

## AMF Position

### Calculation period for the net asset values of funds of alternative funds and retail investment funds – DOC- 2006-18

#### Reference texts: Articles 422-251 and 423-7 of the General Regulation

Managing the liquidity schedule of a retail investment fund or a fund of alternative funds is an integral part of financial management.

The management company is responsible for establishing procedures for subscriptions and redemptions and for the frequency of the net asset value calculation<sup>1</sup>, as well as notice periods that are consistent with the overall liquidity of the retail investment fund or the fund of alternative funds and the type of holders to which such a fund is marketed.

For retail investment funds and funds of alternative funds, the maximum period allowed runs from the date on which orders are centralised to the date on which units or shares (on subscription) are delivered or redemptions of the retail investment fund or fund of alternative funds are settled by the custody account keeper.

This period, which is defined in Articles 423-7 (for retail investment funds) and 422-251 (for funds of alternative funds) of the AMF General Regulation, is:

- 1) Fifteen days where the net asset value is established daily;
- 2) Sixty days where the net asset value is not established daily.

This period is divided between:

- the mandatory notice period for subscription or redemption orders for units or shares of the retail investment fund or fund of alternative funds, i.e., the period between the cut-off date<sup>2</sup> and the net asset value date on which the order is executed (date on which the net asset value is established);
- the period needed to calculate the net asset value at which the order is executed<sup>3</sup>;
- the settlement or delivery period.

Note that:

- the order centralisation date is the deadline for the centraliser of the retail investment fund or fund of alternative funds to record the subscription or redemption order for units or shares;
- the date on which the net asset value is established is the net asset value date on which the subscription or redemption order for units or shares is executed;
- the date on which the net asset value of retail investment funds or funds of alternative funds is calculated is the date on which the AIF generates the result of the calculation of its net asset value. This date must be the same as the date on which the net asset value of the retail investment funds or funds of alternative funds is published;
- the settlement date is the date on which the custody account keeper executes, on behalf of the retail investment fund or fund of alternative funds, the settlement transaction for holders who have asked to redeem their unit(s).

These provisions therefore define a maximum limit between the centralisation date and the date on which the units or shares are settled (or delivered) by the custody account keeper for retail investment funds or

---

<sup>1</sup> Article 422-81 of the AMF General Regulation: the “net asset value shall be established and published with a frequency appropriate to the nature of the financial instruments, contracts, securities and deposits held by the retail investment fund”.

<sup>2</sup> Centralisation date as specified in the fund's prospectus - see AMF Instruction 2011-20.

<sup>3</sup> The settlement and delivery period for the unit or share of the retail investment fund or fund of alternative funds with which the depositary must comply remains unchanged.

funds of alternative funds, while introducing more flexibility to account for the lower level of liquidity and the valuation practices of certain underlying assets.

The prospectus of retail investment funds or funds of alternative funds must provide holders of units or shares in these funds with clear and exhaustive information on the existence and breakdown of the notice periods and the calculation and settlement or delivery dates for the units or shares of these funds.

The wording of the subscription-redemption procedures in the prospectus and, where applicable, the key investor information document<sup>4</sup> and any marketing presentations<sup>5</sup> must not mislead investors as to the redemption deadlines to which they are subject.

---

<sup>4</sup> For funds of alternative funds.

<sup>5</sup> Under Article 421-25 of the AMF General Regulation.