

Investment limit for instruments has been raised according to Article 22(4) of the UCITS Directive

YES ✓ **Legal base: Article 159 (6), (7), (8) of the CNVM Regulation no. 15/2004 on the authorisation and functioning of investment management firms, collective investment undertakings and depositories**

Art. 159

(1) An undertaking for collective investment in transferable securities, hereinafter named **UCITS**, cannot hold more than 5% of its assets in securities or in money market instruments issued by the same issuer. A UCITS cannot hold more than 20% of its assets in deposits made with the same entity.

(2) Exposure to counterparty risk by a UCITS in a transaction with derivatives negotiated outside regulated markets cannot exceed:

a) 10% of its assets, when the counterparty is a credit institution of the type referred to in art. 101 paragraph 1 indent e) of Law no. 297/2004 on the capital market, or

b) 5% of its assets, in other situations.

(3) The 5% limit, referred to in paragraph (1) may be exceeded up to a maximum of 10 % provided that the total amount of the assets and the money market instruments held by a UCITS in each of the issuers where it holds over 5% of its assets, may not, by any means, exceed 40% of the amount of the assets of that UCITS. This limit does not apply to the deposits and the transactions with derivatives negotiated outside the regulated markets concluded with financial institutions subject to prudential supervision.

(4) With the purpose of complying with the individual limits set out in paragraph (1) and (2), a UCITS cannot combine:

a) investments in securities or money market instruments issued by the same entity,

b) deposits made with the same entity, or/and

c) exposures derived from derivative transactions negotiated outside regulated markets by the same entity of over 20 % of its assets.

(5) The 5% limit set out in paragraph (1) may be exceeded, up to maximum 35%, where the securities or the money market instruments are issued or secured by a member state, by the local public authorities of a member or non-member state, or by international public bodies to which one or more member states belong.

(6) The 5% limit set out in paragraph (1) may be exceeded up to maximum 25% in the case of certain bonds, where these have been issued by a credit institution with its registered office in a member state and which is subject by law to special supervision by the public authorities, with the purpose of protecting bond holders. Namely, the amounts resulted from the issuing of these bonds shall be invested, in accordance with the law, in assets which, throughout the entire duration of the bonds, may cover the claims arisen from the bonds and which, given the insolvency or the bankruptcy of the issuer, shall be mainly used in order to reimburse the principal and the accrued interests.

(7) Where a UCITS holds more than 5% of its assets in the bonds referred to in paragraph (6) and issued by a single issuer, the total amount of these holdings cannot exceed 80% of the amount of assets of that UCITS.

(8) C.N.V.M. shall submit to the European Commission the list of requirements mentioned above and the categories of authorised issuers, in accordance with the law and with the provisions related to supervision set out in paragraph (6) and shall issue requirements in accordance with the criteria mentioned above. The list shall be accompanied by a note which shall refer to the status of the underlying guarantees.

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