

Finansinspektionen's Regulatory Code

Publisher: Finansinspektionen, Sweden, www.fi.se
ISSN 1102-7460



This translation is furnished solely for information purposes. Only the printed version of the regulation in Swedish applies for the application of the law.

Finansinspektionen's regulations regarding Swedish UCITS;

FFFS 2013:9

Published
05 July 2013

decided on 25 June 2013.

Finansinspektionen prescribes the following pursuant to the Swedish UCITS Ordinance (2013:588) and the Official Statistics Ordinance (2001:100).

Chapter 1 Contents and scope of the regulations

Section 1 These regulations apply to Swedish management companies. The provisions in these regulations that apply to the operations of foreign management companies and foreign UCITS in Sweden are specifically stated. Depositaries shall follow, where applicable, Chapter 26, section 1.

Section 2 A foreign management company authorised to manage a Swedish UCITS pursuant to Chapter 1, section 6b of the Swedish UCITS Act (2004:46), where the operations are conducted from a branch in Sweden pursuant to Chapter 1, section 6, first paragraph, point 1 of the Swedish UCITS Act, shall apply the provisions set out below, where applicable, to the operations related to the fund:

- Chapter 1 Contents and scope of the regulations, section 9,
- Chapter 3 Procedures subject to a notification obligation and notifications, sections 2–5,
- Chapter 4, Wording of documents when applying for authorisation for a cross-border merger,
- Chapter 7 Organisational requirements, section 1, first paragraph, points 4,7, and 9, and the second paragraph,,
- Chapter 14 Delegation agreements (outsourcing), section 2, second paragraph, point 5,
- Chapter 16 Rules of Conduct,
- Chapter 17 Order confirmation for subscription and redemption of units in Swedish UCITS,
- Chapter 18 Best possible result for the execution of portfolio transactions,
- Chapter 19 Best possible result for the placement of an order,
- Chapter 20 Handling portfolio transactions and orders,

- Chapter 21 Incentives,
- Chapter 23 The content of the fund rules,
- Chapter 24 Eligible assets,
- Chapter 25 Trading in derivative instruments and the use of other technologies and instruments, sections 1-22,
- Chapter 26, Feeder and master funds, sections 2–5,
- Chapter 27 Information to unit holders following mergers,
- Chapter 28 Method for the provision of some fund information,
- Chapter 29 Key investor information document,
- Chapter 30 Provision of key investor information documents and prospectuses, sections 1 and 2,
- Chapter 31 Annual reports and half-yearly reports for Swedish UCITS, and
- Chapter 33 Information and reporting to Finansinspektionen, sections 7–12 and 14.

For operations other than those referred to in the first paragraph that are conducted in the manner set out in Chapter 1, section 6, first paragraph, point 1 of the Swedish UCITS Act, the following provisions shall apply where applicable:

- Chapter 1, Contents and scope of the regulations, section 9,
- Chapter 7 Organisational requirements, section 1, first paragraph, points 4,7, and 9, and the second paragraph,,
- Chapter 14 Delegation agreements (outsourcing), section 2, second paragraph, point 5,
- Chapter 16 Rules of Conduct,
- Chapter 17 Order confirmation for subscription and redemption of units in Swedish UCITS,
- Chapter 18 Best possible result for the execution of portfolio transactions,
- Chapter 19 Best possible result for the placement of an order,
- Chapter 20 Handling of portfolio transactions and orders, and
- Chapter 21 Incentives.

Section 3 A foreign management company authorised to manage a Swedish UCITS pursuant to Chapter 1, section 6b of the Swedish UCITS Act (2004:46), where the operations are conducted from the foreign management company's home state in accordance with Chapter 1, section 6, first paragraph, point 2 of the Swedish UCITS Act, shall apply the provisions set out below, where applicable, to the operations related to the fund:

- Chapter 1, Contents and scope of the regulations, section 9,
- Chapter 3 Procedures subject to a notification obligation and notifications, sections 2–5,
- Chapter 4, Wording of documents when applying for authorisation for a cross-border merger,
- Chapter 23 The content of the fund rules,
- Chapter 24 Eligible assets,
- Chapter 25 Trading in derivative instruments and the use of other technologies and instruments, sections 1-22,
- Chapter 26 Feeder and master funds, sections 2–5,
- Chapter 27 Information to unit holders following mergers,
- Chapter 28 Method for the provision of some fund information,
- Chapter 29 Key investor information document,
- Chapter 30 Provision of key investor information documents and prospectuses, sections 1 and 2,
- Chapter 31 Annual reports and half-yearly reports, and
- Chapter 33 Information and reporting to Finansinspektionen, sections 7–12 and 14.

Section 4 When provisions pursuant to sections 2–3 apply to a foreign management company, the provisions set out with regard to a Swedish management company shall instead apply to the foreign management company.

Section 5 A Swedish management company conducting such operations as those set out in Chapter 2, section 12, second paragraph of the Swedish UCITS Act (2004:46) shall apply all of the provisions in these regulations, where applicable, to its operations, with the exception of the following:

- Chapter 3, Procedures subject to a notification obligation and notifications, sections 2–5,
- Chapter 4, Wording of documents when applying for authorisation for a cross-border merger,
- Chapter 7 Organisational requirements, section 1, first paragraph, points 4,7, and 9, and the second paragraph,,
- Chapter 14 Delegation agreements (outsourcing), section 2, second paragraph, point 5,
- Chapter 16 Rules of Conduct,
- Chapter 17 Order confirmation for subscription and redemption of units in Swedish UCITS,

- Chapter 18 Best possible result for the execution of portfolio transactions,
- Chapter 19 Best possible result for the placement of an order,
- Chapter 20 Handling portfolio transactions and orders,
- Chapter 21 Incentives,
- Chapter 23 The content of the fund rules,
- Chapter 24 Eligible assets,
- Chapter 25 Trading in derivative instruments and the use of other technologies and instruments, sections 1-22,
- Chapter 26 Feeder and master funds, sections 2–5,
- Chapter 27 Information to unit holders following mergers,
- Chapter 28 Method for the provision of some fund information,
- Chapter 29 Key investor information document,
- Chapter 30 Provision of key investor information documents and prospectuses, sections 1 and 2,
- Chapter 31 Annual reports and half-yearly reports, and
- Chapter 33 Information and reporting to Finansinspektionen, sections 7–12 and 14.

For operations other than those referred to in the first paragraph that are conducted by a branch pursuant to Chapter 2, section 12, first paragraph of the Swedish UCITS Act, all provisions in these regulations shall apply, where applicable, to these operations, with the exception of the following:

- Chapter 7 Organisational requirements, section 1, first paragraph, points 4,7, and 9, and the second paragraph,,
- Chapter 14 Delegation agreements (outsourcing), section 2, second paragraph, point 5,
- Chapter 16 Rules of Conduct,
- Chapter 17 Order confirmation for subscription and redemption of units in Swedish UCITS,
- Chapter 18 Best possible result for the execution of portfolio transactions,
- Chapter 19 Best possible result for the placement of an order,
- Chapter 20 Handling of portfolio transactions and orders, and
- Chapter 21 Incentives.

Section 6 A Swedish management company conducting such operations as those set out in Chapter 2, section 15, second paragraph of the Swedish UCITS Act (2004:46) shall apply all of the provisions in these regulations, where applicable, to its operations, with the exception of the following:

- Chapter 3, Procedures subject to a notification obligation and notifications, sections 2–5,
- Chapter 4, Wording of documents when applying for authorisation for a cross-border merger,
- Chapter 23 The content of the fund rules,
- Chapter 24 Eligible assets,
- Chapter 25 Trading in derivative instruments and the use of other technologies and instruments, sections 1-22,
- Chapter 26 Feeder and master funds, sections 2–5,
- Chapter 27 Information to unit holders following mergers,
- Chapter 28 Method for the provision of some fund information,
- Chapter 29 Key investor information document,
- Chapter 30 Provision of key investor information documents and prospectuses, sections 1 and 2,
- Chapter 31 Annual reports and half-yearly reports, and
- Chapter 33 Information and reporting to Finansinspektionen, sections 7–12 and 14.

Section 7 When section 5, first paragraph or section 6 apply to a Swedish management company in its management of a foreign UCITS, which in its home state has such authorisation as referred to in Article 5 of Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS), that set out in appropriate provisions regarding a Swedish UCITS shall instead apply to the foreign UCITS. Provisions about the fund rules shall also apply to what corresponds in the foreign UCITS' home state to fund rules, e.g. articles of association.

Section 8 These regulations contain provisions relating to

- authorisation to conduct operations (Part I),
- sound business practices (Part II),
- Swedish UCITS (Part III),
- information regarding Swedish UCITS (Part IV), and
- information and reporting to Finansinspektionen (Part V).

Definitions

Section 9 Unless otherwise stated, the terms and expressions used in these regulations have the same meaning and scope as in the Swedish UCITS Act (2004:46).

In addition, the following terms and expressions shall be defined as:

1. *Absolute Value at Risk*: Value at Risk expressed as a maximum percentage of a Swedish UCITS fond's value.

2. *Alternative investment fund*: the same as in Chapter 1, section 2 of the Alternative Investment Fund Managers Act (2013:561).

3. *AIF manager*: the same as in Chapter 1, section 3 of the Alternative Investment Fund Managers Act (2013:561).

4. *General investment policy*: the same as Objectives and investment policy pursuant to Article 7 of Commission Regulation (EU) No 583/2010 of 1 July 2010 implementing Directive 2009/65/EC of the European Parliament and of the Council as regards key investor information and conditions to be met when providing key investor information or the prospectus in a durable medium other than paper or by means of a website.

5. *Personal transaction*: trade in a financial instrument which is conducted by a relevant person or on behalf of a relevant person if at least one of the following criteria is met:

a) The relevant person is acting outside of the scope of the activities he or she carries out in his/her capacity as a relevant person.

b) The transaction is carried out on behalf of any of the following persons:

– the relevant person,

– any other person with whom the relevant person has a close relationship, or with whom the relevant person has close links,

– a person whose links with the relevant person are such that he or she has a direct or indirect material interest in the outcome of the transaction, other than a fee or commission for the execution of the transaction.

6. *Unit holder*: a natural or legal person or a Swedish UCITS, an alternative investment fund, a foreign UCITS or the equivalent holding one or more units in a Swedish UCITS or a foreign UCITS.

7. *Trading venue*: a regulated market, a trading facility in accordance with Chapter 1, section 5, point 12 of the Securities Market Act (2007:528), a systematic internaliser in accordance with Chapter 1, section 5, point 24 of the Securities Market Act, a market maker within the EEA or another person providing liquidity within the EEA or an equivalent entity to any of the above outside of the EEA.

8. *Internal rules*: policy and governance documents, guidelines, instructions or other written documents adopted by the board of directors or the managing director and through which the operations are controlled.

9. *Investors*: every unit holder or presumptive unit holder.

10. *Client*: a natural or legal person or a Swedish UCITS, a foreign UCITS or the equivalent that provides fund-related operations, discretionary portfolio management or such services as those referred to in Chapter 7, section 1, first paragraph of the Swedish UCITS Act via a Swedish management company.

11. *Liquidity risk*: the risk that a position in a Swedish UCITS cannot be sold, redeemed or terminated at limited cost within a reasonable period of time and, therefore, that the fund cannot observe Chapter 4, section 13, first paragraph, first sentence of the Swedish UCITS Act at all times.

12. *Market risk*: the risk of loss in a Swedish UCITS due to changes in the market value of positions held by the fund as a result of altered market variables, such as interest rates, foreign exchange rates, share and commodity prices or an issuer's creditworthiness.

13. *Counterparty risk*: the risk of loss in Swedish UCITS due to the counterparty in a transaction not fulfilling its obligations before the transaction is settled.

14. *Operational risk*: the risk of loss in a Swedish UCITS due to insufficient internal procedures with regard to personnel and systems in the Swedish management company or external factors, for example legal and documentation-related risks and risks resulting from trading, settlement and valuation procedures.

15. *OTC derivatives*: Such derivative instruments as referred to in Chapter 5, section 12, second paragraph of the Swedish UCITS Act.

16. *Person with whom a relevant person has a close relationship*:

a) the spouse or co-habitee of the relevant person,

b) minor children under the charge of the relevant person, and

c) other parties closely related to the relevant person that have shared a household with this person for at least one year at the time of the transaction in question.

17. *Investment strategies*: the general basis for the strategic allocation of assets and the investment techniques required to ensure that the general investment policy for each Swedish UCITS is implemented properly and effectively.

18. *Portfolio transaction*: a transaction on behalf of a Swedish UCITS carried out by a Swedish management company as a part of its fund operations.

19. *Relative Value at Risk*: a Swedish UCITS's Value at Risk divided by Value at Risk for the fund's reference portfolio.

20. *Relevant person*: with regard to Swedish management companies:

a) a member of the board of directors, the managing director, a partner or a manager of the company,

b) an employee of the company and any other natural person who either performs services for the company, is under the control of the company or who is involved in conducting fund operations on behalf of the company, and

c) a natural person who, under a delegation agreement, is directly involved in conducting parts of the fund operations on behalf of the company.

21. *Risk limit system*: a documented system of appropriate internal investment limits for a Swedish UCITS that is designed to manage all of the fund's material risks and to ensure that the management of the fund is in compliance with the law, other regulations and the fund's rules.

22. *Synthetic risk and reward indicator*: the same as the synthetic indicator pursuant to Article 8 of Commission Regulation (EU) No. 583/2010.

23. *Value at Risk*: a measure of the highest expected loss at a given confidence interval during a certain period characterised by normal market conditions.

24. *Durable medium*: any means which enables an investor to store information addressed personally to the investor in a manner accessible for future reference for a period of time adequate for the purposes of the information and which allows the unchanged reproduction of the information stored.

PART I

Authorisation to conduct operations

Chapter 2 Application for authorisation to conduct operations

Scope

Section 1 The provisions in this chapter apply to a Swedish management company when it applies for authorisation to:

1. conduct fund operations, or
2. engage in discretionary portfolio management regarding financial instruments pursuant to Chapter 1, section 4 of the Swedish UCITS Act (2004:46).

The provisions shall also apply, where appropriate, to the procedures in conjunction with a Swedish management company's application for authorisation to establish a branch in a country outside the EEA.

Formulation of application

Section 2 In its application, a Swedish management company shall state the authorisation or authorisations for which it would like to apply. The application shall be signed by an authorised representative of the company.

Section 3 A Swedish management company shall append the following documents to its application:

1. Board minutes showing that the board of directors has approved the application.
2. A registration certificate for the company from the Swedish Companies Registration Office, or an equivalent certificate, which is not more than two months old and which attests that the initial capital requirement in accordance with Chapter 2, section 4 of the Swedish UCITS Act has been met.
3. A copy of the articles of association setting forth which operations are going to be conducted.
4. Minutes from the general meeting at which the articles of association were adopted.
5. A business plan, prepared pursuant to sections 5–33.
6. A copy of the fund rules with respect to the Swedish UCITS to be managed.
7. A key investor information document.
8. A prospectus.
9. Board minutes or written information stating the board meeting at which the fund rules were adopted.

Section 4 A Swedish management company shall state in its application if it will manage a feeder fund, and it shall append the documents set out in Chapter 5a, section 5, second paragraph of the Swedish UCITS Act (2004:46).

Content of the business plan

Operations of the Swedish management company

Section 5 The business plan shall contain a detailed description of the Swedish management company's operations and it shall be specified if the company

1. conducts fund operations,
2. engages in discretionary portfolio management regarding financial instruments, and
3. receives assignments to perform a certain service or certain functions for Swedish management companies, AIF managers, foreign management companies or foreign UCITS.

The content of the business plan shall be adapted to the type of operations conducted by the company. The business plan shall also be adapted to any operations conducted from a branch office and any such management of a foreign UCITS as referred to in Chapter 2, section 12, second paragraph and section 15, second paragraph of the Swedish UCITS Act (2004:46).

Ownership of shares

Section 6 An ownership list stating the Swedish management company's ownership structure shall be included in the business plan. The list shall contain information on the company's direct and indirect owners.

A company shall also append to its application the information for ownership assessment as set forth in Chapter 6.

Group description, etc.

Section 7 Where a Swedish management company included in a group or financial group pursuant to Chapter 9 of the Capital Adequacy and Large Exposures Act (2006:1371), the business plan shall include a schematic overview of the group's or financial group's structure, information regarding the individual companies that form part of this group and their share of ownership in the company applying for authorisation. Information shall be submitted outlining all of the links of the ownership chain.

It shall also be stated in the business plan whether the company is included in a financial conglomerate pursuant to the Special Supervision of Financial Conglomerates Act (2006:531).

Information shall also be provided regarding whether the company has close links with any legal or natural person in the matter set out in Chapter 1, section 2 of the Swedish UCITS Act (2004:46).

Management list

Section 8 In its business plan, a Swedish management company shall state which members and any alternates included in the board of directors as well as the chair. The company shall also provide information regarding who is the managing director, the deputy managing director as well as any other staff members with special functional responsibilities. “Special functional responsibilities” refers, for example, to persons who are responsible for the compliance and risk management functions and the person responsible for the management of the fund.

Information shall be provided regarding the education as well as previous and current experience of financial activities possessed by every person included in the management list. Information shall also be provided regarding any engagements and ownership interests these persons may have in other companies within the financial sector or in stock market companies.

The Swedish management company shall also append to its application the information for the ownership assessment set out in Chapter 6.

Financial situation

Section 9 In its business plan, a Swedish management company shall provide a forecast for its economic situation over the next three financial years. The company shall account for the assumptions upon which the forecast is based. The forecast shall include

1. a balance sheet and profit and loss account,
2. an analysis of the capital requirements pursuant to Chapter 2, sections 8–11 of the Swedish UCITS Act (2004:46), and
3. a description of how the result of the balance sheet and profit and loss account will affect the initial capital that the company shall have in accordance with the Swedish UCITS Act.

In the business plan, the company shall provide information on calculated fixed costs pursuant to Chapter 5, section 4 for the first financial year. Where the operations have been conducted over a period of more than one year, the business plan shall be regularly updated with information regarding fixed costs for the preceding year.

A sensitivity analysis shall also be provided showing how changed assumptions, for example for assets under management and performance in managed funds, will affect stated forecasts and capital requirements in accordance with the Swedish UCITS Act.

A Swedish management company shall account for how it intends to finance its operations.

A Swedish management company, which pursuant to Chapter 1, section 4 of the Swedish UCITS Act, has authorisation for discretionary portfolio management, shall account for the capital that exists to cover the company’s risks pursuant to Chapter 2, sections 10 and 10a of the Swedish UCITS Act.

Organisation

Section 10 The business plan shall include a schematic overview of how the operations are organised. The overview shall show who is responsible for each area or function as well as how many persons are active within these areas or functions. It shall also show where in the organisation the compliance and risk management functions are placed.

In its business plan, a Swedish management company shall also describe the different areas or functions and provide a general account of the measures and functions carried out within each area/function.

The description shall include information regarding the number of employees in the company as well as whether there are employees at the company who are also employed by another undertaking.

Delegation agreements (outsourcing)

Section 11 Where a Swedish management company delegates or has delegated the management of a Swedish UCITS or the performance of related administrative tasks to another party, the company shall state in its business plan to whom the operations are or have been delegated and the scope of the delegation.

In its business plan, the company shall also account for

1. the service provider's expertise and skills with reference to the delegation agreement,
2. the service provider's other significant operations, and
3. such circumstances as may give rise to a conflict between the interests of the service provider and the interests of the principal or unit holders.

The company shall also account for how it will ensure that the requirements set out in Chapter 14 are met.

The company shall append to the business plan the delegation agreements it has entered into or intends to enter into.

Information systems and security issues

Section 12 The business plan shall contain information regarding the manner in which IT activities shall be organised. A general description shall be provided regarding the existing systems as well as their functions and areas of use.

Information shall also be provided regarding the measures to be taken with respect to information security and physical security. In this context, a description shall be provided of the confidentiality protection functions which are used in order to prevent unauthorised persons from obtaining access to classified information. Information shall also be provided where the Swedish management company shares office space and technical equipment with others and, when applicable, how the company consequently intends to manage confidentiality issues.

Best possible result

Section 13 The business plan shall contain a general account of and reference to the internal rules governing how the Swedish management company intends to achieve the best possible result in accordance with the provisions set out in Chapters 18 and 19.

Allocation of portfolio transactions and client orders

Section 14 The business plan shall contain a reference to the internal rules the Swedish management companies applies to the allocation of portfolio transactions and client orders pursuant to Chapter 20, section 6.

Conflicts of interest

Section 15 The business plan shall contain a general description of how the Swedish management company works to identify conflicts of interest in its operations and a reference to the internal rules for managing the company's conflicts of interest pursuant to Chapter 15, section 2. The business plan shall also contain a reference to the internal rules regarding the company's strategies for using voting rights pursuant to Chapter 15, section 9.

Inducements

Section 16 The business plan shall contain a general description of the types of inducements pursuant to Chapter 21 that are found in the Swedish management company's operations and that fulfil the criteria set out in Chapter 21, section 1. A description shall also be provided of how the company intends to inform the unit holders in accordance with Chapter 21, section 1, point 2a.

Administrative processes

Section 17 The business plan shall contain a general description of the administrative processes in the operations. The description shall include an account of the manner in which a transaction is handled throughout the processing chain and the manner in which the Swedish management company ensures that no one processes a transaction alone throughout this processing chain (the duality principle).

Compliance

Section 18 The business plan shall state how the Swedish management company intends to ensure that it complies with the regulations that apply to its operations. The business plan shall also contain an account of how the compliance function will be organised and how its work will be carried out.

Risk management

Section 19 The business plan shall contain a general description of the Swedish management company's risk management system. The business plan shall also contain an account of how the risk management function pursuant to Chapter 7,

section 16 is structured and how the function's work is conducted. It shall also contain a reference to the internal rules regarding risk management.

Procedures and methods for the valuation of OTC derivatives

Section 20 The business plan shall contain a general description of the Swedish management company's procedures and methods for assessing the value of OTC derivatives. It shall also contain a reference to the company's internal rules for the assessment of the value of OTC derivatives.

Internal audit

Section 21 The business plan for a Swedish management company that has an internal audit function pursuant to Chapter 7, section 18, shall contain a description of how this function is organised and how its work is carried out.

Auditor

Section 22 The business plan shall state who has been appointed auditor by the general meeting.

Incidents of significant importance

Section 23 The business plan shall contain a reference to the internal rules for managing and reporting events of material significance which the Swedish management company shall have in accordance with Chapter 10, section 4.

Management of ethical issues

Section 24 The business plan shall contain a reference to the internal rules for managing ethical issues which the Swedish management company shall have pursuant to Chapter 11, section 1.

Complaints handling

Section 25 The business plan shall contain a general description of the procedures the Swedish management company applies to handle complaints from investors pursuant to Chapter 12, sections 1–3. It shall also contain a reference to the internal rules regarding the handling of complaints.

Own transactions

Section 26 The business plan shall contain a general description of the procedures the Swedish management company applies pursuant to Chapter 13, section 2 for the own transactions of relevant persons. It shall also contain a reference to the company's internal rules regarding own transactions.

Measures to combat money laundering and the financing of terrorism

Section 27 The business plan shall contain a reference to the internal rules regarding measures against money laundering and financing of terrorism that the

Swedish management company shall have pursuant to Finansinspektionen's regulations and general guidelines (FFFS 2009:1) regarding measures against money laundering and financing of terrorism. Information about who is centrally responsible for the function in these issues shall be specified.

Discretionary portfolio management regarding financial instruments

Section 28 A Swedish management company which engages in or intends to apply for authorisation to engage in discretionary portfolio management for financial instruments pursuant to Chapter 1, section 4 of the Swedish UCITS Act (2004:46) shall provide a detailed description of these operations in its business plan. The description shall include:

1. the categories of financial instruments covered by the management;
2. how the company divides its clients into retail and professional categories and how this division is expected to affect the treatment of clients in each category,
3. how the company notifies its clients pursuant to Chapter 13, sections 2 and 3 of Finansinspektionen's regulations (FFFS 2007:16) regarding investment services and activities,
4. whether the company treats certain professional clients as equivalent counterparties,
5. how the company intends to achieve best execution pursuant to Chapter 19 of Finansinspektionen's regulations regarding investment services and activities, and
6. a reference to the internal rules the company applies to the allocation of orders in accordance with Chapter 20, section 6 of Finansinspektionen's regulations regarding investment services and activities.

Acceptance of units in collective investment undertakings for holding in custody

Section 29 A Swedish management company which, in its operations, accepts fund units for safekeeping shall, in the business plan, describe the technical systems used as well as the procedures applied with respect to the registration of the owners' holdings.

Acceptance of assets subject to a reporting obligation

Section 30 A Swedish management company which, in its operations, accepts assets subject to a reporting obligation shall, in the business plan, provide a general description of the manner in which it ensures these assets are kept separate from the company's own assets.

Provision of investment advice

Section 31 A Swedish management company which, in its activities, provides investment advice which relates to such financial instruments as those referred to in Chapter 5 of the Swedish UCITS Act (2004:46) shall, in the business plan, provide a general description of the company's instructions with respect to such activities.

Swedish management companies managing a foreign UCITS

Section 32 A Swedish management company which manages a foreign UCITS pursuant to Chapter 2, section 12, second paragraph or section 15, second paragraph of the Swedish UCITS Act (2004:46) shall describe the measures taken by the company to ensure that its operations are conducted pursuant to applicable provisions governing the foreign UCITS's creation and operations in its home state as laid down by Chapter 2, section 17a of the Swedish UCITS Act.

Internal rules

Section 33 A Swedish management company shall append to its business plan the internal rules that shall be in place for its operations pursuant to section 27 and Chapters 7–13 and 15–22.

Application to establish a branch office

Section 34 A Swedish management company applying for authorisation pursuant to Chapter 2, section 16 of the Swedish UCITS Act (2004:46) shall use *Appendix 5* and *Appendix 6*.

Chapter 3 Procedures subject to a notification obligation and notifications

Outsourcing contracts

Section 1 A notification pursuant to Chapter 4, section 7 of the Swedish UCITS Act (2004:46) by a Swedish management company shall contain the information stated in Chapter 2, section 11, first–third paragraphs. A copy of the agreement regulating the delegation shall be appended to the application.

The company shall submit the notification to Finansinspektionen not later than one month prior to the date on which the agreement will enter into force.

Branch offices and cross-border operations within the EEA

Section 2 A Swedish management company notifying Finansinspektionen about its branch operations or cross-border operations within the EEA pursuant to Chapter 2, sections 12 or 15 of the Swedish UCITS Act (2004:46) shall use Appendices 5 or 6.

Section 3 Provisions regarding the content and form of a notification to Finansinspektionen to promote units in accordance with Chapter 2, section 15c of the Swedish UCITS Act (2004:46) are found in Commission Regulation (EU) No. 584/2010 of 1 July 2010 implementing Directive 2009/65/EC of the European Parliament and of the Council as regards the form and content of the standard notification letter and UCITS attestation, the use of electronic communication between competent authorities for the purpose of notification, and procedures for on-the-spot verifications and investigations and the exchange of information between competent authorities.

Section 4 A notification pursuant to section 3 shall be prepared in English. However, the notification may be prepared in Swedish if approved by the

competent authority in the country in which the operations shall be conducted and if Swedish is an official language of that country.

Section 5 A Swedish management company submitting such a notification as referred to in section 3 shall for each Swedish UCITS have made the documents submitted with the notification available on the company's website or on another website the company refers to in the notification or in any update of the notification. All documents shall be provided in an electronic format in common use.

Chapter 4 Wording of documents when applying for authorisation for a cross-border merger

Section 1 Provisions regarding the documents a Swedish management company shall submit with its application to Finansinspektionen to receive authorisation for a cross-border merger are set out in Chapter 8, section 19 of the Swedish UCITS Act (2004:46). The documents shall be prepared in an official language of the home state of the acquiring foreign UCITS or in another language approved by the competent authority in the foreign UCITS's home state.

Chapter 5 Capital requirements for Swedish management companies

Scope

Section 1 A Swedish management company shall apply the provisions in this Chapter when calculating the items referred to in Chapter 2, sections 4, 8, 9 and 11 of the Swedish UCITS Act (2004:46).

Initial capital

Section 2 A Swedish management company's initial capital, pursuant to Chapter 2, section 4 of the Swedish UCITS Act (2004:46) refers to the Swedish management company's share capital.

Own funds

Section 3 A Swedish management company's own funds shall be calculated in accordance with the items included in the capital base of an investment firm pursuant to Chapter 3 of the Capital Adequacy and Large Exposures Act (2006:1371) and Chapters 6–10 of Finansinspektionen's regulations and general guidelines (FFFS 2007:1) regarding capital adequacy and large exposures.

Fixed overhead expenses

Section 4 A Swedish management company's fixed overhead expenses include personnel expenses such as salaries (including employees' commissions and bonuses), social security contributions and pension commitments, expenses associated with delegated operations, real estate and premises and associated costs, other contractual expenses for e.g. computers and other equipment and depreciation.

PART II

Sound business practices

Chapter 6 Ownership and management assessment

Scope

Section 1 This chapter contains provisions governing the information a Swedish management company and its owners shall submit to Finansinspektionen in conjunction with an ownership or a management assessment pursuant to the Swedish UCITS Act (2004:46).

Exceptions

Section 2 Finansinspektionen can decide to grant an exception from submitting certain information in Appendices 1–3 if

- the informational requirements are not considered to fulfil Finansinspektionen’s purpose for information in conjunction with the assessment, or
- the requirements are not considered to be adapted to the acquirer and to the nature of the acquisition.

Information in writing to Finansinspektionen

Section 3 A Swedish management company and its owners shall submit written documents to Finansinspektionen pursuant to sections 4–9. This document shall contain the information set out in Appendices 1–4.

Owner assessment

Application for authorisation to acquire shares

Section 4 An application for authorisation to acquire shares in a Swedish management company shall include the information set out in *Appendix 1* for a natural person and *Appendix 2* for a legal person.

Where the acquirer is a legal person, *Appendix 2* shall be used for information about the legal person and *Appendix 3* for information about board members, alternate board members, managing directors and deputy managing directors in the acquiring legal person.

Application for authorisation to conduct operations

Section 5 A natural person who owns a qualifying holding of shares in the Swedish management company shall submit the information set out in section 1 of *Appendix 1* as part of its application for authorisation to conduct operations. Where the owner is a legal person, the information that is set out in section 1 of *Appendix 2* shall be attached to the application.

With respect to a board member, alternate board member, managing director or deputy managing director in an undertaking which owns a qualifying holding, the information set forth in *Appendix 3* shall be appended to an application for authorisation to conduct operations.

Simplified application for legal persons under financial supervision

Section 6 A legal person under the supervision of Finansinspektionen or a competent authority within the EEA does not need to submit the information set out in sections 1.7, 1.12 and 1.13 of Appendix 2 unless specifically requested by Finansinspektionen.

Simplified application for legal or natural persons that are qualifying owners or part of senior management or the board of directors of a financial institution

Section 7 A legal or natural person who is a qualifying owner or is part of the management or board of directors of a financial institution and has previously been the subject of an ownership or management assessment by Finansinspektionen or a competent authority within the EEA does not need to submit the information set forth in sections 1.7, 1.12 and 1.13 of Appendix 2 and sections 1.2 and 1.11-1.13 in Appendix 1, respectively, unless Finansinspektionen specifically requests this information.

If the assessment was conducted by another competent authority within the EEA, the legal or natural person shall append to the application a document verifying this assessment.

Change in the management of an undertaking which has a qualifying holding in a Swedish management company

Section 8 A notification of a change in management at an undertaking that has a qualifying holding in a Swedish management company shall contain the information set out in Appendix 3. Changes that require notification are stated in section 9.

Management assessment

Section 9 A Swedish management company shall notify Finansinspektionen when the following persons are appointed in the company:

- chairman of the board,
- board members,
- alternate board member,
- a managing director or a deputy managing director, i.e. a person serving in the managing director's stead.

The Swedish management company shall also notify Finansinspektionen if the number of members on the Board of Directors decreases.

The information set out in *Appendix 4* shall be appended to the notification when a new chairman of the board, board member, alternate board member, managing director or deputy managing director is appointed in a Swedish management company.

Chapter 7 Organisational requirements

General organisational requirements

Section 1 A Swedish management company shall be organised and have procedures in accordance with the following:

1. There shall be current and documented decision-making procedures that clearly specify reporting lines, and an organisational structure which clearly allocates functions and areas of responsibility,
2. Relevant persons shall be aware of the procedures which they shall follow in order to properly discharge their responsibilities.
3. There shall be current and appropriate internal control mechanisms in place which ensure compliance with decisions and procedures at all levels of the company.
4. The company shall have personnel with the expertise and knowledge required for the discharge of the tasks allocated to them.
5. Internal reporting and the dissemination of information within the company shall be current and effective, and the company shall have an effective exchange of information with affected third parties.
6. The company shall retain relevant information related to its fund operations and internal organisation for at least five years.
7. Where a relevant person works within multiple functions, this shall not prevent the relevant person from discharging his/her tasks soundly, honestly and professionally.
8. There shall be an allocation of responsibility and work defined from a control standpoint. Such an allocation of responsibility and work shall have the purpose of preventing any single person from processing a transaction alone throughout the entire processing chain (the duality principle).
9. The company shall ensure that it complies with Chapter 14, section 2, second paragraph, point 5.

The company shall, when applying the first paragraph, take into consideration the nature, scope and complexity of its operations.

Section 2 A Swedish management company shall maintain current systems and procedures for safeguarding the security, integrity and confidentiality of its information. These systems and procedures shall take into account the nature of the information in question.

Section 3 The board of directors or the managing director shall adopt current and appropriate internal rules to ensure that a Swedish management company shall be able to conduct operations without interruption.

The internal rules shall establish that the company, in the event of interruption to its systems or procedures, shall ensure that its most important information and functions are preserved and that its operations are maintained.

Where this is not possible, the company shall ensure that the information and functions are restored without undue delay so that operations can be resumed within a reasonable amount of time.

Section 4 A Swedish management company shall maintain current internal rules and procedures that enable it, at the request of Finansinspektionen, to submit financial reports in a timely manner which reflect a true and fair picture of the firm's financial position and comply with all applicable accounting standards and regulations. The internal rules shall be adopted by the company's board of directors.

Section 5 A Swedish management company shall monitor and, on a regular basis, evaluate its systems, internal control mechanisms and procedures implemented in accordance with sections 1–4 to ensure that they are effective. The company shall also take appropriate measures to address any deficiencies.

Internal rules and procedures for the accounting of Swedish UCITS

Section 6 The provision set out in section 4 regarding internal rules and procedures for a Swedish management company's accounting shall apply correspondingly to the accounting of the Swedish UCITS managed by the company. The company's board of directors shall adopt the internal rules for fund accounting.

The financial accounts for a fund shall be maintained in a manner that enables the identification of all assets and liabilities in the fund at any time.

Where a Swedish management company manages a foreign UCITS which in its home state has an authorisation as referred to in Article 5 of Directive 2009/65/EC of the European Parliament and of the Council and consists of different investment compartments, the company shall maintain separate financial accounts for each investment compartment.

Valuation of assets and liabilities in a Swedish UCITS

Section 7 A Swedish management company shall maintain appropriate procedures for ensuring the correct valuation of the assets in each Swedish UCITS managed by the company and that the liabilities charged to the fund are included in the fund's valuation. The valuation shall take place in accordance with applicable legislation and fund rules for the fund. The procedures shall be set out in the company's internal rules for fund accounting.

Calculation of the unit value

Section 8 The internal rules for fund accounting shall also state the procedures that shall apply to ensure that the calculation of the unit value for each Swedish UCITS is correct and that orders for subscription and redemption can be executed at this value.

Where Swedish UCITS consists of different unit classes, it shall be possible to calculate from the financial accounts the unit value for each individual class.

The responsibility of the board of directors and the managing director

Section 9 The board of directors is responsible for ensuring that a Swedish management company complies with the obligations contained in the Swedish UCITS Act (2004:46) and other regulations which regulate the company's

operations. The company's managing director is responsible for ensuring that the company fulfils the obligations that fall within the tasks of the managing director pursuant to law and other regulations as well as the guidelines and instructions adopted by the board of directors.

Section 10 The board of directors of a Swedish management company shall

1. adopt internal rules specifying which investment strategies the company applies to each fund it manages,
2. adopt internal rules specifying the procedures in place for decisions about investments of fund assets that the company applies to each fund it manages, or ensure that the managing director adopts such internal rules,
3. regularly follow up and monitor that the general investment policy, the investment strategies and the risk limit system for each fund managed by the company are implemented correctly and effectively and are complied with, and
4. regularly follow up and monitor the effectiveness and appropriateness of the company's risk management system.

Section 11 The board of directors and the managing director shall also regularly assess and review the Swedish management company's internal rules.

Furthermore, the board of directors and the managing director shall review the effectiveness of the procedures, measures, processes and the equivalent implemented by the company to comply with the Swedish UCITS Act and other regulations which regulate the company's operations.

Section 12 The board of directors and the managing director shall receive regular, as a minimum annual, written reports about the areas covered by the provisions in this chapter, i.e. reports regarding compliance, risk management and internal audits.

The reports shall contain information about the measures taken following the identification of deficiencies.

The board of directors and the managing director shall also receive regular reports on the Swedish management company's compliance with the investment strategies and its procedures for taking investment decisions.

Compliance

Section 13 A Swedish management company shall maintain current and appropriate internal rules and procedures to detect any risk of failure by the company to fulfil its obligations pursuant to the Swedish UCITS Act (2004:46) and other regulations which regulate the company's operations. The internal rules shall be adopted by the board of directors.

The company shall implement appropriate measures and procedures designed to mitigate such risks and enable Finansinspektionen to effectively carry out its supervision.

When formulating internal rules and procedures, the company shall take into account the nature, scope and complexity of its operations and the nature and scope of its investment operations and investment services.

Compliance function

Section 14 A Swedish management company shall have an effective compliance function.

The function shall operate independently and

1. control and regularly assess the appropriateness and effectiveness of measures and procedures in place in accordance with section 13, second paragraph and evaluate the measures taken to address deficiencies in the company's compliance, and
2. advise and assist relevant persons so that the fund operations comply with the Swedish UCITS Act (2004:46) and other regulations which regulate the company's operations.

Section 15 In order for the compliance function to discharge its responsibilities properly and independently, a Swedish management company is responsible for ensuring that

1. the function has the necessary authorities, resources, expertise and access to all relevant information,
2. a person is appointed who is responsible for the function and for all reporting as regards to compliance pursuant to section 12,
3. the relevant persons included in the function do not participate in the performance of services in the activity they are controlling, and
4. the method for determining remuneration of the employees involved in the function does not compromise their objectivity, or most likely will not do so.

However, a Swedish management company is not obligated to fulfil the requirements in the first paragraph, points 3 or 4 if, when taking into consideration the nature, scale and complexity of the operations, the company can demonstrate that these requirements are not proportionate and that its compliance function remains effective.

Risk management function

Section 16 A Swedish management company shall have an effective risk management function.

The risk management function shall be organisationally and functionally independent of the operational units in the company.

However, the company may deviate from the requirement in the second paragraph if it is appropriate and reasonable given the nature, scope and complexity of its operations.

The company shall be able to show that it has taken appropriate measures to protect against conflicts of interest in order to enable the risk management function to carry out its tasks independently in accordance with section 17 and to ensure that its risk management system meets the requirements set out in Chapter 5, section 2 of the Swedish UCITS Act (2004:46).

Section 17 The risk management function of a Swedish management company shall

1. implement the company's internal rules and procedures for risk management pursuant to Chapter 8,
2. ensure that the risk limit system, including limitations on global exposure and counterparty risk, for each Swedish UCITS managed by the company is complied with,
3. advise the board of directors in conjunction with identification of the risk profile for each fund managed by the company,
4. report regularly to the board of directors regarding
 - a) the current risk level of each fund managed by the company in relation to the fund's risk profile,
 - b) compliance of each fund managed by the company with the risk limit system, and
 - c) the appropriateness and effectiveness of the risk management system and, primarily, appropriate corrective measures taken in conjunction with deficiencies,
5. report regularly to at least the managing director about the current risk level of each fund managed by the company and all actual and predictable breaches of the investment limits that are part of the risk limit system to ensure that appropriate measures can be taken immediately, and
6. review and, where appropriate, advise the company in its valuation of OTC derivatives pursuant to Chapter 9.

The risk management function shall have the necessary authorities and access to the information required to fulfil its obligations pursuant to the first paragraph.

Internal audit function

Section 18 A Swedish management company shall have an internal audit function if it is adequate and suitable given the nature, scope and complexity of the operations. The function shall be separate and independent from the other functions and activities of the company.

The internal audit function shall

1. maintain a current audit plan adopted by the company's board of directors to examine and assess whether the company's systems, internal control mechanisms and procedures are adequate and effective,
2. issue recommendations based on the work carried out pursuant to point 1,
3. monitor compliance with these recommendations, and
4. report in relation to internal audit matters pursuant to section 12.

Electronic systems

Section 19 A Swedish management company shall have electronic systems to document all portfolio transactions and orders for subscriptions to and redemption of investment fund units in order to ensure compliance with the requirements set out in sections 20–23. The company shall ensure that it can guarantee a high standard of security for its electronic data processing as well as the integrity of the documented information and, if necessary, the confidentiality.

Documentation of portfolio transactions

Section 20 A Swedish management company shall document each portfolio transaction for all Swedish UCITS managed by the company. The documentation shall take place in such a manner that a portfolio transaction can be reconstructed in detail. This applies to a portfolio transaction the company either executes itself or assigns a third party to execute.

Section 21 The documentation referred to in section 20 shall contain the following information, where applicable:

1. name, or other designation, of the Swedish UCITS and the person acting on the account of the fund,
2. information that is necessary for the identification of the instrument in question,
3. the quantity,
4. the type of a placed order or an executed transaction,
5. price,
6. date and time for the placement of an order and the name or other designation of the person receiving the order, or date and time of a decision to deal and execute an transaction,
7. name of the person placing the order or executing the portfolio transaction,
8. reasons for the revocation of an order, and
9. counterparty and trading venue for a portfolio transaction that was executed.

Documentation of orders for the subscription and redemption of investment fund units

Section 22 A Swedish management company, when receiving an order for a subscription or redemption of investment fund units, shall immediately ensure that the order is documented.

Section 23 The documentation referred to in section 22 shall contain the following information, where applicable:

1. the relevant Swedish UCITS,
2. the name of the person submitting or transmitting the order,
3. the name of the person receiving the order,

4. date and time the order was received,
5. terms and means of payment,
6. the type of the order,
7. date of the subscription or redemption of investment fund units,
8. the number of units subscribed or redeemed,
9. subscription or redemption price per unit,
10. total subscription or redemption price of the units, and
11. gross value of the order, including subscription fees, or net amount after deductions for the redemption fee.

Record-keeping

Section 24 A Swedish management company shall retain the information set out in sections 20–23 for at least five years.

Finansinspektionen may require that the company retain a portion or all of the information referred to in the first paragraph for a period longer than five years if necessary for the authority to exercise the supervision referred to in the Swedish UCITS Act (2004:46). The length of the additional period shall be determined after taking into account the character of the instrument or the transaction.

Section 25 Where a Swedish management company has had its authorisation revoked, the company shall retain the information until the conclusion of the five year period referred to in section 24.

Section 26 Where the management of a Swedish UCITS is transferred from one Swedish management company to another Swedish management company, the transferring company shall grant the acquiring company access to the information referred to in sections 20–23 for the past five years.

Section 27 A Swedish management company shall retain the information referred to in sections 20–23 in a medium that enables Finansinspektionen to access the information. The information shall also be retained in such a form and in such a way that

1. Finansinspektionen can, without difficulty, access the information and reconstruct important steps in the processing of each individual portfolio transaction and orders for the subscription and redemption of investment fund units,
2. it is possible to determine, without difficulty, all corrections and other amendments as well as the content of the information prior to the corrections and amendments, and
3. it is not possible to manipulate or change the records in any way.

Chapter 8 Risk management system

Scope

Section 1 This chapter contains provisions governing the risk management system a Swedish management company shall have pursuant to Chapter 5, section 2 of the Swedish UCITS Act (2004:46).

Internal rules for risk management

Section 2 The board of directors of a Swedish management company shall adopt appropriate internal rules for risk management. The internal rules shall contain information about the risks the company identified to which each Swedish UCITS it manages is or can be exposed.

The internal rules for risk management shall also contain a description of how the company can assess each fund's exposures to market, liquidity and counterparty risks and the exposure to all other risks, including operational risks, which can be of material significance for the fund. In addition, the internal rules shall contain an account of how the risks will be managed.

Section 3 A Swedish management company, as a minimum, shall state in its rules for risk management

1. the techniques, tools and procedures, etc., that enable the Swedish management company to fulfil the requirements set out in sections 7–9 and calculate each Swedish UCITS's global exposure pursuant to Chapter 25, sections 3 and 4,
2. the risk measurement method used to calculate the global exposure for each Swedish UCITS managed by the Swedish management company, and
3. the allocation of responsibilities within the Swedish management company with regard to risk management.

Section 4 Furthermore, the internal rules for risk management shall contain information about the content of the reports from the risk management function and how often reports shall be made to the board of directors and the managing director.

Section 5 The internal rules for risk management shall be adapted to the nature, scope and complexity of the operations.

Processes for risk management

Risk measurement and risk management

Section 6 A Swedish management company shall

1. at all times measure and manage the risks to which each Swedish UCITS managed by the Swedish management company is or can be exposed, and
2. ensure compliance with investment limits for the fund according to the law and other regulations, as well as the fund rules.

Section 7 In order to fulfil the requirements set out in section 6, for each Swedish UCITS it manages, the company shall

1. implement such techniques, tools, procedures, etc., for risk assessment as are required in order to correctly assess the risks associated with positions taken and how these affect the fund's risk profile based on well-founded and trustworthy information, and ensure that this information is adequately documented,
2. follow up and control that the techniques, tools, procedures, etc., for risk management are reliable by conducting back-testing at reasonably regular intervals,
3. conduct regular stress tests and scenario analyses to manage the risks of potential changes in the market conditions that could affect the fund adversely,
4. maintain a risk limit system that is in line with the fund's risk profile,
5. ensure that the fund's current risk level and composition is in line with the risk limit system, and
6. have appropriate procedures which, in conjunction with actual or anticipated breaches to the limits in the fund's risk limit system, without delay lead to mitigating measures that protect the interests of the unit holders.

The techniques, tools, procedures, etc., referred to in the first paragraph shall be in proportion to the nature, scope and complexity of the operations and in line with the risk profile and investment policy of each fund.

Management of liquidity risks

Section 8 A Swedish management company shall have an appropriate process for managing liquidity risks to ensure that each Swedish UCITS managed by the company is at all times in compliance with Chapter 4, section 13, first paragraph, first sentence of the Swedish UCITS Act.

The company, as appropriate, shall conduct stress tests to assess each fund's liquidity risk under extraordinary circumstances.

The company shall ensure that the liquidity profile for the assets included in each fund managed by the firm is in line with the terms for the redemption of units that applies for the fund.

Follow-up and monitoring of the company's risk management system

Section 9 A Swedish management company shall regularly and in an appropriate manner follow up and monitor its risk management system, that this system is complied with and its risk management function.

The board of directors and the managing director shall receive information about the results of the follow-up and monitoring.

Chapter 9 Valuation of OTC derivatives

Scope

Section 1 This chapter contains provisions regarding the procedures and methods a Swedish management company shall have to assess the value of OTC derivatives pursuant to Chapter 5, section 2, second paragraph of the Swedish UCITS Act (2004:46).

Procedures and methods for the valuation of OTC derivatives

Section 2 A Swedish management company shall control that each exposure of the Swedish UCITS to OTC derivatives is assigned a reasonable value that is not based solely on the counterparty's market quotations for the OTC transaction and fulfils the requirements set out in Chapter 24, section 10, second paragraph.

Section 3 A Swedish management company shall have procedures and methods to ensure an appropriate, transparent and reasonable valuation of each Swedish UCITS's exposure to OTC derivatives.

The company shall ensure that the reasonable value of OTC derivatives is assessed in a manner that is appropriate, accurate and independent.

The risk management function in the company shall be assigned specific duties and areas of responsibility with regard to valuation of OTC derivatives.

Section 4 The procedures and methods to value OTC derivatives shall be documented in internal rules that shall be adopted by the Swedish management company's board of directors. They shall be appropriate and proportionate given the nature and complexity of each OTC derivative.

Chapter 10 Reporting of events of material significance

Reporting to Finansinspektionen

Section 1 When such events occur as those set out in sections 2 and 3, they shall be immediately reported to Finansinspektionen in writing. The report shall contain the informations set forth in *Appendix 7*.

Section 2 A Swedish management company shall report such events that can jeopardise the company's stability, the protection of its clients' assets or that which will lead to the firm not being able to fulfil its commitments to its clients.

A company shall furthermore report:

1. events that can lead to significant financial loss for a larger number of clients, and
2. events which can lead to a significant reputational loss for the firm.

Section 3 An auditor shall report when taking such measures as those set out in Chapter 9, sections 43 and 44 of the Companies Act (2005:551).

Internal rules for processing and reporting

Section 4 The board of directors shall adopt internal rules in order to process and report events of material significance.

Notification to police authority or prosecutor

Section 5 A Swedish management company shall file a report with a police authority or prosecutor upon discovery of a suspected crime.

Chapter 11 Management of ethical issues

General

Section 1 A Swedish management company shall have internal rules governing how the company will manage ethical issues in its operations. The rules shall account for the manner in which the employees shall act in situations where, from an ethical perspective, appropriate behaviour may be unclear or where the legal rules in the area provide insufficient guidance.

The internal rules regarding the management of ethical issues shall be adopted by the board of directors in an appropriate manner. The rules shall be reviewed regularly and revised as required.

Scope of the internal rules

Section 2 Internal rules regarding the management of ethical issues shall cover all of a Swedish management company's operations. The rules shall be formulated in such a manner as to ensure that the operations are characterised by generally accepted business practice and consistent behaviour, and that the interests of the client are treated fairly.

Contents of the internal rules

Section 3 The internal rules shall address areas in which ethical problems in particular can arise. Furthermore, the rules shall contain rules of conduct aimed at ensuring that the operations are conducted at all times within the scope of the applicable rules and regulations and in an ethically acceptable manner.

Section 4 The internal rules for managing ethical issues shall contain

1. practical instructions as to the manner in which the employees shall act in certain situations and to whom they shall turn in doubtful situations, and
2. information about the manner in which gifts and other benefits, engagements outside the services, etc., shall be handled.

Follow-up, control and reporting

Section 5 A Swedish management company shall follow up compliance with the internal rules for managing ethical issues via the internal audit which shall be carried out pursuant to instructions decided by the board of directors.

Reporting procedures shall be established within the company that ensure that the board of directors receives information regarding issues of principle or other important issues which concern the operations and the behaviour of the employees without delay.

Internal information and training

Section 6 A Swedish management company shall ensure that employees receive regular information and training regarding ethical issues.

Chapter 12 Complaints management

Section 1 The board of directors in a Swedish management company shall adopt internal rules which specify the procedures of the company for handling complaints from investors. The procedures shall be effective and transparent in order for the complaints to be handled quickly and reasonably.

Information about the procedures pursuant to the first paragraph shall be available or provided to investors free of charge.

Section 2 A Swedish management company shall keep a record of each complaint and the measures taken for its resolution.

Section 3 It shall be possible to submit complaints to a Swedish management company free of charge.

Chapter 13 Own transactions

Scope

Section 1 This chapter contains provisions regarding the internal rules and procedures a Swedish management company shall have to manage their own transactions.

Applicable provisions

Section 2 The board of directors in a Swedish management company shall adopt internal rules which specify the procedures the company shall apply to their own transactions.

The procedures shall apply to a relevant person who

1. is involved in operations that can give rise to a conflict of interest, or
2. has access to insider information pursuant to section 1, point 1 of the Financial Instruments Trading (Market Abuse Penalties) Act (2005:377) or other confidential information relating to Swedish UCITS or foreign UCITS.

Section 3 The procedures shall be current and appropriate in order to prevent

1. the relevant person from entering into a personal transaction
 - a) which is in violation of the Financial Instruments Trading (Market Abuse Penalties) Act (2005:377),
 - b) which entails the misuse or improper disclosure of confidential information, or
 - c) which violates, or is likely to violate, the Swedish management company's obligations under the Swedish UCITS Act (2004:46),
2. the relevant person, other than within the scope of his or her employment or contract for services, from advising or influencing another person to enter into a

transaction in financial instruments which, if related to a personal transaction of the relevant person, would

a) be covered by point 1, or

b) constitute misuse of information regarding as of yet unexecuted portfolio transactions,

3. a relevant person, regardless of what is laid down in the the Financial Instruments Trading (Market Abuse Penalties) Act, other than within the scope of their employment or contract for services, from disclosing information or positions to a third person if the relevant person is aware, or reasonably should be aware, that the other person, as a result of the disclosure, will or probably would

a) enter into a transaction in financial instruments which, if relating to a personal transaction of the relevant person, would be such a transaction as referred to in point 2, or

b) advise or influence another person to enter into such a transaction.

Section 4 The procedures shall ensure that, for example,

1. all relevant persons covered by the procedures are aware of the restrictions that exist on own transactions and the measures established by the Swedish management company that regulate own transactions and disclosure in accordance with section 3,

2. the Swedish management company is notified promptly of all own transactions executed by a relevant person, either by a notification or other procedures enabling the company to identify such transactions, and

3. a record is kept of own transactions the Swedish company is notified about or identifies.

The records of own transactions shall include all authorisations or prohibitions reported for such transactions.

In conjunction with delegation agreements, the Swedish management company shall ensure that the service provider records relevant persons' own transactions and, at the request of the company, immediately turns over such information to the company.

Section 5 The provisions set out in sections 2–4 shall not be applied to

1. own transactions entered into as part of a portfolio management service, where there is no prior exchange of information in conjunction with the transaction between the portfolio manager and the relevant person, or any other person on the behalf of whom the transaction is entered into, or

2. own transactions with units in funds or foreign UCITS which meet the conditions under Directive 2009/65/EEC of the European Parliament and of the Council or that are covered by supervision pursuant to legislature in a Member State that requires an equal risk spread among assets, provided that the relevant person or any other person on behalf of whom the transactions are entered into does not participate in the management of the fund or foreign UCITS.

Chapter 14 Delegation agreements (outsourcing)

Introductory provisions

Section 1 This Chapter contains more detailed provisions on delegation agreements in addition to those found in Chapter 4, sections 4–7 of the Swedish UCITS Act (2004:46).

Conditions for delegation agreements

Section 2 A Swedish management company shall exercise the requisite skill, care and diligence necessary when entering into, managing and terminating delegation agreements relating to fund operations.

Where the company intends to engage a third party to manage Swedish UCITS or carry out associated administrative measures on behalf of the company, it shall ensure that, for example,

1. the service provider carries out the delegated work or functions efficiently, and, for this purpose, the company shall adopt processes for assessing the performance of the service provider,
2. the service provider monitors the delegated work and functions and manages associated risks in an appropriate manner,
3. if the service provider does not carry out the task efficiently and in compliance with applicable laws and other provisions, appropriate measures are taken,
4. the service provider notifies the company about all events that may have a material impact on its ability to efficiently carry out the delegated work or functions in accordance with appropriate laws and other provisions,
5. the company shall have the expertise and resources required to effectively monitor the delegated work and functions and manage the risks associated with the delegation as well as monitor these functions and manage these risks,
6. the service provider cooperates with Finansinspektionen in connection with the delegated work or functions,
7. the company, its auditors and Finansinspektionen have actual access to information regarding the delegated work or functions and to the service provider's premises, and Finansinspektionen can exercise its supervision of the service provider's assignment,
8. the service provider protects all confidential information relating to the company or its clients,
9. the company and the service provider maintain a contingency plan for re-establishing operations after unforeseen events and for periodic testing of back-up procedures, where necessary, with regard to the parts of the fund operations that were delegated, and
10. the delegation agreement may be terminated without affecting the continuity and quality of the operations,

Where the company intends to engage a third party to conduct certain work or functions that are included in the fund operations but are not covered by the second

paragraph, it shall take appropriate and reasonable measures given the nature, scope and complexity of the operations.

Section 3 The rights and obligations of the Swedish management company and the service provider respectively shall be clearly regulated in a written agreement.

Section 4 Where the Swedish management company and the service provider are members of the same group, the company, when applying sections 2 and 3, shall take into account the extent to which it controls, or has the possibility to influence, the service provider.

Chapter 15 Conflicts of interest

Scope

Section 1 This chapter contains provisions regarding the manner in which a Swedish management company shall identify and manage conflicts of interest. The chapter also contains provisions regarding strategies for using voting rights.

Internal rules for managing conflicts of interest

Section 2 A Swedish management company shall have internal rules specifying how the company manages conflicts of interest. The internal rules shall be adopted by the board of directors and be appropriate given the size and organisation of the company and the nature, scope and complexity of its operations.

Where the company is a member of a group, the internal rules shall also take into account the circumstances which, as a result of the group's structure or operations in other undertakings in the group, may give rise to a conflict of interest.

Section 3 In the internal rules for conflicts of interest pursuant to section 2, the Swedish management company shall

1. identify the circumstances which constitute or may give rise to a conflict of interest entailing a material risk of damage to the interests of unit holders or clients with regard to the fund operations, and
2. specify the procedures that shall be applied and the measures to be adopted in order to manage such conflicts.

Criteria for the identification of conflicts of interest

Section 4 In order to identify the conflicts of interest arising in the fund operations and, where relevant, the discretionary portfolio management and the operations referred to in Chapter 7, section 1, first paragraph of the Swedish UCITS Act (2004:46), and which can have an adverse effect on the interests of the unit holders, the Swedish management company conducting the operations shall as a minimum take into account whether the company, a relevant person or a person who via an ownership assessment as referred to in Chapter 1, section 2 of the same Act is directly or indirectly linked to the company

1. is likely to make a financial gain or avoid a financial loss at the expense of the Swedish UCITS,

2. has differing interests from the unit holders, the results of the operations or a portfolio transaction conducted on behalf of the fund or an order carried out on behalf of another client,
3. has financial cause, or any other cause, to benefit another client or group of clients over the unit holders,
4. carries out the same type of operations for the fund as for one or more other clients, or
5. in conjunction with fund operations receives or will receive money, goods or services in excess of the standard commission or fee for the operations in question by a party other than the fund.

Section 5 A Swedish management company, when identifying conflicts of interest, shall take into account

1. the company's, the group's and the clients' interests as well as the company's obligations to the Swedish UCITS, and
2. the differing interests that may exist between the unit holders in two or more managed investment funds or foreign UCITS.

Management of conflicts of interest

Section 6 A Swedish management company shall have procedures and implement measures ensuring that the relevant persons who are involved in different business activities and are affected by a conflict of interest conduct operations appropriately and independently given the company's size and operations, the group to which they belong and the extent of the risk that the interests of the unit holders or other clients will be adversely affected.

The procedures pursuant to section 3, point 2, where it is necessary and appropriate for the Swedish management company to be able to ensure the requisite independence, shall contain information stating that the company shall

1. prevent or control the exchange of information between relevant persons engaged in operations involving a risk of a conflict of interest where the exchange of the information in question may harm the interests of one or more clients,
2. separately monitor relevant persons who primarily conduct fund operations on behalf of or provide services to clients or investors whose interests can conflict, or to clients or investors who in any other way represent different interests that can be in conflict, for example in relation to the interests of the company,
3. implement measures to remove all direct links between the remuneration to relevant persons who primarily perform one activity and the remuneration of, or revenues generated by, different relevant persons who primarily perform another activity if a conflict of interest can arise in relation to those activities,
4. implement measures to prevent or limit persons from exercising inappropriate influence over the way in which a relevant person carries out fund operations, and
5. implement measures to prevent or control a relevant person's participation in a specific part of the fund operations when such an involvement can harm the management of conflicts of interest.

Where these measures and procedures are not sufficient for ensuring that the Swedish management company achieves the requisite independence, the company shall implement such measures as are necessary.

Section 7 The board of directors or the managing director of a Swedish management company shall be immediately notified if the company's organisation or administrative measures and procedures do not prevent the interests of the unit holders from being adversely affected by a conflict of interest. The board of directors or the managing director shall then take the necessary decisions to rectify the situation.

The company shall inform investors about situations as referred to in the first paragraph and justify its decision. The information shall be provided in a durable medium.

Documentation of operations which give rise to conflicts of interest

Section 8 A Swedish management company shall document and regularly update information about the fund operations if there is a conflict of interest entailing a material risk of damage to the interests of the unit holders or other clients.

Strategies for exercising voting rights

Section 9 The board of directors of a Swedish management company shall adopt internal rules specifying which strategies the company shall apply to determine when and how it shall exercise voting rights linked to the financial instruments included in each Swedish UCITS. The voting rights shall only be exercised to benefit the fund.

Section 10 The strategies pursuant to section 9 shall be effective and appropriate and include measures to

1. monitor relevant corporate events,
2. ensure that the voting rights are used in accordance with the target and investment policy of the Swedish UCITS in question, and
3. prevent or manage conflicts of interest arising when voting rights are used.

A summary of the strategies shall be available for the investors. Information about the measures taken based on these strategies shall be made available to the unit holders upon request and free of charge.

Chapter 16 Rules of Conduct

Acting in the interest of the unit holders

Section 1 A Swedish management company shall ensure that the unit holders in each Swedish UCITS managed by the company are treated fairly. The Swedish management company shall not prioritise the interests of some unit holders above the interests of others.

The Swedish management company shall follow strategies and procedures to prevent irregularities that reasonably can be expected to affect the market's stability and integrity.

The Swedish management company shall ensure that reasonable, correct and transparent pricing models and valuation systems are used for the funds it manages. The Swedish management company shall also be able to show that property included in a fund it manages is valued accurately.

The Swedish management company shall act in a manner that does not incur unjustified costs for the unit holders.

Requirement on due diligence

Section 2 A Swedish management company shall exercise a high level of diligence in the selection and ongoing monitoring of the investment of fund assets.

The company shall have the appropriate knowledge and an understanding for the assets included in the Swedish UCITS it manages.

The company shall also have internal rules and procedures for observing the amount of diligence necessary and taking effective measures to ensure that investment decisions made for a fund are carried out in agreement with the target, investment strategies and the risk limit system of the fund. The internal rules shall be adopted by the Swedish management company's board of directors or managing director.

Section 3 A Swedish management company, before making an investment, where appropriate, shall prepare forecasts and analyses of the investment's contribution to the Swedish UCITS's composition and liquidity as well as to its risk and yield profile. The analyses shall be based on information which is reliable and updated both quantitatively and qualitatively.

Chapter 17 Order confirmation for subscription and redemption of units in investment funds

Time and method of confirmation

Section 1 A Swedish management company, after executing an order for the subscription or redemption of fund units, shall confirm this act with the unit holder. However, the company does not need to do this if the same information is immediately provided to the unit holder by a third party.

The confirmation shall be provided immediately or at the latest the first business day after the execution or, if the company receives a confirmation from a third party, no later than the first business day after the receipt of the confirmation from the third party.

The information shall be provided in a durable medium.

Contents of the confirmation

Section 2 A confirmation pursuant to section 1 shall contain the following information, where applicable:

1. information identifying the Swedish management company,
2. the unit holder's name or other designation,
3. date and time the order was received and the method of payment,
4. date of the subscription or redemption of investment fund units,
5. information identifying the Swedish UCITS,
6. the type of order (subscription or redemption),
7. number of affected units,
8. the unit value at the time of subscription or redemption,
9. date of the payment for a subscription units, if the payment is transferred to the fund after the units were issued,
10. gross value of the order, including subscription fees, or net amount after deductions for redemption fees, and
11. the total sum of the commission and expenses charged and, if requested by an investor, an itemised breakdown,

Chapter 4, section 11, fourth paragraph of the Swedish UCITS Act (2004:46) contains additional provisions regarding what the Swedish management company shall confirm to a unit holder.

Orders executed regularly

Section 3 When orders are executed regularly for a unit holder, a Swedish management company shall either take the measures referred to in section 1 or at least once every six months provide the unit holder with the information set out in section 2 regarding these transactions.

Information on request

Section 4 A Swedish management company shall provide a unit holder with information about the status of his/her subscription or redemption orders upon request.

Chapter 18 Best possible result for the execution of portfolio transactions

Scope

Section 1 This chapter contains provisions regarding achieving the best possible result when a Swedish management company executes portfolio transactions.

Section 2 When a Swedish management company executes a portfolio transaction, the company shall take all reasonable measures to achieve the best possible result for the Swedish UCITS with regard to

1. price,

2. cost,
3. speed,
4. likelihood of execution and settlement,
5. the size of the transaction,
6. the nature of the transaction, and
7. other circumstances relevant for the execution.

To determine the relative importance of these factors, the Swedish management company shall consider the following:

1. objectives, investment policy and risk profile for the fund,
2. the type of transaction,
3. distinguishing characteristics of the financial instruments included in the portfolio transaction, and
4. distinguishing characteristics of the trading venues where the portfolio transaction can be executed.

Internal rules for the best possible result

Section 3 A Swedish management company shall have systems and internal rules for how it shall achieve the best possible result pursuant to section 2. The board of directors or the managing director shall adopt the internal rules.

Section 4 A Swedish management company which manages a foreign UCITS that does not need to appoint a foreign management company shall request prior approval from the foreign UCITS with regard to the Swedish management company's internal rules for the best possible result.

Section 5 A Swedish management company shall make available to unit holders appropriate information relating to the company's internal rules regarding the best possible result. The company shall also make available information about significant changes in the internal rules regarding the best possible result.

Section 6 A Swedish management company shall regularly monitor and annually update its internal rules and systems for how the best possible result is achieved.

The company shall review its internal rules following any significant change that affects the company's conditions for achieving the best possible result for the Swedish UCITS it manages.

Section 7 A Swedish management company which manages such a foreign UCITS as referred to in section 4 shall at the request of the foreign UCITS and Finansinspektionen be able to show that it has executed portfolio transactions in accordance with the Swedish management company's internal rules for the best possible result.

Chapter 19 Best possible result for the placement of an order

Scope

Section 1 A Swedish management company which places an order with a third party for the execution of portfolio transactions shall apply the provisions set out in this chapter.

Criteria for the best possible result

Section 2 A Swedish management company shall take all reasonable measures to achieve the best possible result for the Swedish UCITS it manages given the factors set out in Chapter 18, section 2, first paragraph. The relative importance of these factors shall be determined based on the criteria set out in Chapter 18, section 2, second paragraph.

Internal rules for the best possible result

Section 3 The board of directors or the managing director of the Swedish management company shall adopt internal rules to achieve the best possible result pursuant to section 2. The internal rules shall specify for each category of financial instrument the parties the company uses to place orders for execution. The company may only be part of one system for the execution of orders that fulfils the requirements set out in this chapter.

The company shall make available for the unit holders appropriate information about the internal rules adopted pursuant to the first paragraph and significant changes to the internal rules.

Section 4 A Swedish management company shall regularly monitor that the prepared rules are effective, in particular with regard to the quality of the execution of orders by the parties specified in the internal rules, and correct any deficiencies that arise.

The company shall furthermore review its internal rules on an annual basis. An overview shall also be carried out when a significant change occurs that affects the company's ability to continue to achieve the best possible result for the Swedish UCITS it manages.

Section 5 A Swedish management company which manages such a foreign UCITS as referred to in Chapter 18, section 4 shall at the request of the foreign UCITS and Finansinspektionen be able to show that it has placed orders in accordance with the company's internal rules for the best possible result.

Chapter 20 Handling portfolio transactions and orders

Scope

Section 1 This chapter contains provisions regarding the manner in which a Swedish management company shall handle portfolio transactions and orders on own account and on behalf of clients.

General principles

Section 2 A Swedish management company shall implement a portfolio transaction quickly, effectively and fairly.

To achieve this, the Swedish management company shall ensure that

1. executed portfolio transactions are documented and allocated promptly and accurately, and
2. otherwise comparable portfolio transactions are executed immediately and in chronological order, where possible given the characteristics of the portfolio transactions or current market conditions and the interests of the unit holders.

Section 3 Financial instruments or funds received to settle an executed portfolio transaction shall be promptly and correctly transferred to the depositary or account of the Swedish UCITS.

Section 4 A Swedish management company may not misuse information referring to pending portfolio transactions and shall take all reasonable measures to prevent the company's relevant persons from misusing such information.

Aggregation and allocation of portfolio transactions and orders

Section 5 A Swedish management company may only execute a portfolio transaction together with another portfolio transaction or another client's order, or with an order on own account, if it is improbable that the aggregation in general terms will negatively affect any of the Swedish UCITS or other clients whose portfolio transactions or orders are included in the aggregated order.

Section 6 The board of directors or the managing director of a Swedish management company shall adopt internal rules for the allocation of portfolio transactions and client orders and implement these rules effectively to ensure that an aggregated order is allocated fairly. The internal rules shall contain information about the manner in which volume and price determine the allocation and the treatment of partly executed transactions.

Section 7 A Swedish management company which has aggregated a portfolio transaction with one or several other portfolio transactions or other client orders and only partly executed the aggregated order shall allocate the affected transactions in accordance with its internal rules.

Allocation of orders on own account

Section 8 A Swedish management company which has aggregated an order on own account with a portfolio transaction or another client order shall not allocate these transactions in a manner that is disadvantageous to a Swedish UCITS or another client.

Section 9 If a Swedish management company has aggregated a portfolio transaction or another client's order with an order on own account and only partly executed the aggregated order, when allocating the transactions, the company shall prioritise the Swedish UCITS or the other client before the company.

However, if the Swedish management company can reasonably show that it would not have been able to execute the portfolio transaction or the client order at all or to such beneficial conditions without the combination, the company may allocate the transactions proportionately in accordance with its internal rules.

Chapter 21 Inducements

Section 1 A Swedish management company, in its management of a Swedish UCITS and when it carries out associated administrative measures, may only pay or receive a fee or commission or give or receive payment in kind, if

1. it is paid or given either by the investment fund or a person on behalf of the investment fund,

2. it is paid or given either by a third party or a person acting on behalf of a third party, if

a) the unit holder was provided with complete, correct and comprehensible information about the existence, nature and amount of the fee, commission or payment in kind, or if the amount cannot be established, the method for calculating the amount, and

b) the payment of the fee, commission or provision of payment in kind is designed to raise the quality of the affected fund activity and not prevent the Swedish management company from acting in the interests of the unit holders, or

3. it is with regard to actual fees that enable or are required for the provision of the fund activity, e.g. custody costs, settlement and trade fees, statutory fees, and by nature do not contradict the Swedish management company's obligation to act honourable, fairly and professionally in accordance with the interests of the unit holders.

Section 2 A Swedish management company, when applying section 1, point 2a, may summarise the basic conditions for the system of fees, commission or payment in kind, provided that the unit holders are notified that the Swedish management company will provide more detailed information upon request.

Chapter 22 Specifically on discretionary portfolio management regarding financial instruments

Section 1 A Swedish management company engaging in discretionary portfolio management related to financial instruments, in its management and when providing services pursuant to Chapter 7, section 1, first paragraph of the Swedish UCITS Act (2004:46), shall apply the provisions set out in Chapters 6–17, Chapter 19, Chapter 20, sections 1–10 and Chapter 21, sections 1 and 2 of the Securities Market Act (FFFS 2007:16).

PART III

Swedish UCITS

Chapter 23 The content of the fund rules

General

Section 1 A Swedish management company shall draw up fund rules for each Swedish UCITS. The fund rules shall have the content and comply with the format set forth in sections 2-19.

The Swedish UCITS's legal status

Section 2 The fund rules shall state the Swedish UCITS's name. Furthermore, the fund rules shall state whether the fund is a Swedish UCITS or a special fund pursuant to the Swedish UCITS Act (2004:46). It shall be stated if the Swedish UCITS consists of unit classes, as well as the name or designation of each class. The fund rules shall also state the characteristics distinguishing each unit class.

The legal nature of the fund shall be stated in the fund rules. It shall be stated that the fund's net asset value is owned by the unit holders jointly and It shall also be stated that each fund unit entitles the holder to an equal share in the assets included in the fund. Where the fund consists of unit classes, it shall instead be stated that the units in a unit class are entitled to an equal share in the assets included in the fund. It shall also be stated that the Swedish management company which manages the investment fund represents the unit holders in all issues which concern the fund and that the investment fund cannot acquire rights or assume obligations.

List of unit classes

Section 3 The fund rules for a Swedish UCITS consisting of unit classes shall contain a list of these classes. The list shall be prepared in accordance with the following principles: the first unit class that is formed is labelled A, the second B, the third C, etc., and the name or designation of the unit class is stated. If a fund has 30 unit classes or more, the names or designations from 29 onward shall be labelled AA, BB, CC etc.

Fund manager

Section 4 The fund rules shall state which Swedish management company shall manage the Swedish UCITS.

Depositary and its duties

Section 5 The fund rules shall state which depositary is retained on behalf of the the Swedish UCITS. The duties of the depositary shall be described in general.

Nature of the Swedish UCITS

Section 6 The fund rules shall contain a general and summarised description of the nature of the Swedish UCITS with respect to the investment of the fund's holdings, its aims and any strategies.

Investment policy of the Swedish UCITS

Section 7 The fund rules shall contain a detailed description of the Swedish UCITS's investment policy. The description shall enable an investor to assess the risks associated with the Swedish UCITS.

The Swedish UCITS's investment policies shall be described based on the following selection criteria:

1. the type of assets in which the Swedish UCITS may invest by way of reference to transferable securities, money market instruments, derivative instruments, units in collective investment undertakings, as well as deposits at credit institutions;
2. whether the Swedish UCITS may invest only in a particular industry, geographic area, or in financial instruments issued by a particular issuer or similar;
3. other objectively determined selection criteria.

Section 8 The description of the investment policy pursuant to section 7 for a feeder fund shall contain information about the name of the master fund or master foreign UCITS.

The fund rules for a feeder fund shall contain a reference to the key investor information document and the prospectus for the information set out in Chapter 29, section 15, points 3–5 .

Section 9 The fund rules for a Swedish UCITS which calculates its global exposure using a Value at Risk model or any other advanced risk approach shall contain a description of the model or approach applied to the fund.

Section 10 The fund rules shall state which regulated markets or equivalent markets outside the EEA and other marketplaces or markets on which the Swedish UCITS's means may be invested.

Specific investment policy

Section 11 The fund rules shall specifically state whether the Swedish UCITS may use the following assets or strategies:

1. Such transferable securities and money market instruments as referred to in Chapter 5, section 5 of the Swedish UCITS Act (2004:46).
2. Derivative instruments, and, in such case, it shall be stated specifically whether derivative instruments may be used
 - in order to increase efficiency of management for the purpose of reducing costs and risks in the management, or for the purpose of increasing performance and creating leverage in the fund, or only to protect the value of the assets in the fund pursuant to Chapter 5a, section 2 of the Swedish UCITS Act, or
 - as a part of the fund's investment policy.
3. OTC derivatives.

Where the Swedish UCITS does not have the possibility to use the assets or strategies set forth in the first paragraph, points 1–3, this shall be stated in the fund rules.

The fund rules shall also state whether the Swedish UCITS's investment policy means that the following assets or strategies can be used:

1. Such bonds or other debt instruments as stated in Chapter 5, section 8 of the Swedish UCITS Act, stating the issuers or underwriters who have issued or underwritten debt instruments in which the fund intends to invest more than 35 per cent of the fund's value.
2. Where the fund invests a significant portion of the fund assets in units in other Swedish UCITS and foreign UCITS (so-called fund of funds).
3. Where the fund is an index fund pursuant to Chapter 5, section 7 of the Swedish UCITS Act, a description shall be provided of the index which the fund intends to follow and the market where it is used.
4. Where the fund at any time uses currency derivatives for the purpose of in part or in full hedging its positions.
5. Where the fund uses such techniques and instruments as referred to in Chapter 25, section 21 in order to create leverage in the fund.
6. Where the fund is a feeder fund.

Measurement

Section 12 The fund rules shall state the principles on which calculation of the value of the Swedish UCITS and the units of the fund is based. Where the fund's means may be invested in such transferable securities and money market instruments as referred to in Chapter 5, section 5 of the Swedish UCITS Act (2004:46) or in OTC derivatives pursuant to Chapter 5, section 12, second paragraph of the same act, it shall be stated specifically how such assets are to be evaluated, with information regarding the applicable valuation principles.

Sales and redemption of fund units

Section 13 The fund rules shall state the extent to which the Swedish UCITS is open for sale and redemption of units and also when and where the sale and redemption prices for the units are published.

The fund rules shall also state the principles used to determine the Swedish UCITS's sale and redemption prices. It shall be stated specifically that sale or redemption shall take place at a price which is unknown to the unit holder at the time of the request regarding sale or redemption.

The fund rules shall also state whether it is possible to close the Swedish UCITS for subscription of new units. Where the fund can be closed, the objective conditions under which such a measure is possible must be stated. Where it shall be possible to terminate the search for capital from other investors pursuant to Chapter 5a, section 47 of the Investment Funds Act (2004:46), this shall be stated along with the conditions for the measure.

Section 14 The fund rules shall state that the Swedish UCITS may be closed for entry and exit in the event such extraordinary circumstances have occurred as a consequence of which a valuation of the fund's assets cannot be made in a manner which ensures equal treatment of the unit holders.

Fees and remuneration

Section 15 Where a fee is charged in conjunction with the sale or redemption of units, the fund rules shall state the manner in which such fees are calculated. The maximum amount of the fees shall be stated as a percentage of the value of the fund units. It shall be stated if the fees are levied upon the Swedish UCITS or the Swedish management company.

The fund rules shall contain information regarding the maximum fixed fee which may be debited from the Swedish UCITS in order to cover the Swedish management company's management fee. The information shall include costs for safekeeping, supervision and auditors. The fee shall be stated as an annual percentage of the fund's value.

Where a performance-based management fee is debited from the Swedish UCITS, the fee model including the manner in which the fee is calculated shall be specifically stated in the fund rules. The fund rules shall state the conditions for the fee as well as the manner in which the fee is calculated and debited from the fund.

Where a significant portion of the Swedish UCITS's assets are invested in other Swedish UCITS or foreign UCITS, the fund rules shall contain a reference to the prospectus for information on the maximum fixed or performance-based management fee that may be charged for management of the Swedish UCITS or foreign UCITS in which the fund units' assets are invested in. The fund rules for a feeder fund shall contain a reference to the prospectus for the information set out in Chapter 29, section 15, points 9 and 10.

Dividends

Section 16 The fund rules shall state whether the Swedish UCITS distributes dividends to unit holders or another party. Where the investment fund distributes dividends, information shall be provided as to when distribution takes place. The principles governing what may be distributed shall be stated as yield on the fund's holdings, outstanding residual amount from any distributable amount from previous years, realised and unrealised increases in value or any other distributable amount.

Where distributed funds are to be used to acquire new units in the Swedish UCITS, this shall be specifically stated.

Financial year for Swedish UCITS

Section 17 The fund rules shall state the financial year which is applicable to the Swedish UCITS.

Half-yearly reports and annual reports, amendments to fund rules

Section 18 The fund rules shall contain information regarding when and where half-yearly reports and annual reports are published and information regarding where amendments to the fund rules are published.

Pledging and assignment

Section 19 The fund rules shall state whether it is possible for unit holders to pledge their units and, if so, the manner in which such may be effected. In addition, it shall be stated where it is not possible to assign the fund units to a third party.

Other necessary and reasonable information

Section 20 The fund rules may include other information which the Swedish management company deems necessary for the unit holders and which Finansinspektionen deems to be reasonable for the unit holders. Such information shall be included in the fund rules only after the information stated in sections 2-19.

Chapter 24 Eligible assets

Transferable securities

Section 1 Means in an Swedish UCITS may be invested in transferable securities which fulfil the following criteria:

1. the potential loss which the fund may incur with respect to holding those instruments is limited to the amount paid for them,
2. the liquidity of these instruments does not compromise the ability of the Swedish management company to comply with the requirements in Chapter 4, section 13, first paragraph of the Swedish UCITS Act (2004:46);
3. a reliable valuation is available for these instruments as follows:
 - a) for transferable securities which are included in the fund pursuant to Chapter 5, section 3 of the Swedish UCITS Act in the form of accurate, reliable and regular prices which are either market prices or prices made available by valuation systems independent from the issuer;
 - b) for transferable securities which are included in the fund pursuant to Chapter 5, section 5 of the Swedish UCITS Act in the form of a valuation on a periodic basis which is derived from information from the issuer of the security or from qualified investment research;
4. appropriate information on these instruments is available as follows:
 - a) for transferable securities which are included in the fund pursuant to Chapter 5, section 3 of the Swedish UCITS Act in the form of regular, accurate and comprehensive information to the market on the security or, where relevant, in the portfolio in which the security is included,
 - b) for transferable securities which are included in the fund pursuant to Chapter 5, section 5 of the Swedish UCITS Act in the form of regular, accurate information to the Swedish management company on the security or, where relevant, on the portfolio in which the security is included,
5. they are negotiable,

6. the acquisition of the instruments is consistent with the investment policy pursuant to the fund rules, and

7. the Swedish management company's system for risk management pursuant to Chapter 5, section 2 of the Swedish UCITS Act adequately captures the risks associated with the instruments.

Transferable securities which are admitted to trading on a regulated market or an equivalent market outside the EEA, or are the object of regular trading on any other market that is regulated and open to the public, are presumed to fulfil the requirements in 2 and 5, if the Swedish management company does not have access to information which would lead to a different conclusion.

Section 2 Transferable securities shall also include:

1. units in closed end funds constituted as investment companies or as unit trusts and which:

a) fulfil the requirements in section 1,

b) are subject to corporate governance mechanisms applied to companies, and

c) where asset management activity is carried out by another entity on behalf of the closed end fund, that entity is subject to national regulation for the purpose of investor protection,

2. units in closed end funds constituted under the law of contract and which:

a) fulfil the requirements in section 1,

b) are subject to corporate governance mechanisms equivalent to those applied to companies as referred to in 1b, and

c) are managed by an entity which is subject to national regulation for the purpose of investor protection,

3. financial instruments which:

a) fulfil the requirements in section 1, and

b) are backed by, or linked to the performance of, other assets, which may differ from those referred to in Chapter 5, section 1, second paragraph, first sentence of the Swedish UCITS Act (2004:46).

Where a financial instrument covered by the first paragraph, point 3 contains an embedded derivative component as referred to in section 12, the requirements contained in Chapter 5, sections 2 and 13 of the Swedish UCITS Act (2004:46) and the additional requirements set out in Chapter 25 shall apply to that component.

Money market instruments

Section 3 Means in an Swedish UCITS may be invested in money market instruments which fulfil one of the following criteria:

1. they have a maturity at issuance of up to and including a maximum of 397 days,

2. they have a residual maturity of up to and including a maximum of 397 days,
3. they undergo regular yield adjustments in line with money market conditions at least every 397th day, or
4. their risk profile, including credit and interest rate risks, corresponds to that of financial instruments which have a maturity as referred to in points 1 or 2, or which is subject to a performance adjustment as referred to in point 3.

Section 4 The requirement that money market instruments in accordance with the definition set out in the Swedish UCITS Act (2004:46) shall be liquid, shall be understood as a reference to financial instruments which can be sold at limited cost in an adequately short time frame, taking into account the obligation pursuant to Chapter 4, section 13, first paragraph of the same Act.

The requirement that money market instruments shall have a value which can be accurately determined at any time, shall be understood as a reference to financial instruments for which accurate and reliable valuations systems are available which:

1. enable the Swedish management company to calculate a net asset value in accordance with the value at which the financial instrument held in the portfolio could be exchanged between knowledgeable willing parties which are dependent on each other and which have an interest in the transaction being completed, and
2. are based either on market data or on valuation models, including systems based on amortised costs.

The criteria referred to in paragraphs 1 and 2 shall be presumed to be fulfilled in the case of financial instruments which are normally dealt in on the money market and which are admitted to trading on a regulated market or equivalent market outside the EEA or subject to regular trading at any other market that is regulated and open to the public, unless there is information available to the Swedish management company that could lead to a different conclusion.

Section 5 The requirement contained in Chapter 5, section 4 of the Swedish UCITS Act (2004:46) for other money market instruments than such as referred to in Chapter 5, section 3 of the same Act and the rules of the issue or the issuer of the instruments entails a specific protection for investors shall be understood as a reference to instruments which fulfil the following criteria:

1. they fulfil one of the criteria set out in section 3 and all the criteria set out in section 4, first and second paragraphs,
2. appropriate information is available on them, including information which allows an appropriate assessment of the credit risks related to the investment in such instruments, taking into account the second, third and fourth paragraphs, and
3. they are freely transferable.

For money market instruments covered by Chapter 5, section 4, points 2 and 4 of the Swedish UCITS Act, or for those money market instruments which have been issued by a local or regional authority of a Member State or by an international public organisation but which has not been guaranteed by a Member State, or in the case of a federal State which is a Member State, by one of the members making up the federation, appropriate information as referred to in the first paragraph, point 2, shall consist of the following:

1. information on both the issue or issuance programme and the legal or financial situation of the issuer prior to the issue of the money market instrument,
2. updates of the information referred to in point 1 on a regular basis and whenever a significant event occurs,
3. the information referred to in point 1, verified by appropriately qualified third parties not subject to instructions from the issuer, and
4. available and reliable statistics on the issue or the issue programme.

For money market instruments covered by Chapter 5, section 4, subsection 3 of the Swedish UCITS Act, appropriate information referred to in the first paragraph, point 2 shall consist of the following:

1. information on the issue or issuance programme or on the legal or financial situation of the issuer prior to the issue of the money market instrument,
2. updates of the information referred to in point 1 on a regular basis and when a significant event occurs, and
3. available and reliable statistics on the issue or the issuance programme or other data enabling an appropriate assessment of the credit risks related to an investment in such instruments.

Appropriate information as referred to in the first paragraph of point 2 shall consist of information on the issue or issuance programme or on the legal and financial situation of the issuer prior to the issuance of the money market instrument, for money market instruments which:

- has been issued or guaranteed by a central authority, the European Union, the European Investment Bank, a non-Member State or one of the states which constitute the states making up the federation, and
- have not been issued but which have been guaranteed by a local or regional authority or public organisation of which one or more Member States belong.

Section 6 The requirement in Chapter 5, section 4, point 3 of the Swedish UCITS Act (2004:46) that the body that has issued or guaranteed the money market instruments are subject to and comply with such prudential rules laid down by Community law shall be understood as a reference to an issuer which is subject to and complies with prudential rules and fulfils one of the following criteria:

1. it is domiciled in the European Economic Area,
2. it is domiciled in an OECD country belonging to the Group of Ten,
3. it has any of the four highest investment grade ratings,
4. it can be demonstrated on the basis of an in-depth analysis of the issuer that the prudential rules applicable to that issuer are at least as stringent as those laid down by Community law.

Section 7 The requirement in Chapter 5, section 4, point 4c of the Swedish UCITS Act (2004:46) that the money market instruments shall have been issued by an entity that finances securitisation shall be understood as a reference to

structures, whether in corporate, trust or contractual form, set up for the purpose of securitisation operations.

The requirement in Chapter 5, section 4, subsection 4c of the Swedish UCITS Act that the entity that has issued money market instruments benefiting from banking liquidity lines, shall be understood as a reference to banking facilities secured by an undertaking which itself complies with the requirements in Chapter 5, section 4, subsection 3 of the same Act.

Derivative instruments

Section 8 Financial derivative instruments may be included in a Swedish UCITS if they are liquid. The liquidity requirement shall be considered to be met if the instruments fulfil the following criteria:

1. underlying components consisting of one or more of the following:

a) assets pursuant to Chapter 5, section 1, second paragraph, first sentence of the Swedish UCITS Act (2004:46), including financial instruments having one or several characteristics of those assets,

b) interest rates,

c) foreign exchange rates or currencies,

d) financial indices,

2. in the case of OTC derivatives, that they comply with the conditions set out in Chapter 5, section 12, second paragraph of the Swedish UCITS Act.

Section 9 Financial derivative instruments as referred to in Chapter 5, section 12 of the Swedish UCITS Act (2004:46) shall be taken to include instruments which fulfil the following criteria:

1. they allow the transfer of the credit risk of an asset as referred to in section 8, point 1 independently from the other risks associated with that asset,

2. they do not result in the delivery or in the transfer of assets, including in the form of cash, other than those referred to in Chapter 5, section 1, second paragraph, first sentence of the Swedish UCITS Act,

3. they comply with the criteria for OTC derivatives set forth in Chapter 5, section 12, second paragraph of the Swedish UCITS Act and section 10,

4. the risks that are associated with them are adequately captured by the risk management system and by the internal control mechanisms in the case of risks of asymmetry of information between the Swedish management company and the counterparty to the credit derivative resulting from potential access of the counterparty to non-public information on firms the assets of which are used as underlying components by the credit derivative.

Commodity derivatives may not be included in a Swedish UCITS.

Section 10 The requirement in Chapter 5, section 12, second paragraph, point 2 of the Swedish UCITS Act (2004:46) that the derivative instrument can be sold, redeemed or terminated by an equalising transaction at a fair value, shall be

understood as the amount at which an asset can be transferred or a debt settled between knowledgeable parties independent of one another in an arm's length transaction.

The requirement set out in Chapter 5, section 12, second paragraph, point 2 of the Swedish UCITS Act that derivative instruments shall be subject to reliable and verifiable valuation shall be understood to be a valuation conducted by the Swedish management company and corresponding to the reasonable value

referred to in the first paragraph which is not only based on market quotations from the counterparty and fulfils the following criteria:

1. the basis for the valuation is either a reliable up-to-date market value for the instrument, or, if such a value is not available, a pricing model using an adequate recognised methodology;
2. verification of the valuation is carried out by one of the following:
 - a) by an appropriate third party which is independent from the counterparty of the OTC-derivative, and at an adequate frequency and in such a way that the Swedish management company is able to verify it, or
 - b) by a unit within the Swedish management company which is independent from the department in charge of managing the assets and which is adequately equipped for such purpose.

Financial indices

Section 11 Financial indices pursuant to Chapter 5, section 12, first paragraph, point 1 of the Swedish UCITS Act (2004:46) shall be understood as a reference to indices which fulfil the following criteria:

1. It has sufficiently diversified compilation to ensure that
 - a) the index is composed in such a way that price movements or trading activities regarding one component do not unduly influence the performance of the whole index,
 - b) where the index is composed of assets referred to in Chapter 5, section 1, second paragraph, first sentence of the Swedish UCITS Act, its composition is at least diversified pursuant to Chapter 5, section 7 of the same Act,
 - c) where the index is composed of other assets than those referred to in Chapter 5, section 1, second paragraph, first sentence of the Swedish UCITS Act, it is diversified in a way which is equivalent to that provided for in Chapter 5, section 7 of the same Act.
2. They represent a suitable benchmark for the market to which they refer in that
 - a) the index measures the performance of a representative group of underlying components in a relevant and appropriate way,
 - b) the index is revised or rebalanced periodically to ensure that it continues to reflect the markets to which it refers following criteria which are publicly available, and

c) the underlying components are sufficiently liquid, which allows users to replicate the index, if necessary.

3. It is disclosed in an appropriate manner, such that

a) the publication process relies on sound procedures to collect prices and to calculate and to subsequently publish the index value, including pricing procedures for components where a market price is not available, and

b) material information on matters such as index calculation, rebalancing methodologies, index changes or any operational difficulties in providing timely or accurate information is provided on a wide and timely basis.

Where the composition of assets which are used as underlying components of financial derivatives pursuant to Chapter 5, section 1, second paragraph, first sentence of the Swedish UCITS Act does not fulfil the criteria set out in section 8, they shall be regarded as financial derivatives based on a composition of the assets as referred to in section 8, points 1a–1c.

Transferable securities and money market instruments including derivatives

Section 12 Transferable securities embedding a derivative pursuant to Chapter 5, section 13, fourth paragraph of the Swedish UCITS Act (2004:46) shall be understood as a reference to financial instruments which fulfil the criteria set forth in section 1 and which contain a component that fulfils the following criteria:

1. by virtue of that component some or all of the cash flows that otherwise would be required by the transferable security which functions as host contract can be modified according to a specified interest rate, financial instrument price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, and therefore vary in a way similar to a stand-alone derivative,

2. its economic characteristics and risks are not closely related to the economic characteristics and risks of the host contract, and

3. it has a significant impact on the risk profile and pricing of the transferable security.

Money market instruments which fulfil one of the criteria set out in section 3 and all the criteria set out in section 4, first and second paragraphs thereof and which contain a component which fulfils the criteria set out in the first paragraph shall be regarded as money market instruments embedding a derivative.

A transferable security or a money market instrument shall not be regarded as embedding a derivative where it contains a component which is contractually transferable independently of the transferable security or the money market instrument. Such a component shall be deemed to be a separate financial instrument.

Techniques and instruments for the purpose of efficient portfolio management

Section 13 Techniques and instruments pursuant to Chapter 5, section 1, third paragraph of the Swedish UCITS Act (2004:46) refers to transferable securities and money market instruments and which are used for the purpose of increasing the efficiency of portfolio management shall be understood as a reference to techniques and instruments which fulfil the following criteria:

1. they are economically appropriate in that they are realised in a cost-effective way,
2. they are entered into for one or more of the following specific aims:
 - a) reduction of risks,
 - b) reduction of costs, or
 - c) increase of the performance of the Swedish UCITS with a level of risk which is consistent with the risk profile of the fund and the risk diversification rules laid down in Chapter 5 of the Swedish UCITS Act, and
3. their risks are adequately captured by the risk management process associated with them.

Index replicating Swedish UCITS

Section 14 Replicating the composition of a particular stock index or debt securities index pursuant to Chapter 5, section 7 of the Swedish UCITS Act (2004:46), shall be understood as a reference to replication of the composition of the underlying assets of the index, including the use of derivatives or other techniques and instruments as referred to in Chapter 5, section 1, third paragraph of the same Act and section 13.

An index whose composition is sufficiently diversified pursuant to Chapter 5, section 7, first paragraph, point 1 of the Swedish UCITS Act, shall be understood as a reference to an index which complies with the risk diversification rules in Chapter 5, section 7, second paragraph of the same Act.

An index which represents an adequate benchmark for the market to which it refers pursuant to Chapter 5, section 7, first paragraph, point 2, of the Swedish UCITS Act shall be understood as an index provider which uses a recognised methodology that generally does not result in the exclusion of a major issuer of the market to which it refers.

An index which is published in an appropriate manner pursuant to Chapter 5, section 7, first paragraph, point 3 of the Swedish UCITS Act shall be understood as a reference to an index which fulfils the following criteria:

1. it is accessible to the public,
2. the index provider is independent from the index-replicating Swedish UCITS.

That set out in the fourth paragraph, point 2, shall not preclude index providers and the Swedish management company forming part of the same economic group, provided that effective arrangements for the management of conflicts of interest are in place.

Chapter 25 Trading in derivative instruments and the use of other techniques and instruments

General

Section 1 A Swedish management company may not, on behalf of a Swedish UCITS, make such investments through the use of derivative instruments or such techniques and instruments as referred to in Chapter 15, section 13, as, in reality, entail that the investment provisions stated in the Swedish UCITS Act (2004:46), in these regulations, or in the fund rules are exceeded.

Section 2 A Swedish UCITS can use derivative instruments in order to increase efficiency of management or as part of the investment policy. The purposes for which a feeder fund may use derivative instruments are set out in Chapter 5a, section 2 of the Swedish UCITS Act (2004:46).

Calculation of global exposure

Section 3 The global exposure of a Swedish UCITS pursuant to Chapter 5, section 13, second paragraph of the Swedish UCITS Act (2004:46) shall be calculated as

1. the fund's exposure generated via the use of derivative instruments, including such derivative instruments as referred to in Chapter 5, section 13, fourth paragraph of the Swedish UCITS Act, or
2. the fund's market risk.

Where a Swedish UCITS uses such techniques and instruments as referred to in Chapter 24, section 13, including repurchase agreements or securities loans, the Swedish management company shall take these transactions into account when selecting its risk measurement method pursuant to section 4 and calculating its global exposure pursuant to section 5 or 6. The provisions set out in section 5 regarding derivative instruments shall also apply, where applicable, to techniques and instruments. When applying section 6, the exposures from techniques and instruments shall be included in the calculation of the fund's Value at Risk or when using another advanced risk measurement method.

The Swedish management company shall calculate a Swedish UCITS's global exposure at least once a day.

Section 4 A Swedish management company may calculate its global exposure using the commitment approach, a Value at Risk model or another appropriate advanced risk measurement method. The Swedish management company may only use a Value at Risk model or another advanced risk measurement method after it has received permission from Finansinspektionen.

The Swedish management company shall select for each Swedish UCITS the method for calculating its global exposure that is most appropriate given the fund's investment strategies, the types of derivative instruments used and their complexity, and the portion of the fund that consists of derivative instruments.

Commitment approach

Section 5 Where a Swedish management company uses the commitment approach to calculate its global exposure, this approach shall be applied to all derivative instruments, including such derivatives as those referred to in Chapter 5, section 13, fourth paragraph of the Swedish UCITS Act (2004:46). This shall apply regardless whether a Swedish UCITS uses derivative instruments as part of its investment policy or to improve the efficiency of management.

When calculating global exposure, derivative positions shall be converted into a comparable position in the underlying assets. Forwards/futures contracts, swaps, and other similar derivative instruments shall be calculated in accordance with the underlying exposed value. For options contracts, warrants, subscription rights and similar instruments a delta calculation shall be made. A delta calculation shall be made in accordance with an accepted model for options valuation. Where it is not appropriate to make a delta calculation, a calculation shall be made using the underlying exposed value. A calculation using the underlying exposed value may not result in an underestimation of the exposure to derivative instruments.

When calculating global exposure, the Swedish management company may take into account netting and hedging where this does not lead to the company disregarding obvious, significant risks and that this results in a clear reduction of the risk exposure in the fund.

Where a Swedish UCITS uses derivative instruments that do not generate incremental exposure, it is not necessary to include the underlying exposure in the calculation of the fund's global exposure.

In its calculation, the Swedish management company does not need to take into account short-term cash loans pursuant to Chapter 5, section 23, second paragraph of the Swedish UCITS Act.

Section 6 The global exposure may, when the exposure is calculated using the commitment approach, at the most be 100 per cent of the fund's net asset value.

Value at Risk and other advanced risk measurement methods

Section 7 A Value at Risk model may be either absolute or relative.

An absolute Value at Risk model limits the maximum Value at Risk a Swedish UCITS may have in relation to the fund's net asset value. The fund's absolute Value at Risk may not exceed 20 per cent of the fund's value.

A relative Value at Risk model limits the fund's Value at Risk to a maximum of twice the Value at Risk for the fund's reference portfolio. The reference portfolio shall be unencumbered and appropriate with regard to the fund's investment policy and risk profile.

Section 8 An absolute and a relative Value at Risk shall be calculated using a one-tailed confidence interval of at least 99 per cent. The holding period shall consist of one month (20 business days). The historical period of observation shall consist of at least one year (250 business days) with regard to input data unless a shorter period of observation can be justified due to a very significant increase in price volatility. Input data shall be updated on a quarterly basis or more frequently when market prices are subject to sharp fluctuations.

However, a Swedish UCITS may use another one-tailed confidence interval or holding period than what is set out in the first paragraph provided that the confidence interval does not fall below 95 per cent and that the holding period does not exceed one month (20 business days).

A Swedish UCITS which uses an absolute Value at Risk model and a different one-tailed confidence interval or holding period than what is set out in the first paragraph shall re-scale the fund's maximum permitted Value at Risk. The re-scaling may only be done using the assumption of a normal distribution with

identical and independent distribution of the risk factors' yield with reference to the normal distribution quantiles and root over time.

Section 9 Where a Value at Risk model or another advanced risk measurement method is used, the fund rules shall contain a description of the method.

Derivative instruments in order to increase efficiency of management

Section 10 A Swedish UCITS may, in order to increase efficiency in the management, use derivative instruments to reduce costs and risks in the management, provided that this is stated in the fund rules. Reducing costs and risks in the management means such trading in derivative instruments as to protect the value of the fund's underlying assets or cost-saving measures with the purpose of maintaining the fund's investment policy.

Section 11 When a Swedish UCITS uses derivative instruments in order to reduce costs and risks in management, the trade may not occur for the purpose of increasing performance and creating leverage in the fund. Leverage means that the fund's investment scope is greater than the investment scope which follows from the net asset value.

Section 12 A Swedish UCITS, in addition to that stated in sections 10 and 11, but still as a part of increasing the efficiency of management, may use derivative instruments in order to improve performance and create leverage in the fund. This may occur under the conditions that apply to Swedish UCITS which use derivative instruments as a part of the investment policy pursuant to Chapter 13 and shall be stated in the fund rules.

Derivative instruments as a part of the investment policy

Section 13 A Swedish UCITS may invest in derivative instruments as part of the fund's investment policy provided that this is stated in the fund rules.

Exposure vis-à-vis single issuers

Section 14 A Swedish management company shall use the commitment approach when calculating an exposure to a single issuer for a Swedish UCITS. When calculating an exposure to a single issuer, the Swedish management company may net the exposures that the fund has to the issuer. This calculation shall also include counterparty risk pursuant to sections 16–20 and exposures arising from the use of techniques and instruments pursuant to section 21.

Coverage rules in derivative instruments trading

Section 15 Where a derivative instrument, automatically or upon request by the counterparty, may lead to delivery of the derivative instrument's underlying asset, the Swedish UCITS shall possess delivery capacity in the underlying asset during the entire term of the derivatives contract.

The delivery capacity requirement pursuant to the first paragraph can be fulfilled by the Swedish UCITS holding other liquid assets. This requires that the assets on each occasion can be used to purchase the underlying

instrument which shall be delivered and that the risk adjustment (haircut) is made on a suitable scale.

Where the derivative instrument is subject to cash settlement automatically or at the Swedish UCITS's request, and therefore cannot result in the delivery of the underlying asset, the following shall apply instead: In such a case, the Swedish UCITS shall hold corresponding liquid assets in order to be able to meet all of the commitments resulting from the derivative contract. The assets shall be held for the entire term of the derivative contract and haircuts shall be made on a suitable scale. Appropriate methods shall be available for each Swedish UCITS in order to determine the coverage level required to be able to meet the commitments resulting from the derivative contract.

Counterparty risks in conjunction with trading in OTC derivatives

Section 16 When calculating a Swedish UCITS's counterparty risk pursuant to Chapter 5, sections 14, 21 and 22 of the Swedish UCITS Act (2004:46), a Swedish management company shall use the positive current market value of the OTC derivative contract with this counterparty.

Section 17 A derivative transaction shall be considered to lack a counterparty risk if it is imposed on a market where the clearing organisation fulfils the following requirements:

1. participants in the clearing shall pledge collateral on a daily basis for the exposures to which they expose clearing organisation, and
2. the collateral shall cover both current exposure and any future exposure.

Section 18 A Swedish UCITS may net its OTC derivative positions to the same counterparty if

1. a Swedish management company can legally enforce netting agreements with the counterparty on behalf of the fund, and
2. netting is not done with another exposure the fund has to the counterparty.

Section 19 A Swedish UCITS's exposure to a counterparty in an OTC derivative transaction may be reduced by including collateral. Collateral shall be so liquid that it can be immediately sold at a price close to the pre-sale valuation.

Section 20 Where a Swedish UCITS has pledged collateral to a counterparty in an OTC derivative transaction, this collateral shall be included in the calculation of the exposure to the counterparty pursuant to Chapter 5, section 14 of the Swedish UCITS Act (2004:46). The pledged collateral may only be included in a netting if the Swedish management company has the possibility to legally enforce netting agreements with this counterparty on behalf of the fund.

Techniques and instruments

Section 21 A Swedish UCITS may use such techniques and instruments, with the exception of derivative instruments, as stated in Chapter 24, section 13 in order to

reduce costs and risks in the management and in order to increase performance and create leverage in the fund.

Where a Swedish UCITS uses these techniques and instruments in order to create leverage in the fund, it shall be stated in the fund rules.

A Swedish UCITS may not lend out financial instruments (securities loans) to an extent greater than the equivalent of 20 per cent of the fund's net asset value.

Section 22 Securities loans from a Swedish UCITS may only be made against satisfactory collateral subject to terms and conditions customary on the market. Securities loans may be made to or via clearing organisations or securities institutions. Securities loans may also be made to, or via, a foreign financial institution which:

1. is entitled to enter into such agreements,
2. with respect to its securities operations, is under the supervision of an authority or other competent body, and
3. is generally recognised on the market.

Section 26 Feeder and master funds

Notification obligation for depositaries

Section 1 The errors and omissions which a depositary for a master fund shall report pursuant to Chapter 5a, section 18 of the Swedish UCITS Act (2004:46) shall as a minimum contain

1. errors in the calculation of the unit value for the master fund,
2. errors in transactions related to, or settlement of, the feeder fund's subscription or redemption of units in the master fund,
3. errors in the payment or capitalisation of income from the master fund, or in the calculation of withholding tax,
4. breaches of the master fund's target, investment policy or investment strategy, pursuant to the description in the fund rules, and
5. breaches of investment and loan limits pursuant to law and the fund rules for the master fund.

Dissolution, merger or division of the master fund

Section 2 Means accrued by a feeder fund when a master fund is dissolved may consist of financial instruments if requested by the Swedish management company managing the feeder fund and if prescribed by the agreement, pursuant to Chapter 5a, section 9 of the Swedish UCITS Act (2004:46), or the written procedures, pursuant to Chapter 5a, section 11 of the Swedish UCITS Act, and the decision to dissolve the master fund.

Section 3 Means accrued by a feeder fund when a master fund is merged or divided may consist of financial instruments if requested by the Swedish management company managing the feeder fund and if prescribed by the agreement, pursuant to Chapter 5a, section 9 of the Swedish UCITS Act (2004:46).

Section 4 Where financial instruments accrue to a feeder fund in conjunction with the dissolution, merger or division of a master fund, these instruments may be realised in cash.

Section 5 The cash accruing to a feeder fund in conjunction with the dissolution, merger or division of a master fund may only be reinvested for efficient liquidity management prior to the day referred to in Chapter 5a, sections 37 or 46 of the Swedish UCITS Act (2004:46).

Foreign master funds

Section 6 The provisions set out in sections 2–4 regarding a master fund, where applicable, shall also apply to a foreign master fund. The provisions set out in the fund rules for a master fund and the dissolution of a master fund shall also apply to the articles of association for a foreign master fund and liquidation of a foreign master fund.

PART IV

Information regarding Swedish UCITS

Chapter 27 Information to unit holders following mergers

Scope

Section 1 This chapter contains provisions regarding the information which shall be provided to unit holders in conjunction with mergers pursuant to Chapter 8, section 8 of the Swedish UCITS Act (2004:46).

In cases where the provisions in this chapter shall only be applied to cross-border fusions, this is stated specifically. The same applies where the provisions only refer to information which shall be provided to unit holders in a Swedish UCITS being acquired or an acquiring Swedish UCITS.

Introductory provisions

Section 2 The information referred to in Chapter 8, section 8 of the Swedish UCITS Act (2004:46) shall be clear, comprehensible and formulated in a non-technical manner so that the unit holders can make well-founded assessments of the impact of the proposed merger on their investments.

The information shall be provided in a document (informational document).

Section 3 A summary of the most important points in the information regarding the mergers provided at the beginning of the informational document shall contain references to the parts of the document where more detailed information is available.

Section 4 The informational document to the unit holders in a Swedish UCITS being acquired shall fulfil the needs of investors who do not have advance

knowledge about the acquiring Swedish UCITS's or the acquiring foreign UCITS's characteristics or business. This should include a request to unit holders that they read the key investor information document for the acquiring Swedish UCITS or the acquiring foreign UCITS.

Section 5 The informational document to the unit holders in an acquiring Swedish UCITS shall focus on the manner in which the merger will be carried out and the potential consequences for the fund.

Section 6 In conjunction with cross-border mergers, the informational document shall clearly explain all concepts or procedures associated with the acquiring foreign UCITS which differ from the concepts or procedures commonly used in Sweden.

Information about the consequences of a merger

Section 7 The informational document to the unit holders in a Swedish UCITS being acquired, with regard to the consequences the merger may have, shall contain

1. information about any significant differences in targets and investment policies between the fund and the acquiring Swedish UCITS or the acquiring foreign UCITS,
2. information about any differences in rights, e.g. the right to receive regular reporting, for the unit holders prior to and following the merger,
3. where the key investor information documents for the fund and the acquiring fund or the acquiring foreign UCITS contain different categories of synthetic risk and reward indicators or point toward different significant risks in the accompanying description, information about the differences,
4. a comparison of all deducted charges, fees and costs between the fund and the acquiring Swedish UCITS or the acquiring foreign UCITS where the comparison shall be based on the amounts stated in the key investor information document,
5. where the management of fund applies a performance-based fee model, information about the manner in which it will be applied up until the day the merger is carried out,
6. where the acquiring fund or the acquiring foreign UCITS apply a performance-based fee model, information about the manner in which this model, after the day the merger is carried out, will be applied to ensure fair treatment of the unit holders who previously had units in the fund being acquired,
7. information about the manner in which any accrued income in the fund or the acquiring fund or the acquiring foreign UCITS shall be treated in conjunction with the merger and if the merger can result in dilutive effects for the fund's results, and
8. where a significant change in the composition of assets in the fund is intended to be made prior to the day the merger is carried out, information about this change.

Section 8 The informational document to the unit holders in an acquiring Swedish UCITS shall state if the merger is expected to have any significant impact on the fund's composition of assets and if there is an intention to significantly change the composition of the fund either prior to or following the date the merger was completed. It shall also have information about the manner in which any accrued

income in the Swedish UCITS or the Swedish UCITS being acquired or the foreign UCITS being acquired shall be treated in conjunction with the merger and if the merger can result in dilutive effects for the fund's results.

Fiscal consequences

Section 9 Where relevant, the informational document shall contain specific information about the fiscal consequences of the merger for the unit holders. The information shall be presented in a prominent location.

Information about special rights in conjunction with mergers

Section 10 The informational document, with regard to the special rights of the unit holders in conjunction with a merger, shall contain information about

1. the right of unit holders to redeem or exchange their units pursuant to the provisions set out in Chapter 8, section 11 of the Swedish UCITS Act (2004:46).
2. the last day to take advantage of the possibility to request the redemption or exchange of fund units pursuant to point 1, and
3. the manner in which unit holders can receive access to the statement referred to in Chapter 8, section 7 of the Swedish UCITS Act and any potential possibilities for receiving supplementary information about the merger.

Section 11 Where the conditions for the merger grant cash payment, pursuant to Chapter 8, section 2 of the Swedish UCITS Act (2004:46), the informational document to the unit holders in the Swedish UCITS being acquired shall contain information about this cash payment as well as when and the manner in which the unit holders will receive the payment.

Information about the procedure and planned date for a merger

Section 12 The informational document with regard to procedures and the planned date of the effectualisation of a merger shall contain information about

1. each planned closing of the Swedish UCITS being acquired and the acquiring Swedish UCITS or the acquiring foreign UCITS in order to ensure that the merger shall be conducted efficiently, and
2. when the merger shall be carried out pursuant to Chapter 8, section 14 of the Swedish UCITS Act (2004:46).

The informational document to the unit holders in a Swedish UCITS being acquired shall also contain information about

1. the period during which unit holders shall be able to continue to subscribe to and redeem units in the fund, and
2. the date on which unit holders who do not exercise their rights pursuant to Chapter 8, section 11 of the Swedish UCITS Act within the appropriate deadline shall be able to exercise their rights as unit holders in the acquiring Swedish UCITS or the acquiring foreign UCITS.

Chapter 28 Method for the provision of some fund information

Information about mergers

Section 1 Information referred to in Chapter 8, section 8 of the Swedish UCITS Act (2004:46) shall be submitted on paper or via another durable medium.

The information too all or some unit holders may be provided via another durable medium than paper only if

1. the provision of information is appropriate for the context in which the transaction between the unit holder and each Swedish management company which manages the Swedish UCITS being acquired or the acquiring Swedish UCITS is or shall be carried out,
2. the unit holder to whom the information shall be provided specifically chooses a durable medium other than paper.

When applying the first and second paragraphs, the provision of information via electronic communication shall be considered appropriate for the context referred to in the second paragraph, point 1, where there is evidence that the unit holder has regular access to the Internet. If the unit holder has provided an e-mail address for the execution of the transaction, this shall be considered evidence.

Notification of amendments to the fund rules

Section 2 For a notification of amendments to the fund rules pursuant to Chapter 4, section 9a or Chapter 5a, section 7 of the Swedish UCITS Act (2004:46), section 1 shall apply correspondingly. The provisions set out in section 1 regarding a Swedish UCITS being acquired or an acquiring Swedish UCITS shall instead refer to the Swedish UCITS whose fund rules are amended.

Chapter 29 Prospectus,

General

Section 1 Provisions regarding the content of a prospectus are set out in Chapter 4, sections 15 and 16 and Chapter 5, section 18 of the Swedish UCITS Act (2004:46). The prospectus shall also contain the information set out in sections 2–22.

Where the Swedish UCITS consists of unit classes, the contents of the prospectus shall be adapted thereto and the identifying characteristics of the unit classes described.

Swedish management company

Section 2 The prospectus shall contain the following information concerning the Swedish management company:

1. the name of the Swedish management company,
2. the date the Swedish management company was established,
3. the amount of the Swedish management company's share capital,

4. that the Swedish management company is a limited liability company,
5. the Swedish management company's registered office and head office, if the head office is located at another location, and
6. names of the members of the board of directors and any alternate members, the managing director, his/her deputy managing director and persons holding other management positions, as well as information about their primary engagements outside of the Swedish management company when these are of significance for the company.

If the Swedish management company manages other Swedish UCITS, the prospectus shall contain a list of these funds.

Specific information about foreign management companies

Section 3 If a foreign management company manages a Swedish UCITS, the prospectus for the fund shall contain a statement that the foreign management company has a different home state than the fund.

Outsourcing contracts

Section 4 A Swedish management company shall state in the prospectus it has delegated the management of the Swedish UCITS or any associated tasks to a third party on behalf of the company and, if it has, information about the party receiving the assignment.

Where the Swedish management company engaged a third party to conduct certain work or functions that are included in the fund operations but are not covered by the first paragraph, the prospectus shall contain information about this arrangement and a reference to a separate appendix which is attached to the prospectus or available on the Swedish management company's website in which it is stated to whom such an assignment was given.

Depositary

Section 5 The prospectus for a Swedish UCITS shall contain information about the depositary's

1. name,
2. legal form,
3. registered office and head office, if the head office is located at another location, and
4. primary operation.

The fund

Section 6 The prospectus shall contain the following information concerning the Swedish UCITS:

1. the fund's name;
2. who maintains a register of all holders of units in the fund;
3. whether or not there is any restriction on the possibility to execute sale and redemption orders for fund units;
4. the circumstances under which the fund may cease to exist or be transferred and the manner in which and when the unit holders will be informed thereof.

Section 7 The prospectus for a Swedish UCITS shall contain the names of the auditors pursuant to Chapter 4, section 19 of the Swedish UCITS Act (2004:46) who shall audit the financial accounts serving as a basis for the fund's annual report.

Section 8 Where the Swedish UCITS's units are admitted for trading on a regulated market or an equivalent market outside of the EEA or are subject to trading on any other market place or market, the prospectus shall contain information relating thereto.

The fund's risk profile

Section 9 The prospectus shall contain a detailed description of the Swedish UCITS's risk profile. The description shall address the specific risks that exist based on the fund's investment strategy.

Section 10 The prospectus shall contain a description of the Swedish UCITS's target group.

Section 11 The prospectus shall contain information about which risk measurement method is used to calculate the Swedish UCITS's global exposure.

Section 12 The prospectus for a Swedish UCITS whose global exposure is calculated using a Value at Risk model or another advanced risk measurement method shall contain information about how much leverage the fund is expected to have and that the fund's leverage may exceed the expected level. The leverage shall be calculated as the sum of the derivative instruments' underlying exposed amounts.

Section 13 The prospectus for a Swedish UCITS whose global exposure is calculated using a relative Value at Risk model shall contain a description of the fund's reference portfolio.

Amendments to fund rules

Section 14 The prospectus for a Swedish UCITS shall contain an account of the opportunities for the fund to change the fund rules. This account shall contain a statement that the amendments can affect the characteristics of the fund, e.g. its investment policy, fees and risk profile.

Feeder funds

Section 15 The prospectus for a feeder fund shall contain

1. a statement that the fund is a feeder fund to a specific master fund or a specific foreign master fund and that at least 85 per cent of the fund's assets are invested in the master fund or the foreign master fund.
2. information about the fund's target and investment policy,
3. information about the manner in which the fund's and the master fund's or the foreign master fund's results are identical or the extent to which and for which reasons they differ,
4. where the fund's entire net asset value is not invested in the master fund or the foreign master fund, information about the manner in which the remaining fund assets are invested,
5. a summary of the master fund's or the foreign master fund's target, investment policy and risk profile, as well as the organisation of the Swedish management company or foreign management company managing the master fund or the foreign master fund,
6. information about where the prospectus for the master fund or the foreign master fund is available,
7. a summary of the agreement or the internal rules of conduct referred to in Chapter 5a, sections 9 and 11 of the Swedish UCITS Act (2004:46) and information about where the agreement is available,
8. information about where additional information about the master fund or the foreign master fund is available,
9. information about all costs for the fund which are attributable to the investment of the fund's assets in the master fund or foreign master fund, and
10. information about all fees charged by the Swedish management companies or the foreign management companies managing the fund and the master fund or the foreign master fund.

Trade in units on a secondary market

Section 16 Where a unit in a Swedish UCITS can only be redeemed in the manner set out in Chapter 4, section 13, second paragraph of the Swedish UCITS Act, the prospectus for the fund shall contain information relating thereto.

The prospectus for the fund shall also contain

1. information regarding the regulated market(s) to which the units are admitted for trading and for which it is confirmed that the units' listed value does not deviate significantly from the unit value pursuant to Chapter 4, section 10, third paragraph of the Swedish UCITS Act.
2. information regarding the manner in which the Swedish management company ensures that the listed unit value on the market(s) referred to in point 1 do not significantly deviate from the unit value pursuant to Chapter 4, section 10, third paragraph of the Swedish UCITS Act, and

3. where the Swedish management company engages one or several market makers to ensure that the provisions in point 2 are fulfilled, information about the guarantor(s).

The prospectus shall also contain a disclosure stating that the Swedish management company's obligation to confirm that the listed unit value does not significantly deviate from the unit value for the fund only applies for the market(s) set out in the second paragraph, point 1.

Fees

Section 17 The prospectus shall contain the following information:

1. information, stated as a percentage of the value of the fund units, regarding the maximum fee which the Swedish management company managing the Swedish UCITS may charge upon sale or redemption of fund units;

2. information, stated as a percentage of the value of the fund units, regarding the applicable fee which the Swedish management company managing the Swedish UCITS may charge upon sale or redemption of fund units;

3. information, stated as an annual percentage of the fund's value, regarding the maximum fixed fee with which the Swedish management company managing the Swedish UCITS may debit the fund in order to cover management costs, including costs for safekeeping, supervision and auditors;

4. information, stated as an annual percentage of the Swedish UCITS's value, regarding the current fee with which the Swedish management company that manages the fund debits the fund in order to cover the costs stated in point 3,

5. where the Swedish management company charges a performance-based management fee to the value of the Swedish UCITS, the prospectus shall always contain a readily understandable and clear example calculation showing the effects of the fee model. The calculation shall be accompanied by explicit information explaining how the fee model works and describing any effects which the fee model may entail.

Information pursuant to the first paragraph, points 2, 4 and 5 may be provided in an appendix to the prospectus.

Issuing units prior to transfer of payment to the fund

Section 18 Where a Swedish management company grants the issue of units prior to the transfer of payment to the Swedish UCITS pursuant to Chapter 4, section 10a of the Swedish UCITS Act (2004:46) the prospectus for the fund shall contain information about this procedure as well as a description of the conditions applied by the company.

Historic performance

Section 19 The prospectus shall contain information about the Swedish UCITS's historic performance for the past ten calendar years or, if the fund has existed for less than ten years, as many years as the fund has been in existence.

If the key investor information document for the fund will contain a benchmark when presenting the fund's previous results, the historic performance, as a minimum, shall be compared to the same benchmark.

This information may be provided in a separate appendix to the prospectus.

Tax rules

Section 20 The prospectus shall contain information that is relevant for the unit holders regarding the tax rules that apply to the Swedish UCITS.

The prospectus for a feeder fund shall contain a description of the fiscal consequences arising for the fund when it invests in the master fund or foreign master fund.

Promoting fund units in another EEA country

Section 21 The prospectus for a Swedish UCITS whose units are promoted in another country within the EEA pursuant to Chapter 2, section 15c of the Swedish UCITS Act shall contain information about the measures taken in order to make payments to the unit holders, redeem units and provide information in that country.

Damages

Section 22 The prospectus for a Swedish UCITS shall contain information about the damages obligation pursuant to Chapter 2, section 21, first sentence of the Swedish UCITS Act (2004:46).

Date of publication

Section 23 The prospectus shall contain the date on which it was published.

Chapter 30 Provision of key investor information documents and prospectuses

Section 1 A Swedish management company may provide a key investor information document or a prospectus for a Swedish UCITS via a durable medium or on the company's website. A paper copy of the key investor information document and the prospectus shall be provided to investors free of charge.

The key investor information document shall always be available on the Swedish management company's website.

The provisions regarding conditions that apply when a key investor information document or a prospectus for a Swedish UCITS is provided in a durable medium other than paper or on a website are set out in Article 38 of Commission Directive (EU) No. 583/2010.

Section 2 The key investor information document and the prospectus for a Swedish UCITS shall be provided in Swedish.

Section 3 A foreign UCITS conducting operations pursuant to Chapter 1, section 7 of the Swedish UCITS Act (2004:46) shall apply section 1 correspondingly to its operations in Sweden.

Chapter 31 Annual reports and half-yearly reports for Swedish UCITS

Scope

Section 1 The provisions in this chapter shall apply to a Swedish management company when preparing an annual report and a half-yearly report for a Swedish UCITS the Swedish management company manages.

General provisions regarding annual reports and half-yearly reports

Section 2 The provisions regarding the content of an annual report and a half-yearly report are set out in Chapter 4, section 18, second paragraph of the Swedish UCITS Act (2004:46). Chapter 5, section 18 of the Swedish UCITS Act contains additional provisions regarding the content of an annual report. Furthermore, the annual report and the half-yearly report shall include the items set out in the provisions in this chapter.

Section 3 Where a Swedish UCITS consists of unit classes, the content of the annual report and the half-yearly report shall be adapted thereto.

Annual report

The parts of the annual report

Section 4 An annual report shall consist of

1. a balance sheet,
2. a profit and loss account,
3. information regarding the Swedish UCITS's holdings and positions in financial instruments,
4. notes, and
5. a directors' report.

Auditor's report

Section 5 Provisions applying to the auditor's report for a Swedish UCITS are set out in Chapter 4, section 19 of the Swedish UCITS Act (2004:46).

Clarity and generally accepted accounting principles

Section 6 The annual report shall be prepared in a transparent manner and pursuant to generally accepted accounting principles.

True and fair view

Section 7 The annual report shall be prepared as a single document and present a true and fair view of the Swedish UCITS's results and exposure to financial risks, as well as its position and development in general. If required to provide a true and fair view, notes shall be provided in addition to that set out sections 34-48.

Other fundamental accounting principles

Section 8 When preparing the balance sheet, profit and loss account and notes, the following shall be observed:

1. Income and expenses attributable to the financial year shall be included regardless of the date of the payment.
2. Assets and liabilities may not be netted. Income and expenses may not be netted either unless otherwise specified in this chapter.
3. The opening balance for a financial year shall conform with the closing balance for the immediately preceding financial year.

Language

Section 9 The annual report shall be provided in Swedish.

Currency

Section 10 The amounts in the annual report shall be denominated in SEK. Where the Swedish UCITS is traded in a currency other than SEK, the amounts may instead be denominated in that currency.

Where the annual report for a fund is prepared in a currency other than the currency used in the annual report for the preceding financial year, the amounts in the annual report which refer to the preceding financial year shall be translated to the new currency. The translated balanced sheet for the preceding financial year shall constitute the opening balance for the new financial year. The translation shall take place at the foreign exchange rate determined by the Riksbank on the final date of the financial year (closing date), or the most recent, preceding banking day.

Where the fund is traded in a currency other than SEK, the annual report shall contain disclosures about the translation rate between the trading currency and SEK on the closing date.

General provisions regarding the balance sheet and profit and loss account

Contents of the balance sheet

Section 11 The balance sheet shall show a summary of all of the Swedish UCITS's assets and liabilities as per the closing date. The balance sheet shall conclude with disclosures about the fund's net asset value. Pledged assets and contingent liabilities shall be included under memorandum items.

Contents of the profit and loss account

Section 12 The profit and loss account shall, in summary, report all of the Swedish UCITS's income and expenses during the financial year.

Formats

Section 13 The balance sheet shall be prepared in accordance with the format in *Appendix 8*.

The profit and loss account shall be prepared in accordance with the format in *Appendix 9*.

Section 14 Items other than those in the balance sheet in *Appendix 8* may be included provided their content is not already covered by the items in the *Appendix*. The items may be divided into sub-items. Supplementary items shall be assigned a designation which clearly indicates what is included in the item.

Comparison figures

Section 15 Comparison figures for each item or sub-item shall be stated for the corresponding period in previous years in the balance sheet and the profit and loss account.

Balance sheet items*Financial instruments*

Section 16 In the balance sheet, financial instruments with a positive market value shall be reported as assets. Financial instruments with negative market value shall be reported as liabilities.

OTC derivatives with positive market value and other derivatives with positive market value shall be reported respectively under the asset items OTC derivatives with positive market value and Other derivatives with positive market value. OTC derivatives and other derivatives with negative market value shall be reported respectively under the liability items OTC derivatives with negative market value and Other derivatives with negative market value.

Borrowed and lent financial instruments

Section 17 Financial instruments which the Swedish UCITS has lent out shall be reported as assets in the balance sheet. Borrowed financial instruments shall not be reported as an asset.

Received and pledged collateral and lent financial instruments shall be reported at market value as a memorandum item.

Items in the profit and loss statement

Changes in value

18 § In the profit and loss account, the change in value of transferable securities, money market instruments, fund units, OTC derivative instruments and other instruments items shall include realised and unrealised profits as well as realised and unrealised losses attributable to each respective item.

Income

Section 19 Both accrued interest and interest received shall be reported as interest income in the profit and loss account.

Changes in value of discount instruments shall be reported as interest income.

Section 20 Dividends on equities, units in Swedish UCITS and other financial instruments shall be reported as dividends in the profit and loss account.

Dividends and withholding tax on foreign equities shall be reported net, taking into consideration any restitution.

Compensation for dividends in connection with the lending of equities shall also be included under Dividends.

Section 21 The results from currency derivatives and exchange rate changes on bank accounts held in foreign currency shall be reported as Exchange profits and exchange losses, net in the profit and loss account. Realised and unrealised profits and losses are recognised in their entirety.

Section 22 Premiums in conjunction with the lending of securities and any other financial income are reported as Other financial income. Where one or more unit holders has provided the Swedish UCITS with income compensation for transaction costs, such income and any other income are reported as other income.

Expenses

Section 23 Where the Swedish UCITS pays remuneration to the Swedish management company, which, in turn, makes payment to the depositary, auditors and the supervisory authority, the total amount of this payment shall be reported in the profit and loss account under the item, Cost of administration. In other cases, the payments shall be stated separately in the profit and loss account in accordance with the format in Appendix 9.

Section 24 Interest expenses paid by the Swedish UCITS in conjunction with borrowing shall be reported as interest expenses.

Section 25 Premiums in conjunction with the borrowing of equities, compensation paid for dividends in conjunction with the borrowing of equities and any other financial costs shall be reported as Other financial costs.

Transaction costs and any other costs shall be reported as Other costs.

Section 26 The Swedish UCITS's estimated tax cost based on the fund's taxable results is reported in the profit and loss account as tax.

Valuation rules

Section 27 Property in a Swedish UCITS shall be valued at current market value. Property refers in this context even to derivative instruments and liabilities.

Current market value may be determined through different methods, which shall be applied in the following order:

1. Where the financial instrument is traded on an active market, the last price paid on the closing date shall be used. Where the closing date is not a trading day, the aforesaid shall apply to the last trading day prior to the closing date.
2. Where the financial instrument is not traded on an active market, the current market value shall be derived from information regarding similar transactions which took place under market conditions during the most recent period.
3. Where methods 1 or 2 cannot be applied or are obviously misleading, the current market value shall be determined through use of a valuation model which is established on the market.

Holdings and positions in financial instruments

Section 28 Holdings of and positions in financial instruments in a Swedish UCITS shall be specified based on geographic area, industry or in any other manner which is relevant, based on the fund's investment policy. The holding pursuant to this breakdown shall be expressed as a percentage of the fund's net asset value on the closing date.

Section 29 The annual report for a Swedish UCITS shall also contain a specification of the holdings and positions in the fund broken down into the following categories:

1. Transferable securities admitted to trading on a regulated market or an equivalent market outside the EEA.
2. Other financial instruments admitted to trading on a regulated market or an equivalent market outside the EEA.
3. Transferable securities which are subject to regular trade on any other market that is regulated and open to the public.
4. Other financial instruments which are subject to regular trade on any other market that is regulated and open to the public.
5. Transferable securities that, within one year from the date of issue, are intended to be admitted to trading on a regulated market or an equivalent market outside the EEA.
6. Transferable securities that, within one year from the date of issue, are intended to be subject to regular trade on any other market that is regulated and open to the public.
7. Other financial instruments.

The specification shall contain for each holding information about the issuer, the market value of the holding expressed in SEK and the share in per cent of the total value of the fund.

When this specification is prepared, derivative instruments shall be stated in connection with the underlying spot holding. This shall also take place where the market value of the derivative instrument is negative. In addition, the number, but not the value, of borrowed securities shall be included.

Section 30 The specification pursuant to section 29 shall be prepared in such a manner that it is immediately possible to derive the holding and positions which together constitute the balance sheet items' sum of financial instruments with positive market value and sum of financial instruments with negative market value.

The specification shall conclude with an aggregation of the market value of all financial instruments. In addition, the specification shall contain information about the net value of the Swedish UCITS's assets and liabilities which are not financial instruments and the total net asset value.

Section 31 The annual report for a Swedish UCITS shall also contain information about the share of the net asset value represented by each category pursuant to section 29. This information shall be expressed as a percentage.

Section 32 Where a Swedish UCITS has exposures through different types of financial assets to the same undertaking or to undertakings in the same group, the fund shall state for each undertaking or group the share in per cent of the net asset value that the total exposure comprises.

Section 33 The annual report for a Swedish UCITS shall contain information about the derivative instruments the fund holds and has issued. These shall be broken down into the derivative instruments as set out in Chapter 5, section 12, first paragraph of the Swedish UCITS Act (2004:46) and OTC derivatives. The annual report shall also contain information about the fund's securities loans, broken down into borrowing and lending.

Notes

General

Section 34 In addition to the requirements set out in the other provisions in this chapter, the annual report shall contain the disclosures set out in sections 35–48.

Section 35 Where the balance sheet items Other assets and Other liabilities amount to significant sums, the items shall be specified with regard to their size and nature. Where the items Other financial income, Other financial costs, Other income and Other costs amount to significant sums, these items shall also be specified with regard to their size and nature.

Change in the net asset value

Section 36 The annual report shall contain disclosures about

1. the fund's net asset value at the beginning of the year,
2. unit issuance,
3. unit redemption,
4. results for the year in accordance with the profit and loss account,
5. received accrued dividends in conjunction with the issuance of units,
6. paid out accrued dividends in conjunction with the redemption of units,
7. distributed dividends, and
8. the fund's net asset value at the end of the year (the sum of the items reported in accordance with points 1–7).

Section 37 The annual report shall contain comparative reporting of the Swedish UCITS's performance for each of the past ten years with respect to

1. the fund's net asset value,
2. unit value,
3. number of outstanding units,
4. dividend per unit,
5. total performance in per cent, and
6. disclosures regarding the development during the corresponding year for a relevant comparison index, in per cent.

Where the fund has commenced its management during the last ten-year period, the performance from the start date shall be stated.

If the key investor information document for the fund will contain a benchmark when presenting the fund's previous results, the same benchmark shall be used as when applying the first paragraph, point 6. The annual report shall contain basic information about the fund's comparison index and where appropriate a justification for why the index is relevant.

Disclosures about market valuation

Section 38 The annual report shall contain disclosures about how the market value of the Swedish UCITS's assets and liabilities was determined.

Where the fund includes financial instruments which are not subject to regular trading or where for any other reason difficulties have arisen with regard to determining the market value, the annual report shall contain disclosures about the methods the Swedish management company has used to determine the market value.

The annual report shall provide specific disclosures where significant uncertainty prevails regarding a reported value.

Specification of changes in value

Section 39 A Swedish UCITS which, pursuant to the fund rules, may utilise capitalised gains for dividends shall specify changes in value of held financial instruments pursuant to this section.

The annual report shall contain for the financial instruments included in the fund

1. capital gains,
2. capital losses,
3. unrealised gains or losses, and
4. the total of the items reported in accordance with points 1–3.

Purchase and sale of financial instruments with closely related investment firms

Section 40 The annual report shall contain disclosures regarding the total value of purchase and sales (turnover) of financial instruments which have taken place on behalf of the Swedish UCITS with securities companies, credit institutions, AIF managers and foreign banks, credit undertakings and investment firms which are part of the same group as the Swedish management company. This disclosure shall be stated as a percentage of the fund's total turnover.

Section 41 The annual report shall contain disclosures about the total value of the turnover of financial instruments which has taken place on behalf of the Swedish UCITS from another fund or foreign UCITS managed by the same Swedish management company. This disclosure shall be stated as a percentage of the fund's total turnover.

Derivative instruments

Section 42 The annual report shall state the extent to which, and the manner in which, the Swedish management company has, on behalf of the Swedish UCITS,

1. traded in derivative instruments,
2. traded in such transferable securities or money market instruments that include derivative instruments, or
3. used such techniques and instruments as referred to in Chapter 24, section 13.

The annual report shall state where the fund may include such instruments as those set out in the first paragraph, points 1 and 2, but has not done so. It shall also be stated if the management of the fund allows the use of techniques and

instruments pursuant to the first paragraph, point 3, but that they have not been used.

Section 43 The annual report for a Swedish UCITS which may use derivative instruments in order to increase performance and create leverage or as a part of its investment policy shall contain a disclosure about the fund's highest, lowest and average leverage during the financial year. The leverage shall be calculated as the sum of the derivative instruments' underlying exposed amounts.

Risk assessment

Section 44 The annual report shall contain a disclosure about the risk measurement method used to calculate the global exposure in a Swedish UCITS.

Section 45 The annual report for a Swedish UCITS whose global exposure is calculated using a Value at Risk model shall contain a disclosure about the fund's

1. Value at Risk as per the balance sheet date,
2. highest Value at Risk during the financial year,
3. lowest Value at Risk during the financial year, and
4. average Value at Risk during the financial year.

The annual report shall contain a description of the Value at Risk model used for the fund. The description shall contain a disclosure about the model and its parameters, such as the confidence interval and the holding period.

Section 46 The annual report for a Swedish UCITS whose global exposure is calculated using a relative Value at Risk model shall contain a description of the fund's reference portfolio.

Feeder funds

Section 47 The annual report for a feeder fund shall contain a disclosure about the total costs charged by the Swedish management companies managing the feeder fund and master fund.

The feeder fund's annual report shall state where the master fund's annual report and half-yearly report are available.

The provisions set out in the first and second paragraphs regarding master funds or a Swedish management company managing a master fund shall also apply in the same manner to a foreign master fund or a foreign management company managing a master fund or foreign master fund.

Trade on a secondary market

Section 48 Where units in a Swedish UCITS can only be redeemed in the manner set out in Chapter 4, section 13, second paragraph of the Swedish UCITS Act (2004:46), the annual report for the fund shall contain a disclosure regarding the average and the largest difference between the listed unit value and the unit value

pursuant to Chapter 4, section 10 of the Swedish UCITS Act during the financial year.

Management report

Performance of the Swedish UCITS

Section 49 The directors' report shall contain

1. a description of the manner in which the fund's net asset value has performed with respect to net inflows and outflows and yield.
2. a description of and comments regarding significant factors that have affected the results, such as large exchange rate changes,
3. additional information concerning any personnel or organisational changes of significance for the Swedish UCITS,
4. additional information concerning other significant events, e.g. changes in the investment policy or comparison index,
5. additional information concerning such factors, events and changes as referred to in points 2–4 which occurred after the end of the financial year, and
6. a description of each of the significant risks associated with the holdings of the fund as per the closing date.

Section 50 The directors' report shall also contain information regarding key ratios that describe the Swedish UCITS's performance, risks and costs as well as turnover rate regarding the fund's holdings in financial instruments.

Turnover rate

Section 51 The turnover rate pursuant to section 50 shall be calculated by dividing the sum of the purchased financial instruments during the period by the average net asset value of the fund during the period. Where the sum of sold financial instruments is lower than the sum of purchased financial instruments, the sum of sold financial instruments shall be used instead.

The sum of purchased and sold financial instruments, respectively, shall not include transactions related to derivative instruments that will not result in delivery of underlying assets. Transactions related to securities loans shall not be included, either.

A Swedish UCITS whose primary assets consist of equities shall also not include transactions related to interest-bearing financial instruments which at the time of acquisition had a residual maturity of at the most 397 days.

Section 52 Where a Swedish UCITS traded in derivative instruments during the period and a calculation pursuant to section 51 entails that the information regarding the turnover rate is misleading, the fund shall also calculate the turnover rate pursuant to section 50 by deducting the sum of subscribed and redeemed fund units from the sum of the purchased and sold financial instruments during the period. This amount is then divided by the fund's average net asset value during the period.

Section 53 The turnover rate pursuant to sections 51 and 52 shall be stated as the number of times the average net asset value was bought or sold during the period by at least one decimal. Where the calculation pursuant to the same sections results in a significantly misleading figure, the annual report shall provide an explanation.

In conjunction with the information about the turnover rate pursuant to section 50, the annual report shall contain an explanation for the difference between the turnover rate calculated pursuant to section 51 and section 52.

Cost of administration

Section 54 The directors' report shall describe the total cost of administration expended during the year. The cost of administration shall be expressed in SEK for a unit holding which, at the beginning of the year, shall be assumed to be worth SEK 10,000. The units are assumed to be held in the Swedish UCITS during the entire year. Any dividend from the fund shall be assumed to have been reinvested in new units and the value of such units shall be included in the calculation of the total management cost.

half-yearly report

Section 55 The half-yearly report shall contain a general description of the Swedish UCITS's position and development during the reporting period.

Section 56 When the half-yearly report is prepared, the provisions set out in sections 2 and 3, sections 6–11, section 13, first paragraph, points 14–17, sections 27–32 and section 49 shall be applied.

When applying section 15, the information pursuant to section 11 shall refer to the closing balance for the previous financial year.

Chapter 32 Information which foreign UCITS provide in Sweden

Scope

Section 1 This chapter contains provisions regarding the language in which certain foreign UCITS shall provide information in Sweden.

Information in conjunction with mergers

Section 2 A foreign UCITS conducting operations pursuant to Chapter 1, section 7 of the Swedish UCITS Act (2004:46) and participating in a merger with a Swedish UCITS or another foreign UCITS which in its home state has such an authorisation as referred to in Article 5 of Directive 2009/65/EC of the European Parliament and of the Council, shall provide in Swedish information about the merger which the undertaking is obligated to provide in accordance with the rules in its home state.

Information in conjunction with a transformation to a foreign feeder fund

Section 3 A foreign UCITS conducting operations pursuant to Chapter 1, section 7 of the Swedish UCITS Act (2004:46) and which is being transformed into a

foreign feeder fund shall provide in Swedish information about the transformation which the undertaking is obligated to provide in accordance with the rules in its home state.

Information in conjunction with a change in master fund or foreign master fund

Section 4 The provisions set out in section 3 shall apply in the same manner to a foreign feeder fund conducting operations pursuant to Chapter 1, section 7 of the Swedish UCITS Act (2004:46) which is changing its foreign master fund or master fund.

Language of the key investor information document

Section 5 A foreign UCITS conducting operations pursuant to Chapter 1, section 7 of the Swedish UCITS Act (2004:46) shall provide the undertaking's key investor information document to investors in Swedish.

Other language requirements

Section 6 A foreign UCITS conducting operations pursuant to Chapter 1, section 7 of the Swedish UCITS Act (2004:46) shall provide the undertaking's prospectus, annual report and half-yearly report to investors in Swedish or English.

PART V

Information and reporting to Finansinspektionen

Chapter 33 Information and reporting requirements

Information about the business

Section 1 A Swedish management company shall notify Finansinspektionen in writing when its operations have commenced.

Section 2 A Swedish management company shall continually update its business plan with the changes that have taken place in the operations.

Section 3 A Swedish management company shall submit information to Finansinspektionen regarding changes in the business plan that are of greater significance. Such reporting shall take place without delay.

Risk management

Section 4 A Swedish management company shall notify Finansinspektionen when it makes significant changes to its risk management system.

Quarterly reporting for Swedish management companies

Section 5 At the end of every quarter, a Swedish management company shall submit a quarterly report to Finansinspektionen for the company. The quarterly report shall contain a profit and loss account and a balance sheet

with specification and information for the calculation of own funds and capital requirements.

Section 6 The quarterly report shall be submitted to Finansinspektionen in accordance with the instructions published on the authority's website.

The quarterly report shall relate to the conditions on the last day of every calendar quarter (the report day), and Finansinspektionen shall have received the report no later than 21 April, 21 July, 21 October and 21 January, respectively.

For annual accounts, Finansinspektionen shall receive the quarterly report for the Swedish management company no later than the fifteenth day of the second month after the report day. If the annual financial statements do not coincide with any of the reporting dates, the information shall be reported on the reporting date immediately following the annual financial statements.

Quarterly reporting for Swedish UCITS

Section 7 At the end of every quarter, a Swedish management company shall submit a quarterly report to Finansinspektionen for each Swedish UCITS.

The quarterly report shall include information about:

1. whether the fund is an equity fund, short interest fund, long interest fund, mixed fund, fund of fund or another type of fund,
2. the unit value and the number of outstanding units in the fund,
3. distributed dividends and the dividend date,
4. fees for the sale and redemption of units in the fund,
5. the fund's average liquidity,
6. the fund's assets and liabilities,
7. the fund's value broken down by unit holder category,
8. transactions during the quarter relating to paid-in sold units and paid-out redeemed units broken down by unit holder category,
9. holdings in the fund of government debt securities eligible for collateral, commercial paper, bonds and other debt securities, equities admitted or subject to trading on a market place as referred to in Chapter 5, section 3 of the Swedish UCITS Act (2004:46), instruments that, within one year from the date of issue, are intended to be admitted or subject to trading on such a market place, listed shares, other equities, units in Swedish UCITS, foreign UCITS, special funds and foreign alternative investment funds that fulfil the requirements set out in Chapter 5, section 15, first paragraph, point 3 of the Swedish UCITS Act, financial derivative instruments, other holdings and bank balances that are included in the fund's investment policy,
10. the quarter's recorded purchase and sale (net) of holdings in the fund of government debt securities eligible for collateral, commercial paper, bonds,

equities admitted or subject to trading on a market place as referred to in Chapter 5, section 3 of the Swedish UCITS Act (2004:46), instruments that, within one year from the date of issue, are intended to be admitted or subject to trading on such a market place, listed shares, other equities, units in Swedish UCITS, foreign UCITS, special funds and foreign alternative investment funds that fulfil the requirements set out in Chapter 5, section 15, first paragraph, point 3 of the Swedish UCITS Act, financial derivative instruments, other holdings and liabilities and short positions,

11. the quarter's recorded purchase and sale of financial derivative instruments (net) broken down into assets and liabilities, and

12. other specifications in accordance with special instructions from Finansinspektionen.

Section 8 The quarterly report for a Swedish UCITS shall apply section 6, first and second paragraphs in the same manner.

Reporting of holdings for Swedish UCITS

Section 9 A Swedish management company shall at all times be able to show a summary of each Swedish UCITS's holdings of assets as set out in the Swedish UCITS Act (2004:46), net asset value, other assets and liabilities in the fund and the unit value.

The summary shall be prepared in accordance with the instructions provided on Finansinspektionen's website.

Section 10 A Swedish management company shall prepare as per the last banking day of every quarter a summary as set out in section 9 for each Swedish UCITS managed by the company.

Section 11 The summary shall be submitted to Finansinspektionen in the manner described in detail on the authority's website, and shall have been received by the authority no later than on the tenth day of the following month.

Derivative reporting for Swedish UCITS

Section 12 A Swedish management company shall submit to Finansinspektionen information about its use of derivative instruments in its management of each Swedish UCITS. The information shall provide a fair and complete representation of

1. the types of derivative instruments used, and
2. the quantitative limits for the derivative instruments.

The information shall be submitted to Finansinspektionen in accordance with the instructions on the authority's website.

The information shall relate to the previous calendar year, and Finansinspektionen shall have received the information no later than 15 February.

Derivative reporting for Swedish management companies

Section 13 A Swedish management company shall submit to Finansinspektionen complete information about its use of derivative instruments in the Swedish UCITS the company manages. This information shall provide a fair and complete representation of

1. the types of derivative instruments used,
2. the risks underlying the derivative instruments, and
3. the selected methods for assessing the risks associated with the derivative transactions.

The information shall be submitted to Finansinspektionen in accordance with the instructions on the authority's website.

The information shall relate to the previous calendar year, and the authority shall have received the information no later than 15 February.

Exceptions

Section 14 Where special cause exists, Finansinspektionen may grant an exemption from the provisions set forth in sections 6–11.

Entry into force and transition provisions

1. These regulations shall enter into force on 22 July 2013, whereupon Finansinspektionen's regulations (FFFS 2008:11) regarding investment funds shall be repealed.
2. However, the old regulation applies to Swedish management companies, securities companies, Swedish credit institutions, foreign management companies and foreign UCITS which during a transition period apply the Swedish UCITS Act (2004:46) in its wording before 22 July 2013.

PER HÅKANSSON

Lovisa Hedberg

*Appendix 1***Application for ownership assessment – natural person**

A natural person shall apply for ownership assessment by submitting information to Finansinspektionen in accordance with this appendix, given the following situations:

1. If you intend to directly or indirectly acquire a financial institution and need to apply for permission for the acquisition.
2. If you have a qualifying holding in a firm that is applying for a licence to conduct financial business. *Target company* in this point refers to the firm that is applying for a licence to conduct business. *Acquirer* refers in this point to the physical owner of the firm that is applying for a licence to conduct business.

As a part of the ownership suitability assessment, Finansinspektionen will collaborate with e.g. Rikspolisstyrelsen (Swedish National Police Board), Bolagsverket (Swedish Companies Registration Office), Skatteverket (Swedish Tax Agency), Kronofogdemyndigheten (Swedish Enforcement Authority) and firms offering credit assessments.

Application form

Fill in the information in the form below. Some of the information must be submitted as a separate document. Review the Appendix Checklist on the last page of the application.

Contact details

Whom should Finansinspektionen contact about this application?

First name: _____
 Surname: _____
 Title: _____
 Address: _____
 Telephone number: _____

Email: _____
 Fax: _____

Name of the acquirer: _____

Firm under acquisition (including comp. reg. no.)?

Exceptions from submitting certain information

Are you citing Chapter 6, sections 2 or 7 of these regulations as a reason for being excepted from submitting certain information?

Yes

No

If yes, please explain.

If you have previously submitted identical information to Finansinspektionen as part of a separate matter, you can refer to this matter. State the reference number and the information that was submitted.

1 Information about the acquirer

1.1 Personal information

If you are registered in Sweden

First name: _____

Surname: _____

Personal identification number: _____

Address: _____

Telephone number: _____

*If you are not registered in Sweden**

First name: _____

Surname: _____

Personal identity number or equivalent: _____

Date of birth: _____

Place of birth: _____

Address: _____

Telephone number: _____

Nationality: _____

Passport number: _____

Previous nationalities (if any): _____

Previous name (if any): _____

* If you are not registered in Sweden, append a certified copy of an identity document.

CV

1.2. Append a CV that contains relevant information about your education, work experience and other assignments.

Financial situation

1.3. State your income for the previous and current calendar year (amounts, sources), your current assets/liabilities and guarantees or other commitments. Also state if there are other factors that can affect your financial position.

Describe the chain of ownership

1.4 Append a description or chart of the ownership chain before and after the acquisition.

Participations shall be stated as a percentage of the issued participations. If the voting rights differ from the participations, also state the number of votes as a percentage of the total number of votes.

Also, list owners that in any other way have a significant influence over the undertaking subject to acquisition, the *target company*. List the nature of the business and the registered office for each undertaking in the ownership chain. Also, indicate which undertakings are under the supervision of Finansinspektionen or an equivalent foreign authority.

Describe groups, if applicable

1.5 Append a description or chart of any financial groups after the acquisition.

The number of participations shall be stated as a percentage of the number of issued participations. If the number of voting rights differs from the number of participations, also state the number of votes as a percentage of the total number of voting rights.

Also, list owners that in any other way have significant influence over the target company. Also, indicate which undertakings are under the supervision of Finansinspektionen or an equivalent foreign authority.

For each undertaking that is part of such a group, state if it is

- a financial holding company,
- a mixed financial holding company,
- under the supervision of Finansinspektionen or an equivalent foreign authority, or

– not subject to such financial supervision.

Board and senior management assignments

1.6. Name the firms in which you are an appointed board member, managing director or deputy managing director.

Name of firm (incl. comp. reg. no.)	Type of business	Registered office	Position on board and role

Ownership involving control

1.7 Name the undertakings in which your ownership signifies control. The definition of control is set out in section 4.

Name of firm (incl. comp. reg. no.)	Type of business	Registered office	Holding (per cent)

Close relations holding shares

1.8. Indicate if a close relation owns participations in the target firm, or in another firm that in turn owns shares in the target firm.

Also, indicate if there are other financial relationships between the above parties.

Close relation refers to a spouse, cohabitee, child, parent or other relation with whom you share living accommodations.

--

Common interests

1.9 Describe any common interests you may share with the following persons that can have an impact on the influence in the target firm:

- other shareholders,
- other parties entitled to vote,
- other persons or undertaking that although not shareholders have the ability to exercise similar influence over the target company, or
- managing directors, deputy managing directors or board members.

Common interests that can have an impact refer to e.g. shareholder agreements or other agreements concerning common ownership.

Conflicts of interest

1.10 Identify any conflicts of interest that may arise as a result of the acquisition and specify how these will be handled.

Reputation of the acquirer

1.11 Have you

a) during the past ten years been convicted by a Swedish or foreign court, or formally been charged as a suspect **in an ongoing investigation**, for a financial crime in respect of which imprisonment is included in the range of penalties?

Yes

No

b) during the past ten years been sentenced to imprisonment by a Swedish or foreign court for a crime other than that specified in 1.11a?

Yes

No

c) during the past five years been a board member or managing director or deputy managing director of a commercial undertaking in which the board of directors was not granted a release from liability?

Yes

No

d) during the past five years been dismissed from employment at a financial institution or as a senior manager or an assignment as a board member or auditor in another operating company?

Yes

No

1.12. To the best of your knowledge, have you or any firm in which you are or have been part of senior management or a board member or have or have had control:

a) during the past five years been (or still are/is) party to arbitration proceedings or civil (excluding family-related matters) or administrative proceedings concerning tax or business?

Yes

No

b) during the past five years been (or still are/is) subject to a debt restructuring, composition or company reconstruction or entered into bankruptcy or an equivalent process in another country?

Yes

No

c) in the past ten years been sanctioned by either Swedish or foreign supervisory authorities?

Yes

No

d) in the past ten years, either in Sweden or in another country, had an application rejected, been excluded from conducting business or in another way had limitations placed on your right to conduct business or a profession that requires a licence, registration or the equivalent?

Yes

No

e) in the past ten years been the subject of a fit and proper assessment by a foreign competent supervisory authority?

Yes

No

1.13. If you have answered yes to any of the questions under 1.11 and 1.12, please explain the circumstances.

2 Information about the acquisition

2.1 Specify the size of the holding you intend to acquire in the target company. The number of participations shall be stated as a percentage of the number of issued participations. State the number of participations before and after the acquisition (direct and indirect). If the voting rights differ from the number of participations, also state the number of votes as a percentage of the total number of votes.

2.2. State the expected date of acquisition.

2.3 State the purpose of the acquisition. Do not answer this question if the information can be concluded from 4.1.1a.

3 Financing the acquisition

3.1 Specify how you intend to finance the acquisition. Describe the background of all financing items (whether monetary or another type of asset), their value, to whom they belong and in which jurisdiction they are located. Append documentation that supports this information.

3.2 Specify if there is a co-operation with a natural or legal person with regard to financing the acquisition and describe the conditions of this co-operation.

4 Scheme of operations and detailed information about the acquisition

Provide information about the acquisition in accordance with one of the following options:

- ownership involves control¹ (4.1),
- ownership does not signify control, but amounts to 20 per cent or more and when ownership is qualifying but below 20 per cent (4.2).

If Finansinspektionen requires additional information to assess the suitability of the acquirer, it can also request information in accordance with section 4.1 below.

4.1 Information when ownership signifies control

An acquirer has control over the target company if the acquirer directly or indirectly obtains the majority of the votes or participations. Furthermore, an acquirer has control over the target company if the acquirer is a shareholder, and

- has the right to appoint or dismiss more than half of the members of the firm's board of directors or equivalent management body, or
- via agreements with other owners in the target firm has access to more than half of the votes for all shares.

Business plan

If your ownership signifies control, append a scheme of operations that includes the following:

1. A *strategic development plan* that includes a description of
 - a) the purpose and objective of the acquisition and how these will be achieved,
 - b) planned changes to the business of the target company, e.g. products, customers and any eventual reallocation of assets,
 - c) the planned integration of the target company with the acquirer's group, if any, and
 - d) information about the acquirer's intent and ability to contribute capital to the target firm if needed.
2. *Forecasts* for the target firm for the coming three years.

The following information shall be included in the forecasts:

- a) balance sheet and profit and loss account,
 - b) important key ratios, and
 - c) capital adequacy calculation.
3. A *description* of how the acquisition will impact the governance and organisation of the target company. In particular, specify if the acquisition will affect:
 - a) the composition of the board of directors and management,
 - b) the organisation's operational structure (append an organisational diagram), and

¹ Cf. Chapter 1, section 4 of the Annual Accounts Act (1995:1554).

c) outsourcing.

4.2 Information when ownership does not signify control

If the acquisition does not signify control of the target company, but the holding amounts to 20 per cent or more, the following information about the acquisition shall be appended:

1. if the acquirer intends in the foreseeable future to increase or decrease its holding in the target firm, and
2. whether the acquirer intends to actively attempt to exercise influence over the undertaking (and specify the circumstances related thereto),

Information

Submit any additional information to Finansinspektionen below.

The undersigned hereby certifies that the information submitted in this application is correct and complete.

Date:

.....
Signature

.....
Name in print

Checklist – documents that must be appended to an application for ownership assessment for natural persons

The following documents shall be appended to the application:	Appended	If not appended, explain
If you are not registered in Sweden: a certified copy of an identity document in accordance with section 1.1		
CV as set out in section 1.2.		
A description or chart of the entire ownership chain, before and after the acquisition, as set out in section 1.4.		
A description of the group (if relevant) as set out in section 1.5.		
Documentation that supports the financing of the acquisition as set out in section 3.1.		
A business plan and information as set out in sections 4.1 and 4.2.		

*Appendix 2***Application for ownership suitability assessment – legal person**

A legal person shall apply for ownership suitability assessment by submitting information to Finansinspektionen in accordance with this appendix, given the following situations:

1. If the legal person intends to directly or indirectly acquire a financial institution and needs to apply for permission for the acquisition.
2. If the legal person has a qualifying holding in a firm that is applying for a licence to conduct financial business. *Target company* in this point refers to the firm that is applying for a licence to conduct business. *Acquirer* in this point refers to the legal owner of the firm that is applying for authorisation to conduct business.

As a part of the ownership suitability assessment, Finansinspektionen will collaborate with e.g. Rikspolisstyrelsen (Swedish National Police Board), Bolagsverket (Swedish Companies Registration Office), Skatteverket (Swedish Tax Agency), Kronofogdemyndigheten (Swedish Enforcement Authority) and firms offering credit assessments.

Application form

Fill in the information in the form below. Some of the information must be submitted as a separate document. Review the Appendix Checklist on the last page of the application.

Contact details

Whom should Finansinspektionen contact about this application?

First name: _____

Surname: _____

Title: _____

Address: _____

Telephone number: _____

Email: _____

Fax: _____

Name of the acquirer:

Firm under acquisition (including comp. reg. no.)?

Exceptions from submitting certain information

Are you citing Chapter 6, sections 2, 6 or 7 of these regulations as a reason for being excepted from submitting certain information?

Yes

No

If yes, please explain.

If the firm has previously submitted identical information to Finansinspektionen as part of a separate matter, you can refer to that matter below. State the registration number and the information that was submitted.

1 Information about the acquirer

Information about the undertaking

1.1 Full name of the firm: _____

Comp. reg. no./registration

no.: _____

Head office address: _____

Telephone number: _____

1.2 State the business of the acquirer:

1.3 Append a registration certificate that is at the most two months old.

Financial situation

- 1.4 Append the most recently adopted annual report.
- 1.5 If possible, cite credit ratings and credit assessment companies.

Board of directors and management

1.6 Provide information about board members, alternate board members, the managing director and the deputy managing director.

Name	Personal identification number or date of birth	Position on board and title

1.7 All persons mentioned in 1.6 must fill out and sign Appendix 3.

Describe the chain of ownership

1.8 Append a description or chart of the ownership chain before and after the acquisition.

Participations shall be stated as a percentage of the issued participations. If the voting rights differ from the participations, also state the number of votes as a percentage of the total number of votes.

Also, list owners that in any other way have a significant influence over the undertaking subject to acquisition, the *target company*. List the nature of the business and the registered office for each undertaking in the ownership chain. Also, indicate which undertakings are under the supervision of Finansinspektionen or an equivalent foreign authority.

Describe groups, if applicable

1.9 Append a description or chart of any financial groups after the acquisition.

The number of participations shall be stated as a percentage of the number of issued participations. If the number of voting rights differs from the number of participations, also state the number of votes as a percentage of the total number of voting rights.

Also, list owners that in any other way have significant influence over the target company. Also, indicate which undertakings are under the supervision of Finansinspektionen or an equivalent foreign authority.

For each undertaking that is part of such a group, state if it is

- a financial holding company,
- a mixed financial holding company,
- under the supervision of Finansinspektionen or an equivalent foreign authority, or
- not subject to such financial supervision.

Common interests

1.10 Describe any common interests the firm may share with the following persons who could have an impact on the target firm:

- other shareholders,
- other parties entitled to vote,
- other persons or undertaking that although not shareholders have the ability to exercise similar influence over the target company, or
- managing directors, deputy managing directors or board members.

Common interests that can have an impact refer to e.g. shareholder agreements or other agreements concerning common ownership.

Conflicts of interest

1.11 Identify any conflicts of interest that may arise as a result of the acquisition and specify how these will be handled.

Reputation of the acquirer

1.12 State if the undertaking

a) during the past five years been (or still is) party to arbitration proceedings or civil or administrative proceedings concerning tax or business?

Yes

No

b) in the past five years been (or still is) the object of a composition or company reconstruction or an equivalent process in another country?

Yes

No

c) during the past ten years been sanctioned by any Swedish or foreign supervision authorities?

Yes

No

d) during the past ten years, either in Sweden or in another country, had an application rejected, been excluded from conducting business or in another way had limitations placed on its right to conduct business that requires a licence, registration or the equivalent?

Yes

No

e) in the past ten years been the subject of a fit and proper assessment by a foreign competent supervisory authority?

Yes

No

1.13. If you have answered yes to any of the questions under 1.12, please explain:

2 Information about the acquisition

2.1 Specify the size of the holding the firm intends to acquire in the target firm. The number of participations shall be stated as a percentage of the number of issued participations. State the number of participations before and after the acquisition (direct and indirect). If the voting rights differ from the number of participations, also state the number of votes as a percentage of the total number of votes.

2.2. State the expected date of acquisition.

2.3 State the purpose of the acquisition. Do not answer this question if the information can be concluded from 4.1.1a.

3 Financing the acquisition

3.1 Specify how the firm intends to finance the acquisition. Describe the background of all financing items (whether monetary or another type of asset), their value, to whom they belong and in which jurisdiction they are located. Append documentation that supports this information.

3.2 Specify if there is a co-operation with a natural or legal person with regard to financing the acquisition and describe the conditions of this co-operation.

4 Scheme of operations and detailed information about the acquisition

Provide information on the acquisition according to one of the following three options:

- ownership involves control² (4.1),
- ownership does not signify control, but totals 20 per cent or more (4.2), or
- ownership is qualifying but below 20 per cent (4.3).

If Finansinspektionen requires additional information to assess the suitability of the acquirer, the authority can also request information in accordance with section 4.1 or 4.2 below.

4.1 Information when ownership signifies control

An acquirer has control over the target company if the acquirer directly or indirectly obtains the majority of the votes or participations. Furthermore, an acquirer has control over the target company if the acquirer is a shareholder, and

- has the right to appoint or dismiss more than half of the members of the firm's board of directors or equivalent management body, or
- via agreements with other owners in the target firm has access to more than half of the votes for all shares.

Business plan

If the undertaking's ownership signifies control, append a business plan that includes the following:

1. A *strategic development plan* that includes a description of
 - a) the purpose and objective of the acquisition and how these will be achieved,
 - b) planned changes to the business of the target company, e.g. products, customers and any eventual reallocation of assets,
 - c) planned integration of the target company with the acquiring undertaking's group, and
 - d) information about the acquirer's intention and ability to contribute capital to the target company if needed.
2. A *capital adequacy calculation* at the time of the acquisition or at the time of the most recently adopted figures before the acquisition, if the acquisition will entail that the target firm and the acquirer will become part of a financial group.
3. A specified list of the large exposures held by the acquirer at the time of acquisition if the acquirer is a financial institution.
4. *Forecasts* for the target firm for the coming three years. If the acquisition entails that the target firm and the acquirer will become part of a financial group, forecasts shall also be submitted for the group.

The following information shall be included in the forecasts:

- a) balance sheet and profit and loss account,
- b) important key ratios, and

² Cf. Chapter 1, section 4 of the Annual Accounts Act (1995:1554).

c) capital adequacy calculation.

5. A description of how the acquisition will impact the governance and organisation of the target company. In particular, specify if the acquisition will affect:

- a) the composition of the board of directors and management,
- b) the organisation's operational structure (append an organisational diagram), and
- c) outsourcing.

4.2 Information when ownership does not signify control, but totals 20 per cent or more

If the acquisition does not signify control of the target company, but the holding amounts to 20 per cent or more, the following information about the acquisition shall be appended:

- 1. information about whether the acquirer intends within the foreseeable future to increase or reduce its holding in the target company,
- 2. whether the acquirer intends to actively attempt to exercise influence over the undertaking (and specify the circumstances related thereto),
- 3. a capital adequacy calculation at the time of the acquisition or at the time of the most recently adopted figures before the acquisition, if the acquisition will entail that the target firm and the acquirer will become part of a financial group, and
- 4. a specified list of the large exposures held by the acquirer at the time of acquisition if the acquirer is a financial institution.

4.3 Information when ownership is qualifying but below 20 per cent

If the acquisition entails that the ownership is less than 20 per cent but is still a qualifying holding, the following information about the acquisition shall be appended:

- 1. whether the acquirer intends in the foreseeable future to increase or decrease its holding in the target company, and
- 2. whether the acquirer intends to actively attempt to exercise influence over the undertaking (and specify the circumstances related thereto),

Information

Submit any additional information to Finansinspektionen below.

The undersigned hereby certifies that the information submitted in this application is correct and complete.

Date:

.....
Signature

.....
Name in print

Checklist – documents that must be appended to an application for ownership suitability assessment for legal persons

The following documents shall be appended to the application:	Appended	If not appended, explain
A certificate of registration that is at the most two months old as set out in section 1.3.		
Adopted annual report for the most recent financial year as set out in section 1.4.		
Appendix 3 for all persons as set out in section 1.6.		
A description or chart of the entire ownership chain, before and after the acquisition, as set out in section 1.8.		
A description of the group (if relevant) as set out in section 1.9.		
Documentation that supports the financing of the acquisition as set out in section 3.1.		
A business plan and information as set out in sections 4.1–4.3.		

*Appendix 3***Application/notification for senior management in a firm which owns a Swedish management company**

If a legal person shall undergo an ownership assessment, the board members, alternate board members, managing director and deputy managing director of the legal person shall submit the information in this appendix to Finansinspektionen. This assessment is part of the ownership assessment that is conducted for a legal person in accordance with Appendix 2.

An assessment shall be carried out in the following situations:

1. If the legal person intends to directly or indirectly acquire a financial institution and needs to apply for permission for the acquisition.
2. If the legal person has a qualifying holding in a firm that is applying for a licence to conduct financial business.
3. If a new board member, alternate member, managing director or deputy managing director are appointed or change position or role in the owner firm, a notification shall be sent to Finansinspektionen.

As a part of the ownership suitability assessment, Finansinspektionen will collaborate with e.g. Rikspolisstyrelsen (Swedish National Police Board), Bolagsverket (Swedish Companies Registration Office), Skatteverket (Swedish Tax Agency), Kronofogdemyndigheten (Swedish Enforcement Authority) and firms offering credit assessments.

Application form

Fill in the information in the form below. Some of the information must be submitted as a separate document. Review the Appendix Checklist on the last page of the application.

Contact details

Whom should Finansinspektionen contact about this assessment?

First name: _____
 Surname: _____
 Title: _____
 Address: _____
 Telephone number: _____
 Email: _____
 Fax: _____

Financial institution under assessment (including comp. reg. no.)?

Information about the owner company

In which owner firm are you a board member, alternate board member, managing director or deputy managing director (including comp. reg. no.)?

Position on board and title

Which position on the board and role within the owner company will be assessed?

- ___ chairman of the board
- ___ board member
- ___ alternate board member
- ___ managing director
- ___ deputy managing director

If you have previously submitted identical information to Finansinspektionen as part of a separate matter, you can refer to that matter below. State the reference number and the information that was submitted.

Personal details

1. If you are registered in Sweden

First name: _____

Surname: _____

Personal identification number: _____

Address: _____

Telephone number: _____

*If you are not registered in Sweden**

First name: _____

Surname: _____

Personal identity number or equivalent: _____

Date of birth: _____

Place of birth: _____

Address: _____

Telephone number: _____

Nationality: _____

Passport number: _____

Previous nationalities (if any): _____

Previous name (if any): _____

* If you are not registered in Sweden, append a certified copy of an identity document.

CV

2. Append a CV that contains relevant information about your education, work experience and other assignments.

Reputation of management

3. Have you

a) in the past ten years been convicted by a Swedish or foreign court, or formally been charged as a suspect **in an ongoing investigation**, for a financial crime in respect of which imprisonment is included in the range of penalties?

Yes

No

b) in the past ten years been sentenced to imprisonment by a Swedish or foreign court for a crime other than that specified in 3a?

Yes

No

c) in the past five years been a board member or managing director or deputy managing director of a commercial undertaking in which the board of directors was not discharged from liability?

Yes

No

d) during the past five years been dismissed from employment at a financial institution or as a senior manager or an assignment as a board member or auditor in another operating company?

Yes

No

4. To the best of your knowledge, have you or any firm in which you are or have been part of senior management or a board member or have or have had control:

a) during the past five years been (or still are/is) party to arbitration proceedings or civil (excluding family-related matters) or administrative proceedings concerning tax or business?

Yes

No

b) in the past five years been (or still are/is) subject to a debt restructuring, composition or company reconstruction or entered into bankruptcy or an equivalent process in another country?

Yes No

c) in the past ten years been sanctioned by either Swedish or foreign supervisory authorities?

Yes No

d) in the past ten years, either in Sweden or in another country, had an application rejected, been excluded from conducting business or in another way had limitations placed on your right to conduct business or a profession that requires a licence, registration or the equivalent?

Yes No

e) in the past ten years been the subject of a fit and proper assessment by a foreign competent supervisory authority?

Yes No

5. If you have answered yes to any of the questions under 3 and 4, please explain.

Information

Submit any additional information to Finansinspektionen below.

The undersigned hereby certifies that the information submitted in this application is correct and complete.

Date:

.....
Signature

.....
Name in print

Checklist – documents that must be appended to the application/notification

The following documents shall be appended to the application/notification:	Appended	If not appended, explain
If you are not registered in Sweden: a certified copy of an identity document referred to in section 1.		
CV as set out in section 2.		

*Appendix 4***Application/notification - management assessment**

A board member, alternate board member, managing director and deputy managing director in financial undertakings shall submit information in accordance with this appendix when applying for authorisation from Finansinspektionen. The management suitability assessment is part of an application for authorisation.

Information in accordance with this appendix shall also be submitted to Finansinspektionen when submitting notification of changes in the positions mentioned above.

As a part of the management assessment, Finansinspektionen will collaborate with e.g. Rikspolisstyrelsen (Swedish National Police Board), Bolagsverket (Swedish Companies Registration Office), Skatteverket (Swedish National Tax Board), Kronofogdemyndigheten (Swedish Enforcement Authority) and firms offering credit assessments.

Application form

Fill in the information in the form below. Some of the information must be submitted as a separate document. Review the Appendix Checklist on the last page of the management suitability assessment.

Contact details

Whom should Finansinspektionen contact about this application/notification?

First name: _____
 Surname: _____
 Title: _____
 Address: _____
 Telephone number: _____
 Email: _____
 Fax: _____

The financial undertaking under management assessment (including comp. reg. no.)?

Position on board and title

Which position in the board or role will be assessed?

___ chairman of the board
 ___ board member
 ___ alternate board member

___ managing director

___ deputy managing director

If you have previously submitted identical information to Finansinspektionen as part of a separate matter, you can refer to that matter below. State the reference number and the information that was submitted.

Personal details

1. If you are registered in Sweden

First name: _____

Surname: _____

Personal identification number: _____

Address: _____

Telephone number: _____

*If you are not registered in Sweden**

First name: _____

Surname: _____

Personal identity number or equivalent: _____

Date of birth: _____

Place of birth: _____

Address: _____

Telephone number: _____

Nationality: _____

Passport number: _____

Previous nationalities (if any): _____

Previous name (if any): _____

* If you are not registered in Sweden, append a certified copy of an identity document.

CV

2. Append a CV that contains relevant information about your education, work experience and other assignments.

Employment, board assignments and management

3. Specify the undertaking in which you are employed, receive consistent assignments or are an appointed board member. Also, indicate if you hold several roles within the same undertaking:

Name of undertaking (including corporate identity no.)	Type of business	Registered office	Position on board and role

Qualifying ownership

4. Specify if you either directly or indirectly have a qualifying holding in the firm that is under management suitability assessment or if you in any other way have a significant influence:

--

5. Specify any other undertakings in which you hold a direct or indirect qualifying holding or in any other way have significant influence:

Name of undertaking (including corporate identity no.)	Type of business	Registered office	Holding (per cent)

Close relations holding shares

6. Indicate if a close relation owns shares in the undertaking under management assessment, or in another undertaking that in turn owns shares in the undertaking.

Also, indicate if there are other financial relationships between the above parties.

Close relation refers to a spouse, cohabitee, child, parent or other relation with whom you share living accommodations.

--

Conflicts of interest

7. State your position in the firm that is under management suitability assessment and any other engagements that you may have that can potentially result in conflicts of interest and describe how these will be handled.

--

Reputation of management

8. Have you

a) during the past ten years been convicted by a Swedish or foreign court, or formally been charged as a suspect **in an ongoing investigation**, for a financial crime in respect of which imprisonment is included in the range of penalties?

Yes

No

b) during the past ten years been sentenced to imprisonment by a Swedish or foreign court for a crime other than that specified in 8 a)?

Yes

No

c) in the past five years been a board member or managing director or deputy managing director of a commercial undertaking in which the board of directors was not discharged from liability?

Yes

No

d) during the past five years been dismissed from employment at a financial institution or as a senior manager or from an assignment as a board member or auditor in another operating company?

Yes

No

9. To the best of your knowledge, have you or any firm in which you are or have been part of senior management or a board member or have or have had control:

a) during the past five years been (or still are/is) party to arbitration proceedings or civil (excluding family-related matters) or administrative proceedings concerning tax or business?

Yes

No

b) during the past five years been (or still are/is) subject to a debt restructuring, composition or company reconstruction or entered into bankruptcy or an equivalent process in another country?

Yes No

c) in the past ten years been sanctioned by either Swedish or foreign supervisory authorities?

Yes No

d) in the past ten years, either in Sweden or in another country, had an application rejected, been excluded from conducting business or in another way had limitations placed on your right to conduct business or a profession that requires a licence, registration or the equivalent?

Yes No

e) in the past ten years been the subject of a fit and proper assessment by a foreign competent supervisory authority?

Yes No

10. If you have answered yes to any of the questions under 8 and 9, please explain.

Information

Submit any additional information to Finansinspektionen below.

The undersigned hereby certifies that the information submitted in this application is correct and complete.

Date:

.....
Signature

.....
Name in print

Checklist – documents that must be appended to the management suitability assessment

The following documents shall be appended to the application/notification:	Appended	If not appended, explain
If you are not registered in Sweden: a certified copy of an identity document referred to in section 1.		
CV as set out in section 2.		

*Appendix 5***Establishment of a branch or offering of services through cross-border operations in another country – fund operations**

This appendix shall be filled in by Swedish management companies which within the framework of their fund operations intent to establish a branch in another country or offer and provide such services through so-called cross-border operations without establishing a branch.

A Swedish management company intending to establish a branch in another country shall answer questions **1–9**. A Swedish management company intending to offer and provide services through other cross-border operations shall answer questions **1, 2, 6 and 9**.

If the services that shall be offered include management of a foreign UCITS pursuant to Chapter 2, section 12, second paragraph or section 15, second paragraph of the Swedish UCITS Act (2004:46) questions **10 and 11** shall also be answered.

This notification will be sent by Finansinspektionen to the relevant supervisory authority in the country of operations.

1. State the full business name and address of the head office in Sweden.
2. State the country to which the establishment relates.
3. State the business name under which operations will be conducted in the country of operations, complete address as well as the telephone and fax number of the branch.
4. State the name and personal ID number of the person who will be responsible for the branch operations. A CV should be appended.
5. State whether a board of directors will be appointed for the branch and, where appropriate, the composition and powers thereof.
6. State the operations which are intended to be conducted pursuant to Appendix II of Directive 2009/65/EC of the European Parliament and of the Council. The description should be as detailed as possible.
7. Describe the internal rules for the manner in which the Swedish management company intends to ensure that sufficient liquidity will be maintained in the branch.
8. Describe the branch's organisation (append an organisational chart) and administrative structure.
9. The name and address of the person who may be contacted in connection with this notification.
10. Describe the planned operations, the planned services and the risk management system the Swedish management company intends to apply to its operations.
11. Describe the measures the Swedish management company has taken in order to, in the foreign UCITS's home state, be able to

- a) make payments to unit holders,
- b) redeem units,
- c) provide information, and
- d) handle complaints

The undersigned hereby confirms that the above information is correct and undertakes to notify Finansinspektionen and the supervisory authority in the country of operations immediately upon any change in the above circumstances.

X-city and date

Name

Name

Position

Position

*Appendix 6***Establishment of a branch or offering of services through cross-border operations in another country – discretionary portfolio management**

This appendix shall be filled in by Swedish management companies authorised to conduct discretionary portfolio management with regard to financial instruments and intend to establish a branch in another country or offer and provide such services through so-called cross-border operations without establishing a branch.

A Swedish management company intending to establish a branch in another country shall answer all the questions below. A Swedish management company intending to offer and provide services through other cross-border operations shall answer questions 1, 2, 6 and, where appropriate, 7 and 9.

This notification will be sent by Finansinspektionen to the relevant supervisory authority in the country of operations.

1. State the full business name and address of the head office in Sweden.
2. State the country to which the establishment relates.
3. State the business name under which operations will be conducted in the country of operations, complete address as well as the telephone and fax number of the place of operations in the country of the branch.
4. State the name and personal ID number of the person who will be responsible for the branch operations. A CV should be appended.
5. State whether a board of directors will be appointed for the branch and, where appropriate, the composition and powers thereof.
6. State the services which are intended to be conducted in accordance with that set out below:
 - a) Discretionary portfolio management regarding financial instruments.
 - b) Acceptance of units for safekeeping.
 - c) Acceptance of assets subject to a reporting obligation
 - d) Provide investment advice with regard to such financial instruments as set out in Chapter 5 of the Swedish UCITS Act (2004:46).

The description should be as detailed as possible.

7. Describe the instructions for the manner in which the Swedish management company intends to ensure that sufficient liquidity will be maintained in the branch.
8. Describe the branch's organisation (append an organisational chart).
9. The name and address of the person who may be contacted in connection with this notification.

The undersigned hereby confirms that the above information is correct and undertakes to notify Finansinspektionen and the supervisory authority in the country of operations immediately upon any change in the above circumstances.

X-city and date

Name

Position

Name

Position

Appendix 7

Reporting events of material significance

When such events occur as those set out in Chapter 10, sections 2 and 3, the information set out below shall be immediately reported to Finansinspektionen without delay.

1. State the company's name and address.
2. Provide the name and telephone number of the company's contact person.
3. If an employee of the company is affected, state the position of this employee.
4. Describe the course of events and other significant circumstances.
5. State the economic scope (the amount) and assess the damages to the company or its clients which were or may be caused by the event.
6. State when the event was discovered and provide information about how long the event had been in effect before it was discovered.
7. Describe the circumstances surrounding the discovery of the event, e.g. the role the compliance and internal audit functions had. The description should state if there were any deficiencies in the company's internal control and, if there were, state the deficiencies.
8. Describe the measures the company has taken or will take as a result of the event with regard to e.g. internal instructions, responsibility and work allocation from a control perspective, information and reporting systems, IT security controls, controls within the financial system, accounting principles, information to affected clients, etc.
9. Describe the disciplinary measures, if any, which the company has taken or intends to take.
10. If the event is reported to the police or prosecutors, the date and time of the report shall be stated.
11. State the date and sign.

Appendix 8

Balance sheet templateAssets*Transferable securities**Money market instruments**OTC derivative instruments with positive market value**Other derivative instruments with positive market value**Fund units**Total financial instruments with positive market value**Deposits in accounts with credit institutions**Total investments with positive market value**Bank deposits and other cash equivalents**Prepaid expenses and accrued income**Other assets****Total assets***Liabilities*OTC derivative instruments with negative market value**Other derivative instruments with negative market value**Other financial instruments with negative market value**Total financial instruments with negative market value**Tax liabilities**Accrued expenses and deferred income**Other liabilities****Total liabilities***Net asset value of the fundMemorandum items

Financial instruments lent out

Received collateral for lent financial instruments

Received collateral for OTC derivative instruments

Received collateral for other derivative instruments

Other received collateral

Pledged collateral for borrowed financial instruments

Pledged collateral for OTC derivative instruments

Pledged collateral for other derivative instruments

Other pledged collateral

Appendix 9

Profit and loss account template

Income and change in value

Change in value of transferable securities

Change in value of money market instruments

Change in value of OTC derivative instruments

Change in value of other derivative instruments

Change in value of fund units

Interest income

Dividends

Exchange rate profit and loss, net

Other financial income

Other revenue

Total income and change in value

Expenses

Cost of administration

Payment to the Swedish management company

Payment to the depositary

Payment to the supervisory authority

Payment to auditors

Interest expenses

Other financial costs

Other expenses

Total expenses

Taxes

Net result for the year

Finansinspektionen's Regulatory Code

Publisher: Finansinspektionen, Sweden, www.fi.se
ISSN 1102-7460

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