



FMA CIRCULAR REGARDING LIMIT MONITORING OF
INVESTMENT FUNDS AS DEFINED IN ARTICLE 3 PARA. 2 NO. 19
OF THE INVESTMENT FUND ACT 2011
(INVFG 2011; INVESTMENTFONDSGESETZ 2011)

CIRCULAR ON LIMIT MONITORING

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1 INTRODUCTION

- (1) In this circular, the Austrian Financial Market Authority (FMA) refers to the framework condition that apply under supervisory law regarding the issue of limit monitoring of investment funds in accordance with Article 3 para. 2 no. 19 of the Investment Fund Act 2011 (InvFG 2011; *Investmentfondsgesetz 2011*). This circular constitutes the legal view of the FMA. The legal basis remains unaffected by this circular letter of the FMA. No rights and obligations beyond those stipulated in the legal provisions can be derived from this circular.
- (2) This circular is addressed to management companies pursuant to Article 5 para. 1 InvFG 2011 in conjunction with Article 1 para. 1 no. 13 of the Austrian Banking Act (BWG; *Bankwesengesetz*).
- (3) The purpose of this circular, in terms of legal clarity, is to guarantee a harmonised treatment of the issue of “limit monitoring - qualifying date and calculation basis” that is both in line with the market and complies with legal requirements.
- (4) The booking date applies for limit monitoring under InvFG 2011.

2 LEGAL BASES

- (5) Pursuant to Article 55 para. 1 InvFG 2011 the issuance of units of an investment fund shall only be permissible if the equivalent of the net issue price is paid into the fund assets without delay. The issuance of the units must therefore occur on a step-by-step basis.
- (6) Pursuant to Article 55 para. 2 InvFG 2011 the unit-holder shall be paid out their portion of the investment fund against the surrendering of the unit certificate, the coupons and the renewal certificate. The exercising of the right to surrender certificates occurs on a step-by-step basis.
- (7) Pursuant to Article 33 para. 2 InvFG 2011 financial instruments or sums of money, that have been received in settlement of the executed orders are promptly and correctly registered into the account of the respective investment fund
- (8) Pursuant to Article 13 para. 2 no. 1 InvFG 2011 the management company shall apply accounting standards and methodologies that correspond to the accounting standards of the home Member State of the respective investment fund. It shall guarantee the precise net asset value of the investment fund and shall ensure that subscription and repurchase orders are executed in an orderly manner at that net asset value.

3 LIMIT MONITORING

- (9) Within the scope of its supervision of management companies, the FMA expects management companies pursuant to Article 5 para. 1 InvFG 2011 in conjunction with Article 1 para. 1 no. 13 of the Austrian Bank Act (BWG; *Bankwesengesetz*) regarding guaranteeing orderly investment to observe this Circular at latest with effect from 30 September 2015.

3.1 UNIT CERTIFICATE TRANSACTIONS

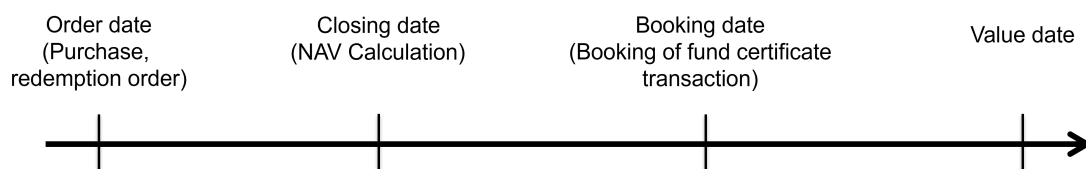
- (10) Process for redemption of unit certificates of funds

The holder of the unit certificate issues the order for redeeming the unit certificates in the fund on the order date. The net asset value is determined that forms the basis of the unit certificate transaction on the closing date. The unit transaction is captured in the accounting of the fund with an effect on net asset value on the booking date. The relevant calculation base for the limit monitoring therefore is reduced on the booking date. The number of unit certificates of the fund shall be reduced in accordance with the redemption order, and the assets of the fund reduced by the amount paid off. An amount that corresponds with the redemption proceeds is credited by the custodian bank to the client account.

- (11) Process when issuing unit certificates of funds

The client issues an order to purchase unit certificates in the fund on the order date. The net asset value is determined that forms the basis of the unit certificate transaction on the closing date. The unit transaction is captured in the accounting of the fund with an effect on net asset value on the booking date. The relevant calculation base for the limit monitoring therefore increases on the booking date. The number of unit certificates of the fund and the assets of the fund increase in accordance with the purchase order. The equivalent of the net issue price shall be credited to an account of the fund assets.

Process description (individual steps can/shall be combined in certain cases)



3.2 FUNDS TRANSACTIONS

- (12) In the case of funds transactions (portfolio transactions as defined in Article 19 InvFG 2011 as well as deposits repayable on demand and deposits with the right to be withdrawn as defined in Article 72 InvFG 2011 and loans as defined in Article 80 InvFG 2011) the booking date applies for limit monitoring.