the MMF Regulation;

4° "Standard variable net asset value money market" AIF (mandatory classification): these are AIF corresponding to the definition in Articles 2.13) and 2.15) of the MMF Regulation.

For commercial purposes, those funds subject to the provisions of the MMF Regulation may be designated by their classification or their characteristics, meaning by the type of fund or the fact that they are short-term or standard.

Article 30-8 - "Formula fund" FCPEs or SICAVAS (mandatory classification)

In accordance with Article R. 214-28 of the Monetary and Financial Code, an FCPE or a SICAVAS is to reach a predetermined amount at the end of a set period through the mechanical application of a predefined formula based on financial market indicators or financial instruments and to distribute the income that is pre-defined in the regulatory documents, where applicable.

If the FCPE or SICAVAS has a guarantee, this is issued by a credit institution having its registered office in the OECD. The guarantee may be given to the FCPE or SICAVAS or to the unitholders or shareholders. The consideration for the guarantee, borne by the subscribers (generally by waiving the discount, dividends, tax credits and a share of performance) must be expressly shown in the Key Investor Information Document (KIID).

So-called "leveraged" employee saving scheme fund are structured funds.

The reference "structured [FCP/SICAV/AIF] is added to the "investment objectives and policy" section of the Key Investor Information Document (KIID) and the prospectus. The sections shall mention a precise management objective for which the formula is used.

When rates of return are indicated for formula patterns, they must be expressed directly in the form of yield to maturity or their yield to maturity equivalent must be given.

It should be noted that Article 11 of AMF Instruction DOC 2011-15 stipulates the specific information to be included in the prospectuses of structured funds meeting the criteria set out in Article 411-80 of the AMF General Regulation.

Article 30-9 - FCPEs or SICAVAS "invested in the securities of the company" (mandatory classification)

FCPEs within the scope of Article L. 214-165-1 of the Monetary and Financial Code cannot have another classification than that in this article. They follow the regime of FCPEs invested in the securities of the company and are not subject to the provisions of the Labour Code.

The FCPE or SICAVAS, under its rules or articles of incorporation, must invest more than one third of its net assets in the securities of the company or a related company under the conditions set forth in the second paragraph of Article L. 3344-1 of the Labour Code.

This classification is divided into three sub-categories:

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- **FCPEs or SICAVAS "invested in the listed and/or unlisted securities of the company"**: this sub-category comprises all FCPEs and SICAVAS "invested in securities of the company" that are not classified in the other two sub-categories;
- **FCPEs or SICAVAS "invested in the listed securities of the company"**: the securities of the company in which the FCPE or SICAVAS invests are solely those admitted to trading on a regulated market.
- **FCPEs or SICAVAS "invested in the unlisted securities of the company"**: the securities of the company in which the FCPE or SICAVAS invests are solely securities not admitted to trading on a regulated market.

There is no limit on investments in the transferable securities of the company or a related company within the meaning of the second paragraph of Article L. 3344-1 of the Labour Code, except for membership shares in cooperatives.

Nevertheless, in accordance with Article L. 3332-17 of the Labour Code,³² where an employee investment AIF is invested in the securities of the company and where these are not admitted to trading on a regulated market within the meaning of Article L. 421-1 of the Monetary and Financial Code, the assets of the fund must include at least one third of liquid securities. Failing this, a mechanism ensuring the liquidity of these securities shall be put in place in accordance with Articles R. 214-214 and R. 214-214-7 of the Monetary and Financial Code and Article 424-8 of the AMF General Regulation.

"Liquid" securities are defined by Article R. 214-214 and by Article R. 214-214-7 of the Monetary and Financial Code. These are transferable securities admitted to trading on a French or foreign regulated market and units or shares in UCITS and general purpose investment funds covered by paragraph 1 of sub-section 2 of section 2 of Chapter IV in Title I Book II of the Monetary and Financial Code.

In all cases, it is recommended that companies and asset management companies put in place a mechanism that guarantees the liquidity of securities not admitted to trading on a regulated market.

This mechanism is used only to raise the liquidity needed to meet pending redemption requests. It is implemented when eligible redemption requests can no longer be satisfied due to a lack of liquidity.

The following information shall appear in the liquidity contract:

- The names and contact details of the parties to the agreement;
- The percentage (or amount) of assets of the fund covered by the agreement. Where the guarantee applies to a specified amount, that amount shall initially be equivalent to 50% or more of the assets. Where this amount is equivalent to 35% of the assets, a renegotiation clause shall apply;
- The date on which the agreement takes effect;
- The term of the agreement. The liquidity guarantee contract must have a minimum term of one year, i.e. 365 days, and include a clause providing for the contract to be renegotiated at least one year before the expiry date;
- The terms of remuneration of the agreement;
- The procedure for terminating the agreement;
- The procedures for implementing the guarantee;
- Where applicable, the counter-guarantee procedures.

Upon subscription of securities not admitted to trading on a regulated market that are issued by the company, the management company shall ensure that the terms of issuance of such securities are compliant.

For this purpose, the management company must have access to the minutes of the general meeting and/or the board of directors meeting that decided upon the terms of issuance or payment for the company's securities.

³² *FCPEs within the scope of Article L. 214-165-1 of the Monetary and Financial Code are not subject to the provisions of the Labour Code.*

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"Market rate" shall mean the risk-free interest rate plus a risk premium determined on the basis of the financial situation of the issuer.

Article 30-10 - FCPEs or SICAVAS "invested in less than one third of the securities of the company" (mandatory classification)

In accordance with its rules, the FCPE must invest between 10% and less than one third of its net assets in the securities of the company or a related company within the meaning of the second paragraph of Article L. 3344-1 of the Labour Code.

This classification is divided into three sub-categories:

- **FCPEs or SICAVAS "invested in less than one third of the listed securities of the company"**: the securities of the company in which the FCPE or SICAVAS invests are solely those admitted to trading on a regulated market.
- **FCPEs or SICAVAS "invested in less than one third of the unlisted securities of the company"**: the securities of the company in which the FCPE invests are solely those not admitted to trading on a regulated market.
- **FCPEs or SICAVAS "invested in less than one third of the listed or unlisted securities of the company"**: this sub-category covers all FCPEs "invested in securities of the company" that are not classified in the other two sub-categories.

- Methods for assessing the exposure of the AIF

Article 30-11 - Assessing the exposure of the employee saving scheme fund

In addition to physical investments, the assessment must include derivatives transactions, futures, options and similar investments, along with securities with embedded derivatives, in order to measure the exposure of the FCPE or SICAVAS. Equity and bond warrants, calls, puts, CVRs, ADRs, EDRs and other financial instruments where the underlying assets are financial instruments are to be classified according to the category of the underlying assets.

The exposure to the specified category must be maintained at all times; the manager is not required to calculate it every time the net asset value is established but must be able to justify the classification of the AIF to the AMF or the statutory auditors on demand.

The exposure of an AIF invested in other AIFs or investment funds is calculated on a transparent basis. Several calculation methods can be used, depending on the amount of information available about the underlying fund:

- First, assess the actual exposure of the underlying AIFs and investment funds to the markets in question;
- Failing that, assess the minimum percentages of exposure to the relevant markets indicated in the regulatory documents of the underlying AIFs and investment funds;
- Finally, failing that, include a haircut depending on the investment policies of the underlying AIFs and investment funds with regard to the relevant markets. For example, under this method, a "French equities" AIF set up under French law and investing in a foreign AIF where the investment strategy consists of "being primarily exposed to French equity markets" could assign a factor of 0.5 to its exposure to this AIF.

Bonds that can be converted into equities or similar securities must be broken down to assess the interest rate exposure and credit market exposure of the bond component, as well as the equity market exposure of the option component.

If the FCPE is specialised in a business sector, a market or a financial instrument, the "management orientation" section of the rules or articles of incorporation must set out the minimum percentage of investment and/or exposure related to such specialisation.

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If the minimum exposure rules of an AIF for specific markets are no longer met following an event beyond the manager's control (stock price movements, massive subscriptions or redemptions, mergers, etc.), the manager must have as its primary objective of its sales to remedy the situation in the interest of the unitholders or shareholders.

In accordance with Article 422-24³³ of the AMF General Regulation, contracts pertaining to sub-categories of one commodity must be considered to be a contract on only one commodity for the calculation of the diversification limit provided for in Article R. 214-32-23 a)³⁴ of the Monetary and Financial Code. The sub-categories of a commodity should not be considered to be the same commodity if they are not highly correlated. With regard to the correlation factor, two sub-categories of one commodity should not be considered as highly correlated if 75% of the correlation points are lower than 0.8. For this purpose, it is appropriate to calculate the points of correlations observed on the basis of (i) equally weighted daily yields of the corresponding commodities prices and (ii) a sliding window of 250 days over a period of five years.

Formula used to measure the exposure of AIFs to a given equity market

a) *Items that must be considered:*

- + Valuation of physical assets invested in the market
 - +/- Equivalent underlying assets for financial instruments with embedded derivatives
 - +/- Temporary disposals or acquisitions of securities
 - +/- Physical equivalent of derivatives
(number of contracts x unit value x settlement price)
 - +/- Equivalent of underlying assets in swaps that alter the dominant exposure of the AIF to the market
 - Equivalent of underlying assets for net short calls and long puts
 - + Equivalent of underlying assets for net short puts and long calls
- } A

b) *Calculating exposure:*

$$\text{Exposure} = \frac{A \times 100}{\text{Total net assets}}$$

Article 31 - Specific procedures

Article 31-1 - Master and feeder structures³⁵

I. A distinction must be made according to whether:

³³ Applicable to employee saving scheme funds by reference from Article 424-1 of the AMF General Regulation and to FCPs within the scope of Article L. 214-165-1 of the Monetary and Financial Code by reference from Article 424-16.

³⁴ Applicable to employee saving scheme funds by reference from Article 214-207 and from Article R. 214-214-1 of the AMF General Regulation.

³⁵ The master/feeder structure is excluded:

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1. The master has a classification

The feeder may:

- a. either retain the master's classification or adopt a different classification if the concluding of financial contracts by the feeder implies a change in its exposure requiring a change of classification
- b. or remove any reference to optional AMF classifications³⁶. In this case, it makes sure that the management restrictions implied by the master's classification are described in its own prospectus.

2. The master does not have a classification (French or foreign fund)

The feeder may:

- a. either adopt a classification in line with the master's strategy and the exposure arising from the concluding of financial contracts by the feeder. In this case, it makes sure that the management restrictions implied by its classification are described in its own prospectus.
- b. or remove any reference to optional AMF classifications³⁷

II. If the account closing date of the feeder AIF is different from that of the master UCITS or AIF, a technical memo must be filed with the AMF explaining the reasons for the difference (the dividend date of the master UCITS or AIF is not a valid reason), and the measures taken to ensure that the unitholders and shareholders of the feeder AIF enjoy equivalent disclosure and treatment to that which they would enjoy as unitholders or shareholders of the master UCITS or AIF.

III. The Key Investor Information Document (KIID) and the rules must mention the direct charges stemming from the feeder AIF and the indirect charges stemming from the master UCITS or AIF. References in the rules to information about the master UCITS or AIF must be in italics.

Article 31-2 - Guaranteed AIFs

I. The guarantee must be granted to the AIF or to the unitholders or shareholders by an institution cited in Article R. 214-32-28(II) of the Monetary and Financial Code.³⁸

II. When a guaranteed level or formula is offered, the guarantee must apply to:

- 1° The initial net asset value, if there is a single subscription net asset value;
- 2° The highest net asset value during the subscription period.

- on the one hand, from the regime of FCPEs subject to Article L. 214-165 of the Monetary and Financial Code on account of the rules applicable to them;

- on the other hand, from Article L. 214-165-1 of said Code pursuant to Article 424-17 of the AMF General Regulation.

³⁶ *Optional classifications means the classifications referred to in Articles 30-1 to 30-6 of this instruction. Note that, if all classifications are abandoned, the feeder must follow the rules set out in Article 30 of this instruction.*

³⁷ *Optional classifications means the classifications referred to in Articles 30-1 to 30-6 of this instruction. Note that, if all classifications are abandoned, the feeder must follow the rules set out in Article 30 of this instruction.*

³⁸ *See also AMF Position DOC 2013-12 – Requirement to offer a guarantee (of the formula and/or capital, as appropriate) for structured UCITS and AIFs, "guaranteed" UCITS and AIFs, and structured debt securities issued by special-purpose vehicles and marketed to the general public.*

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III. The nature of the guarantee and its characteristics must be clearly set out in the relevant section. The information must include:

1° The level of the guarantee:

- Full capital guarantee;
- Partial capital protection.

2° Whether the guarantee includes front-end charges;

3° Subscription dates for obtaining the guarantee;

4° Dates on which the guarantee will be granted;

5° Whether the guarantee is granted to the AIF or directly to the unitholders or shareholders. If the guarantee is granted directly to the unitholders or shareholders and they are required to request redemption of their units or shares on a specific date to benefit from the guarantee, this requirement must be pointed out in a warning that specifies the final net asset value that is guaranteed, along with the deadline for submitting redemption orders. If the guarantee requires action by the unitholders or shareholders, such as making a request for redemption at a set net asset value, they must be alerted individually by letter in a timely manner if there is any likelihood that it will be in their interest to redeem their units or shares.

IV. Information for unitholders or shareholders

The guarantee shall not discriminate against unitholders or shareholders availing themselves of early release and the remaining unitholders or shareholders.

The remuneration of the guarantor must be clearly stated to subscribers. The remuneration provided for in the guarantee contract is included in current charges.

The consideration for the guarantee, borne by the subscribers (generally by waiving the discount, dividends, tax credits and a share of performance) must be expressly shown in the Key Investor Information Document (KIID).

Article 31-3 - FCPEs invested in other UCITS or AIFs

In compliance with Articles R. 214-210 and R. 214-214-3 of the Monetary and Financial Code, an FCPE may invest without limit in one or more UCITS or AIFs:

1. Where the AIF is more than 20% invested in shares or units of UCITS or AIFs under French or foreign law, or in investment funds, the impact of indirect expenses and fees is taken into account in the total current charges shown in the Key Investor Information Document (KIID) and in the total fees shown in the rules;

2. Where an employee saving scheme fund invests more than 50% of its assets in the same UCITS or AIF, the management company ensures that the information documents pertaining to the UCITS or the underlying AIF, i.e. the Key Investor Information Document (KIID), the rules and the half-yearly or annual report(s), are available to unitholders or shareholders of the employee saving scheme fund.

Article 31-4 - FCPEs qualifying for the simplified regime³⁹

Among the mechanisms listed in Article L. 3332-17 of the Labour Code to ensure compliance with the "one third of liquid securities" requirement, the commitment by the company, the firm that controls it or any other firm controlled by it to purchase, within the limit of 10% of its share capital, the securities not admitted to trading on a regulated market that are held by the FCPE shall entail the application of the so-called "simplified" regime for the FCPE.

This simplified regime comprises:

³⁹ FCPEs within the scope of Article L. 214-165-1 of the Monetary and Financial Code are not subject to the provisions of the Labour Code

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- On the one hand, an obligation for the company to disclose the appraised value to its employees at least two (2) months prior to publication of the FCPE's net asset value, which takes into account said appraised value of the company;
- And, on the other hand, calculation at least once per year of the net asset value, on the understanding that said net asset value shall not be calculated more than once per quarter.

Article 31-5 - Employee buyout funds⁴⁰

Employee buyout funds governed by Article L. 3332-16 of the Labour Code are invested in unlisted securities of the company and dedicated to the purchase, reserved for employees, of the securities of the company or the securities of a company in the same group within the meaning of the second paragraph of Article L. 3344-1 of the Labour Code or of a holding company established for the purpose of purchasing the company. This new type of FCPE is called an "employee buyout fund".

Pursuant to Article L. 3332-16 of the Labour Code, employee buyout funds may not be formed unless the following conditions are satisfied:

- Prior existence of a negotiated company savings plan providing for the formation of the employee buyout fund;
- The minimum number of employees taking part in the employee buyout must be at least 15 or at least 30% of employees for a company with up to 50 employees;
- Existence of a staff agreement containing the following mandatory items:
 - Identify the employees taking part in the buyout;
 - Final control structure of the company;
 - Completion of the transaction.

When the authorisation application is filed, the management company shall certify that the above conditions have been met and shall make all the supporting documents available to the AMF.

The FCPE is subject to exceptional investment rules. It can invest up to 95% of its assets in the securities of the company or in the securities of companies in the same group, within the meaning of the second paragraph of Article L. 3344-1 of the Labour Code, or in the securities of a holding company formed to acquire the company. It must include a cash pocket equivalent to at least 5% of its assets. This cash pocket must be invested in the securities referred to in the first, second and third paragraphs of Articles R. 214-214 and R. 214-214-7 of the Monetary and Financial Code.

Employee buyout funds are classified as FCPEs "invested in the unlisted securities of the company".

The reference to "employee buyout fund" shall be part of the fund's name.

A template for the rules of employee buyout funds appears in 'Annex XIII bis.

Article 31-6 - "Temporary" FCPEs

Within the meaning of this instruction, a so-called "temporary" FCPE is formed in order to subscribe for a capital increase, with or without a haircut, that is reserved for employees during a period to be determined and specified in the fund's Key Investor Information Document (KIID) and rules. It may also be formed in the event of the sale of the company's securities held by the company itself or by a company in the group. A "temporary" FCPE is intended to be merged, on a decision by its supervisory board and as soon as possible after subscribing for the capital increase, into an employee saving scheme fund classified as "invested in the securities of the company".

The "temporary" FCPE temporarily has a prudent management objective via investments in money market products and abides by the asset composition rules for FCPEs governed by Article L. 214-164 of the Monetary and Financial Code until the date on which it subscribes for the capital increase reserved

⁴⁰ FCPEs within the scope of Article L. 214-165-1 of the Monetary and Financial Code are not subject to the provisions of the Labour Code

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for employees. As of that date, it is classified as "invested in the securities of the company" and shall abide by the asset composition rules for FCPEs within the scope of Article L. 214-165 of the Monetary and Financial Code after making a written declaration to the AMF.

The "temporary" FCPE may adopt the same supervisory board as that of the fund "invested in the securities of the company". In this case, the supervisory board members must hold units in both funds. The word "temporary" shall be part of the fund's name.

The FCPE rules provide for the measures taken if an insufficient number of shares is tendered to the capital increase.

If the FCPE has a reservation period:

- For amounts arising from voluntary payments, employees must be offered a refund;
- For amounts arising from profit-sharing shall be used to subscribe for one or more other FCPEs.

If the amounts have already been paid, over-subscriptions will be reallocated. This may be done by having subscribers make individual choices or by demerging the temporary fund. The latter option will be used in particular if subscribers do not come forward and make themselves known, in which case their assets shall be transferred to the safest fund.

Article 31-7 - "Social investment" FCPEs⁴¹

The term "social investment FCPE" must be clearly mentioned in the Key Investor Information Document (KIID) and rules of the fund, either before or after the fund's name.

Section II - Reporting and other information provided to investors

For money market funds, specific provisions are also set out in the MMF Regulation. In addition, FCPEs using securities financing transactions and total return swaps must provide the information listed in section A of the annex to Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and of reuse and amending Regulation (EU) n°648/2012 (SFTR Regulation)

Article 32 - Half-yearly reports and half-yearly asset breakdowns

I. In accordance with Articles L. 214-24-62 and D. 214-33 of the Monetary and Financial Code, which apply to employee saving scheme funds, the latter must draw up a half-yearly report at the end of the first half of their accounting year.

II. These half-yearly reports must be published no later than two months after the end of the first half of the year.

III. The half-yearly reports may be compiled as of:

- 1° Either the last trading day of the half year;
- 2° Or the day on which the last net asset value is calculated.

IV. Regardless of their presentation, all the disclosures about an employee saving scheme fund or a sub-fund must include its name.

V. The half-yearly reports must contain the following information:

⁴¹ FCPEs within the scope of Article L. 214-165-1 of the Monetary and Financial Code are not subject to the provisions of the Labour Code.

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1° A statement of assets and liabilities, including the following items:

- a) The eligible financial securities stipulated in point 1 of I of Article L. 214-24-55 of the Monetary and Financial Code;
- b) Bank balances;
- c) Other assets held by the AIF;
- d) Total assets held by the AIF;
- e) Liabilities;
- f) Net book value.

2° Number of outstanding units or shares;

3° Net book value per unit or share;

4° Portfolio;

5° Statement of changes in the composition of the portfolio during the reference period;

6° Quantified data on post-tax dividends paid or proposed during the period;

7° Summary of the cases and conditions in which the gating has been decided during the reference period.

VI. In accordance with Article L. 214-24-49 of the Monetary and Financial Code, a document called "asset composition" must be compiled as of the date of the last net asset value of the half year. This document must be sent to any unitholder or shareholder who requests it within eight weeks of the end of each half year.

This document must provide the following information:

1° An inventory of the portfolio, with details about the quantities and values of financial instruments;

2° Net assets;

3° Number of outstanding units or shares;

4° Net asset value;

5° Off-balance sheet commitments.

The document must be compiled in detail and must be understandable for any unitholder or shareholder.

VII. The asset composition may be replaced by the document used to calculate the net asset value and provided by the SICAV or the management company to the statutory auditor of the AIF, provided it contains the items referred to in points 1 to 5 of VI.

Article 33 - Annual report

At the end of each accounting year, the management company or, where applicable, the board of directors of the SICAV, drafts the annual report of the AIF, which must contain the following:

- The management report;
- The summary documents defined in the chart of accounts and the certification of the statutory auditor;
- Any material changes, within the meaning of Article 106 of Commission Delegated Regulation (EU) No. 231/2013 of 19 December 2012, to the information referred to in Article 36 of this instruction occurring in the year to which the report refers.

Where the FCPE is managed by a management company authorised in accordance with Directive 2011/61/EU, the annual report must also contain:

- The total amount of remuneration for the financial year, split into fixed and variable remuneration paid by the management company to its staff, and the number of beneficiaries, and where relevant, the carried interest paid by the AIF,
- The aggregate amount of remuneration, broken down by senior management and staff of the management company whose actions have a material impact on the risk profile of the AIF.

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A management company authorised under Directive 2011/61/EU of 8 June 2011 shall also comply with Article 107 of Commission Delegated Regulation (EU) No. 231/2013 of 19 December 2012.

The accounting information given in the annual report shall be prepared in accordance with French accounting standards and the accounting rules laid down in the rules or articles of incorporation of the employee saving scheme fund.

The statutory auditor's report, including any qualifications, shall be reproduced in full in the annual report.

The annual report is submitted for examination by the supervisory board of the funds or, where appropriate, to the board of directors of the SICAV.

The annual report of the AIF must also contain information about changes in the structure of the securities portfolio during the accounting period and, where appropriate, information about the financial instruments in the portfolio that have been issued by the portfolio management company or entities from its group. They must also mention, where relevant, AIFs or investment funds managed by the management company or entities from its group.

If the annual report of the AIF is published within eight weeks of the end of the accounting year and it contains the items mentioned in points 1 to 5 of VI in Article 32 of this instruction, the SICAV or the management company is not required to report the asset composition separately. In this case, the annual report is sent to any unitholder or shareholder who requests the asset composition report.

For "multi-company" funds disseminated to companies having fewer than ten unitholders, and after the supervisory board has given its opinion, the fund rules may provide that the companies are simply informed of the adoption of the certified annual report and the manner in which it is made available. In this case, the certified annual report is disseminated electronically. It is also made available to both the unitholders and the companies, which can request a free copy of it from the management company or its representative.

No later than six months after the year-end close, the annual report certified by the statutory auditor is sent to the company, which then disseminates it to all its unitholders or shareholders, where appropriate, in a simplified form. The annual report is sent to the AMF in the month after it has been published. The existence of the annual report and the manner in which it can be obtained are indicated in the Key Investor Information Document (KIID) of the employee saving scheme fund.

To make it easier for subscribers to read the information most important to them, a simplified report featuring essential information may be prepared. The simplified report is prepared at the request of the supervisory board or, where appropriate, the board of directors under the supervision of the board and the statutory auditor. It must contain a reference to the fact that the annual report is available to all unitholders or shareholders on request.

Management report

The information set out in Article 421-34 of the AMF General Regulation must be at least provided in the management report if it is not provided in the periodic reports and/or periodic disclosures according to the procedures and timeframes described in the prospectus.

Furthermore, in accordance with Article 421-35 of the AMF General Regulation, the AIF or its management company must comply with Articles 103 to 109 of Commission Delegated Regulation (EU) No. 231/2013 of 19 December 2012.

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The items that must be provided in the annual report and that are not included in the summary documents must be provided in the management report.

Article 34 - Specific requirements for feeder AIFs⁴²

The management report of a feeder AIF must report the latest available information about direct and indirect charges that it incurs, meaning the charges actually collected, in the form of a percentage.

The annual report of a feeder AIF mentions the items in the annual report of the master UCITS or AIF as well as the total charges of the feeder AIF and the master UCITS or AIF.

The annual report of the master UCITS or AIF must also be appended to the management report of the feeder AIF.

The other periodic reports must be annexed to those of the feeder AIF.

The statutory auditor of the feeder AIF must report problems and inaccuracies found in the statutory auditor's report on the financial statements of the master UCITS or AIF and draw the conclusions that he or she deems necessary, if they affect the feeder AIF.

Article 35 - Index-tracking AIFs

The management report of an index-tracking AIF must measure the tracking error of the AIF and compare it to the maximum error set out in the prospectus.

Article 36 - Information made available to investors

Pursuant to I of Article 421-34 of the AMF General Regulation, the AIF or the management company must provide investors in the AIF with the following information before they invest in the fund:

a) a description of the investment strategy and objectives of the AIF, information on where any master AIF is established within the meaning of IV of Article L. 214-24 of the Monetary and Financial Code and where the underlying funds are established if the AIF is a fund of funds, a description of the types of assets in which the AIF may invest, the techniques it may employ and all associated risks, any applicable investment restrictions, the circumstances in which the AIF may use leverage, the types and sources of leverage permitted and the associated risks, any restrictions on the use of leverage and any collateral and asset reuse arrangements, and the maximum level of leverage which the management company is entitled to employ on behalf of the AIF;

b) a description of the procedures by which the AIF may change its investment strategy or investment policy, or both;

c) a description of the main legal implications of the contractual relationship entered into for the purpose of investment, including information on jurisdiction, applicable law and on the existence, or not, of any legal instruments providing for the recognition and enforcement of judgments on the territory of the French Republic;

d) the identity of the AIF's management company, depositary and statutory auditor, and any other service providers, and a description of their duties and the investors' rights;

⁴² *The master/feeder structure is excluded:*

- on the one hand, from the regime of FCPEs subject to Article L. 214-165 of the Monetary and Financial Code on account of the rules applicable to them;

- on the other hand, from Article L. 214-165-1 of said Code pursuant to Article 424-17 of the AMF General Regulation.

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e) where the AIF is managed by a management company authorised under Directive 2011/61/EU, a description of how the management company is complying with the requirements in IV of Article 317-2 of the AMF General Regulation (or its equivalent, transposing Article 9(7) of Directive 2011/61/EU, in the law applicable to the management company);

f) a description of any management function delegated by the management company and of any safe-keeping function delegated by the depositary, the identity of the delegatee and any conflicts of interest that might arise from such delegations;

g) a description of the AIF's valuation procedure and the pricing methodology used for valuing assets, including the methods used in valuing hard-to-value assets;

h) a description of the AIF's liquidity risk management, including the redemption rights both in normal and exceptional circumstances, and the existing redemption arrangements with investors;

i) a description of all fees, charges and expenses and of the maximum amounts thereof which are directly or indirectly borne by investors;

j) a description of how the management company ensures fair treatment of investors and, whenever an investor obtains a preferential treatment or the right to obtain a preferential treatment, the type of investors that benefit from this preferential treatment, and, where relevant, their legal or economic links with the AIF or the management company;

k) the latest annual report referred to in Article 33;

l) the procedure and conditions for issuing and redeeming units or shares;

m) the last net asset value of the AIF or the last market price of the unit or share of the AIF;

n) where appropriate, the past performance of the AIF;

o) the identity of the prime broker and a description of any material arrangements of the AIF with its prime brokers and the way the conflicts of interest in relation thereto are managed and the provision in the contract with the depositary on the possibility of transfer and reuse of AIF assets, and information about any transfer of liability to the prime broker that may exist;

p) a description of how and when the information required under IV and V of Article 421-34 of the AMF General Regulation will be disclosed.

This information, with the exception of that referred to in k) and m), is contained in the standard templates for the KIID and for the rules and articles of incorporation provided in Annexes XI, XIII and XIV. A correlation table is given in Annex I bis (Table 1). The information not contained in these regulatory documents is mentioned in Annex I bis (Table 2) and must be made available to investors.

The AIF or the management company informs investors of any material change concerning this information.

It should be recalled that Article 421-34 of the AMF General Regulation also provides for the following: "IV.- EU AIFs and AIFs marketed in the European Union, or their asset management company, management company or manager, periodically disclose to unitholders or shareholders:

1. the percentage of the AIF's assets which are subject to special arrangements arising from their illiquid nature;

2. any new arrangements for managing the liquidity of the AIF;

3. the current risk profile of the AIF and the risk management systems employed by the AIF or its asset management company, management company or manager to manage those risks.

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V. EU AIFs and AIFs marketed in the European Union employing leverage, or their asset management company, management company or manager, shall disclose the following information on a regular basis for each of these AIFs:

- 1 any changes to the maximum level of leverage which the asset management company, management company or manager may employ on behalf of the AIF as well as any right of the reuse of the AIF's assets pledged as collateral or any guarantee granted under the leveraging arrangements;*
- 2 the total amount of leverage employed by that AIF."*

Furthermore, in accordance with Article 421-35 of the AMF General Regulation, the management company must comply with Articles 108 and 109 of Commission Delegated Regulation (EU) No. 231/2013 of 19 December 2012.

CHAPTER III - SPECIAL REQUIREMENTS FOR EMPLOYEE SAVING SCHEME FUNDS

Article 37 - FCPE supervisory board

a) Composition

If the FCPE is subject to Article L. 214-164⁴³ of the Monetary and Financial Code, the supervisory board is made up of unitholder employees representing unitholders; and representatives of the company or group of companies, who shall account for no more than one half; or, for a "multi-company" fund, unitholder employees representing the unitholders; and representatives of these companies and/or groups of companies, who shall account for no more than one half.

The chairman of the supervisory board is chosen from the employees representing unitholders. The chairman of the supervisory board may have a casting vote.

In accordance with the provisions of Article L. 3332-15 of the Labour Code, several FCPEs governed by Article L. 214-164 of the Monetary and Financial Code and offered through the same company savings plan (*plan d'épargne entreprise* - PEE), inter-company savings plan (*plan d'épargne inter-entreprise* – PEI) or group pension plan (*plan d'épargne pour la retraite collectif* – PERCO) may have a joint supervisory board.

In this case, the joint supervisory board of several FCPEs shall be made up made up of employees representing the unitholders and who themselves are unitholders in at least one of the FCPEs. Provision should also be made for each FCPE to have at least one unitholder on the joint supervisory board. Where the FCPE is an umbrella fund, provision should be made for the supervisory board to have at least one unitholder from each sub-fund.

Where an FCPE is formed pursuant to a profit-sharing agreement, a company savings plan (*plan d'épargne entreprise* – PEE), an inter-company savings plan (*plan d'épargne inter-entreprise* – PEI) or an inter-company group pension plan (*plan d'épargne pour la retraite collectif interentreprises* - PERCOI) negotiated under an industry-wide bargaining agreement or under professional or interprofessional agreements, the members of the supervisory boards may be elected or appointed by the signatories to such profit-sharing agreement. In this case, the employee members representing unitholders must

⁴³ The first clause of paragraph II of Article L. 214-165 of the Monetary and Financial Code allows the choice to opt for the application of the second clause of Article L. 214-164 concerning the composition of the procedures for appointing the supervisory board. This option is also possible for FCPEs within the scope of Article L. 214-165-1 of the Monetary and Financial Code, as Article L. 214-165-1 refers to paragraph II of Article L. 214-165

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themselves be unitholders. The rules governing the agreement may determine the conditions under which the company representatives and the unitholder representatives sit on the supervisory boards.

Where the FCPE is a "multi-company" fund, the rules may allow for members of the supervisory board to be represented by other members of that board. This method of representation is covered by the general rules of representation, but there must be at least 10 appointed representative members. In this case, the rules for convening supervisory board meetings do not change, i.e. all members are convened and the appointed persons have the possibility of attending the supervisory board meeting. The rules of representation are set during one of the first board meetings.

A written authority for such representation shall be drawn up and the purpose and duration of that authority shall be stated in the fund rules.

Employee unitholders may be represented only by other employee unitholders, and company representatives only by other company representatives. The number of company representatives cannot exceed the number of unitholder representatives.

The quorum and majority rules are the same as those for the supervisory board. Each representative has their own vote as well as the vote of the members they are representing, within the limits of the purpose of such representation.

If an FCPE is subject to the rules of Article L. 214-165 or Article L. 214-165-1 of the Monetary and Financial Code, the supervisory board can be composed:

- Either entirely of elected employee unitholders representing unitholders;
- Or of unitholder employees representing unitholders, and representatives of the company, who account for no more than half, in accordance with Articles L. 214-164 and R. 214-214-4 of the Monetary and Financial Code.

If an FCPE is subject to the rules of Article L. 3332-16 of the Labour Code (employee buyout funds), the members of the supervisory board are elected by all the unitholders.⁴⁴

Where a member of the supervisory board representing unitholders is no longer a company employee, he or she shall step down from the supervisory board.

The supervisory board of an FCPE shall be established no later than six months after the fund's first net asset value has been published.

b) Arrangements for electing or appointing members

Unitholders' representatives on the supervisory board shall be:

- For FCPEs governed by Articles L. 214-164 and L. 214-165 and L. 214-165-1 of the Monetary and Financial Code:
 - Either elected by unitholders,
 - Or appointed by the relevant works' councils or by representative trades unions within the meaning of Article L. 2231-1 of the Labour Code or by the bodies representing the workers in the specific case of FCPEs within the scope of Article L. 214-165-1 of the Monetary and Financial Code.⁴⁵
- For FCPEs governed by Article L. 3332-16 of the Labour Code (employee buyout funds): elected by all the unitholders. The fund rules cannot waive this requirement. The same shall apply to any alternate members and to the reappointment of members who can only be elected.

⁴⁴ The provisions of the Labour Code are not applicable to FCPEs within the scope of Article L 214-164-1 of the Monetary and Financial Code.

⁴⁵ For FCPEs within the scope of Article L. 214-165-1 of the Monetary and Financial Code, Article R. 214-214-4 of the Monetary and Financial Code sets out the procedures for appointing the members of the supervisory boards.

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The FCPE rules shall stipulate the arrangements for electing, appointing or reappointing supervisory board members.⁴⁶ The rules may provide for the election or appointment of alternate members. Unless otherwise provided in the fund rules, alternate members are subject to the same arrangements as sitting members as regards election or appointment. The term of office for supervisory board members is laid down in the rules.

c) Operating rules of the supervisory board

The supervisory board cannot meet and take decisions unless certain quorum and majority requirements are met; these requirements are set forth in the fund rules. For "multi-company" funds, when a vote is passed on resolutions concerning a change to the membership or the functioning of the supervisory board or a change in operating and management expenses as well as on resolutions requiring changes subject to pre-approval, a quorum of at least 10% of the members present or represented must be reached at first call. The supervisory board cannot meet unless at least one unitholder representative is present.

Concerning the decision-making arrangements of the supervisory board, the fund rules shall provide for a procedure for settling cases where a tie would make it impossible to recognise a majority either for or against a resolution.

If the supervisory board is unable to meet on second call, the management company shall draft a report to that effect. A new supervisory board can then be formed on the initiative of the board, the company or a unitholder, as provided in the fund rules.

If these measures cannot be applied, the management company, in agreement with depositary, shall have the option of transferring the fund's assets to "multi-company" fund or a similar fund.

The supervisory board shall meet at least once a year to adopt its annual report.

Together with company, the management company and depositary shall see to it that this requirement is met.

If a member of the supervisory board is unavailable, he or she may be represented via proxy by the board's chairman or by any other member of the supervisory board, provided such member holds one or more units. Such proxies shall be appended to the attendance sheet and mentioned in the meeting minutes. Proxies may be given for one meeting only. The fund rules may allow for supervisory board members to vote by mail under the arrangements set forth in those rules.

The supervisory board is empowered, in particular, to adopt an annual report. To that end, it shall meet at least once a year on order to:

- Examine the management report and annual financial statements of the fund;
- Examine the financial, administrative and accounting management of the fund;
- Issue opinions in the cases provided for in the fund rules;
- Exercise the voting rights attaching to the securities in the fund and decide whether to contribute securities in the event of a tender offer, unless otherwise provided in the fund rules. To that end, the supervisory board can appoint one or more representatives, except where unitholders exercise voting rights directly;
- Give prior agreement to certain amendments to the fund rules, and, where the rules so provide, approve the guarantee contract for the fund, where it exists, and the mechanism for guaranteeing the liquidity of the company's securities;
- Decide on mergers, demergers or liquidations.

If it deems necessary, the supervisory board may submit any and all questions about the operation of the FCPE to the AMF.

⁴⁶ The election or appointment procedures may also appear in the rules of the PEE, PEI or PERCO.

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The duly dated and signed minutes of the supervisory board meeting shall incorporate in particular the composition of the board and the quorum and majority rules, and shall indicate the members present, represented or absent, the number of votes for and against each resolution as well as the maximum period for implementing the resolutions. Minutes of supervisory board meetings shall be sent promptly to the management company and the depositary.

The supervisory board shall examine the financial, administrative and accounting management of the fund on behalf of the unitholders.

The provisions of this article shall be brought to the attention of the members of the supervisory board when it meets for the first time.

Article 38- Board of directors of the SICAVAS

The board of directors of the SICAVAS takes the place of the supervisory board and discharges its duties in accordance with the standard articles of incorporation (see Annex XIV).

Article 39 - Registrar and custody account keeper

In accordance with Articles R. 3332-14 and R. 3332-15 of the Labour Code, the task of keeping the registers of the amounts allocated to savings plans shall be performed by the company or delegated by it to an institution of its choice.⁴⁷

The custody account for the units or shares in the employee saving scheme fund shall be kept by an institution approved by the Autorité de Contrôle Prudentiel et de résolution in accordance with Article L. 542-1 of the Monetary and Financial Code. Under no circumstances shall this function be carried out by the management company or, where such is the case, the SICAVAS; nor may it be delegated to them. The arrangements for informing the company and the unitholders or shareholders shall be described in an agreement.

Article 40 - Issuance and redemption of units or shares

a) Issuance of units or shares

1. Source of payments into the fund or the SICAVAS

Depending on the laws under which it is established, and insofar as the rules or articles so provide, an employee saving scheme fund may receive payments from different sources:

- The special profit-sharing reserve earmarked for employees under a profit-sharing agreement, plus late payment interest if any;

Voluntary payments by members of a company savings plan (*plan d'épargne entreprise* - PEE), inter-company savings plan (*plan d'épargne interentreprises* - PEI), group pension plan (*plan d'épargne pour la retraite collectif* - PERCO) or inter-company group pension plan (*plan d'épargne pour la retraite collectif interentreprises*, PERCOI, including bonuses/incentives);

Supplemental payments made by the company in connection with a PEE, PEI, PERCO or PERCOI (top-up payments);

- Profit-sharing amounts held on a no-access current account that have become available; in this case, the payment shall be made:
 - Either directly by the company if the retired or pre-retired employee has so requested;

⁴⁷ The provisions of the Labour Code are not applicable to FCPEs within the scope of Article L 214-165-1 of the Monetary and Financial Code.

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- Or, within two months of the end of the lock-up period, by cheque issued by the retired or pre-retired employee, along with a statement from the company attesting to the source of the amounts;
- Profit-sharing assets invested in a no-access current account, provided such assets are inaccessible and that the profit-sharing agreement so allows;
- The equivalent value of the securities of an employee saving scheme fund in the event of an individual or group transfer;
- The securities of the company or a related company within the meaning of the second paragraph of Article L. 3344-1 of the Labour Code,⁴⁸ acquired directly by employees, former employees or exclusive representatives of the company.

2. Subscription procedures

No minimum amount may be demanded for the initial subscription made by unitholders or shareholders, except in the case of an employee saving scheme fund resulting from the implementation of a company savings plan (*plan d'épargne entreprise* – PEE), an inter-company savings plan (*plan d'épargne inter-entreprise* – PEI), a group pension plan (*plan d'épargne pour la retraite collectif* – PERCO) or an inter-company group pension plan (*plan d'épargne pour la retraite collectif interentreprises* - PERCOI).

The rules or articles of incorporation of the AIF may stipulate the deadline by which payments have to be made in order for them to be valued at one of the periodic net asset values provided for in said rules or articles.

However, management companies and SICAVAS should be aware of the disadvantages of this arrangement, notably where a substantial special profit-sharing reserve is paid in. It is therefore recommended that a clause be added to the rules or articles of incorporation of the employee saving scheme fund in order to allow the management company or, where appropriate, the SICAVAS to make an exceptional valuation of the units or shares, shortly after receiving a special profit-sharing reserve, so that these amounts may be incorporated immediately into the assets of the employee saving scheme fund.

b) Redemption procedures

Unitholders or shareholders who are employees of the company or who have left it

Redemption requests must originate from unitholders or shareholders and must be signed by the rights holder.

It is not permitted to add a clause stipulating mandatory repayment at the end of the lock-up period to the rules or articles of incorporation.

However, the rules of an FCPE or the articles of incorporation of a SICAVAS can make it obligatory for employees leaving the company to request that their units or shares be redeemed or automatically transferred to another employee saving scheme fund offering the same guarantee or equivalent protection. In this case, the transfer cannot be made until one year after the date on which the employee's rights become available.

Unitholders or shareholders who cannot be found

When employees have left the company, the company is responsible for informing them that their units or shares are available.

Deceased unitholders or shareholders

If a rights holder dies, the family is responsible for requesting settlement of his or her rights.

3. Submitting redemption requests

Redemption requests are received within the time periods set in the rules or articles of incorporation. Redemption requests signed by the requesting party or their assigns shall be sent to the company or its delegated registrar as per the rules. The custody account keeper takes receipt of redemption instructions once they have been validated by the company or its delegated registrar. He makes sure that the

⁴⁸ The provisions of the Labour Code are not applicable to FCPEs within the scope of Article L 214-165-1 of the Monetary and Financial Code.

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payments he makes with respect to redemption requests comply with applicable regulations and with the provisions of the rules or articles of incorporation of the employee saving scheme fund concerned. If the management company or the SICAVAS accepts redemption requests with a limit price, this stipulation shall be included in the rules or articles of incorporation of the employee saving scheme fund.

4. Redemption procedures

Redemptions are settled in cash and/or in kind, if so provided in the rules of the fund or the articles of incorporation of the SICAVAS;

- On condition that the assets of the fund or the SICAVAS are invested in the transferable securities of a single company, redemptions may be settled wholly or partially by remitting said transferable securities at the explicit request of the unitholder or shareholder, except in the case of early release;

- In other cases, if the redemption in kind corresponds to a representative pro rata share of the assets in the portfolio, then the written agreement signed by the outgoing unitholder or shareholder alone must be obtained by the fund or the asset management company. Where the redemption in kind does not correspond to a representative pro rata share of the assets in the portfolio, all the unitholders or shareholders must indicate in writing their agreement authorising the outgoing unitholder or shareholder to redeem its units or shares against certain particular assets, as explicitly defined in the agreement.