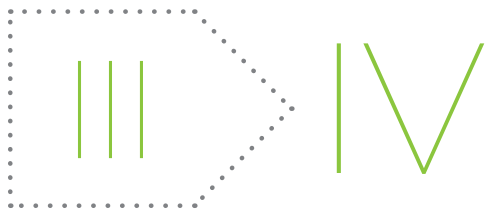


Towards the next generation:

moving

from UCITS III to UCITS IV

May 2009



Introduction

I am pleased to introduce “Towards the next generation: moving from UCITS III to UCITS IV”, a guide designed to outline and explain key regulatory amendments due to be introduced with the launch of UCITS IV.

Our guide is intended to give product specialists, members of legal teams and other market professionals interested in the evolution of this fundamental piece of European legislation a detailed understanding of the new features set to be introduced by UCITS IV.

The outlined changes are designed to improve and strengthen the existing UCITS brand – easing the path for cross-border fund mergers and distribution, allowing for increased transparency and fund comparability.

Importantly, the proposed measures will allow asset managers greater flexibility in the domiciliation of funds and the use of Master-Feeder funds as a pooling technique – bringing costs down and widening the product offering for the end investors. New rules on regulator to regulator cooperation are also designed to improve regulatory alignment and reduce the administrative burden on fund managers through improved cross-border cooperation.

For ease of use and reference within this guide we made every effort to compare each of the new proposals, where applicable, with the prevailing provisions under current UCITS regulations.

Since their founding Directive was launched in 1985, UCITS funds have won a huge and appreciative audience among global investors. Various stages of UCITS development have since seen the introduction of a range of amendments and improvements, broadening investment choice and building the popularity and respectability of the brand.

In turn, UCITS promoters have moved well beyond their original goal of distributing and selling robust, well regulated investment funds to retail investors within and across the European Union to embrace an increasingly global audience. The launch of UCITS IV - expected in 2011 - is likely to broaden the investment appeal of the products still further.

We hope that you will find this document informative and useful as a guide to the key regulatory changes ahead, as you build your business and the global funds industry prepares to embrace the next generation of UCITS products.

Sincerely

Jean-Michel Loehr
Chief Industry & Government Relations Officer

Undertakings for Collective Investment in Transferable Securities

In 1985 the Directive 85/611/EEC on the coordination of laws, regulations and administrative provisions relating to Undertakings for Collective Investment in Transferable Securities (UCITS Directive) was first adopted and transposed into national laws by the EU Member States. The Directive had the aim of integrating the EU-market for investment funds by offering both greater investment opportunities to investors and greater business opportunities to the asset management industry. UCITS have enjoyed outstanding success over the past twenty years and have been the catalyst for development of the European investment funds industry and of Luxembourg and Ireland as international fund servicing centres. UCITS funds have also developed into a global brand enjoying considerable success in Asia, Latin America and the Middle East.

There were significant amendments to the initial text of the Directive in 2001, called UCITS III. These amendments did, among other factors, substantially enlarge the investment powers of UCITS. Over the past few years the European Commission engaged in significant preparatory work and public debate to determine the specific areas where the Directive could be improved to further enhance cross-border distribution in Europe, leading to a first draft of an amended directive on investment funds being presented in July 2008.

The formal legislative process has started with the adoption of the Directive, with a first reading on January 13, 2009 by the European Parliament. The adoption by the European Council closing the formal legislative approval process is expected before June 2009. Following publication in the Official

Journal, the Member States have until July 1, 2011 to implement the Directive into local law.

Implementing Measures (Level 2 measures) are foreseen in the Directive and are intended to clarify the details of the provisions contained in the Directive (Level 1 measure). On February 13, 2009 the EU Commission granted a mandate to the Committee of European Securities Regulators (“CESR”) to assist the European Commission with technical advice during the preparation of the Level 2 measures in order to ensure the full body of Implementing Measures is ready for adoption by Member States before July 1, 2011.

References:

UCITS III: Council Directive of December 20, 1985 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) (85/611/EEC) - consolidated text.

UCITS IV: Information based on the document “P6_TA(2009)0012” as presented and voted during the sitting of January 13, 2009 by the European Parliament.

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Executive Summary

Changes introduced by UCITS IV	Description
Key Investor Information (“KII”)	<p>Objective: Enhance transparency and comparability through a short and standardised fact sheet, easy to read and understand by the end investor</p> <ul style="list-style-type: none"> ▪ Simplified prospectus that is in place for all UCITS funds will be abolished and replaced by KII ▪ Pre-contractual document only, no civil liability attached to the document ▪ Shall be used without alterations or supplements in all Member States
Fund Mergers	<p>Objective: Facilitate cross-border fund mergers to achieve economies of scale and increase average size per fund</p> <ul style="list-style-type: none"> ▪ Dedicated and standardised European framework for fund mergers ▪ Applicable on cross-border and domestic funds, sub-funds and classes ▪ Clear and unique quorum requirements for all Member States ▪ Costs of merger in principle not to be charged to UCITS
Notification Procedure	<p>Objective: Facilitate cross-border distribution by replacing a cumbersome country by country registration process by a mere notification</p> <ul style="list-style-type: none"> ▪ Notification procedure between regulators: Home regulator to notify host regulator ▪ Only KII to be translated in language of host Member State ▪ Electronic transmission of legal documents
Management Company Passport	<p>Objective: Allow a management company domiciled in one EU country to set up and manage funds domiciled in other EU countries</p> <ul style="list-style-type: none"> ▪ Remote fund administration by Management Company (“ManCo”) located in another Member State than the UCITS ▪ ManCo supervised for its organisation (risk management, conflict of interest, delegation arrangements, etc.) by its Home Member State Authority ▪ Authority of the Home Member State of the UCITS only authorised to supervise the constitution and functioning of the UCITS
Pooling	<p>Objective: Achieve economies of scale and cost reductions by allowing Master-Feeder funds as a pooling technique</p> <ul style="list-style-type: none"> ▪ Cross-border Master-Feeder structures ▪ Feeder to invest at minimum of 85% in another UCITS ▪ Information sharing between depositaries and auditors of Master and Feeder fund if different for Master and Feeder ▪ No fees charged to feeder upon subscription / redemption in Master fund ▪ All kinds of retrocessions by Master always in favour of Feeder
Regulator to Regulator Cooperation	<p>Objective: Achieve regulatory alignment and reduce administrative burden by enhanced collaboration</p> <ul style="list-style-type: none"> ▪ Exercising supervisory and investigatory powers either directly, in collaboration with other authorities, through delegation or as before through the judiciary ▪ Regulators required to inform other regulators on changes in organisational structures or license granting or withdrawal ▪ Regulators required to develop existing mechanisms for exchange of information to a more sophisticated model ▪ Delays imposed on answers for regulator to regulator requests ▪ Proceedings awaited to be similar to Markets in Financial Instruments Directive (MIFID)

Key Investor Information

Key Investor Information (“KII”)

Fact overview	UCITS III	UCITS IV (Article 78-82)
Denomination	Simplified prospectus	KII
Existence	<ul style="list-style-type: none"> For UCITS mandatory Facultative for UCI funds* 	<ul style="list-style-type: none"> For UCITS mandatory Facultative for UCI funds
Aim	Article 28 §3: “It shall be structured and written in a way that it can be easily understood by the average investor.”	Article 78 §5: “KII shall be written in a brief manner and in non technical language. It shall be drawn up in a common format, allowing for comparison, and shall be presented in a way that is likely to be understood by retail investors.”
Content	<p>Schedule C, Annex 1</p> <ul style="list-style-type: none"> Brief presentation of the UCITS Investment information Economic information Commercial information Additional information 	<p>“Shall include appropriate product information about the essential characteristics about the UCITS concerned “and shall allow” to take investment decisions on an informed basis.”</p> <p>Essential elements:</p> <ul style="list-style-type: none"> Identification of the UCITS A short description of its investment objectives and investment policy Past performance presentation / performance scenarios Costs and associated charges Risk/reward profile of the investment <p>Article 78 § 3: “These essential elements shall be understandable by the investor without any reference to other documents.” They need to indicate where the full information and documents may be obtained free of charge.</p> <p>Additional elements:</p> <ul style="list-style-type: none"> Implementing measures (minimum content for umbrella funds, switching options, fund of funds, Master-Feeder structures, etc.) to be issued by the European Commission

*Funds not subject to UCITS rules (i.e., not benefitting from EU distribution passport)

Key Investor Information (“KII”)

Fact overview	UCITS III	UCITS IV (Article 78-82)
Update	Whenever full prospectus is updated, at least once a year	“The essential elements of KII shall be kept up-to-date.”
Format	Paper format only	Durable medium or via website (of the ManCo or the Investment Company)
Delivery	No general obligation to deliver, only upon request	<ul style="list-style-type: none"> ▪ Shall constitute mandatory pre-contractual information ▪ Article 80 § 3: “...shall be provided to investors free of charge” ▪ Article 81 § 1: “A paper copy shall be delivered to the investor free of charge, upon request.”
Approval	Home and host Member State authorities	Home Member State authority only
Pan-European distribution	<ul style="list-style-type: none"> ▪ Alterations upon request of the host Member State ▪ All official documents in host Member State language 	<ul style="list-style-type: none"> ▪ No alterations by host Member State except translation ▪ Only KII in official or authorised language of host Member State



Our view

- Success will depend on reaching EU-wide agreement on common definitions, as well as fund and risk classifications. Still a lot of work ahead
- More transparency and comparability will contribute to keeping the trust of end investors, although promoters may see this initially as a new workload and cost item

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Fund Mergers

Fund Mergers

Fact overview	UCITS IV (Article 37-48)
Preface	Under UCITS III the merging of funds on a cross-border basis is not foreseen
Cross-border	Cross-border merger is allowed and must take place under the law of the merging UCITS
Authorisation	<p>Merging fund's regulator:</p> <ul style="list-style-type: none"> ▪ Shall within at the latest 20 days of the submission of a complete file decide if authorisation of the merger is granted ▪ Will transmit the authorisation to the receiving fund's regulator ▪ Shall inform the receiving fund's regulator of its decision
Type of mergers	<p>Three types of mergers possible:</p> <ul style="list-style-type: none"> ▪ Merger by way of absorption ▪ Merger by formation of a new fund ▪ Merger by amalgamation (i.e. delayed winding-up of the merging funds till their liabilities are discharged)
Content of the draft terms of merger	<ul style="list-style-type: none"> ▪ Type of merger and UCITS involved ▪ Background to and rationale for the merger; planned effective date ▪ Expected impact on both merging and receiving UCITS ▪ Criteria adopted for valuation of the assets and liabilities on the planned effective date and calculation method of the exchange ratio ▪ Rules applicable to the transfer of assets and the exchange of units ▪ Articles of incorporation of the newly constituted receiving UCITS in case of merger by formation of a new fund
Depositary statement	<p>The depositaries of both the merging and the receiving UCITS shall verify the compliance of:</p> <ul style="list-style-type: none"> ▪ Identification of the type of merger with the UCITS involved ▪ Planned effective date with the Directive's requirements and with the constitutive documents of their respective UCITS
Validation Report	<p>An independent auditor or the depositary shall validate:</p> <ul style="list-style-type: none"> ▪ The criteria adopted for the valuation of the assets and the liabilities on the planned effective date of the merger ▪ Cash payment per unit ▪ The calculation method of the exchange ratio as well as the actual exchange ratio at the effective date of the merger <p>Validation Report to be provided to the regulators</p>
Cost of merger	<p>Except for UCITS without ManCos all costs to be borne by the promoter, portfolio manager or the ManCos and may not to be charged to any of the UCITS or to their unitholders</p>

Fund Mergers

Fact overview	UCITS IV (Article 37-48)
Information to shareholders	<p>Information to:</p> <ul style="list-style-type: none"> ▪ The unitholders of the merging and receiving UCITS ▪ Be provided at least 30 days before the last date for requesting repurchase or conversion without additional charges ▪ Be provided in the official language(s) of the relevant UCITS <p>Content of the information:</p> <ul style="list-style-type: none"> ▪ Background to and possible impact of the proposed merger ▪ Relevant procedural aspects and proposed effective date of the merger ▪ Copy of the key investor information of the receiving UCITS and related information rights (Validation Report, redemption/conversion right etc.) ▪ If relevant, a warning on tax treatment changes
Right to redeem	<p>Right to redeem or to convert (conversion into UCITS with similar investment policies, managed by the same ManCo or by a company linked with the latter) as from release of the information to the unitholders until five working days before the exchange ratios calculation date. Right to redeem without charges for the investor of both the receiving and merging UCITS</p>
Approval by unitholders	<ul style="list-style-type: none"> ▪ If approval required by national laws by merging and/or receiving unitholders, limitation to a maximum of 75% of votes ▪ More stringent presence quota for cross-border mergers than for domestic mergers not required
Entry into force of the merger	<p>After approval by unitholders, the relevant law (domestic merger: merging UCITS's law; cross-border merger: receiving UCITS's law) shall determine:</p> <ul style="list-style-type: none"> ▪ Effective date of the merger ▪ Exchange units calculation date ▪ Relevant NAV date for cash payment <p>Entry into effect of the merger to be published according the law of the receiving UCITS and notified to the competent regulators.</p>
Consequences of the merger	<ul style="list-style-type: none"> ▪ Transfer of assets and liabilities or transfer of net assets ▪ Transfer of unitholding ▪ If transfer of net assets, merging UCITS continues to exist until all liabilities have been discharged ▪ Member States shall establish a procedure whereby the ManCo or the self-managed receiving UCITS confirms to the receiving UCITS's depositary that the transfer of assets/liabilities is complete

Notification Procedure

Notification Procedure

Fact overview	UCITS III	UCITS IV (Article 91-96)
Entity in charge of the filing	Transmission by the fund itself to the host authority	Transmission by the UCITS home authority to the host authority
Notification letter	N/A	Prepared by the UCITS and remitted to the home authority <ul style="list-style-type: none"> ▪ Main content: description of arrangements made for marketing in host Member State (content will be harmonized by Level 2 measures) ▪ Language: Customary in the sphere of international finance or official language of both host and Home Member States
Timing in Home Member State	N/A	<ul style="list-style-type: none"> ▪ Transmission of file to host Member State no later than 10 working days after the date of receipt of the notification letter accompanied by the complete documentation ▪ UCITS home authority will immediately inform the UCITS about the transmission
Content of the notification file	<ul style="list-style-type: none"> ▪ Attestation by the competent authorities to the effect that the fund fulfils conditions imposed by this Directive ▪ Fund rules or its instruments of incorporation ▪ Full and simplified prospectuses ▪ Where appropriate, its latest annual report and any subsequent half-yearly report ▪ Details of the arrangements made of the marketing of its units in an other Member State or states 	Content harmonised and limited: <ul style="list-style-type: none"> ▪ Fund rules (articles of incorporation or management regulations), prospectus, latest annual report and any subsequent semi-annual report, translated KII, attestation confirming that the UCITS fulfils its obligations under the Directive, notification letter ▪ Host Member State authority has no power to ask for additional documents
Translation	All the documents	Only the KII (content harmonised and only change admitted: translation)
Transmission of the file	Hard copy transmission	Electronic filing from regulator to regulator
Local control	A pre control	A post control
Modification of the marketing arrangements	Any UCITS may advertise its units in the Member State in which they are marketed. It must comply with the provisions governing advertising in that State	Written notice to be given to the host authorities by the UCITS of any amendments to their marketing arrangements or changes regarding share classes to be marketed, before implementing the changes

Notification Procedure

Fact overview	UCITS III	UCITS IV (Article 37-48)
Start marketing	Two months delay after submission of the file to the host authority	Immediate authorisation, upon receipt of the confirmation of transmission by the UCITS home authority to the host authority
Modification of the legal documentation	Not mentioned in the text. In practice, the UCITS shall notify any amendments to the documents to the host Member State authorities	The UCITS shall notify any amendments to the documents to the host Member State authorities and indicate where these documents can be obtained electronically
Availability of local regulation	Not mentioned in the text	Member States shall ensure that complete information on the local laws, regulations and administrative provisions relevant for marketing of UCITS is easily accessible by electronic means in a language customary in the sphere of international finance



Our view

- This procedure could be viewed as major progress for initial notification
- Subsequent amendments should be communicated directly by the fund to the host regulator, although we believe that a local to host regulator communication would have been more efficient

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Management
Company Passport

Management Company Passport

Fact overview	UCITS IV (Article 6-21)
Preface	Under UCITS III ManCo and UCITS have to be domiciled in the same country and despite passporting possibilities foreseen, this possibility was not accepted by EU supervisory authorities
Method of service	A ManCo may provide the services in the Home Member State of the UCITS (“UHMS”) through <ul style="list-style-type: none"> ▪ Establishment of a branch, or the use of freedom of services
Delegation rules	Delegation possibilities of a ManCo will be subject to the regulation in the Home Member State of the ManCo (“MHMS”)
Additional tasks and duties	<p>ManCo needs to ensure that:</p> <ul style="list-style-type: none"> ▪ It deals correctly with investor claims and investors may exercise their rights without restrictions (even if the ManCo is using freedom of services) ▪ Information requests of the public or the UHMS authority are answered ▪ If MHMS not equal the Home Member State of the depositary, ManCo and depositary need to sign an agreement in which the depositary is authorised to receive all information necessary for the performance of its functions (more details through Level 2 measures awaited) <p>Changes in programme of operations, organisation, address or management needs minimum one month prior notice to MHMS and UHMS authority to allow them to take a decision on those changes</p>
Applicable laws in case of remote Management Companies	<p>Each ManCo providing its services to UCITS through the provisions relating to freedom of services, needs to:</p> <ul style="list-style-type: none"> ▪ Comply with the UHMS rules in relation with constitution and functioning of the UCITS ▪ Comply with the MHMS rules in relation with the organizational measures (risk management process, rules of conducts and conflict of interest procedures) during the administration of the UCITS <p>More details on this are awaited through Level 2 measures</p>
Authorisation procedure and powers	<p>UHMS Authority: Fund rules, choice of the ManCo and the depositary (Verification of suitability of Risk Management Process + Delegation Arrangements by UHMS Authority)</p> <p>MHMS Authority: ManCo to be approved by its MHMS authority and MHMS authority to inform UHMS authority about any changes in approvals and licenses</p>
Regulators' communication requirements	<p>MHMS authority to inform/deliver to UHMS authority:</p> <ul style="list-style-type: none"> ▪ Any request by ManCo to offer asset management by freedom of services, including a description of organisation of ManCo and obtained licenses (initially and ongoing) and any disciplinary steps ▪ Any approved delegation arrangements for services rendered by ManCo to UCITS ▪ The Certificate of Compliance for ManCo regarding requirements of the MHMS ▪ Within ten days by clarifications on licenses and authorisation if requested by UHMS authority <p>UHMS authority to inform MHMS authority:</p> <ul style="list-style-type: none"> ▪ Fund rules, choice of the ManCo and the depositary ▪ In case of breaches and required actions, MHMS authority to instruct ManCo and report to UHMS authority

Management Company Passport

Fact overview	UCITS IV (Article 6-21)
Breaches	<ul style="list-style-type: none">▪ UHMS authority should be able to impose appropriate administrative sanctions and measures for violation of the rules which fall within its exclusive remit, independent of MHMS▪ Claims against a UCITS and a remote ManCo in relation to the management of a UCITS should be lodged by investors with a judicial authority established in the UHMS in accordance with the law applicable to the UCITS
Timelines for collective portfolio management activity	<p>Establishment of a Branch</p> <ul style="list-style-type: none">▪ ManCo HMS authority within two months after receipt of complete file to object or to submit to UCITS HMS authority (no authorisation if no reaction)▪ UCITS HMS authority within two months after receipt of notification of ManCo HMS authority (automated authorisation if no reaction)▪ Changes in programme of operations, organisation, address or management needs minimum one month prior notice to ManCo and UCITS HMS authority <p>Freedom of services</p> <ul style="list-style-type: none">▪ ManCo HMS authority within one months after receipt of complete file to inform UCITS HMS authority (including risk management description, compensation scheme description and information on license and eventual restrictions)▪ UCITS HMS authority within two month after receipt of notification of ManCo HMS authority (automated authorisation if no reaction)▪ Changes in programme of operations, organisation, address or management needs notice to ManCo and UCITS HMS authority



Our view

- The new complexity resulting from management companies, funds and eventually service providers being located in different geographies could lead to operational, supervisory and risk management issues if the regulatory framework is not aligned and clear rules established
- Relocation of certain activities into or away from traditional servicing centers is possible although promoters will need to bear in mind the risks of disrupting well established operating processes and established links with distribution networks around the world
- New tax situations could arise and need to be considered
- The reactions of non-EU distribution countries to this new set up need to be assessed
- Existing management companies manage UCITS but also non-UCITS collective schemes or investment vehicles for which these rules will not apply
- No harmonised delegation arrangements; different rules per Member State

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Pooling

Pooling – Master-Feeder structures

Fact overview	UCITS IV
Preface	Under UCITS III virtual pooling techniques have neither been forbidden nor specifically allowed, whereas Master-Feeder structures were specifically excluded due to fund diversification rules
Definition of terms	
Master-Feeder	A Feeder UCITS is a UCITS or an investment compartment thereof that invests at least 85% of its assets in one other UCITS. The UCITS that hosts the investment is called the Master UCITS. Both, Master and Feeder may be established in the same or in different Member States
Virtual Pooling	A technique based on sophisticated IT solutions (accounting systems) to commingle the assets of two or more funds (or sub-funds of an umbrella) in a (virtual) investment pool
Master Fund (“Master”)	A Master must (i) not be a Feeder itself, (ii) not invest directly itself in the Feeder and (iii) have at least two investors (if these are two Feeders, the Master may be closed for other investors). There is no need for public registration in the domicile countries of the Feeders, if no other distribution. A Master must inform its authority about the names of the Feeders
Feeder Fund (“Feeder”)	<p>Investments into the Master fund to be approved by Feeder home authority</p> <p>Information required for the prospectus of a Feeder fund:</p> <ul style="list-style-type: none"> ▪ Clear statement about qualification as Feeder and investment of a minimum 85% of AuM in Master fund and investment of the remaining 15% ▪ Description of the investment: objective, policy & risk profile, information on performance (including differences) and the information where and how the prospectus of the Master may be obtained ▪ Description of cost structure of Feeder and Master, the tax implications and a summary of the agreement between Feeder and Master <p>Additional information required for the financial reports of a Feeder fund:</p> <ul style="list-style-type: none"> ▪ Annual report to include a statement on aggregate charges of Feeder and Master and indicate where annual and semi-annual report of Master may be obtained <p>Additional duties:</p> <ul style="list-style-type: none"> ▪ Feeder needs to send to its home authority the following documents of the Master fund: prospectus, KII (including Amendments thereof), annual and semi-annual reports ▪ Marketing documents to provide for Feeder status ▪ Investors authorised to obtain paper copy of prospectus and report of Master from Feeder

Pooling – Master-Feeder structures

Fact overview	UCITS IV
Relationship Master and Feeder	Agreement between Master & Feeder necessary and available to investors upon request. If Master and Feeder have the same ManCo, the agreement may be replaced by “internal conduct of business rules.”
UCITS to Feeder	<p>If a UCITS would like to become a Feeder, it needs to send to unitholders (translated for distribution countries):</p> <ul style="list-style-type: none"> ▪ A statement that the changes have been approved ▪ The KII of the Feeder and the Master ▪ The applicable date ▪ The information that unitholders have 30 days to redeem
Late trading and market timing	Master and Feeder shall take appropriate measures to coordinate the timing of their net asset value calculation and publication in order to avoid market timing in their units, preventing arbitrage opportunities
Suspensions (NAV, subscription or redemption)	Temporary suspension of NAV calculation (or subscription/ redemption of units) on Master Level authorise automatically each Feeder to do the same
Merger, spin-off or liquidation at Master level	<p>Liquidation of Master may only become effective with three month prior notification to all its unitholders. Entails automatic liquidation of Feeder unless derogation granted by Feeder home authority</p> <p>Merger or spin-off of Master may only become effective with 60 days prior notification to all its unitholders including a right of redemption to the Feeder unitholders</p>
Relationship between authorities	<p>The Feeder Authority shall inform the Master Authority of the approval granted to the Feeder to invest in the Master</p> <p>The Master Authority shall inform the Feeder Authority about the investment of a Feeder into a Master</p>
Relationship depositaries and auditors	“Information Sharing Agreement” necessary between depositaries/auditors (if not identical) and before investment. If Master and Feeder do not have the same accounting year, the auditor of the Master needs to establish an ad-hoc report on the same closing date as that of the Feeder fund
Fees and retrocessions	No subscription or redemption fee to be charged by Master to Feeder. Any payment or monetary benefit from the Master to the Feeder (Trailer Fee, etc.) shall be paid into the assets of the Feeder



Our view

- The question in everybody's mind is: where will the Master funds be located?
- There is a strong need to formalise and standardise the agreements between the Feeder funds and Master fund participants
- We see an advantage and opportunities for providers offering integrated solutions in different geographies and which are able to serve both the Feeder and Master funds

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Regulator to Regulator Cooperation

Regulator to Regulator Cooperation

Fact overview	UCITS IV
Preface	Under UCITS III exchange of information between authorities already foreseen but less far reaching
Methods to exercise supervisory and investigatory powers	Different possibilities: <ul style="list-style-type: none">▪ Directly▪ In collaboration with other authorities▪ Through delegation▪ Through the judiciary
List of powers	Article 98.2 details all the powers and rights a competent authority may have recourse to
Infringements	Member States shall lay down the rules on measures and penalties applicable to infringements of the national provisions and make public any measure or sanction that will be imposed for such infringements
On-the-spot verification	In case of request for cooperation, the verification can be carried out either: <ul style="list-style-type: none">▪ By the national competent authority▪ By the foreign competent authority (i.e. authority of ManCo verifying custodian in Fund domicile)▪ By auditors or experts The verification or investigation shall, however, be subject to the overall control of the Member State on whose territory it is conducted
Confidentiality	All persons employed by a competent authority as well as auditors or experts instructed by a competent authority will be bound by professional secrecy and the exchange of information between authorities may not be disclosed without their express agreement
Investor disputes	Member States have to ensure that efficient and effective complaints and redress procedures are in place for the out-of court settlement in case of consumer disputes

