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The AMF updates its policy on the pre-approval of changes to UCITS and AIFs during their lifetime

The Autorité des Marchés Financiers (AMF) has updated its instructions DOC-2011-19, DOC-2011-20, DOC-2011-21, DOC-2011-22 and DOC-2011-23 relating to authorised UCITS and AIFs. It has also clarified and simplified a number of rules relating to the approval of changes made during the life of these funds.

Easing of approval rules during the life of funds

Today, to determine whether a change in investment strategy that affects a fund's risk and reward profile is a change subject to pre-approval by the AMF or just a simple change, asset management companies have to look closely at changes in the risk level linked to changes in exposure to one or more types of risk resulting from the transaction. If this change is strictly greater than 20% of net assets, the change is subject to pre-approval by the AMF.

To refocus the AMF's work on the most high-stakes transactions, a new rule has been introduced to determine whether or not a change requires pre-approval by the AMF. Two criteria are now considered: changes in the synthetic risk indicator (SRRI) and changes in exposure to one or more types of risk.

	SRRI unchanged	SRRI that moves by one box	SRRI that moves two or more boxes
Change in exposure to one or more types of risk between [0% and 80%] (absolute value)	simple change	simple change	change requiring pre-approval
Change in exposure to one or more types of risk between [80% and 120%] (absolute value)	simple change	change requiring pre-approval	change requiring pre-approval
Change in exposure to one or more types of risk greater than or equal to 120% (absolute value)	change requiring pre-approval	change requiring pre-approval	change requiring pre-approval

Important: the rules on informing investors (individually or by any other means) and the rules on exiting the fund free of charge remain unchanged. Only the rules for determining whether pre-approval by the AMF is required have changed.

Note that the above provisions do not apply to real estate collective investment undertakings and private equity funds. However, the rules applicable to such funds in the event of a change in their investment objective or policy and those applicable to changes in their risk and reward profile have been harmonised.

Clarification of existing rules on easing fund subscription requirements

The AMF instructions clarify the conditions under which easing the subscription requirements for authorised collective investment schemes is considered a change requiring pre-approval by the AMF.

For purposes of consistency with texts that refer to the €100,000 threshold (the threshold that allows non-professional investors to access funds open to professional investors), the instructions now specify that easing occurs when this threshold is crossed downwards and that this is a change requiring pre-approval by the AMF.

Timetable for entry into force

Authorised collective investment management companies will have to comply with the provisions of the new instructions for requests received on or after 1 September 2021.

Read more

- AMF Instruction DOC-2011-19 - Authorisation procedures, preparation of a KIID and a prospectus and periodic reporting for French and foreign UCITS marketed in
✚ France
- AMF Instruction DOC-2011-20 - Authorisation procedures, preparation of a KIID and a prospectus and periodic reporting for retail investment funds, funds of
✚ alternative funds and professional alternative investment funds
- AMF Instruction DOC-2011-21 - Authorisation procedures, preparation of a KIID
✚ and a prospectus, and reporting for employee investment undertakings
- AMF Instruction DOC-2011-22 - Authorisation procedures, preparation of a KIID
✚ and rules, and reporting for private equity funds
- AMF Instruction DOC-2011-23 - Authorisation and establishment processes for a
KIID and a prospectus and periodic information for real estate collective
investment undertakings and professional real estate collective investment
✚ undertakings

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