

UCITS	LUXEMBOURG	FRANCE	GERMANY	IRELAND	ITALY	SPAIN	UK	POLAND	SLOVAKIA
• Legal form	• SICAV/SICAF Part I of the 2002 law relating to undertakings for collective investment (legal entities) • FCP Part I of the 2002 law relating to undertakings for collective investment (no legal personality)	• "Coordinated" SICAV (legal entities) • "Coordinated" FCP (no legal personality)	Companies with limited liability: GmbH or AG; status of a "financial institution" required, to be abolished according to the draft bill of the InvG 2007. Most German KAGs are GmbHs	UCITS may be established as unit trusts, variable capital companies, fixed capital companies or common contractual funds	"OICR Armonizzati" - UCITS Harmonized	Fondo di inversion (FCP) or SICAV (see Ley 35/2003 de 4 noviembre 2003 - Exposicion de motivos - IV)	UCITS may be established as unit trust schemes, investment companies	Open-ended investment funds	
ELIGIBLE ASSETS									
Transferable securities									
• Definition of "transferable securities" as per article 1 (8) of the Directive transposed in the national laws or regulations	Yes	No (not the one as per article 1 (8) of the Directive)	No	Yes (explanatory memorandum)	No	No - See valore negociables article 2.1 §a Ley del Mercado de Valores and article 30 1.a of the Ley 35/2003 de 4 noviembre 2003	No (there is a definition but this definition is different from the one as per article 1 (8) of the Directive) COLL 5.2.7.R		Yes (Act on Collective Investment - article 5)
• Each eligibility criteria defined under article 19 (1) (a) to (d) transposed in the national laws or regulations	Yes	Yes (Chapter IV 1.1 § 1 R214.2.I) Particularity: The French regulator (AMF) issues a list of non-eligible markets	Yes (§ 47 Securities) • "(2) Securities within the meaning of subsection (1) are also subscription rights, so far the securities, to which the subscription rights relate, may be included in the fund"	Yes (UCITS 9.2 § 1). Additional precision: • "(ii) Recently issued transferable securities which will be admitted to official listing on a stock exchange or other market within a year. However, a UCITS may invest no more than 10% of its assets in these securities. This restriction will not apply in relation to investment by a UCITS in certain US securities known as Rule 144A securities provided that: - the securities are issued with an undertaking to register with the US SEC within one year of issue ; and - the securities are not illiquid securities, i.e. they may be realised by the UCITS within seven days at the price, or approximately at the price, at which they are valued by the UCITS"	Yes (Provvedimento della Banca d'Italia 14 Aprile 2005 Titolo V Cap. III Sez. 2 OICR Armonizzati 1)	Yes - See articles 30.1 a and 30.1 b of the Ley 35/2003 de 4 noviembre 2003	Yes (COLL 5.2.8.R. + 5.2.10.R) Transferable securities held within a UCITS scheme must be: • Admitted to or dealt in on an eligible market within COLL 5.2.10 R (1)(a) (Eligible markets: requirements); or • Dealt in on an eligible market within COLL 5.2.10 R (1)(b); or • Admitted to or dealt in on an eligible market within COLL 5.2.10 R (2); or	Yes (article 93.1.1, 93.1.2 and 93.2 of the Act on Investment funds dated May 27th, 2004) but the criteria under the article 19 (c) of the Directive is missing	Yes (Act on Collective Investment - article 44.1)
• Financial instruments considered as transferable securities	Closed-ended REITs, closed-ended funds, Gold Bullion Securities, closed-ended hedge funds	Until December 31, 2007 some money market instruments previously considered ("Bulletin mensuel" COB n°276 January 1994) as transferable securities dealt in on a regulated market are still considered as such (including London CD's)					Gold Bullion Securities		
Money market instruments									
• Definition of "money market instruments" as per article 1 (9) of the Directive transposed in the national laws or regulations	Yes	No (not the one as per article 1 (9) of the Directive)	No	Yes (explanatory memorandum)	No	No - See valore negociables article 2.1 §a Ley del Mercado de Valores and article 30.1.a of the Ley 35/2003 de 4 noviembre 2003	Yes (COLL 5.2.18)	Yes (article 2.21 of the Act - this article seems to include more precisions than the Directive and states the following: "money market instruments" shall mean securities or property rights incorporating exclusively monetary claims, maturing within one year from the issue date, whose value may be determined at any time, provided that there is demand for and supply of such instruments enabling them to be acquired and disposed of on a continuous basis, with the provision that a temporary loss of liquidity of such securities or property rights does not cause such securities or property rights to lose the status of money market instruments")	Yes (Act on Collective Investment - article 5)
• Each eligibility criteria defined under article 19 (1) (a) to (d) transposed in the national laws or regulations	Yes	Yes (Chapter IV 1.1 § 1 R214.2.I) Please refer to next question.	Yes (§ 48 Money Market Instruments)	Yes (UCITS 9.2 § 1). See additional precision above under "Transferable securities"	Yes (TUF article 1 c. 2: Provvedimento della Banca d'Italia 14 Aprile 2005 Titolo V Cap. III Sez. 2 OICR Armonizzati 1)	Yes - See article 30.1 a and 30.1.b of the Ley 35/2003 de 4 noviembre 2003	Yes (COLL 5.2.8)	Yes (article 93.1.1, 93.1.2 and 93.2 of the Act on Investment funds dated May 27th, 2004) but the criteria under the article 19 (1) (c) of the Directive is missing	Yes (Act on Collective Investment - article 44.1)
• Each eligibility criteria defined under article 19 (1) (h) transposed in the national law	Yes	Yes (Chapter IV 1.1 § 2 R 214.2.II) but additional criteria: • Before first issue, the issuer shall produce an activity report on a yearly basis (or when necessary) resuming its activity and financial situation • The issue is supervised by an independent public entity • The book entry and settlement relating to those securities should be supervised. Securities which comply with all of the above requirements are considered to be negotiated on a regulated market	Yes (§ 48 Money Market Instruments)	No (UCITS 9.2 §2) The fourth indent of article 19 (1) (h) has not been transposed	Yes (Provvedimento della Banca d'Italia 14 Aprile 2005 Titolo V Cap. III sez. 2 OICR Armonizzati 1 b) - more restrictive than the directive, limited to the G10 member, to countries classified as investment grade or to recognised rating agencies	Yes - See article 30 1. h of the Ley 35/2003 de 4 noviembre 2003 (relating to "approved category") and article 36 h of the Real Decreto 1309/2005, de 4 noviembre, por el que se aprueba el Reglamento de la Ley 35/2003	No (COLL 5.2.18) The fourth indent of article 19 (1) (h) has not been transposed	Yes (article 93.4 of the Act) However, to be eligible under the fourth indent of article 19 (1) (h) the issuer of the money market instrument should comply with all the following requirements: • Company with equity of at least 10 Mio EUR • Annual financial statements published in accordance with Community law • Company is a member of a group including at least one company whose securities are traded on a regulated market • Company is engaged in the financing of a group referred to the third indent, or the financing of structures designed to convert debt into securities using bank facilities	Yes (Act on Collective Investment - article 44.1.h)

UCITS	LUXEMBOURG	FRANCE	GERMANY	IRELAND	ITALY	SPAIN	UK	POLAND	SLOVAKIA
ELIGIBLE ASSETS									
Units/shares of UCITS/other UCIs									
<ul style="list-style-type: none"> Each eligibility criteria defined under article 19 (1) (e) transposed in the national laws or regulations 	Yes	<p>Specific eligibility criteria (Chapter IV 1.1 § 2 R 214.25 - RGAMF article 411.34)</p> <ul style="list-style-type: none"> Coordinated UCITS profiting from a mutual recognition procedure of agreements in regards of EC Directive 85/611 Legal extract "[...]OPCVM bénéficiant d'une procédure de reconnaissance mutuelle des agréments au sens de la directive 85/611/CEE du Conseil du 20 décembre 1985 portant coordination des dispositions législatives, réglementaires et administratives concernant certains OPCVM et dont l'actif comprend plus de 10% d'actions ou de parts d'OPCVM [...]" Uncoordinated French UCITS (general aim), assimilated foreign UCITS, "ARIA simple sans effet de levier" and as from January 1st, 2007 foreign UCIs which meet the 13 RGAMF criteria, negotiated on a regulated market with an index based strategy 	Yes (§ 50 Investment in Units)	Yes (UCITS 9.2 § 3 to 6 + Guidance Note 2/3)	Yes (Provvedimento della Banca d'Italia 14 Aprile 2005: Titolo IV Cap. V sez. 2 OICR Armonizzati: 1 F, G ; 4)	Yes - See article 30.1.d and c of the Ley 35/2003 de 4 novembre 2003	Yes (COLL 5.2.13) There is a reference to article 19 (1) (e)	Yes for units in collective investment undertakings registered abroad (article 101 of the Act)	Yes (Act on Collective Investment - article 44.1.e)
Bank deposits									
<ul style="list-style-type: none"> Each eligibility criteria defined under article 19 (1) (f) transposed in the national laws or regulations 	Yes	<p>Yes (Chapter IV 1.1 § 1 R214.3)</p> <p>Additional requirements:</p> <ul style="list-style-type: none"> Bank deposits should be concluded based on a written agreement between the credit institution and the management company The repayment should be at least equal to the initial deposit When repayment occurs in advance at the request of the UCITS, proceeds should be available within 24 hours 	Yes (§ 49 Bank Deposits)	<p>Yes (UCITS 9.2 § 7)</p> <ul style="list-style-type: none"> Definition of "credit institutions": (i) a credit institution authorised in the European Economic Area (EEA) (EU Member States, Norway, Iceland, Liechtenstein) (ii) a credit institution authorised within a signatory state other than a Member State of the EEA, to the Basle Capital Convergence Agreement of July 1988 (Switzerland, Canada, Japan, USA) (iii) a credit institution authorised in Jersey, Guernsey, the Isle of Man, Australia or New Zealand 	Yes (Provvedimento della Banca d'Italia 14 Aprile 2005 Cap. III sez. 2 OICR Armonizzati - 1 H)	Yes - See article 30.1.e of the Ley 35/2003 de 4 novembre 2003	Yes (COLL 5.2.26)	Yes (articles 93.1.3 and 93.3 of the Act)	Yes (Act on Collective Investment - article 44.1.f)
Transferable securities and money market instruments other than those referred to in paragraph (1) of article 19 (1) of the Directive									
<ul style="list-style-type: none"> Types 	Open-ended real estate funds, open-ended funds of funds, Gold ETF, open-ended hedge funds	<p>Chapter IV 1.1 § 1 R 214.5 - RGAMF article 411.34</p> <ul style="list-style-type: none"> "Bon de souscription" (subscription voucher) "Bon de caisse" (cash voucher) "Billet à ordre" (promissory note) "Billet hypothécaire" (mortgage note) Foreign UCIs which meet the criteria settled by AMF Following UCITS: Feeder UCITS ("OPCVM nourriciers"), fund of coordinated/uncoordinated UCITS, UCITS with simplified procedure ("procédure allégée"), UCITS with simplified investment rules ("à règles d'investissement allégées"), contractual UCITS ("OPCVM contractuels"), fund of hedge funds ("OPCVM de fonds alternatifs"), capital risk UCIs ("fonds communs de placement à risques"), "fonds communs de placement dans l'innovation", "fonds d'investissement de proximité", "fonds communs d'intervention sur les marchés à terme" Eligible Instruments (in regards of article R214.1) which do not meet the criteria of article R214.2 UCITS investing more than 10% in other UCIs 	<p>(§ 52 Other Investment Instruments)</p> <ul style="list-style-type: none"> Securities, which are not admitted to the official market of a stock exchange or included in another organized market Money market instruments from issuers who do not meet the requirements of § 48 Stocks which do fulfil the requirements of § 47 (1) Nos. 3 and 4 Receivables from loans not pursuant to § 48, which are portions of an overall loan granted by a third party and for which a note has been issued (note loan), provided that these receivables may be assigned on behalf of the fund at least twice following their purchase and the loan was granted to a body mentioned in the law 	Not clearly defined (UCITS 9.2 § 9)	Not defined	<p>Article 36 j of the Real Decreto 1309/2005, de 4 noviembre, por el que se aprueba el Reglamento de la Ley 35/2003</p> <ul style="list-style-type: none"> Other than those listed and admitted to a market Other UCITS and UCI than those eligible under the article 19 (1) (e) of the 85/611/CEE directive (securities transferable and issued by an OECD member country which is not a fiscal heaven or which is authorized by the CNMV) 	Foreseen (COLL 5.2.8 (4)) not more than 10% in value of the scheme property of a UCITS scheme is to consist of transferable securities, which are not listed or traded on an eligible market or money market instruments which do not fall within COLL 5.2.18 R (2))	Not defined in the Act	(Act on Collective Investment - article 44) The Act fully complies with article 19(1) of the Council Directive 85/611/EEC on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS), amended by the Directive 2001/108/EC ("Directive"). Additionally to the transferable securities and money on bank accounts and short-term time bank accounts, provided they comply with conditions set for the money instruments according to the Directive, and sum of which does not significantly exceeds the total amount of deposits defined by the investment strategy of the fund.
Ancillary liquid assets									
<ul style="list-style-type: none"> Definition of the concept of "ancillary" in the national laws or regulations 	None (market practice: 49%)	No (Chapter IV 1.1 § 1 R214.4 / market practice: 10%)	Not defined	None (UCITS 9.2 § 8)	No definition, no market practice as regards ancillary liquid cash	See article 40 of the Real Decreto 1309/2005, de 4 noviembre, por el que se aprueba el Reglamento de la Ley 35/2003 related to 'Liquidez' Liquid assets maturing in less than 12 months Minimum 3% of liquid assets to face redemptions (cash, deposit, repos). The CNMV may raise this limit up to 10% under certain conditions.	None (COLL 5.5.3) However as per COLL 5.5.3, cash and near cash without any limitation during the initial offer	As per article 79, an open-end investment fund shall maintain some of its assets, exclusively to the scope necessary to satisfy current obligations, on bank accounts.	Yes (Act on Collective Investment - article 44.2). The amount of the ancillary liquid assets can exceed 50% of the value of the fund, only if it is justified based on the situation on the financial market or as a result of significant increase of applications for payment of share certificates. In case when such exceed occurs, it must be announced to National Bank of Slovakia ("NBS") without any delay and with stating reasons for such exceed.

UCITS	LUXEMBOURG	FRANCE	GERMANY	IRELAND	ITALY	SPAIN	UK	POLAND	SLOVAKIA
ELIGIBLE ASSETS									
Derivatives									
<p>• Each eligibility criteria defined under article 19 (1) (g) for derivatives traded on a regulated market transposed in the national law</p>	Yes	Partially (Chapter IV 1.1 § 2 R 214.13). Nature of eligible underlying not clearly mentioned (except interest rate and exchange rate)	Partially (§ 51 Total Limits, Derivatives) The second and third indent of article 19 (1) (g) has not been transposed in the German law The derivative ordinance provides more specific regulations	Yes (UCITS 10.2 § 2)	Yes (TUF article 1 c. 3; Provvedimento della Banca d'Italia 14 Aprile 2005 Titolo V Cap. III Sez. 2 OICR Armonizzati 1 C)	Yes - See article 30.1.f of the Ley 35/2003 de 4 noviembre 2003 - "instruments assimilables" not covered	Yes (COLL 5.2.20 (1) & (2), COLL 5.2.23 (1) (2)) In addition, the FSA Handbook gives clarity regarding the concept of "counterparty" and the concept of "capable of valuation"	No	Yes (Act on Collective Investment - article 44.1.g)
<p>• Types</p>	Not defined in the national law or regulations (market practices: options, futures (including volatility futures)).	Instruction N°2006/04 - January 24, 2006 Plain vanilla financial instruments: • Put and call options • Asia options • Forward start options • Options cliquet • SWAP (IRS) • Futures contracts and forward contracts Complex financial instruments: • Credit derivatives • Contracts for difference • Total return swaps • Exotic options	Not defined in the law, but the following instruments of § 6 Derivatives Ordinance if traded on a regulated market: futures, options, warrants	Not specifically defined however please refer to Guidance note 3/03 (May 2006) Appendix II	Yes: futures, options (TUF article 1 c. 2 f, g, h, i, j)	Not defined in the national law or regulations (market practices: Options, long futures)	As per the FSA Handbook Glossary, derivatives (contracts for difference, futures and options)	Not applicable	
<p>• Each eligibility criteria defined under article 19 (1) (g) for OTC derivatives transposed in the national laws or regulations</p>	Yes	Partially (Chapter IV 1.1 § 2 R 214.13). Nature of eligible underlying not clearly mentioned (except interest rate and exchange rate) and no precision concerning daily valuation Additional requirements regarding credit derivatives in terms of: Valuation (on a daily basis) + monthly comparison with an external evaluation • Risk analysis performed by an independent unit of commercial and operational ones • Internal control independent of operational functions • Sum of commitments in relation with credit derivatives should not exceed 20% • Limitation regarding the nature of issuer underlying credit derivatives • If physical delivery, only eligible asset	Partially (§ 51 Total Limits, Derivatives) The second and third indent of article 19 (1) (g) has not been transposed. Possible implementation of an Ordinance to provide more specific regulations	Yes (UCITS 10.2 § 3) except that the valuation is only required on a weekly basis. • Definition of the requirements to be eligible as counterparty: minimum credit rating of A2 or equivalent, or is deemed by the UCITS to have an implied rating of A2. Alternatively, an unrated counterparty will be acceptable where the UCITS is indemnified against losses suffered as a result of a failure by the counterparty, by an entity which has and maintains a rating of A2.	Yes (TUF article. 1 c. 3; Provvedimento della Banca d'Italia 14 Aprile 2005 Titolo V Cap. III Sez. 2 OICR Armonizzati 1 D) - restricted to the G10 countries and EU member states	Yes - See article 30.1.g of the Ley 35/2003 de 4 noviembre 2003 - "instruments assimilables" not covered	Yes (COLL 5.2.20 (1) & (2) & (3))	No	Yes (Act on Collective Investment - article 44.1.g)
<p>• Types</p>	Not defined in the national law or regulations (market practices: options, forward, swaps (equity swaps, credit default swaps, interest rate swaps, currency swaps))	Please refer to above documentation	Options, warrants, interest rate swaps, currency swaps, cross currency swaps, swaptions, credit default swaps, non linear options, equity swaps (§ 6 Derivatives Ordinance)	Not specifically defined however please refer to Guidance note 3/03 (May 2006) Appendix II	Yes: swaps, equity swaps, options, forward contracts (TUF article 1 c. 2 f, g, h, i, j)	Not defined in the national law or regulations (market practices: Options, interest rate swaps and currency swaps)	As per the FSA Handbook Glossary, derivatives (contracts for difference and options) and forwards	Not applicable	
Techniques relating to transferable securities									
<p>• Types</p>	Securities lending, repurchase and reverse repurchase agreements	Securities lending, repurchase and reverse repurchase agreements (Chapter IV 1.1 § 2 R214.16)	Securities lending (§ 54, §55, §56) Limits: • Up to 10% with a single securities borrower • Up to 15% for all securities transferred for a definite period of time Repurchase agreements (§ 57)	Securities lending, repurchase and reverse repurchase agreements (UCITS 12.2)	Securities lending, repurchase and reverse repurchase (rif. Provvedimento della Banca d'Italia 14 Aprile 2005 Titolo V Cap. III Sez. 2 OICR Armonizzati 6.6)	Repurchase agreements authorised, whereas reverse repurchase agreement and securities lending are forbidden.	Securities lending and repurchase agreements (COLL 5.4)	Securities lending (article 102 of the Act)	No techniques directly foreseen in the Act however certain limitations may apply based on the Act on Securities (REPO) (Act No. 566/2001 Coll, as amended)
Precious metals or certificates representing them									
<p>• Forbidden as foreseen under article 19 (2) (d) of the Directive</p>	Yes, but Gold Bullion Securities accepted by the Luxembourg regulator, provided that no physical delivery of gold	Yes	Yes (§ 46 permissible assets), but acquisition of certificates on precious metals through 1:1 products if all criteria of article 2 of the implementing Directive 2007/16/EC are respected and if no physical settlement is foreseen	Yes (UCITS 9.2 § 24) No prohibition of investing in transferable securities in MMI issued by a corporation whose main business is concerned with precious metals.	Yes (Provvedimento della Banca d'Italia 14 Aprile 2005 Titolo V Cap. III Sez. 2 OICR Armonizzati 2 D)	Yes - See article 30.9.g of the Ley 35/2003 de 4 noviembre 2003	Holding of gold is forbidden (COLL 5.1.4) however, nothing foreseen in respect of certificate representing precious metals. Gold Bullion Securities accepted by the regulator, provided that no physical delivery of gold	Yes (article 107.1.4 of the Act)	Yes (Act on Collective Investment - article 44.3)
RISK MANAGEMENT									
General									
<p>• Reporting requirements to the supervisory authority defined in the national laws or regulations</p>	Yes (CSSF Circular 07/308) Each management company or self-managed SICAV should provide the CSSF with a clear and precise documentation regarding the risk management procedure put in place for all the UCITS for which they are responsible. The risk management procedure should at least include the following information (if applicable): • Implementation of a risk management process • Calculation and follow-up of the global exposure • Calculation and follow-up of the counterparty risk related to OTC derivative instruments		Yes (§ 7 Documentation and Reporting Requirements)	• Guidance note 3/03 (May 2006) § 3 • Details of the risk management process must be provided to the financial regulator for review • Submission of a report of derivative positions on an annual basis (summary of the FDI used, potential breaches of global exposure and/or counterparty risk and potential update of the risk management process)		Quarterly reporting obligation imposed on domestic funds - Annual and semi-annual reporting obligation imposed on foreign funds. Articles 17 and 18 of the Ley 35/2003 de 4 noviembre 2003	COLL 5.2.24 (2) The following details of the risk management process must be notified by the authorised fund manager to the FSA in advance of the use of the risk management process • The methods for estimating risks in derivative and forward transactions • The types of derivatives and forwards to be used within the scheme together with their underlying risks and any relevant quantitative limits	Annual and semi-annual reports and ad hoc reporting obligations (articles 219, 220 and 222 of the Act)	Act on Collective Investment - article 49.2

UCITS	LUXEMBOURG	FRANCE	GERMANY	IRELAND	ITALY	SPAIN	UK	POLAND	SLOVAKIA
RISK MANAGEMENT									
Transferable securities									
<ul style="list-style-type: none"> Group concept defined under article 22 (5) of the Directive applicable to all limits foreseen under article 22 	No	No (Chapter IV 1.1 § 1 R214.8)	Yes	Yes (explanatory memorandum) + UCITS 9.2 § 19	No	No - See article 38.3 of the Real Decreto 1309/2005, de 4 noviembre, por el que se aprueba el Reglamento de la Ley 35/2003. As per market practice: <ul style="list-style-type: none"> 10% limit at issuer level 20% limit at group level 5%/40% limit at issuer level 	Yes (COLL 5.2.11)	No (articles 96 to 98 of the Act) Three level group concept: <ul style="list-style-type: none"> 10 % limit at the issuer level 20% limit at the group level 5%/40 % limit at the issuer level 	Group concept defined (article 45.10) but NOT applied to all limits (article 45.3) <ul style="list-style-type: none"> 10% limit at issuer level 20% limit at group level 5%/40% limit at issuer level
Limit of article 22 (3) of the Directive (35% limit)	Article 43 (3) A maximum of 35% if the transferable securities or money market instruments are issued or guaranteed by a Member State of the European Union, by its local authorities, by a non-Member State or by public international bodies of which one or more Member States are members	Article R214.7 35% of a UCITS assets in securities issued or guaranteed by an OECD Member State, by the local authorities of a Member State of the European Union or of the EEA, by public international bodies of which one or more EU Member States or EEA States are members	§ 60 (2) Up to 35% of the fund's value in bonds and promissory notes, which are issued or guaranteed by the German Federal Government, a German Federal State, the European Community, a Member State of the European Union, another EEA State or a Member of the OECD, if this is provided for in the contractual terms	Up to 35% if the transferable securities or money market instruments are issued or guaranteed by a Member State or its local authorities or by a non-Member State or public international body of which one or more Member States are members	Up to 35% in securities issued or guaranteed by a EU Member State or its local authorities, by a member of the OECD, public international body of which one or more Member States are members	Article 38 2.b. A maximum of 35% if the transferable securities or money market instruments are issued or guaranteed by a Member State of the European Union, by its local authorities, by a non-Member State or by public international bodies of which one or more Member States are members	Investments issued by or on behalf of the government of the UK, the Scottish Administration; the Executive Committee of the Northern Ireland Assembly, the National Assembly of Wales, the government of any country or territory outside the UK, a local authority in the UK, a body the members of which comprise States including the UK or other EEA States	Article 100 Up to 35% of the value of the assets of fund in securities issued by the State Treasury, the National Bank of Poland, a local government institution, a Member State, a local government institution of a Member State, an OECD member state, or an international financial institutions of which the Republic of Poland or at least one Member State is a member	
Short sales of transferable securities	Forbidden	Article R214.16 Short sales up to 10% of the assets covered by REPOs	Forbidden (§ 59)	Forbidden (UCITS 9.2 § 31)	Forbidden (Provvedimento della Banca d'Italia 14 Aprile 2005 Titolo V Cap. III Sez. 2 OICR Armonizzati 2 B)	Article 41.3 of the Real Decreto 1309/2005 de 4 noviembre, por el que se aprueba el Reglamento de la Ley 35/2003 Not specifically forbidden but additional liquidities required		No (article 107.1.2 of the Act)	Forbidden (Act on Collective Investment - article 53)
Money market instruments									
<ul style="list-style-type: none"> Group concept defined under article 22 (5) of the Directive applicable to all limits foreseen under article 22 	No (see above)	No (Chapter IV 1.1 § 1 R214.8) (see above)	Yes Limit of article 22 (2) of the Directive: <ul style="list-style-type: none"> Up to 5%, only up to 10% of the net asset value provided that the contractual terms permit this option Up to 5% for money market instruments from issuers within the meaning of § 48 (1) No. 8 if the issuer has equity capital > 25 Mio EUR Up to 2% for money market instruments from issuers within the meaning of § 48 (1) No. 8 if the issuer has equity capital > 10 Mio EUR and < 25 Mio EUR No more than 20 percent of the fund's value may be invested in money market instruments of the two points before Up to 2% in the money market instruments of § 52 (1) no. 2 issued by the same issuer. 	Yes (explanatory memorandum) + UCITS 9.2 § 19	<ul style="list-style-type: none"> 10% limit for financial instruments mentioned at Paragraph 1 A - B 5%/40% limit to investments in financial instruments by the same group 20% limit to investments in the same bank 	Yes - See article 38.3 of the Real Decreto 1309/2005 de 4 noviembre, por el que se aprueba el Reglamento de la Ley 35/2003 (check article for the 3 limits)	Yes (COLL 5.2.11)	Yes (articles 96 to 98 of the Act) Three level group concept: <ul style="list-style-type: none"> 10 % limit at the issuer level 20% limit at the group level 5%/40 % limit at the issuer level There are also restrictions on assets in mortgage bonds: "An open-end investment fund shall not invest more than 25% of the value of its assets in mortgage bonds issued by a single mortgage bank"	Group concept defined (article 45.10) but NOT applied to all limits (article 45.3) <ul style="list-style-type: none"> 10% limit at issuer level 20% limit at group level 5%/40% limit at issuer level
Limit of article 22 (3) of the Directive (35% limit)	Article 43 (3) A maximum of 35% if the transferable securities or money market instruments are issued or guaranteed by a Member State of the European Union, by its local authorities, by a non-Member State or by public international bodies of which one or more Member States are members	Article R214.7 35% of a UCITS assets in securities issued or guaranteed by an OECD Member State, by the local authorities of a Member State of the European Union or of the EEA, by public international bodies of which one or more EU Member States or EEA States are members		Up to 35% if the transferable securities or money market instruments are issued or guaranteed by a Member State or its local authorities or by a non-Member State or public international body of which one or more Member States are members	Up to 35% in securities issued or guaranteed by a EU Member State or its local authorities, by a member of the OECD, public international body of which one or more Member States are members	Article 38 2.b. A maximum of 35% if the transferable securities or money market instruments are issued or guaranteed by a Member State of the European Union, by its local authorities, by a non-Member State or by public international bodies of which one or more Member States are members	Investments issued by or on behalf of the government of the UK, the Scottish Administration; the Executive Committee of the Northern Ireland Assembly, the National Assembly of Wales, the government of any country or territory outside the UK, a local authority in the UK, a body the members of which comprise States including the UK or other EEA States	Article 100 Up to 35% of the value of the assets of fund in securities issued by the State Treasury, the National Bank of Poland, a local government institution, a Member State, a local government institution of a Member State, an OECD member state, or an international financial institutions of which the Republic of Poland or at least one Member State is a member	
Short sales of money market instruments	Forbidden	Article R214.16 Short sales up to 10% of the assets covered by REPOs	Forbidden (§ 59)	Forbidden (UCITS 9.2 § 31)	Forbidden (Provvedimento della Banca d'Italia 14 Aprile 2005 Titolo V Cap. III Sez. 2 OICR Armonizzati 2 B)	Forbidden (article 41.3 of the Real Decreto 1309/2005, de 4 noviembre, por el que se aprueba el Reglamento de la Ley 35/2003)		No (article 107.1.2 of the Act)	Forbidden (Act on Collective Investment - article 53)

UCITS	LUXEMBOURG	FRANCE	GERMANY	IRELAND	ITALY	SPAIN	UK	POLAND	SLOVAKIA
RISK MANAGEMENT									
Units/shares of UCITS/other UCIs									
<ul style="list-style-type: none"> Diversification limit of 20% foreseen under article 24 (1) of the Directive to be checked at sub-fund level (minimum 5 target sub-funds of the same umbrella structure, each of which does not exceed 20% of the net assets of a sub-fund) 	Yes	Yes (article R 214.9)	Yes (§ 61 Purchase of Investment Fund Units)	Yes (UCITS 9.2 § 10) Each sub-fund of an umbrella fund may be regarded as if it were separated fund for the purpose of the limit	Yes (Provvedimento della Banca d'Italia 14 Aprile 2005 Titolo V Cap. III Sez. 2 OICR Armonizzati 4) - Investments in non harmonised UCITS can not exceed 30% of total assets and no more than 10% per sub-fund	No - See article 38.7 Real Decreto 1309/2005, de 4 noviembre, por el que sa aprueba el Reglamento de la Ley 35/2003: article 36.1.d.1. foresees a limit of 10% of the net assets in the target UCITS. (According to market practice, to be checked at the target fund level)	Yes (COLL 5.2.11 (9))	Yes (article 101.2 of the Act)	Yes (Act on Collective Investment - article 48.1)
<ul style="list-style-type: none"> Concentration limit of 25% defined under article 25 (2) of the Directive to be checked on a consolidated basis (the five sub-funds of a same umbrella structure may not represent more than 25% of the total shares in issue of the umbrella structure) 	Yes	Yes (article R 214.9)	Yes (§ 64 Issue-related Investment Limits)	Yes (UCITS 9.2 § 26)	Yes (Provvedimento della Banca d'Italia 14 Aprile 2005 Titolo V Cap. III Sez. 2 OICR Armonizzati 6.2 C)	No - See article 38.4 Real Decreto 1309/2005, de 4 noviembre, por el que sa aprueba el Reglamento de la Ley 35/2003. The concentration limit has been set up to 15% of the total shares in issue.(According to market practice, to be checked at the target fund level)	Yes (COLL 5.2.29 (3)) - for umbrella structure, applicable at the level of the umbrella fund (COLL 5.2.30)	Yes (article 104.3 of the Act)	Yes (Act on Collective Investment - article 50.3)
<ul style="list-style-type: none"> Short sales of units/shares of UCITS/other UCIs 	Forbidden		Forbidden (§ 59)	Forbidden (UCITS 9.2 § 31)	Forbidden	Forbidden (article 41.3 of the Real Decreto 1309/2005, de 4 noviembre, por el que sa aprueba el Reglamento de la Ley 35/2003)		No (article 107.1.2 of the Act)	Forbidden (Act on Collective Investment - article 53)
Bank deposits									
<ul style="list-style-type: none"> 20% counterparty limit applicable to bank deposits 	Yes	Yes (Chapter IV 1.1 § 1 R214.6)	Yes (§ 60 (3) Issuer Limits)	Yes (UCITS 9.2 § 7&12) • A UCITS may not invest more than 20% of its assets in deposits made with the same credit institution	Yes - Maximum of 20% with the same bank reduced to 10% when the bank is the depositary bank	Yes - See article 36 e of the Real Decreto 1309/2005, de 4 noviembre, por el que sa aprueba el Reglamento de la Ley 35/2003: Refer to comments in counterparty limit applicable to liquid assets.	Yes (COLL 5.2.11 (3))	Yes (article 96.2 of the Act)	Yes (Act on Collective Investment - article 45.2)
Ancillary liquid assets									
<ul style="list-style-type: none"> 20% counterparty limit applicable to liquid assets 	Yes	No (R214.6 II)	Yes	Not that clear whether 20% does apply. Depends on the institution where cash is deposited	No, provided that the ancillary liquid cash is deposited with the Custodian. If cash with another bank => 20% limit applies	<ul style="list-style-type: none"> No limit if financial institution based in EU (guaranty by Bank of Spain or European Central Bank, EU or central bank of one of EU country Max 20% if financial institution based outside EU 			(Act on Collective Investment - article 45(3)) The property involvement against the counterparty by sales of financial derivatives not traded on the regulated market shall not exceed a) 10% of assets in the fund, if the counterparty is any other entity than a bank
Derivatives									
<ul style="list-style-type: none"> Sophisticated/non sophisticated UCITS: the criteria to identify sophisticated and non sophisticated UCITS are clearly defined in the national laws or regulations 	Yes - CSSF Circular 07/308 <ul style="list-style-type: none"> Sophisticated: UCITS using a high number of financial derivative instruments in the context of complex investment strategies Non-sophisticated: UCITS using less financial derivative instruments in the context of less complex investment strategies or for hedging purposes 	Yes (Arrêté 09/03/2006 article 411-44-2 & "AMF" Instruction N°2006-04 24/01/2006 article 7) <ul style="list-style-type: none"> Two types of UCITS according to the nature of investments: <ul style="list-style-type: none"> Type A UCITS when investing in simple instruments whose risk profiles are adequately captured by the linear approximation method ("méthode d'approximation linéaire") (commitment approach) or by the probabilist approach ("approche probabiliste")(possible option). Its performance is not significantly based on arbitrage. Finally the maximum loss on use of complex instruments is limited to 10% of the UCITS' NAV. Type B UCITS when investing in complex instruments whose risk profiles are adequately captured by the probabilist approach (VaR approach) UCITS the return of which depends significantly on arbitrage strategy (same source of risk) or on volatility are excluded from the category Type A UCITS 	Yes (§ 6 Derivatives Ordinance) An investment management company may apply the simplified approach as an alternative to the qualified approach, if all market risks within the investment fund can be adequately detected and assessed (e.g basic forms of derivatives used in combination with transferable securities, futures, options, plain vanilla options, warrants, IRS, currency swaps, swaptions and CDS) <ul style="list-style-type: none"> The qualified approach has to be applied as a rule (VaR method) The qualified approach has to be applied particularly for the following derivatives: <ul style="list-style-type: none"> Futures and options where the underlying is an investment unit Non-linear options Equity swaps Credit default swaps which are not exclusively used to hedge the credit risk associated with precisely attributable assets of the investment fund 	No - No definition of sophisticated UCITS However, non-sophisticated UCITS is defined as a UCITS which only use a limited number of simple derivative instruments for non-complex hedging or investment strategies <ul style="list-style-type: none"> The Board decides which RM method is appropriate There is no list of complex derivatives Fund managers must decide at fund inception what funds are (sophisticated or not) and indicate RM approach (VaR or commitment)	No- BOI Regulation does not determine whether or not a UCITS should be considered as sophisticated or non-sophisticated. It states that the asset management companies that significantly invest in derivative instruments must adopt suitable methods to measure and monitor the risks arising from the use of derivatives (such as VaR systems adjusted to the activity conducted) and take into account the guidance provided by the European Commission on the matter (i.e. Recommendation 2004/383/EC of 27 April 2004)	No - No specific definition under current legislation in Spain. Similar approach to the Lux regulator is followed by Spanish authority (i.e. to take into account the profile of the UCITS investments in derivatives in terms of (i) categories of derivatives and techniques used and (ii) risk associated to such categories will determine higher or lower regulatory conditions for the ManCo to adopt risk measurement systems.	No - There is no formal regulatory definition of sophisticated and non sophisticated However as per market practice: Non-sophisticated funds: they adopt an approach to derivative exposures that mirrors the pre-existing CIS rules for individual and global cover Sophisticated funds: factors that may cause a fund to be considered sophisticated include the following: <ul style="list-style-type: none"> The use of derivatives forms a fundamental part of the fund's investment objective; The performance of the derivative is non-linear in relation to the underlying assets or the performance is based on reasonably complex mathematical formula; The use of cover for derivative position which is different from the underlying of the derivative; The use of OTC derivatives might indicate the fund is more sophisticated but the complexity of the transactions should also be considered. 		The Act does not provide for clear definition of sophisticated or non sophisticated UCITS, nor provides for clear distinguishing criteria for this.
<ul style="list-style-type: none"> Commitment approach: commitment approach for non sophisticated UCITS foreseen in the national laws or regulations 	Yes - CSSF Circular 07/308 <ul style="list-style-type: none"> When a UCITS reinvests the cash collateral received in the context of securities lending transactions or repurchase agreements in order to generate a leverage effect, these transactions will have to be taken into consideration for the calculation of the overall risk 	Yes (Arrêté 09/03/2006 article 411-44-2 & "AMF" Instruction N°2006-04 24/01/2006 article 8) Type A UCITS are required to use the linear approximation method or the probabilist method. Type B UCITS are required to use the probabilist method. When reinvestment of cash collateral received as guarantee of a repurchase agreement transaction providing for a return different from a riskless return, those transactions should be included in the calculation of the commitment.	Yes (Derivatives Ordinance - Part 3 Simplified approach)	Yes (Guidance Notes 3/03 page 70)	BOI Regulation does not deal with commitment approach. See box above.	No, however the commitment approach is used as a market practice	No however foreseen in the guidelines issued by IMA, FOA and Data in October 2006		Yes (Act on Collective Investment - article 49.5)

UCITS	LUXEMBOURG	FRANCE	GERMANY	IRELAND	ITALY	SPAIN	UK	POLAND	SLOVAKIA
RISK MANAGEMENT									
• VaR approach: VaR approach for non sophisticated UCITS foreseen in the national laws or regulations	Yes - CSSF Circular 07/308 Authorised provided that all conditions relating to the VaR approach are met	Yes (Arrêté 09/03/2006 article 411-44-3 & "AMF" Instruction N°2006-04 24/01/2006) Type A UCITS are required to use the linear approximation method or the probabilist method.	Yes (Derivatives Ordinance - Part 2 Qualified approach)	Yes (Guidance Notes 3/03 page 70 § 1.1)	Yes - BOI Regulation makes reference to the guidance provided by the European Commission on the matter. Therefore, (i) Standard use of Value-at-Risk (VaR) approach with stress tests and (ii) Internal risk-measurement models	No, however some management companies use the VaR approach for non sophisticated funds as there are no sophisticated UCITS on the Spanish market	No however foreseen in the guidelines issued by IMA, FOA and Data in October 2006		Not directly foreseen in the Act. The "value at risk" method ("VaR") is merely used for evaluation of funds and investments for asset management companies.
• VaR approach: VaR approach and stress tests for sophisticated UCITS foreseen in the national laws or regulations	Yes - CSSF Circular 07/308 1) Relative VaR: this is defined as the VaR of the UCITS divided by the VaR of the benchmark or the reference portfolio (a similar portfolio with no derivative). The VaR of the UCITS portfolio shall not exceed twice the VaR of a comparable portfolio 2) Absolute VaR: this is defined as the VaR of the UCITS capped as a percentage of NAV. The absolute VaR of a UCITS can not be greater than 20% of the NAV (possibility to increase the limit provided that approved by the regulator) Stress tests carried out at least on a monthly basis	Yes (Arrêté 09/03/2006 article 411-44-5 & "AMF" Instruction N°2006-04 24/01/2006) 1) Relative VaR calculated as follows and limited to 2 Commitment = Max [VaR (UCITS), [VaR (UCITS) / VaR (benchmark) - 1] * net asset] 2) Absolute VaR which is limited to 5% but which can be, in consideration to the type of UCITS and to the justification of the management company be raised to 10% and 20%.	Yes (Derivatives Ordinance § 8 Limitation of risk exposure) 1) Relative VaR: this is defined as the VaR of the UCITS divided by the VaR of the benchmark or the reference portfolio (a similar portfolio with no derivative). The potential amount at risk due to market circumstances attributable to an investment fund shall at no time exceed twice the potential amount at risk attributable to the benchmark fund 2) Absolute VaR: Not foreseen	Yes (Guidance Notes 3/03 page 72-73 § 1.4) 1) Relative VaR: this is defined as the VaR of the UCITS divided by the VaR of the benchmark or the reference portfolio (a similar portfolio with no derivative). The VaR of the UCITS portfolio shall not exceed twice the VaR of a comparable portfolio 2) Absolute VaR: this is defined as the VaR of the UCITS capped as a percentage of NAV. The absolute VaR of a UCITS can not be greater than 5% of the NAV (possibility to increase the limit provided that approved by the regulator)	See comment above	No - VaR approach and stress tests not defined for UCITS	No however foreseen in the guidelines issued by IMA, FOA and Data in October 2006 These guidelines refer to the use of: • VaR models • Back testing • Stress testing and scenario analysis		Not directly foreseen in the Act
• VaR approach: parameters recommended by the Commission (level of confidence: 99%, holding period of 1 month, recent volatilities (i.e. no more than one year) have been transposed in the national laws or regulations	Yes - Appendix II of CSSF Circular 07/308 • Level of confidence: 99% • Holding period of 1 month • Historical period not less than 1 year Approval of the regulator required for the use of other parameters	No (Guidance Notes 3/03 page 73) • Level of confidence: 95% • Reference period: 7 days	Yes (Derivatives Ordinance § 11 Quantitative Requirements) except a holding period of 10 business days • Level of confidence: 99% • Holding period of 10 business days • Historical period not less than 1 year	Yes (Guidance Notes 3/03 page 73) • Level of confidence: 99% • Holding period not greater than 1 month • Historical period not be less than 1 year	Yes - BOI Regulation makes reference to the guidance provided by the European Commission on the matter.	No - VaR approach and stress tests not defined for UCITS. However historical data older than 2 years may be used by some Spanish management companies for non sophisticated UCITS.	No however foreseen in the guidelines issued by IMA, FOA and Data in October 2006. These guidelines refer to the EU recommendations: • 99% confidence level • A holding period of one month and • "Recent" volatilities, i.e. no more than one year from the calculation date or an equivalent basis. It is possible that others, more appropriate limits may be used and any variation from the above standard should be discussed with the FSA and the fund's depository.		Not directly foreseen in the Act
• Leverage in the case of sophisticated UCITS: the use of the commitment approach to assess a UCITS' leverage in combination with the VaR approaches and the stress tests is foreseen in the national laws or regulations	No	Yes (Arrêté 09/03/2006 article 411-44-2 & "AMF" Instruction N°2006-04 24/01/2006)	No	No (Guidance Notes 3/03 page 71)	BOI does not deal with this	No - Leverage not authorised for UCITS	No however foreseen in the guidelines issued by IMA, FOA and Data in October 2006 as follows: "Funds might wish to use derivatives that would leverage a fund's exposure from derivatives beyond 100% of NAV (e.g. credit default swaps) and this would not be acceptable using a commitment basis. However, subject to the controls in this guide being in place, VaR and associated techniques can be used to calculate the exposure, provided the VaR outcome does not exceed a percentage level as agreed with the fund's depository"		Not directly foreseen in the Act
• Leverage in the case of sophisticated UCITS: if use of VaR approaches and stress tests is foreseen in the national laws or regulations for assessing leverage, the approaches should rely on a standard of comparison (e.g. the VaR/stress test value of an appropriate reference portfolio which complies with the investment policy or VaR/stress test value of an adequate benchmark)	No	Yes ("AMF" Instruction N°2006-04 24/01/2006 chapter 2 - section 3) Method of calculation: • Volatility = [VaR (UCITS) / VaR (indicator) - 1] * net assets	Yes (Derivatives Ordinance § 8 Limitation of Risk Exposure) The potential amount at risk due to market circumstances attributable to an investment fund shall at no time exceed twice the potential amount at risk attributable to the benchmark fund	Yes (Guidance Notes 3/03 page 72) However, the limit is not clearly defined. The use of an advanced risk measurement methodology to assess a UCITS market risk is required in order to ensure that the leverage effect of utilising FDI is not significant enough to cause disproportionate losses to the UCITS overall value. According to UCITS 10.1, a UCITS may not be leveraged in excess of 100% of the net asset value	BOI does not deal with this	No - Leverage not authorised for UCITS	No		Not directly foreseen in the Act
• Other internal models: the standards which internal models must meet in order to be used by UCITS have been clearly defined in the national laws or regulations	Internal risk-measurement models are only acceptable if they are subject to appropriate safeguards; the CSSF must give its prior approval to the use of these internal risk-measurement models	No	Yes (Derivatives Ordinance § 10 Potential Amount of Risk)	If the model is an internal one, details of any third party verifications (auditor / other regulatory body)	Internal risk-measurement models are only acceptable if they are subject to appropriate safeguards	No	No however foreseen in the guidelines issued by IMA, FOA and Data in October 2006: For sophisticated funds, exposure can only be determined using VaR, or another appropriately robust model		Foreseen in national law (Act on Collective Investment - article 49.8) but not clearly defined. NBS is entitled to stipulate conditions for the use of own models for monitoring level of the positional risk, computation of the property involvement against the counterparty. A special approval of NBS may be required before using any of the above own models

UCITS	LUXEMBOURG	FRANCE	GERMANY	IRELAND	ITALY	SPAIN	UK	POLAND	SLOVAKIA
RISK MANAGEMENT									
<p>• Counterparty risk: counterparty risk relating to derivative instruments calculated on the basis of the method and criteria provided for in Directive 2000/12/EC</p>	<p>Yes - CSSF Circular 07/308</p> <p>Method of calculation: (multiplier * (positive replacement value + (notional * add-on)))</p>	<p>No - (Chapter IV 1.1 § 2 R214.12)</p> <p>The risk of counterparty for a single counterparty equals the market value of the contracts less the guarantees contracted (replacement value)</p>	<p>Yes (Derivatives Ordinance § 22 Allocable Value for Counterparty Risk)</p> <p>Current positive replacement value with a counterparty + (current positive replacement value of the respective derivatives positions * add-on)</p>	<p>Yes</p> <p>Positive replacement value * (notional principal or underlying value * add-on)</p> <p>A percentage of the positive mark-to-market value of the FDI could be taken into account instead of the notional principal or underlying value</p> <p>Counterparty exposure is not required to be calculated for a financial instrument embedding a FDI unless the FDI is transferable independently of that instrument</p>	<p>Yes</p> <p>Assessed in accordance with the marking-to-market method laid down in Directive 2000/12/EC</p> <p>The use of the full credit equivalent approach laid down in Directive 2000/12/EC, including an add-on methodology to reflect the potential future exposure</p>	<p>No</p> <p>Considering that very few (OTC) derivatives are used, the calculation method of the counterparty risk has not been defined in the national laws or regulations</p> <p>The market practice is the use of the unrealised gain on the contract</p>	<p>No however foreseen in the guidelines issued by IMA, FOA and Data in October 2006</p> <p>These guidelines make reference to the detailed methodology set out in the EU's "Banking Consolidation Directive" (2000/12/EC).</p> <p>This process has three steps:</p> <ul style="list-style-type: none"> • Calculate the current exposure, deemed to be the mark to market value plus any premium paid • To obtain a figure for potential credit exposure, this figure is then multiplied by the appropriate percentage (add-on) • The sum of the amounts calculated above is multiplied by the appropriate risk weighting as set out in article 43 of the above detailed Directive and added to the total <p>This methodology may not be appropriate for all situations and other appropriate methods for assessing counterparty exposure may be considered</p>		<p>(Act on Collective Investment - article 45(3))</p> <p>The property involvement against the counterparty by sales of financial derivatives not traded on the regulated market shall not exceed a) 10% of assets in the fund, if the counterparty is any other entity than a bank</p>
<p>• Counterparty risk: the netting</p>	<p>Yes - CSSF Circular 07/308</p> <p>If legally binding agreement</p>	<p>No particular practice</p>	<p>Yes (Derivatives Ordinance § 22 Allocable Value for Counterparty Risk)</p> <p>"In the case of bilateral netting arrangements and debt conversion agreements, the positive replacement values plus safety margin may be netted against the negative replacement values of the investment fund's derivative position with respect to a counterparty"</p>	<p>Yes (Guidance Notes 3/03 page 78 § 2.5)</p> <ul style="list-style-type: none"> • UCITS are permitted to net the mark-to-market value of OTC derivative positions with the same counterparty provided that the UCITS has a contractual netting agreement with its counterparty which creates a single legal obligation such that, in the event of the counterparty's failure to perform owing to default, bankruptcy, liquidation or any other similar circumstance, the UCITS would have a claim to receive or an obligation to pay only the net sum of the positive and negative mark-to-market values of included individual transactions" 	<p>Risk exposure to a counterparty of the UCITS in an OTC derivative transaction must not exceed: 10 % of its Assets when the counterparty is an approved credit institution; 5% of its assets in all other cases</p>	<p>No</p>	<p>No</p>		<p>Not directly foreseen in the Act</p>
<p>• Short sales: cover rules defined in the recommendation of the European Commission transposed in the national laws or regulations</p>	<p>Yes - CSSF Circular 07/308</p> <p>Settling with physical delivery are covered adequately:</p> <ul style="list-style-type: none"> • By the holding of the underlying asset • By the holding of other liquid assets <p>Settling in cash are covered adequately by haircuts, and other highly liquid assets</p>		<p>With derivatives providing for physical delivery of the underlying instrument, such cover shall in principle be the underlying itself. As regards derivatives providing cash settlement, cover in the form of credit balances or liquid financial instruments is considered as adequate. The adequate level of cover depends on the method used to convert derivative positions into underlying positions</p>	<p>Yes (Guidance Notes 3/03 page 76-77)</p> <ul style="list-style-type: none"> • The cash-settled financial derivative instruments must be covered at all times by liquid assets, which are defined as money market instruments and transferable securities that can be repurchased, redeemed or sold at limited cost, in terms of low fees and narrow bid/offer spread, and with very short settlement delay. • The financial derivative instruments with physical delivery must be covered at all times by the holding of the underlying asset. The possibility to cover the short positions by other liquid assets is only destined to highly liquid fixed income securities and the specific derivative should be addressed in the risk management process and details should be provided in the prospectus. 	<p>Short sales of financial instruments are not permitted</p>	<p>No - Even covered short sales are forbidden</p>	<p>COLL 5.3.3, except that the assets available to cover short derivative positions are not clearly defined as it is the case in the EU recommendation and that the level of cover should be determine as follows:</p> <p>a) (except in the case of an option on a future) the amount of property or the value of the property which must be delivered in order to satisfy settlement of the option, future or forward contract;</p> <p>b) (in relation to an option on a future) the amount of property or the value of the property which must be delivered in order to satisfy settlement of the future.</p> <p>Cash not yet received into the scheme property but due to be received within one month is available as cover.</p> <p>Property the subject of a transaction under COLL 5.4 (Stock lending) is only available for cover if the authorised fund manager has taken reasonable care to determine that it is obtainable (by return or re-acquisition) in time to meet the obligation for which cover is required.</p>	<p>No (article 107.1.2. of the Act)</p>	<p>Yes (Act on Collective Investment - article 49.9)</p> <p>If in the assets of the open-ended mutual fund is a financial derivative, which requires submission of an underlying financial instrument of such derivative or the counterparty has the right to require supply of such underlying financial instrument, the asset management company is required to ensure in the assets of mutual fund a respective coverage. Under such coverage is understood the sufficient number of underlying financial instruments of the respective derivative, or sufficient financial means, or other liquid assets, which can be used for purchase of the supplied underlying financial instruments and it is provided, that such purchase can be executed by the date of delivery of the underlying instrument.</p>
<p>• Valuation of OTC derivatives foreseen in the national laws or regulations</p>	<p>Yes - (CSSF Circular 07/308- IV.2)</p> <ul style="list-style-type: none"> • Reliable and verifiable valuation is a valuation made by the UCITS at the fair value and which is not only based on counterparty's market values but: <ul style="list-style-type: none"> - is based on a current market value or on a recognised and appropriate valuation model, and - is checked at an appropriate frequency by an independent third party or a UCITS unit independent from the asset management 	<p>No- Not specifically foreseen in the legislation</p>	<p>Yes (Derivatives Ordinance § 21 (2)): "If no market price is available for an OTC transaction, the price has to be determined in a comprehensible manner on each valuation date."</p> <ul style="list-style-type: none"> • OTC transactions for which no market price is available may be executed only if the management company is provided with appropriate assessment methods • Such assessment methods have to be documented in a comprehensible manner 	<p>Yes (Guidance Notes 1/00, UCITS 5.1 § 2 and UCITS 10.1 § 3 (iv)-(v))</p> <ul style="list-style-type: none"> • Financial derivative instruments shall be valued by a method clearly defined in the trust deed, the deed of constitution or the articles of association • The UCITS is satisfied that the counterparty will value the transaction at least daily and will close out the transaction at any time at the request of the UCITS at fair value • The UCITS has implementing systems to ensure the reliability of the valuations. An independent check should be made at least weekly 	<p>OTC derivatives should be fair valued (defined also as "replacement cost") based on best practice methods applicable in the circumstances and in a consistent manner</p>	<p>No - Not specifically foreseen in the legislation.</p>	<p>Yes (New Collective Investment Schemes - Chapter 5 - Investment and borrowing powers § 5.2.23 (2) (a) and (c)):</p> <ul style="list-style-type: none"> • The terms of the transaction in derivatives are approved only if, before the transaction is entered into, the depositary is satisfied that the counterparty has agreed with the ICVC or the authorised fund manager to provide a reliable and verifiable valuation in respect of that transaction at least daily and at any time at the request of the ICVC or authorised fund manager • A transaction in an OTC derivative under COLL 5.2.20 R (1) (b) must be capable of valuation; a transaction in derivatives is capable if valuation only if the authorised fund manager having taken reasonable care determines that, throughout the life of the derivative (if the transaction is entered into), it will be able to value the investment concerned with reasonable accuracy (a) on the basis of the pricing model which has been agreed between the authorised fund manager and the depositary; or (b) on some other reliable basis reflecting an up-to-date market value which has been so agreed 		

NON-UCITS	LUXEMBOURG	FRANCE	GERMANY	IRELAND	ITALY	SPAIN	UK	POLAND	SLOVAKIA
HEDGE FUNDS									
<p>• Legal form</p>	<p>• SICAV/SICAF Part II of the 2002 law relating to undertakings for collective investment (legal entities)</p> <p>• FCP Part II of the 2002 law relating to undertakings for collective investment (no legal personality)</p> <p>• Specialized Investment Funds submitted to the law of February 13, 2007</p>	<p>Possible types: SICAV / FCP</p> <p>• ARIA (for well informed investors defined by AMF general regulation (Institutional & High Net Worth Individuals))</p> <p>• ARIAE (Leveraged ARIA) (for well informed investors defined by AMF general regulation (Institutional & High Net Worth Individuals))</p> <p>• Fund of Alternative Funds</p> <p>The above funds are reserved for certain categories of investors and are licensed by the French regulator</p> <p>• Contractual Funds (not registered with the regulator / are only filed with the regulator)</p>	<p>Companies with limited liability: GmbH or AG; status of a "financial institution" required, to be abolished according to the draft bill of the InvG 2007. Most German KAGs are GmbHs</p>	<p>The non-UCITS regulations allow for three main categories of Irish domiciled funds being Retail Funds of Unregulated Schemes ("FoHF"), Professional Investors Funds ("PIF") and Qualified Investors Funds ("QIF"). They can be established using a:</p> <p>• Unit trust, under the Unit Trusts Act, 1990</p> <p>• Investment companies under the Companies Act, 1990 XIII</p> <p>• Investment limited partnerships under the Investment Limited Partnerships Act, 1994; and</p> <p>• Common contractual funds under the Investment Funds, Companies and Miscellaneous Provisions Act, 2005</p>	<p>Provvedimento della Banca d'Italia 14 Aprile 2005 Titolo V Cap.1 Sez. 3 Fondi riservati e fondi speculativi 1- 3</p>	<p>Fondo di inversion (FCP) or SICAV (see Ley 35/2003 de 4 noviembre 2003 - Exposicion de motivos - IV)</p>	<p>• Hedge fund refers to a strategy rather than a structure. The funds are lightly regulated and are typically domiciled offshore but regulation of the managers and their activities in the UK.</p> <p>• Authorised funds within UK are classified as follows: - UCITS scheme (see above for analysis) - Non-UCITS Retail Scheme - Qualified Investor Scheme (promoted to professional investors - minimal restrictions as to eligible assets and gearing) => denominated as unit trust schemes or investment companies with variable capital (ICVCs)</p>	<p>Closed-ended investment fund</p>	<p>Special funds: • Higher-risk special fund • Diversified special fund</p>
ELIGIBLE STRATEGIES ⁽¹⁾									
⁽¹⁾ As per OICV-IOSCO Final report, The Regulatory Environment for Hedge Funds, a Survey and Comparison, November 2006									
• Convertible arbitrage	Yes	Yes		Yes	Yes	Yes but not defined in the national laws	Yes	Not regulated; eligible as far as consistent with general rules of Polish capital market law	Not directly defined in the Act. General conditions set in article 49 of the Act apply. See line 39
• Event driven	Yes	Yes		Yes	Yes	Yes but not defined in the national laws	Yes		
• Fixed Income Arbitrage	Yes	Yes		Yes	Yes	Yes but not defined in the national laws	Yes		
• Long/short equity	Yes	Yes	Yes	Yes	Yes	Yes but not defined in the national laws	Yes		
• Emerging markets	Yes	Yes		Yes	Yes	Yes but not defined in the national laws	Yes		
• Global macro	Yes	Yes	Yes	Yes	Yes	Yes but not defined in the national laws	Yes		
• Managed futures	Yes	Yes	Yes	Yes	Yes	Yes but not defined in the national laws	Yes		
• Dedicated short bias	Yes	No		Yes	Yes	Yes but not defined in the national laws	Yes		
• Fund of funds	Yes	Yes	Yes	Yes	Yes	Yes but not defined in the national laws	Yes		
• Alternative approaches	Yes	Yes	Yes	Yes	Yes	Yes but not defined in the national laws	Yes		
ELIGIBLE ASSETS									
• Are hedge funds allowed to invest in transferable securities	Yes	ARIA: Yes (Chapter IV 1.1 § 1 R214-1) ARIAEL: Yes (Chapter IV 1.1 § 1 R214-1) Fund of Alternative Funds: Yes (Chapter IV 1.1 § 1 R214-1)	Yes (§112&113)	Funds of Unregulated Schemes / Funds of Funds; Yes all rules foreseen under NU 13 & NU 3 applicable except if disappplied in NU 25.5	Yes (Decreto 24 Maggio 1999 n° 228 article 16)	Yes	Non-UCITS Retail Schemes: Yes (COLL 5.6.4) Qualified Investors Schemes: Yes (COLL 8.4.4)	Yes (article 145.1.1)	Yes (Act on Collective Investment - article 72)
• Are hedge funds allowed to invest in money market instruments	Yes	ARIA: Yes (Chapter IV 1.1 § 1 R214-1) ARIAEL: Yes (Chapter IV 1.1 § 1 R214-1) Fund of Alternative Funds: Yes (Chapter IV 1.1 § 1 R214-1)	Yes (§112&113)	Funds of Unregulated Schemes / Funds of Funds; Yes all rules foreseen under NU 13 & NU 3 applicable except if disappplied in NU 25.5	Yes (Decreto 24 Maggio 1999 n° 228 article 16)	Yes	Non-UCITS Retail Schemes: Yes (COLL 5.6.4)	Yes (article 145.1.7)	Yes (Act on Collective Investment - article 72)
• Are hedge funds allowed to invest in deposits	Yes	ARIA: Yes (Chapter IV 1.1 § 1 R214-1) ARIAEL: Yes (Chapter IV 1.1 § 1 R214-1) Fund of Alternative Funds: Yes (Chapter IV 1.1 § 1 R214-1)	Yes (§112&113)	Funds of Unregulated Schemes / Funds of Funds; Yes all rules foreseen under NU 13 & NU 3 applicable except if disappplied in NU 25.5	Yes (Decreto 24 Maggio 1999 n° 228 article 16)	Yes	Non-UCITS Retail Schemes: Yes (COLL 5.6.4 & 5.2.26) • Approved bank • Repayable on demand or • Has the right to be withdrawn and • Matures in no more than 12 months Qualified Investors Schemes: Yes (COLL 8.4.4)	Yes (article 145.6)	Yes (Act on Collective Investment - article 72)
• Are hedge funds allowed to invest in derivatives	Yes	ARIA: Yes (Chapter IV 1.1 § 1 R214-1) ARIAEL: Yes (Chapter IV 1.1 § 1 R214-1) Fund of Alternative Funds: Yes (Chapter IV 1.1 § 1 R214-1)	Yes (§112&113) Single Hedge Funds; • Must include at least one of the following requirements: (i) an increase in the level of investment of the fund by principally unrestricted borrowing for the joint account of the investors, or by using derivatives (leverage) (ii) the sale of assets for the joint account of the investors which are not held by the fund at the time of the conclusion of the transaction (short sales). Fund of Hedge Funds; • Refer to § 113.2. Leverage & short sales forbidden.	Funds of Unregulated Schemes / Funds of Funds; Yes all rules foreseen under NU 13 & NU 3 applicable except if disappplied in NU 25.5	Yes (Decreto 24 Maggio 1999 n° 228 article 16)	Yes	Non-UCITS Retail Schemes: Yes (COLL 5.6.12-13) Qualified Investors Schemes: Yes (COLL 8.4.4) (Listing available in part III Regulating Activities Order)	Yes (article 145.1.5)	Yes (Act on Collective Investment - article 72)
• Are hedge funds allowed to invest in commodity and precious metals	Yes - Through derivative instruments		No (except precious metals and commodities futures contracts)	No	Yes (Decreto 24 Maggio 1999 n° 228 article 16)	Yes	Non-UCITS Retail Schemes: Yes (COLL 5.6.4) Qualified Investors Schemes: Yes (COLL 8.4.4)	They are not allowed to invest in commodity (except from sea ships) and are allowed to invest in precious metals (article 107 in connection with article 145.9)	Yes (Act on Collective Investment - article 72 in relation with 73(6) which provides for exemption to article 44 (3) of the Act. Certificates that substitute precious metals are considered as transferable securities for the purpose of limitation and split of the risk for special mutual fund. The value of one kind of the precious metal cannot be more than 20% of the value of the assets of the special mutual fund)

NON-UCITS	LUXEMBOURG	FRANCE	GERMANY	IRELAND	ITALY	SPAIN	UK UCITS may be established as	POLAND Open-ended investment fund	SLOVAKIA
HEDGE FUNDS									
ELIGIBLE ASSETS									
• Are hedge funds allowed to invest in real estate			No	No	Yes (Decreto 24 Maggio 1999 n° 228 article 16)	Yes	Non-UCITS Retail Schemes: Yes (COLL 5.6.18) Qualified Investors Schemes: Yes (COLL 8.4.4) Details below on "Real Estate Funds" part	Yes (article 147.1)	Yes for real-estate special funds (Act on Collective Investment - article 73.a)
• Are hedge funds allowed to invest in units/shares of investment funds	Yes	<u>ARIA:</u> Yes (Chapter IV 1.1 § 1 R214-1) (R234-31 Up to 100% in funds of hedge funds provided that no one exceeds 20%) <u>ARIAEL:</u> Yes (Chapter IV 1.1 § 1 R214-1) (R234-31 Up to 100% in funds of hedge funds provided that no one exceeds 20%) <u>Fund of Alternative Funds:</u> Yes (Chapter IV 1.1 § 1 R214-1&36) Minimum 10% of the NAV invested in the following types of funds: - FCIMT ("Fonds communs d'intervention sur les marchés à terme") - ARIA - ARIAEL - contractual funds - foreign funds non distributed in France (filling specific AMF criteria)	Yes (§112&113)	<u>Funds of Unregulated Schemes:</u> Yes (NU 25.5 §2 & 10) The underlying schemes: • Must be subject to independent audit in accordance with generally accepted international accounting standards • Must have arrangements in place such that all assets are held by a party / parties independent from the manager of the schemes The scheme may not invest in units of another fund of funds scheme of a feeder scheme <u>Retail FOHF:</u> Yes (NU 1.5 § 1 & NU 13.10) with maximum of 10% in unregulated schemes The scheme may not invest in units of fund of funds schemes or feeder funds	Yes (Decreto 24 Maggio 1999 n° 228 article 16)	Yes Funds of hedge funds must invest at least 60% of their assets in domestic hedge funds, in foreign funds that are themselves domiciled in an OECD jurisdiction, or in investment companies, portfolio companies or structures such as managed accounts whose principles and rules are similar to those of Spanish hedge funds. A fund of hedge funds is not authorised to invest in other funds of funds	Non-UCITS Retail Schemes: Yes (COLL 5.6.10-11) Qualified Investors Schemes: Yes (COLL 8.4.4-5) (Listing available in part III Regulating Activities Order)	Yes (article 146)	Yes (Act on Collective Investment - article 72)
OTHER TECHNIQUES									
• Are hedge funds allowed to enter into securities lending transactions	Yes	Yes (Chapter IV 1.1 § 2 R214.16)	Yes (No restriction noticed)	Yes (NU 13.10 and NU 16.7 § 14)	Yes	Yes	Non-UCITS Retail Schemes: Yes (COLL 5.4) (Same rules as UCITS schemes) Qualified Investors Schemes: Yes (COLL 8.4.9)	Yes (article 107.1.2)	Not directly foreseen in the Act
• Are hedge funds allowed to enter into repurchase agreements	Yes	Yes. Repurchase and reverse repurchase agreements (Chapter IV 1.1 § 2 R214.16)	Yes (No restriction noticed)	Yes (NU 13.10 and NU 16.7 § 14)	Yes	Yes	Non-UCITS Retail Schemes: Yes (COLL 5.4) (Same rules as UCITS schemes) Qualified Investors Schemes: Yes (COLL 8.4.9)	Yes (article 107.1.2)	Not directly foreseen in the Act
RISK MANAGEMENT									
• Is(are) there any restriction(s) foreseen in the national laws or regulations in terms of short selling	Yes		Yes (§112&113) <u>Single Hedge funds:</u> • Must include at least one of the following requirements: (i) In increase in the level of investment of the fund by principally unrestricted borrowing for the joint account of the investors, or by using derivatives (leverage) (ii) <u>The sale of assets for the joint account of the investors which are not held by the fund at the time of the conclusion of the transaction (short sales)</u> <u>Fund of Hedge Funds:</u> • Short sales forbidden	<u>Funds of Unregulated Schemes / Funds of Funds:</u> Yes (NU 13.10 § 5) This rule is not applicable in case of "PIF" and "QIF"	No	No	Yes (COLL 5.13) Non-UCITS Retail Schemes: • Transaction in a derivative must not be carried out if the intended effect is to create the potential for an uncovered sale of: (i) Transferable securities (ii) Money market instruments (iii) Units in collective investment schemes (iv) Derivatives	No	Yes (Act on Collective Investment - article 73). Same as UCITS
• Is(are) there any restriction(s) foreseen in the national laws or regulations in terms of concentration	Yes	<u>ARIA:</u> Yes (Chapter IV 1.9 § 1 R214-30.III) (< 35% securities issued) <u>ARIAEL:</u> Yes (Chapter IV 1.9 § 1 R214-33.III) (< 35% securities issued)	Yes (§113) <u>Fund of Hedge Funds:</u> • May not invest in more than two funds controlled by the same investment company	<u>Funds of Unregulated Schemes / Funds of Funds:</u> Yes (NU 13.10 § 5) A scheme may not hold more than 10% of any class of securities issued by any single issuer. This requirement does not apply to investments in other collective investment schemes of the open-ended type. This rule is not applicable to "QIF" and "PIF"	No	No		A fund is not allowed to invest more than 50% of the value of its assets in a single investment fund. If the fund's articles of associations express pertinent permit, the fund is allowed to invest up to 100% of the value of its assets in a single investment fund (article 146.1 and 2) .	Yes (Act on Collective Investment - article 73) The sum of the investments into transferable securities and instruments of the financial market issued by one person, property involvement in dealings with derivatives with the same person and deposit in the same bank, who acts as the issuer of such securities, or that is subject of the property involvement, cannot exceed 40% of assets of the high-risk special fund. In addition, under article 73(2) of the Act, the value of the share certificates of the mutual fund and securities of foreign subject of collective investment cannot exceed 25% of the value of the assets in the diversified special fund. And according to article 73(3) of the Act, the value of transferable securities and financial market instruments issued by the same issuer must not exceed 25% of the assets of the high-risk special fund, under certain exemptions (articles 45 to 47 of the Act)

NON-UCITS	LUXEMBOURG	FRANCE	GERMANY	IRELAND	ITALY	SPAIN	UK	POLAND	SLOVAKIA
HEDGE FUNDS									
RISK MANAGEMENT									
<p>• Is/are there any restriction(s) foreseen in the national laws or regulations in terms of diversification</p>	Yes	<p><u>ARIA/ARIAEL:</u> Yes (Chapter IV 1.9 R214-30/33) • Up to 35% in transferable securities of a same entity • Up to 50% in real estate mortgage bonds ("Obligations foncières") with a minimum of 3 different issues. Limit 40% not applicable. • Up to 50% in the same fund • Up to 35% in deposits with a same entity Up to 50% in transferable securities, bank deposit and counterparty risk relating to OTC derivatives (including securities lending and REPO) with the same credit institution</p>	<p>Yes (§112&113) <u>Single Hedge funds:</u> • No more than 30% of the NAV can be invested in participations in unlisted securities <u>Fund of Hedge Funds:</u> • At least 51% of the assets must be invested in SHFs (target funds) • Up to 49% of the fund's assets can be invested in bank deposits and money market instruments • May not invest in other FoHFs • Not more than 20% of the NAV can be invested in one fund, although it is permitted to acquire 100% of a target fund</p>	<p><u>Funds of Unregulated Schemes:</u> Yes (NU 25.5 § 1) The scheme may not invest more than 20% of net assets in the units of any one scheme <u>Retail FOHF:</u> Yes (NU 1.5 § 2) The scheme may not invest more than 20% of net assets in the units of any one scheme. However this limit may be raised to 30% for one of the scheme in which it invests <u>PIF FOHF:</u> Usually up to 40% in any one scheme. PIF investing more than 40% in any one scheme is regarded as feeder type investment The above rules are not applicable to "QIF"</p>	No	No	<p><u>Non-UCITS Retail Schemes:</u> Yes (COLL 5.6) • No more than 10% in transferable securities or money market instruments issued by any single body (not applicable for govt and public entities) • Invest up to 20% in aggregate in transferable securities which are not approved securities and unregulated schemes • Invest up to 20% in money market instruments not admitted or dealt on an eligible market (but liquid and accurately valuable at any time) • Invest up to 20% in deposit with a single (not applicable for govt and public entities) • For govt and public entities, same limits as for UCITS schemes (COLL 5.2.12) but no more than 35% invested in such securities issued by one issuer • Up to 10% in gold • Invest in immovable (diversification limits detail below on "Real Estate Funds" part) <u>Qualified Investors Schemes:</u> Yes (COLL 8.4.5) • Scheme not regulated</p>	Securities or money market instruments emitted by a single entity or receivables towards a single entity can not constitute more than 20% of the portfolio of the Fund. Mortgage bonds issued by a single mortgage bank should not exceed more than 25% of the value of fund assets. Deposits in a single bank (foreign or domestic) or in a single credit institution should not constitute more than 20% of the value of the fund's assets. Currency of a single country or the Euro should not exceed the 20% of the value of the fund's assets (article 145. 3 to 7)	Yes (Act on Collective Investment - article 73)
<p>• Is/are there any restriction(s) foreseen in the national laws or regulations in terms of derivatives</p>	Yes	<p><u>Commitment (R214.12-13-19-35):</u> <u>ARIA:</u> Commitment < NAV <u>ARIAEL:</u> Commitment < 3 x NAV (includes derivative forward contracts / borrowings / temporary transactions on securities <u>Fund of Alternative Funds:</u> Commitment < NAV</p>	<p>Yes (§112&113) <u>Single Hedge funds:</u> • Must include at least one of the following requirements: (i) An increase in the level of investment of the fund by principally unrestricted borrowing for the joint account of the investors, <u>or by using derivatives (leverage)</u> (ii) The sale of assets for the joint account of the investors which are not held by the fund at the time of the conclusion of the transaction (short sales) <u>Fund of Hedge Funds:</u> • Refer to §113.2 (diversification limit) • The sale of currency futures contracts as well as put option rights on currencies or on currency futures contracts denominated in the same currency permissible only if such transactions are executed for the purpose of hedging against exchange rate risks associated with the assets held in foreign currencies</p>	<p><u>Funds of Unregulated Schemes / Funds of Funds:</u> Yes (NU 16.7) The above rule is not applicable to "QIF"</p>	No	No	<p>Yes (COLL 5.6.7-12-13) <u>Non-UCITS Retail Schemes:</u> • OTC derivatives transactions up to 10% (level may be reduced by collateral consideration) (COLL 5.6.7) • OTC derivative positions with the same counterparty may be netted provided that the netting procedures: (a) comply with specific conditions set out in Section 3 of Annex III to the Banking Consolidation Directive and (b) are based on legally binding agreements • For general rules please refer to COLL 5.6.12-13 <u>Qualified Investors Schemes:</u> • OTC derivatives valuable on the basis of a pricing model or on some other reliable basis reflecting an up-to-date market value (COLL 8.4.7) • The total exposure relating to derivatives may not exceed the net value of the scheme property</p>	If a Fund aims to carry out investments in derivatives in the articles of associations should be specified: the investment policy in this respect, maximal level of risk to be accepted and the methods of calculation of this risk	Yes (Act on Collective Investment - article 73). Same as UCITS
<p>• Is/are there any restriction(s) foreseen in the national laws or regulations in terms of borrowings/leverage</p>	Yes	<p><u>Borrowings:</u> <u>ARIA:</u> Yes (Chapter IV 1.1 § 1 R214-1) (up to 10% in borrowings / please refer to above for global commitment) <u>ARIAEL:</u> Yes (Chapter IV 1.1 § 1 R214-1) (up to 10% in borrowings / please refer to above for global commitment) <u>Fund of Alternative Funds:</u> Yes (Chapter IV 1.1 § 1 R214-1) (up to 10% in borrowings / please refer to above for global commitment)</p>	<p>Yes (§112) <u>Single Hedge funds:</u> • Must include at least one of the following requirements: (i) An increase in the level of investment of the fund by principally unrestricted borrowing for the joint account of the investors, <u>or by using derivatives (leverage)</u> (ii) The sale of assets for the joint account of the investors which are not held by the fund at the time of the conclusion of the transaction (short sales) <u>Fund of Hedge Funds:</u> • Leverage forbidden</p>	<p><u>Funds of Unregulated Schemes / Funds of Funds:</u> Yes (NU 3.5 § 2) Up to 25% of the net assets of a scheme This rule is not applicable to "QIF" and "PIF"</p>	No	Yes - Maximum leverage is 5	<p><u>Non-UCITS Retail Schemes:</u> Yes (COLL 5.6.2) • Possibility to borrow on a non-temporary basis without any time specific limit as to repayment of the borrowing • The authorised fund manager must ensure that the authorised fund's borrowing does not, on any day, exceed 10% of the value of the scheme property (this rule does not apply to "back to back" borrowing) <u>Qualified Investors Schemes:</u> Yes (COLL 8.4.10) • The authorised fund manager must ensure that the authorised fund's borrowing does not, on any day, exceed 100% of the value of the scheme property</p>	A fund is not allowed to incur loans and credits in amount exceeding 75% of the value of its assets article 152)	Yes (Act on Collective Investment - articles 52,53,73). Same as UCITS
<p>• Is/are there any requirement(s) foreseen in the national laws or regulations in terms of disclosure</p>	Yes	<p>• Requirement to disclose investment limits, amount of leverage, concentration of investment, short selling, other strategies or specific warnings • If offered to retail investors, requirement to provide investors with a periodic report regarding investment performance (2 to 4 yearly) • Obligation to provide annual financial statement (+ filing with regulator)</p>	<p>Yes (§ 118 Fund rules) (§ 117 Prospectus with Fund rules for FoF)</p>	<p><u>Funds of Unregulated Schemes:</u> Yes (NU 25.5 § 3-4-5) • In the prospectus on the risk profile of investors and special risk, explanation of alternative investment strategies + glossary • In the periodic reports, the names of the underlying schemes <u>Funds of Funds:</u> Yes (NU 1.5 § 6) Obligation to disclose and quantify the charges and other costs relating to the underlying CIS <u>"QIF":</u> Yes (NU 24.6 § 5-6-7) • Prospectus must indicate that the scheme has been authorised by the financial regulator for marketing solely to qualified investors, described investment objectives and investment borrowing policies, risk warning • Not required to make public the issue and redemption prices of their units, however must be made available on request • In the periodic reports, where relevant, disclosure if distributions made out of the capital of the scheme <u>"PIF":</u> Yes (NU 12.6 § 3-4-5) • Prospectus must indicate that the scheme has been authorised by the financial regulator for marketing solely to professional investors, description of investment objectives, indication of quantitative parameters regarding leverage and concentration.</p>	Yes	No	<p>• No requirement to disclose investment limits, amount of leverage, concentration of investment, short selling, other strategies or specific warnings • If offered to retail investors, requirement to provide investors with a periodic report regarding investment performance (once a year) • No obligation to provide annual financial statement (no filing with regulator)</p>	Detailed and broadly specified informational duties set out in the Act on Investment Fund and in executive regulations to this Act of 21 June 2005	Yes (Act on Collective Investment - article 73). Same as UCITS Article 51(3) of the Act If the shares and limitations related to risk management of the fund are crossed over due to reasons defined in the Act, the asset management company must announce this to NBS. Furthermore, in accordance with article 49(2) of the Act, the asset management company is obliged at least once within 6 month period to submit to NBS a written report on type of financial derivatives into which it has invested by management of the fund's assets in open-ended mutual funds, on related risk and its underlying instruments, on quantitative restrictions, and methods that were used for monitoring and measuring of the risk related to deals with the financial derivatives. Such written report must be prepared for each administrated open-ended mutual fund. In addition, articles 88-98 of the Act provide for a information and other disclosure requirement for the fund

NON-UCITS	LUXEMBOURG	FRANCE	GERMANY	IRELAND	ITALY	SPAIN	UK	POLAND	SLOVAKIA
HEDGE FUNDS									
RISK MANAGEMENT									
• In the case of funds of hedge funds, is there any specific requirements according to which target hedge funds have to be regulated	No	Yes (article 411.34 §13 Livre IV)	Yes (§ 118)	<u>Funds of Funds:</u> Yes (NU 1.5 § 1) Underlying CIS must be authorised in Ireland or in other jurisdictions authorised by a supervisory authority This rule is not applicable to "QIF" and "PIF"	See previous comment	Yes - Target hedge fund should be regulated in an OECD country	Yes (COLL 5.6.7) <u>Non-UCITS Retail Schemes:</u> • Not more than 35% in units of any one scheme (each subfund of an umbrella fund considered as a separate scheme) • Eligible schemes: (i) UCITS (ii) Non-UCITS retail scheme (iii) Recognised scheme (iv) Non-UK scheme which meets non-UCITS retail scheme requirements (v) Other scheme (up to 20%) • Target scheme invests up to 15% in other schemes	No	Not directly foreseen in the Act
• Is(are) there any requirement(s) foreseen in the national laws or regulations regarding the investment advisers	Yes (professional qualification)	Yes - Regulation of prime broker arrangements	Yes (§ 120) professional qualification	<u>Funds of Unregulated Schemes:</u> Yes (NU 25.5 §7) <u>Funds of Funds:</u> None This rule is not applicable to "QIF" and "PIF"	Yes (Decreto 24 Maggio 1999 n° 228 article 16)	No	Yes - Regulation of prime broker arrangements	Profession of investment adviser can be exercised only on the grounds of requirements included in the Act on Trading in Financial Instruments (articles 125-131 of this act) and resulting thereof executive regulations on exercising the profession of investments adviser (main prerequisite: qualification exam)	Not directly foreseen in the Act
• Is(are) there any requirement(s) foreseen in the national laws or regulations regarding the directors	Yes (professional qualification)		Yes (§ 120) professional qualification	<u>Funds of Unregulated Schemes:</u> Yes (NU 25.5 §7) <u>Funds of Funds:</u> None This rule is not applicable to "QIF" and "PIF"	Yes (professional qualification)	No - However, when reviewing the prospectus, the CNMV will take into consideration the experience of the directors in the framework of alternative management		At least two members of board of directors should be investment adviser or graduate of University and additionally should have at least 3 years professional experience (article 42)	Yes. Articles 6, 8, 10 of the Act, merely related to credibility and required education or similar conditions
INVESTORS									
• Are hedge funds available for distribution to retail investors	Yes	Yes for: • ARIA • ARIAEL • UCITS of alternative funds	<u>Single Hedge funds:</u> • No. Refer to §112.2, but private placement possible <u>Fund of Hedge Funds:</u> • Yes	Yes for fund of hedge funds	Distribution to individual investors is restricted by the fact that no public marketing is allowed, a 500 000 euros minimum investment requirement and a maximum limit of 200 shareholders	• Funds: No • Funds of funds: Yes	No - Hedge funds should not be promoted to the public. However, there are a number of products that are aimed at, and promoted to, the retail market in the UK with hedge fund exposure. These have typically been structured as UK listed companies, which are funds of funds	Yes (no restriction in the laws in this respect)	No (Act on Collective Investment - article 69.1)
• Are hedge funds available for distribution to qualified or institutional investors	Yes	Yes	Yes	Yes	Yes	Yes	Yes (qualified investors schemes)	Yes (no restriction in the laws in this respect)	Yes (Act on Collective Investment - article 5.a)
• If hedge funds available for distribution to retail investors, is(are) there a/(any) specific warnings imposed by the national laws or regulations	Yes	N/A	No	<u>Funds of Unregulated Schemes:</u> Yes (NU 25.5 § 3)	See comment above	Yes - Minimum investment required to retail investors depends on the type of fund and approved by CNMV on a case-by-case basis (normally the minimum investment for fund of funds will be € 600 and € 50,000 for pure hedge funds)	Advertising of hedge funds prohibited	No, there are no specific requirements, except from common informational duties imposed on investment funds by means of Act on Investment Funds	Not applicable

NON-UCITS	LUXEMBOURG	FRANCE	GERMANY	IRELAND	ITALY	SPAIN	UK	POLAND	SLOVAKIA
REAL ESTATE FUNDS									
<p>• Legal form</p>	<p>• SICAV/SICAF Part II of the 2002 law relating to undertakings for collective investment (legal entities)</p> <p>• FCP Part II of the 2002 law relating to undertakings for collective investment (no legal personality)</p> <p>• Specialized Investment Funds submitted</p>	<p>OPCI may be a:</p> <ul style="list-style-type: none"> • Fonds de placement immobilier • Société de placement à prépondérance immobilière à capital variable <p>"Sociétés d'Investissements Immobiliers Cotées" ("SIIC")</p> <p>"Société Civile de Placements Immobiliers à Capital Fixe / Variable" ("SCPIAF / SCPIAR")</p>	<p>2 legal forms foreseen:</p> <ul style="list-style-type: none"> • Investment Act: Non UCITS investment funds with no legal personality, the assets of which are owned by the management company on behalf of the unitholders ("Real estate funds") • REITs-Law: German Estate Investment Trusts ("G-REITs") in the form of stock corporations (AG) with publicly traded shares on an exchange of the European Union within three years following establishment 	<p>The non-UCITS regulations allow for three main categories of Irish domiciled funds being Retail Funds, Professional Investors Funds ("PIF") and Qualified Investors Funds ("QIF"). They can be established using a:</p> <ul style="list-style-type: none"> • Unit trust, under the Unit Trusts Act, 1990 • Investment company under the Companies Act, 1990 XIII • Investment limited partnership under the Investment Limited Partnerships Act, 1994; and • Common contractual funds under the Investment Funds, Companies and Miscellaneous Provisions Act, 2005 	<p>Fondi di Investimento Immobiliare - REIFs (not a legal entity pool of investments jointly held). The fund is managed on behalf of and in the interest of the unit holders by a "savings managing company"</p>	<p>Fondo di inversion (FCP) or SICAV (see Ley 35/2003 de 4 noviembre 2003 - Exposición de motivos - IV and article 35.3)</p>	<p>Please refer to "Hedge Fund" analysis</p>	<p>Closed-ended investment fund</p>	<p>Special funds</p> <ul style="list-style-type: none"> • Real-estate special funds (open or closed-ended)
ELIGIBLE INVESTMENTS									
<p>• Is there any definition of the eligible investments foreseen in the national laws or regulations</p>	<p>Yes</p>	<p>Yes (Ordonnance N°2005-1278 13/10/2005 - L214-92)</p> <ul style="list-style-type: none"> • Must be respected within 3 years after authorisation of fund • Assets may not be acquired only for the purpose of speculation 	<p>Real estate funds: Yes (§ 67 Permissible assets, investment limits)</p> <p>G-REITs: Yes (§ 3 (7) of the REIT-Act)</p>	<p>Yes (NU 18.5 §1&2)</p> <ul style="list-style-type: none"> • "Property": a freehold or leasehold, with minimum unexpired lease of seven years, interest in any land or building. • "Property related asset": securities issued a body corporate (e.g. shares, debentures, warrants or certificates representing these). The main activity is investing in, dealing in, developing or redeveloping properties. 	<p>Real estate investment fund is set up only as a closed-end fund.</p> <p>The assets of the fund shall be invested exclusively or prevalently in real estate, property rights with respect to real estate and shares of property companies. In particular, the fund must invest not less than two thirds of its total value in real estate, property rights with respect to real estate and shares of property companies. This limit is reduced to 51% when the value of the assets invested in measures not less than 20% in the financial instruments deriving from operations of securitization on real estate, property rights with respect to real estate or claims secured by real estate mortgage.</p>	<p>Yes - Ley 35/2003 de 4 noviembre 2003 - article 60</p>	<p>Non-UCITS Retail Schemes: Yes (COLL 5.6.18)</p> <p>Qualified Investors Schemes: Yes (COLL 8.4.11)</p>	<p>Eligible are investments in real estate, ownership or co-ownership in land real estate, buildings, appartments and perpetual usufruct (articles 147 and 148)</p>	<p>Yes. General principles are set in article 72 and 73 of the Act (see lines 36 to 83) and specific criteria for assets of the real estate special fund are set in article 73 a) of the Act (see line 86). In addition, at least 10% of the value of assets in the fund must comprise of deposits (complying with conditions set in article 19(1) f) of the Directive), securities issued by the open-ended mutual fund, EU fund or foreign subject of collective investment (complying with article 19 (1) e) of the Directive), treasury notes or promissory notes who's remaining date of maturity does not exceed 3 years, if certain conditions are met. Conditions for investing in participating interests are detailed in article 73 f) of the Act.</p>
RISK MANAGEMENT									
<p>• Is (are) there any restriction(s) foreseen in the national laws or regulations in terms of diversification</p>	<p>Yes</p>	<p>Yes (Ordonnance N°2005-1278 13/10/2005 - L214-93)</p> <ul style="list-style-type: none"> • 60% in real estate assets at a minimum • 10% in liquidities at a minimum <p>=> must be respected within 3 years after authorisation of fund</p>	<p>Real estate funds</p> <ul style="list-style-type: none"> • A real estate asset may not at the time of its purchase exceeds in value 15% of the total value of the fund • The total value of all real estate assets, the individual value of which exceeds 10% of the value of the fund may not exceed 50% of the value of the investment fund • Any funds borrowed will not be deducted when calculating the "fund's value" • An economic unit consisting of several real estate properties is also considered as a real estate asset <p>G-REITs: Yes (§ 12 (2) REIT-Act)</p> <ul style="list-style-type: none"> • At least 75% of the total assets have to consist of real estate • At least 75% of the gross profits have to be generated from the leasing and disposition of real estate • The assets of subsidiary REIT service companies (G-REIT-Dienstleistungsgesellschaften) which are included in the consolidated accounts of the REIT may not exceed 20% of the REIT's assets • The gross profits of subsidiary REIT service companies (G-REIT-Dienstleistungsgesellschaften) which are included in the consolidated accounts of the REIT may not exceed 20% of the REIT's gross profits • Any real estate portfolio is a permitted asset class for the REIT, except real estate which predominantly serves residential purposes and which was erected before January 1, 2007. Such property may not be acquired by the G-REIT. 	<p>Yes (NU 18.5 § 5 to 11 Risk diversification) however all of those restrictions are not applicable in case of "QIF", diversification rules foreseen under NU 13.10 do not apply to "PIF".</p> <ul style="list-style-type: none"> • The property must be acquired within six months from the date of the valuation report and at a price which is within 5% of the valuation price • Not more than 20% of the scheme's net asset may be invested in any single property (as from the date of acquisition) • Not more than 25% of the scheme's net asset may be invested in properties which are vacant, in the process of development or requiring development • Not more than 25% of the scheme's net asset may be invested in properties which are subject to a mortgage. The amount of the outstanding value of that property must not represent more than 50% of the value of that property • May not grant any person an option to acquire any property included in the scheme • Up to 15% may consist of property related assets which are not traded in or dealt on a market which is provided for in the trust deed, deed of constitution, articles of association or partnership agreement provided that these assets are acquired under the same conditions as properties mentioned in the first point • All diversification rules foreseen under NU 13.10 except if disapplied in NU 18.5 or NU 12.6 	<ul style="list-style-type: none"> • An Italian REIF may not invest, directly or through controlled companies, more than one third of its assets in one single real estate asset having unitary, urban and functional characteristics • An Italian REIF may not invest more than 10% of its equity in the shares of the same building companies • An Italian REIF may engage in activities of building construction directly or indirectly through controlled companies provided that such activity does not exceed 10% of the fund's overall activity • An Italian REIF may enter into loan agreements as borrower up to 60% of the value of the real estate assets, real estate rights and interests in real estate companies owned by the fund and up to 20% of the value of other assets owned by the fund 	<p>Yes - Ley 35/2003 de 4 noviembre 2003 - article 23 b of the Real Decreto 1309/2005, de 4 noviembre, por el que se aprueba el Reglamento de la Ley 35/2003. Funds should limit counterparty risk and concentration to ensure adequate diversification. However no concrete limit has been set up</p>	<p>Non-UCITS Retail Schemes: Yes (COLL 5.6.19)</p> <ul style="list-style-type: none"> • A real estate asset may not at the time of its purchase exceeds in value 15% of the total value of the fund. The previous figure of 15% may be increased to 20% once the immovable has been included in the scheme property in compliance with the rule of the 15% • The income receivable from any one group in any accounting period must not be attributable to immovables comprising: <ul style="list-style-type: none"> - More than 25% or - In the case of gpt or public body more than 35% • Not more than 20% in value of the scheme property is to consist of immovables that are subject to mortgage and any mortgage must not secure more than 100% of the value • Not more than 50% in value of the scheme property is to consist of immovables which are unoccupied and non-income producing or in the course of substantial development, redevelopment or refurbishment; and • No option may be granted to a third party to buy any immovable comprised in the scheme property unless the value of the relevant immovable does not exceed 20% of the value of the scheme property <p>Qualified Investors Schemes: Yes (COLL 8.4.12)</p> <ul style="list-style-type: none"> • The amount secured by mortgages over any immovable must not exceed 100% of the latest valuation by an appropriate valuer • No option may be granted to a person to buy or obtain an interest in any immovable comprised in the scheme property if this might prejudice the ability to provide redemption; and • The total of all premiums paid for options to purchase immovables must not exceed 10% of the scheme value in any 12 month period 	<p>Minimal number of real estates acquired by a fund is four (4). Besides, the fund is obliged to purchase all real estates, being subject of its investment activity, within 24 months from the date of incorporation. Funds are not allowed to spend more than 25% of the value of its assets, for a single category of real estate (see above the box on the eligible investments) (article 148).</p>	<ul style="list-style-type: none"> • Yes. General limitations for special funds (Act on Collective Investment - article 73) • May only be invested in real estate, including appartances, for the purposes of its management and sales; participating interests in real estate companies. Pieces of real estate with interconnected economic use shall be deemed to constitute a single piece of real estate • The value of a real estate < 20% of the NAV (time of purchase or sale). This limit shall not be used for longer than 3 years following licence granting • Total value of real estate whose value cannot be determined by the yield method < 25% of the NAV • The value of a participating interest < 30% of the NAV (time of acquisition) • If previous limits exceeded by more than 10%, not later than 2 years to bring the fund limits in line with previous restrictions • At least 10% of the NAV shall include deposits, securities issued by an open-end fund, European fund, or foreign collective investment undertaking, treasury bills, bonds

NON-UCITS	LUXEMBOURG	FRANCE	GERMANY	IRELAND	ITALY	SPAIN	UK	POLAND	SLOVAKIA
REAL ESTATE FUNDS									
RISK MANAGEMENT									
• Is/(are) there any restriction(s) foreseen in the national laws or regulations in terms of borrowings	Yes	Yes (Ordonnance N°2005-1278 13/10/2005) • Borrowings for a maximum of 50% of its real estate investments (L214-95) • Up to 10% of its other assets (L214-96)	<u>Real estate funds</u> Yes • Borrowings may not exceed 10% of the fund's value <u>G-REITs:</u> Yes (§ 12 (2) REIT-Act) • The minimum capital must be at least 45% of the real property	Yes (NU 18.5 § 5 to 11 Risk diversification) however this restriction is not applicable in case of "QIF" and "PIF" • Borrowings allowed up to 25% of the value of the net asset of the scheme, which borrowing may be generally secured on the properties of the scheme	Yes • Borrowings allowed up to 60% of the value of the net asset of the scheme	Enabling Regulations of Law 35/2003, Article 41. Obligations to third parties. 57.1. Financial funds may obtain borrowings up to the overall limit of 10% of assets in order to resolve cash flow difficulties, provided the period does not exceed one month, or to acquire assets on deferred payment terms, subject to the conditions imposed by the Spanish National Securities Market Commission (CNMV). To this end, debts incurred to purchase financial assets during the transaction settlement period stipulated by the relevant market are not taken into consideration. 2. Investment companies may also obtain loans to purchase buildings that are essential in order to do business, subject to the limit of 10% of assets, and 15% of assets in the case of total borrowings	<u>Non-UCITS Retail Schemes:</u> Yes (COLL 5.6.2) • Possibility to borrow on a non-temporary basis without any time specific limit as to repayment of the borrowing • The authorised fund manager must ensure that the authorised fund's borrowing does not, on any day, exceed 10% of the value of the scheme property. (this rule does not apply to "back to back" borrowing). (COLL 5.6.19) • The aggregate value of the mortgage secured on immovables, the borrowings and the transferable securities that are not approved securities below 20%	A fund is not allowed to incur loans and credits in amount exceeding 75% of the value of its assets (article 152)	Yes (Act on Collective Investment - article 73 j) Limitation to provide a loan from the assets of the real-estate special fund only to the real estate management company has the ownership interest. Such loan must be secured, and the loan agreement for provision of such loan must include that in case of sale of the ownership interest in the real estate company, the loan is due within 6 months as of the date of termination of such ownership interest. The total amount of loans provided to one real estate company cannot exceed 50% of value of all real-estate owned by such real estate company. In addition, the total amount of all loans to real-estate companies cannot exceed 25% of the value of assets of the real-estate special fund
• Is/(are) there any restriction(s) foreseen in the national laws or regulations in terms of currency risk	No		<u>Real estate funds</u> Yes (§ 67 (4) Permissible assets, investment limits) • Exposure to a currency risk may not exceed 30% of the fund's assets <u>G-REITs:</u> No	There is no limit in terms of percentage however may only be used for hedging purposes (NU 13.10 § 12 / 16.7 §22). This restriction is not applicable in case of "QIF" and "PIF" • May employ techniques & instruments intended to provide protection against exchange rate risk	Yes • UCITS general rules apply	No		No	Yes (Act on Collective Investment - article 73 g) and i) Valuation of the real-estate must be done by an official valuer using the comparative or profit method
• Is/(are) there any restriction(s) foreseen in the national laws or regulations in terms of loans granted	No	Yes (Ordonnance N°2005-1278 13/10/2005 L214-98) • Allowed to grant account advance to companies in which it has a minimum of 5% participation	<u>Real estate funds</u> Yes (§ 69 Granting loans to real estate companies) • The loans in aggregate granted to a real estate company may not exceed 50% of the value of the real estate held by the real estate company • The loans in aggregate granted to real estate companies may not exceed 25% of the value of the real estate fund (when calculating this limit, borrowing may not be deducted) <u>G-REITs:</u> No	Yes (NU 8.6) however this restriction is not applicable in case of "QIF" and "PIF" Collective investment schemes may not grant loans or act as a guarantor on behalf of third parties	Yes • UCITS general rules apply	Spanish law does not allow a fund to issue debt instruments		Limitation up to 50% of the value of the fund's assets at the time of conclusion of loan/credit contract; additionally limitation to 20% of the value of the fund's assets concerning a loan/credit for a single entity (article 153)	Yes (Act on Collective Investment - article 73 j)) In general a loan can only be provided to a real estate company in which the asset management company has its own interest
• Is/(are) there any restriction(s) foreseen in the national laws or regulations in terms of liquidities	No	Yes (Ordonnance N°2005-1278 13/10/2005 L214-93) • 10% in deposit, liquid derivatives and liquidities at a minimum	<u>Real estate funds</u> Yes (§ 80 Liquidity requirements) • For any real estate fund, the investment management company must hold an amount which is equal to 49% of the fund's value. Such amount may only take the following forms: bank cash balances, money market instruments, investment units or units in special funds under certain conditions, securities which are approved for securing transactions and are admitted to the official market segment of a stock exchange within a Member State of the European Union or a contracting state of the Agreement on the European Economic Area or fixed income securities provided such securities do not exceed 5% of the fund's value • At least 5% of the fund's value is available on a daily basis When calculating this investment limit of 49%, the following mandatory reserves must be excluded: • Liquidities required to ensure the day-to-day business operations • Liquidities available for the next distribution • Liquidities required in order to meet obligations resulting from in relation to real estate purchase agreements, loan agreements <u>G-REITs:</u> No	• No restriction on the amount of cash or short term securities when the purpose of such holdings is to meet redemption requirements or where it is otherwise reasonably necessary (NU 18.5 § 1) • Otherwise ancillary basis as per general investment restrictions (NU 13.10 § 14). Not applicable for "QIF" and "PIF"	No	Enabling Regulations of Law 35/2003, Article 40. Liquidity. 1. In order to comply with the liquidity principle, financial funds must maintain a minimum liquidity ratio of 3% of equity. The ratio is calculated based on the fund's monthly average for daily equity balances and the relevant amount must be held in cash, in demand deposits or accounts with the depository (or a credit entity if the depository is not a credit entity), or in one-day repo purchases of government securities. Where the depository is not a credit entity, the fund must state in the prospectus the identity of the credit entity in which the cash or demand deposits or accounts will be deposited or arranged. Equity not invested in assets forming part of the liquidity ratio must be invested in the qualifying financial assets and instruments stipulated in article 36. The CNMV may increase the ratio up to a maximum of 10% when, in view of the evolution of fund subscriptions and reimbursements, and the liquidity of the assets forming part of fund equity, difficulties in making reimbursements within the periods stipulated by regulations are identified or forecast. The CNMV will also establish the procedure for calculation	Please refer to "Hedge Fund" analysis	No specific regulations for real estate funds; only general liquidity rules concerning all types of IF and included in the Act on IF (articles 49 and 50)	Yes (Act on Collective Investment - article 73 a)) • At least 10% of the NAV shall include deposits , securities issued by an open-end fund, European fund, or foreign collective investment undertaking, treasury bills, bonds
• Is/(are) there any requirement(s) foreseen in the national laws or regulations regarding the investment advisers	Yes (professional qualification)	Yes (professional qualification for depository and independent valuer)	<u>Real estate funds</u> Yes (§ 77 Expert Committee) <u>G-REITs:</u> No	Yes (NU 18.5 - professional qualification)	Yes (professional qualification for independent valuer)	Yes (articles 64 & 69 de la Ley 35/2003)	Please refer to "Hedge Fund" analysis	At least two members of the board of directors should be investment adviser or University graduate and should have at least 3 years professional experience (article 42)	Not directly foreseen in the Act
• Are real estate funds available for distribution to retail investors	Yes	Yes	Yes	Yes (NU 18.5)	Yes	Yes - No restriction in the Spanish law	Please refer to "Hedge Fund" analysis	Yes (no restriction in the laws in this respect)	Restriction in article 69 (1) of the Act. Participation certificates of the funds cannot be publicly offered in a EU Member State based on an EU passport principle
• Are real estate funds available for distribution to qualified or institutional investors	Yes	Yes	Yes	Yes (NU 12.6) "PIF" "PIF": Professionals / sophisticated investors and institutional investors Yes (NU 24.6 "QIF") "QIF": High net worth individuals or institutional investors	Yes	Yes - No restriction in the Spanish law	Please refer to "Hedge Fund" analysis	Yes (no restriction in the laws in this respect)	Yes (article 5 a))
• If real estate funds available for distribution to retail investors, is/(are) there a/(any) specific warnings imposed by the national laws or regulations					The filing of a prospectus may be required in particular a prospectus must be filed if the units of the fund are to be offered to the public	Yes - No restriction in the Spanish law	Please refer to "Hedge Fund" analysis	No, there are none specific requirements, except from common informational duties imposed on any IF under the Act on IF (articles 219 to 236)	Not applicable