

10 July 2017

## Mutual Recognition of Funds (MRF) between France and Hong Kong

1. The Securities and Futures Commission (SFC) and the Autorité des Marchés Financiers (AMF) signed a Memorandum of Understanding (MoU) on France-Hong Kong mutual recognition of funds on 10 July 2017. The MoU provides a framework for mutual recognition of covered funds offered, marketed and distributed to retail investors in France and the public in Hong Kong.
2. For the purpose of this Circular, unless otherwise defined herein, the words beginning with a capital letter refer to the list of definitions set out in Article 1 of the MoU.
3. For the purpose of this Circular, the term “French Covered Fund” means a French-domiciled UCITS fund authorized or seeking authorization for offering, marketing and distribution to the public in Hong Kong through a streamlined process in accordance with Section 104 of the SFO pursuant to this Circular, provided that such fund meets the applicable conditions as set out in this Circular.
4. For the purpose of this Circular, the term “French Covered Management Company” means a French-domiciled management company which is licensed or authorized by the AMF to manage French Covered Funds and meets the applicable conditions as set out in this Circular.

### General principles

5. MRF operates on the principles that, in respect of a French Covered Fund that has been authorized by the AMF and is seeking or has received authorization to be offered, marketed and distributed to the public in Hong Kong:
  - a. the French Covered Fund shall meet the eligibility requirements (Eligibility Requirements) set out in Annex B to this Circular;
  - b. the French Covered Fund shall remain authorized by the AMF in France and is allowed to be offered, marketed and distributed to retail investors within France;
  - c. the French Covered Fund shall operate and be managed in accordance with the relevant laws and regulations in France and its constitutive documents;
  - d. the sale and distribution of the French Covered Fund in Hong Kong shall comply with the applicable laws and regulations in Hong Kong;
  - e. the French Covered Fund and the French Covered Management Company shall comply with the additional rules released by the SFC governing the authorization, post authorization and ongoing compliance in the context of the offering, marketing and distribution of the French Covered Fund to the public in Hong Kong; and



- f. the French Covered Management Company of the French Covered Fund shall ensure holders in both France and Hong Kong receive fair treatment, including in respect of investor protection, exercise of rights, compensation and disclosure of information.
6. In general, funds that are seeking SFC authorization or have received SFC authorization for offering to the public in Hong Kong pursuant to Section 104 of the SFO have to comply with the SFC Handbook for Unit Trusts and Mutual Funds, Investment-Linked Assurance Schemes and Unlisted Structured Investment Products (SFC Handbook) and the circulars, guidelines and other requirements as may be issued by the SFC from time to time (together with the SFO, the Hong Kong laws and regulations). On the basis of the principles set out above, if a French Covered Fund complies with the relevant French laws and regulations and the conditions described in this Circular, it is generally deemed to have complied in substance with the relevant SFC requirements and will enjoy a streamlined process of authorization for offering to the public in Hong Kong.
7. In view of the differences between the Hong Kong and the French regulatory regimes, to ensure proper investor protection and consistency with existing Hong Kong SFC-authorized funds, this Circular sets out the additional requirements with which a French Covered Fund has to comply when applying for SFC authorization for offering, marketing and distribution to the public in Hong Kong under the MRF, as well as other requirements which a French Covered Fund has to observe after obtaining SFC authorization.
8. The SFC will grant authorization to a French Covered Fund for offering, marketing and distribution to the public in Hong Kong within one month (the one-month period)<sup>1</sup> provided that the French Covered Fund meets all the applicable requirements set out in this Circular and that the SFC has received a complete and satisfactory set of Application Documents as described in paragraph 45 in relation to the application process.

### **Eligibility Requirements and types of French Covered Funds**

9. The Eligibility Requirements are set out in Annex B to this Circular.
10. The SFC and the AMF may consider extending the MRF to include other types of funds in future in accordance with the MoU.
11. A French Covered Fund must comply with the requirements set out under the “Requirements applicable to all French Covered Funds” section below.

### **Requirements applicable to all French Covered Funds**

12. To ensure proper investor protection and consistency with existing Hong Kong schemes authorized for offering, marketing and distribution to the public in Hong Kong, French Covered Funds are required to comply with the requirements set out in

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<sup>1</sup> Such period may be extended to two months should additional information be required by the SFC.



paragraphs 13 to 53 below, as well as the relevant requirements set out in Annex A to this Circular.

#### *Representatives in Hong Kong*

13. Each French Covered Fund must appoint a firm in Hong Kong as its representative in compliance with Chapter 9 and 11.1(b) of the UT Code.

#### *Operational and ongoing requirements*

##### AMF supervision

14. The French Covered Fund must, on an ongoing basis, remain authorized by the AMF for offering, marketing and distribution to retail investors in France, be subject to the ongoing regulation and supervision of the AMF and comply with the Eligibility Requirements set out in Annex B to this Circular.

##### Reporting obligation

15. The French Covered Fund shall have at least 20% of the French Covered Fund's net asset value attributable to investors in France on an ongoing basis for offering, marketing and distribution to the public in Hong Kong.

The French Covered Management Company shall confirm to the AMF semi-annually that at least 20% of the French Covered Fund's net asset value is attributable to investors in France at the end of each reporting period.

16. If the AMF becomes aware or is notified that the French Covered Fund or its French Covered Management Company fails to meet the requirement set out in paragraph 15 above, it shall notify the SFC as soon as possible.

##### Jurisdiction

17. The French Covered Management Company shall ensure and procure its distributors to ensure that Hong Kong investors are able to bring actions concerning the French Covered Fund and the French Covered Management Company in the courts of Hong Kong.

##### Changes to French Covered Funds

18. No change shall be made to a French Covered Fund resulting in non-compliance with the Eligibility Requirements set out in Annex B to this Circular. If the AMF is aware of such change, it shall notify the SFC as soon as possible.
19. Changes to a French Covered Fund shall be made in accordance with the applicable French laws and regulations and the provisions of its constitutive documents<sup>2</sup>. Changes to a French Covered Fund shall not contravene the applicable French laws and regulations and the requirements set out in this Circular.

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<sup>2</sup> For the avoidance of doubt, change in Delegate(s) is subject to AMF's prior approval.



20. These changes shall be effective upon approval by the AMF or compliance with the appropriate procedures.
21. However, changes that affect Hong Kong investors only and revisions made to the offering documents of a French Covered Fund relating to such changes should be made in accordance with the requirements under the relevant Hong Kong laws and regulations. Prior consultation with the SFC concerning such changes is encouraged.
22. The AMF shall notify the SFC of any change approved by the AMF in respect of a French Covered Fund authorized by the SFC in Hong Kong as soon as possible and in any event within one week from the date of approval.

In addition, the AMF will confirm to the SFC that the French Covered Fund effecting such changes continues to meet the Eligibility Requirements set out in Annex B to this Circular.

23. The French Covered Management Company shall ensure that the SFC is informed of any change filed with the AMF as soon as possible and in any event within one week from the date of filing with the AMF.
24. Holders in Hong Kong shall be notified about the changes to the French Covered Fund according to the relevant Hong Kong laws and regulations.

#### Breach

25. In the event of a breach of French laws and regulations or of the requirements set out or referred to in this Circular comes to the attention of the AMF, the AMF will notify promptly the SFC pursuant to the MoU. The French Covered Management Company shall rectify the breach promptly. The AMF will notify the SFC when the French Covered Management Company has rectified the breach.
26. Following SFC authorization, if a French Covered Fund ceases to meet any of the requirements as set out in this Circular, the SFC may withdraw its authorization to offer, market and distribute the fund to the public in Hong Kong, after informing the AMF. In any case, the French Covered Fund shall cease to be offered to the public in Hong Kong and shall not accept subscriptions from new investors in Hong Kong without the SFC's prior approval.

#### Withdrawal of authorization

27. Following the authorization of a French Covered Fund, if its French Covered Management Company does not wish to maintain such authorization, it shall apply for withdrawal of authorization from the SFC in accordance with the applicable Hong Kong laws and regulations.

#### Termination

28. Termination of a French Covered Fund shall require the approval of the AMF with immediate notice from the AMF to the SFC. Termination notice to Hong Kong investors should be submitted to the SFC for prior approval.



*Sale/distribution, offering documents, ongoing disclosure and advertisements*

Sale/distribution

29. The sale and distribution of a French Covered Fund in Hong Kong must be conducted by intermediaries properly licensed by or registered with the SFC. The sale and distribution of a French Covered Fund in Hong Kong shall comply with the applicable Hong Kong laws and regulations relating to distribution, sale and marketing of funds.

Offering documents

30. The disclosure of information relating to a French Covered Fund shall be complete, accurate, fair, clear, effective, and shall be capable of being easily understood by investors.
31. The offering documents of a French Covered Fund must be up-to-date and contain information necessary for investors to be able to make an informed judgement of the investment proposed to them.
32. The offering documents used to market a French Covered Fund in Hong Kong shall include the following statement:
- “This fund, authorized by the SFC for offering, marketing and distribution to the public in Hong Kong, remains governed by laws, ordinances and other regulations or requirements applicable in France and is supervised by the Autorité des Marchés Financiers in France. It complies with rules (including investment restrictions) that are different from the requirements applicable to other SFC-authorized funds established under the Hong Kong laws.”
33. A French Covered Fund may utilize the prospectus authorized by the AMF. Unless otherwise provided in this Circular, matters such as the content of the prospectus, its format, frequency of its update and the update procedures shall comply with the applicable French laws and regulations and the provisions of its constitutive documents. In addition, the AMF-authorized prospectus may be supplemented by a Hong Kong covering document to comply with the disclosure requirements set out in Annex A to this Circular and to disclose any other information which may have a material impact on investors in Hong Kong. The prospectus and the Hong Kong covering document shall not contain any information that would be inaccurate/misleading regarding the French Covered Fund.
34. The French Covered Management Company shall ensure fair treatment for investors in France and in Hong Kong in making available to them the offering documents of a French Covered Fund and their possible changes. In any case, the French Covered Management Company shall comply with the requirements regarding information to be provided to investors provided under relevant Hong Kong laws and regulations. Subject to paragraph 21, the revised offering documents of a French Covered Fund shall be filed with the SFC as soon as possible and in any event within one week after the revised offering documents have received AMF’s authorization or are filed with the AMF.



#### Ongoing disclosure

35. The French Covered Management Company shall provide ongoing disclosure of information (including periodic financial reports and notices) to investors in Hong Kong regarding the French Covered Fund as provided under relevant Hong Kong laws and regulations<sup>3</sup>.
36. The French Covered Management Company shall ensure fair treatment of investors in France and Hong Kong regarding the ongoing disclosure of information of a French Covered Fund (including periodic financial reports and notices).
37. The ongoing disclosure should be filed with the SFC as soon as possible and in any event within one week after it has received AMF's authorization or is filed with the AMF.
38. French Covered Funds shall comply with the requirements set out in Annex A to this Circular and on an ongoing basis, disclose any other information which may have a material impact on investors in Hong Kong.
39. Subject to paragraph 41, a French Covered Fund may use its French financial reports as the basis for distribution in Hong Kong, provided that it is supplemented by the additional information and meet the other requirements set out in Annex A to this Circular.

#### Language

40. The offering documents and notices to Hong Kong investors of a French Covered Fund shall be provided in English and Chinese.
41. The constitutive documents and financial reports of a French Covered Fund shall be made available to Hong Kong investors in either English or Chinese. The language in which these documents are made available to Hong Kong investors should be clearly disclosed in the offering documents.

#### Advertising guidelines

42. All advertisements and marketing materials in relation to the French Covered Fund issued in Hong Kong shall comply with the applicable Hong Kong laws and regulations, in particular, the Advertising Guidelines Applicable to CIS Authorized under the Product Codes.

#### **Application process**

43. Unless otherwise specified in paragraphs 44 to 51, the applications of French Covered Funds seeking SFC's authorization under the MRF are subject to the revamped fund authorization process as set out in SFC's circular entitled "Circular to management companies of SFC-authorized unit trusts and mutual funds – Formal

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<sup>3</sup> It is expected that to the extent there are requirements on minimum notice period and content of or template for the notice to Hong Kong investors under the relevant Hong Kong laws and regulations, the French Covered Fund should comply with these requirements.



adoption of revamped fund authorization process” dated 22 April 2016 (as amended on 2 December 2016).

44. Applications of French Covered Funds will be processed and classified as Standard Applications under the revamped fund authorization process.
45. To start an application, the following documents (Application Documents) have to be submitted to the SFC through the AMF:
  - a. a duly signed and completed Application Form;
  - b. a duly signed and completed Information Checklist (<http://www.sfc.hk/web/EN/forms/products/forms.html>);
  - c. a certificate from the AMF confirming that the Eligibility Requirements listed in Annex B to this Circular are met;
  - d. advanced draft of the French Covered Fund’s offering documents in English (including the product key facts statement) and, where applicable, marked up against the latest version filed with the SFC;
  - e. constitutive documents of the French Covered Fund in either English or Chinese;
  - f. documents (including any confirmations and/or undertakings) required to be submitted under or pursuant to the Information Checklist; and
  - g. a cheque made payable to “Securities and Futures Commission” in the amount of the applicable application fee (see Q.3 of the FAQs on Application Procedures for Authorization of Unit Trusts and Mutual Funds under the Revamped Process).
46. Upon receipt of the Application Documents, the SFC will have five working days to assess that all Application Documents have been duly and properly submitted.
47. Provided that the French Covered Fund meets all the applicable requirements set out in this Circular and if no requisition letter, as described in paragraph 48 below, is issued by the SFC, the SFC will grant authorization with conditions<sup>4</sup> to a French Covered Fund within the one-month period. The one-month period will start from the date the SFC confirms that it has received, to its satisfaction, the Application Documents listed in paragraph 45 above. Should a requisition letter be issued by the SFC, the SFC will grant authorization to a French Covered Fund within two months (the two-month period) provided that all outstanding issues have been addressed to the satisfaction of the SFC.

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<sup>4</sup> For the authorization of a French Covered Fund to become effective, the conditions that are required to be fulfilled include: (i) the submission of offering documents properly addressing all the comments of the SFC, (ii) the submission of Chinese version of offering documents together with the Chinese translation confirmation(s); (iii) the due appointment of a Hong Kong representative; and (iv) the payment to the SFC of authorization fee and annual fee (for the first year of authorization).



48. A requisition letter might be sent by the SFC for any clarifications relating only to matters relating to paragraphs 29 to 42 and in Annex A to this Circular that it considers necessary.
49. The SFC may refuse the application if outstanding issues are not addressed to the satisfaction of the SFC within the two-month period.
50. Once the SFC authorizes the application, it will notify the AMF.
51. The application process shall be made through the following address: [mrffrance@sfc.hk](mailto:mrffrance@sfc.hk).
52. The SFC encourages applicants to consult the Investment Products Division early for any clarification or guidance as to how the relevant requirements may apply and be complied with in light of their specific circumstances.
53. The SFC may issue other circulars, frequently asked questions and other documents from time to time to provide practical guidance to the industry. Please refer to the SFC's website or contact the Investment Products Division.

**Investment Products Division  
Securities and Futures Commission**





## Annex A

### Requirements to be complied with by all French Covered Funds

| <b>1. General requirements</b>  |  |
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| Mention of SFC authorization  | 1.10 of the Overarching Principles Section (OPS) of the SFC Handbook   |
| Naming of a French Covered Fund   | 5.1 and 5.2 of the OPS of the SFC Handbook   |
| Availability of constitutive documents  | 5.10(c) of the UT Code   |
| Accompaniment to offering documents   | 6.3 and 6.4 of the UT Code   |
| Inclusion of performance data   | 6.5 of the UT Code   |
| Dealing   | 6.14 and 10.5(c) of the UT Code  |
| Transaction fees and performance fee  | Note to 6.16 and 6.17 of the UT Code   |
| Pricing errors  | 10.2 of the UT Code, FAQ 4 in the Frequently Asked Questions on Post Authorization Compliance Issues of SFC-authorized Unit Trusts and Mutual Funds  |
| Self-managed schemes  | A self-managed scheme must appoint a French Covered Management Company that is authorized by AMF to manage collective investment scheme in accordance with Article L. 532-9,II, 1° of the French Monetary and Financial Code, and Article 312-2 and Article 313-48 of the General Regulation of the AMF as investment manager. |
| <b>2. Disclosure requirements in relation to offering documents</b><br><b>(Note: this may be included in the Hong Kong covering document)</b> |  |
| Language  | 5.6 of the OPS of the SFC Handbook   |
| Product key facts statement   | 6.5 – 6.8 of the OPS of the SFC Handbook and 6.2A of the UT Code   |
| Use of disclaimers  | 6.12 of the OPS of the SFC Handbook  |
| Enquiries and complaints handling   | 7.4 of the OPS of the SFC Handbook   |
| Distribution fees and advertising or promotional expenses   | To disclose such fee arrangements (if any) in the offering documents   |
| Use of financial derivative instruments for investment propose  | 8.9(j)(ii) and 8.9(j)(iii) of the UT Code  |
| Information to be disclosed in the offering document  | Appendix C to the UT Code (paragraphs 3(c), 3(d), 3(e), 3(g), 6, 8, 10, 11, 12, 14(c), 16, 18, 18A, 19, 19A, 20, 23 and 24), FAQ 27B in the Frequently Asked Questions on the Code on Unit Trusts and Mutual Funds and FAQ 9 in the  |



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|  | Frequently Asked Questions on SFC Authorization of UCITS III Funds   |
| Disclosure on stock lending, repo and similar over-the-counter transactions                        | FAQ 21 in the Frequently Asked Questions on the Code on Unit Trusts and Mutual Funds   |
| Disclosure on information to investors regarding the fund's distribution policy                    | FAQ 34 – 34(C) in the Frequently Asked Questions on the Code on Unit Trusts and Mutual Funds   |
| Disclosure on information to investors regarding US Foreign Account Tax Compliance Act             | FAQ 35 in the Frequently Asked Questions on the Code on Unit Trusts and Mutual Funds and the Circular to issuers of SFC-authorized investment products concerning the US Foreign Account Tax Compliance Act  |
| <b>3. Disclosure requirements in relation to ongoing disclosure</b>                                |  |
| Notices to holders   | 11.2 (bilingual notice and notice period for unitholder meetings), 11.2A and 11.2B of the UT Code  |
| Disclosure of withdrawal of authorization  | 11.4 of the UT Code  |
| Disclosure on merger or termination  | 11.5 of the UT Code  |
| Reporting to holders   | 11.6 of the UT Code (notification of availability of financial reports)  |
| Constitutive documents   | All constitutive documents of a French Covered Fund shall be made available to Hong Kong investors in either English or Chinese  |
| Other documents to be made available to Hong Kong investors as specified in the offering documents | Upon request by investors, specific information regarding these documents should be made available to Hong Kong investors in English or Chinese. Information regarding how investors can make such information requests should also be clearly disclosed in the Hong Kong offering documents |
| <b>4. Disclosure requirements in relation to financial reports</b>                                 |  |
| Language   | Financial reports of a French Covered Fund shall be made available to Hong Kong investors in either English or Chinese   |
| Notes to the accounts  | Items 2 and 3 of the “Notes to the accounts” Section of the Appendix E to the UT Code  |
| Holdings of collateral   | Items 1(b), 1(c) and 1(d) of the “Holdings of collateral” Section of the Appendix E to the UT Code   |



## Annex B

### Eligibility Requirements

#### French Covered Fund

1. The French Covered Fund must be established, domiciled and managed in accordance with French laws and regulations and its constitutive documents.
2. The French Covered Fund must be an undertaking for collective investment in transferable securities authorized in accordance with Article 5 Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferrable securities which is authorized by the AMF for offering, marketing and distribution to retail investors in France under Article L. 214-3 of the French Monetary and Financial Code and Article 411-3 of the General Regulation of the AMF.
3. At least 20% of the French Covered Fund's net asset value must be attributable to investors in France.
4. The French Covered Fund must be a general equity fund, bond fund or mixed fund, as defined in Annex C to this Circular.
5. The French Covered Fund must not use leverage exceeding 100% of the fund's net asset value as calculated under the UCITS commitment approach provided by Article 42 of the Directive 2010/43/EU.
6. The French Covered Fund must not invest in (i) physical commodities including precious metals or commodity based investments or real estate, or (ii) certificates representing them.
7. The French Covered Fund must not be a money market fund, an exchange traded fund, an index fund, or a structured fund as defined in Annex C to this Circular.
8. The French Covered Fund must not have share class with hedging arrangement other than currency hedging.
9. The French Covered Fund must not pay any unreasonable turnover fees or percentage-based transaction fees to the French Covered Management Company or any of its connected persons.
10. Should the French Covered Fund charge a performance fee, the fee:
  - a. can only be payable no more frequently than annually;
  - b. must be clearly disclosed in offering documents; and
  - c. must be calculated:
    - either against a benchmark, which is consistent with the risk and reward profile of the fund; or



- on a high-on-high principle (i.e. the fee can only be payable if the net asset value per unit/share exceeds the net asset value per unit/share on which the performance fee was last calculated and paid). In such case, if a performance fee is levied on the share class(es) offered to the investors in Hong Kong by the French Covered Fund, the reference to which the performance fee (commonly known as high water mark) is calculated must not be reset after SFC authorization of the French Covered Fund.

### French Covered Management Company

11. The French Covered Management Company must be domiciled in France and authorized by AMF to manage collective investment scheme in accordance with Article L. 532-9,II, 1° of the French Monetary and Financial Code, and Article 312-2 and Article 313-48 of the General Regulation of the AMF.
12. The French Covered Management Company and its accountable director(s) (within the meaning of Article L. 532-9, II, 4° of the French Monetary and Financial Code) have not been subject to any of the following disciplinary actions taken by the AMF, in the past 3 years or since the date of the establishment of the French Covered Management Company if it has been established for less than 3 years:
  - a. with respect to the French Covered Management Company:
    - a withdrawal of its license by the AMF (in accordance with Article L.532-10 of the French Monetary and Financial Code);
    - a temporary or permanent ban on providing some or all of the services previously provided (in accordance with Article L. 621-15, III, a of the French Monetary and Financial Code); or
  - b. with respect to the accountable director(s) of the French Covered Management Company, a temporary or permanent ban on conducting some or all of their business activities (in accordance with Article L. 621-15, III, b of the French Monetary and Financial Code).
13. Where the French Covered Management Company delegates the investment management decisions to another entity authorized to manage collective investment schemes in accordance with 313-77 of the General Regulation of the AMF, such entity is operating in one of the acceptable inspection regimes recognized under 5.1 of the UT Code (AIR Delegate)<sup>5</sup>.

### Custodian

14. The custodian appointed by the French Covered Fund is a credit institution or an investment firm complying with the requirements set out in Article L. 214-10-1 of the French Monetary and Financial Code, in its version in force at the date of the entry into force of the MoU.

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<sup>5</sup> For the purpose of providing confirmation on Eligibility Requirements pursuant to paragraphs 22 and 45 of this Circular, in addition to confirming the matters listed in Annex B to this Circular, where applicable, the AMF will also confirm to the SFC that it has conducted regulatory check with the authority primarily responsible for regulating the AIR Delegate and is not aware of any regulatory concerns.



## Annex C

### Types of French Covered Funds

| Terms used in the MRF | French definition   | Covered under the MRF arrangement |
|-----------------------|---|-----------------------------------|
| <b>equity fund</b>    | <p><b>Article 30 instruction 2011-19 of the AMF</b> must have <b>60% or more exposure to equity markets at all times. The classification then depends on the geographical zone of the equities to which the UCITS is exposed.</b> The notion of incidental exposure mentioned in Articles 30-1 to 30-4 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 UCITS must be low. Under no circumstances may exposure of more than 10% of the assets to specific risks be qualified as incidental exposure within the meaning of Articles 30-1 to 30-9 of this Instruction. On the other hand, merely complying with exposure of less than 10% is not enough in itself to qualify as an incidental specific risk. The notion of incidental risk must be addressed through the nature of the risks incurred and the contribution that the relevant assets make to the overall risk profile and potential return of the UCITS.</p> <p><b>Article 30-1 - “French equities” UCITS</b> (optional classification) The UCITS has at least 60% exposure to the French equity market at all times. Exposure to exchange rate risk or to markets other than the French market must remain incidental. The UCITS prospectus must mention the minimum exposure of the UCITS to the French equity market.</p> <p><b>Article 30-2 - “Eurozone equities” UCITS</b> (optional classification) The UCITS has at least 60% exposure to one or several markets for equities issued in one or several Eurozone countries, possibly including the French market. Exposure to exchange rate risk or to foreign markets outside the Eurozone must be incidental. The UCITS prospectus must mention the minimum exposure of the UCITS to Eurozone equity markets.</p> <p><b>Article 30-3 - “European Union equities” UCITS</b> (optional classification) The UCITS has at least 60% exposure to one or several markets for equities issued in one or more European Union countries at all times,</p> | √                                 |



|                         |  |          |
|-------------------------|--|----------|
|                         | <p>possibly including Eurozone markets. Exposure to exchange rate risk for currencies other than those of the Eurozone or European Union must be incidental. Exposure to market risks other than within the European Union must remain incidental. The UCITS prospectus must mention the minimum exposure of the UCITS to the relevant equity markets.</p> <p><b>Article 30-4 - “International equities” UCITS</b> (optional classification) The UCITS has at least 60% exposure to at least one foreign equity market or to the equity markets of several countries at all times, possibly including the French market. The UCITS prospectus must mention the minimum exposure of the UCITS to all the relevant markets.</p>  |          |
| <p><b>bond fund</b></p> | <p><b>Article 30-5 – “Euro-denominated bonds and other debt securities” UCITS</b> (optional classification)<br/> <b>The UCITS is exposed to fixed-income securities denominated in Euros at all times. Exposure to equity risk must not exceed 10% of net assets. Exposure to securities denominated in a currency other than Euros and exposure to exchange rate risk must be incidental.</b><br/> The “investment strategy” section of the prospectus must provide a table showing the interest-rate sensitivity range within which the UCITS is managed and the geographical zone of the issuers of the securities (or of the underlying assets for securitisation vehicles) that the UCITS 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 be mentioned in the “investment strategy” section of the prospectus.</p> <p><b>Article 30-6 - “International bonds and other debt securities” UCITS</b> (optional classification)<br/> <b>The UCITS is exposed to fixed-income securities denominated in other currencies than the Euro at all times (and possibly to Euro-denominated fixed-income securities). Exposure to equity risk must not exceed 10% of net assets.</b> The “investment strategy” section of the prospectus must provide a table showing the interest-rate sensitivity range within which the UCITS is managed, the currencies in the which the securities the UCITS is invested in are denominated, the level of exchange rate risk incurred, the geographical zone of the issuers of the securities (or of the underlying assets for securitisation vehicles) that the UCITS is exposed to, along with the relevant exposure ranges. If the range of credit spread sensitivity is materially different from the range of interest</p> | <p>√</p> |



|                          |  |   |
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|                          | rate sensitivity, the credit spread sensitivity must be mentioned in the “investment strategy” section of the prospectus   |   |
| <b>mixed fund</b>        | <b>Article 30-9 - “Diversified” UCITS</b> (classification to be terminated as of 31 December 2017)<br><b>This category covers all UCITS that are not part of any other category herein.</b> A French Covered Fund classified as “mixed fund” should invest at least 60% of its non-cash assets in equities and/or fixed income securities.   | √ |
| <b>money market fund</b> | <b>European money market funds’ regulation :</b><br><b>Collective investment undertakings that:</b> <ul style="list-style-type: none"> <li>- Invest in short-term assets</li> <li>- Have distinct or cumulative objectives offering returns in line with money market rates or preserving the value of the investment.</li> </ul>  | X |
| <b>ETF</b>               | <b>Definitions - position 2013-06 of the AMF</b><br>A listed UCITS (ETF) is a UCITS in which at least one class of units or shares is traded throughout the day on at least one regulated market or multilateral trading system whereby at least one market maker acts to ensure that the value Market shares of its units or shares does not vary significantly from its net asset value and, if applicable, its indicative net asset value.                            | X |
| <b>index fund</b>        | <b>Definitions - position 2013-06 of the AMF</b><br>An OPCVM whose strategy is to replicate or track the performance of one or more indices by synthetic or physical replication, for example.   | X |
| <b>structured fund</b>   | <b>Article 30-8 instruction 2011-19 of the AMF</b><br>In accordance with the provisions of Article R. 214-28 of the Monetary and Financial Code, the investment objective of a structured fund 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 income that is determined in the same manner, where applicable. | X |