

## Book IV - Collective investment products

### Title II - AIFS

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

##### Section 1 - Retail investment funds

Sub-section 4 - Calculation of aggregate risk

Paragraph 1 - Measurement of aggregate risk for retail investment funds in relation to financial contracts

Sub-paragraph 2 - Commitment approach

## General regulation of the AMF

### Article 422-54 into force since 21 December 2013

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#### Article 422-54

I.- The asset management company may take into account netting and hedging arrangements provided that these arrangements do not ignore obvious and material risks and that they result in a clear reduction in risk.

II. - 1° Netting arrangement consist of a combination of positions on financial contracts or securities for the same underlying asset irrespective of their maturity dates, whose sole purpose is to eliminate the risks relating to certain positions taken through other financial contracts or securities.

2° Hedging arrangements consist of a combination of positions on financial contracts and/or financial securities for which:

a) The underlying assets are not necessarily identical

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b) The positions are concluded with the sole purpose of offsetting the risks relating to positions taken through other financial contracts or securities.

3° Any retail investment fund which has principally concluded financial contracts relating to interest rates may use specific duration netting rules, for which the relevant procedures are specified in an AMF instruction, in order to take into account correlations between instruments with differing maturities along the interest rate curve. Specific duration netting rules may not be used if they lead to an incorrect valuation of the risk profile of the retail investment fund.

A retail investment fund which uses specific duration netting rules for its financial contracts relating to interest rates may take hedging arrangements into consideration. However, only financial contracts relating to interest rates that have not been taken into account in any hedging arrangement may use these specific netting rules.

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