BANCA CENTRALE
DELLA REPUBBLICA DI SAN MARINO

COLLECTIVE INVESTMENT SERVICES REGULATIONS

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CONTENTS

PART I
DEFINITIONS AND GENERAL PROVISIONS ON AUTHORISATION PROCEDURES

Article 1 – Definitions.

1. For the purposes of this Regulation the employed expressions shall be understood as having the following meanings:

a) "**Central Bank**": the Central Bank of the Republic of San Marino;

b) "**ancillary activity**": a reserved activity or in any case an activity of a financial nature performed by the SG to an extent which is secondary to the main activity;

c) "**connected activity**": an activity of a non-financial nature performed by the SG to a limited extent and intended for the public in order to promote itself and its services to existing and potential customers;

d) "**instrumental activity**": activity of a non-financial nature performed by the SG to a limited extent in support of its own production process, or that of controlled or controlling companies, and in any case not intended for the public;

e) "**transfers of legal relationships**": conveyances of :

   1) firm": set of assets and property organized for the purpose of engaging in a company's functions;

   2) "corporate branch": branches and, in general, any homogeneous set of operational activities, to which contractual or employment relationships are referable in the context of a specific organizational structure;

   3) "legal relationships that are collectively identifiable": claims, debts and contracts characterized by a common distinguishing element that can be found in the technical form, in the ultimate economic sectors, in the type of counterparty, in the geographic area or in any other common denominator that makes it possible to identify a set of legal relationships conveyed;

f) "**professional customer**": persons belonging to one of the following categories:

   1) persons authorized to carry on one or more reserved activities within the meaning of Title II of the LISF;

   2) foreign parties who, pursuant to the regulations currently in force in their own home country, engage in the activities referred to in item 1) above;

   3) companies issuing financial instruments listed on regulated markets;

   4) companies meeting at least two of the following requirements:

      I) total balance sheet assets exceed euros 20 million;

II) total revenues exceed euros 40 million;

III) net worth exceed euros 2 million;

5) States, central banks, international and supranational institutions;

6) individuals who expressly apply to be regarded as professional customers and expressly accept the lower level of protection linked to that status, provided that they document at least one of the two following circumstances:

I) possession of freely available liquidity and financial instruments of a total amount of more than euros 500,000;

II) possession of specific competence in financial markets and instruments acquired through at least one year's professional, teaching or operational experience;

7) legal entities who expressly apply to be regarded as professional customers, provided that their legal representatives fall within the category of persons in 6) above.

g) "**control**": the relationship defined in Article 2 of the LISF;

h) **"corporate officer**": persons who perform administration, directorate or supervisory functions in the SG;

i) "**collective investment funds**" or "**funds**": the collective investment schemes referred to in Article 1(p) of the LISF, subject to the law of San Marino;

j) "**UCITS III-type funds**": open-ended collective investment funds, subject to San Marino law, whose management rules govern the investment activity in conformity with the provisions of EU Directive 85/611/EEC on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS), as subsequently amended by Directives 88/220/EEC, 95/26/EC, 2000/64/EC, 2001/107/EC and 2001/108/EC;

k) "**open-ended non-UCITS III-type funds**": open-ended collective investment funds, subject to San Marino law, that do not possess the characteristics that would enable them to be described as UCITS III-type funds:

l) "**group to which the SG belongs**": persons who:

1) hold a share in the capital of the SG worth 20 percent of the voting stock;

2) are partly owned by the SG in an amount equivalent to 20 percent of the voting stock;

3) control the SG;

4) are controlled by the SG;

5) are controlled by the same person who controls the SG;

to determine whether those conditions are met, indirect shareholdings are also taken into account;

m) **"Corporations Act**": Law No. 47 of February 23, 2006;

n) "**LISF**": Law No. 165 of November 17, 2005;

o) "**UCITS CISs** ": means any UCITS III funds and the foreign CISs which fall within the scope of application of the EU UCITS Directive;;

p) "**non-UCITS CISs**": CISs other than UCITS CISs;

q) "**collective investment schemes – CISs**": collective investment funds and the products of foreign collective investment funds with characteristics equivalent to collective investment funds;

r) "**qualifying holdings**": the acquisition, in whatever capacity, of shares of voting stock which, taking into account those already held, trigger the thresholds of 5, 10, 20, 33 and 55 percent of the capital of the SG represented by shares of voting stock, or which, irrespective of the percentage of the capital held, allow control of the SG to be acquired;

s) "**indirect equity stake**": a stake held through controlled companies, trust companies or by an intermediary;

t) "**unit shares in CISs**": the units of collective investment funds and, in the case of foreign CISs, the units or shares of the institutions with characteristics equivalent to collective investment funds;

u) "**implicit surplus (deficit)":** the positive (negative) difference between the market value and the book value of a security;

v) "**long-term portfolio**": a portfolio composed of financial instruments which are included among the financial fixed assets in so far as they are intended to be maintained in the company assets for purpose of stable investment;

w) "**non-long-term portfolio**": a portfolio composed of financial instruments which do not constitute financial fixed assets in so far as they are not intended to be maintained in the company assets for the purpose of stable investment;

x) "**provision of services without permanent establishment**": the provision of the activities for which the SG has been authorized in the territory of a foreign State in the absence of a branch. The advertising activity performed in accordance with the regulation of the foreign State in which this activity is carried out do not constitute provision of services without permanent establishment;

y) "**standard template**": the template regulations for the collective investment fund pursuant to Annex G;

z) "**SG**": company authorized, pursuant to the LISF and these regulations, to engage in activities E pursuant to Annex 1 of the LISF, or activities F pursuant to the same Annex, or both;

aa) "**listed financial instruments**": financial instruments:

1) traded on regulated markets;
2) issued recently and for which an application has been filed to have the instruments deemed eligible for trading on a regulated market or in cases in which the decision to issue the instrument in question specifies a commitment to file just such an application. Once one year has elapsed without the financial instruments being deemed eligible for trading, these instruments shall be treated as financial instruments that are traded outside of regulated markets;

The following financial instruments shall not be deemed to be listed financial instruments:

1) instruments which have been individually suspended from trading for over six months;

2) instruments whose trading volumes are so insignificant, and whose trades are so infrequent, that it is not possible for them to form meaningful prices;

bb) "**securities that may be rapidly and safely liquidated**": debt securities issued by banks of San Marino or of OECD Member States, or issued or guaranteed by the Republic of San Marino or by OECD Member States, which may be rapidly liquidated, having a time remaining to maturity of not more than 12 months;

cc) "**total assets**": the total volume of assets held by the collective investment fun, as determined in accordance with the provisions governing the valuation of the capital of collective investment funds;

dd) "**total liabilities**": the full set of liabilities of a collective investment fund, as determined in accordance with the provisions governing the valuation of the capital of collective investment funds;

ee) "**net asset value**" or "**NAV**": the amount resulting from the difference between total assets and total liabilities.

2. Unless otherwise specified, for purposes of these provisions the definitions contained in the LISF shall apply.

3. In the subsequent articles in these regulations, the words which refer to the definitions in this list shall be printed in upper case.

Article 2 – General provisions on the licensing procedures of the CENTRAL BANK.

1. In the absence of other provisions to the contrary, the authorization procedures governed by these regulations shall be subject to the provisions set forth in this Article.

2. Applications for authorization shall be written in Italian. If documents or certifications in another language are attached, a certified translation in Italian shall be provided.

3. Applications for authorization shall be addressed to the Central Bank of the Republic of San Marino – Supervision Committee. The following information shall be provided:

a) the name, registered office, and any administrative offices of the company, if the company has already been formed, or the planned name, registered office and any administrative offices, if the company has yet to be formed;
b) full details and legal status of the persons signing the application;
c) list of attachments;
d) contact names for any follow-up messages.

4. Applications for authorization filed by an SG shall include a true copy of the board decision pursuant to which the board of directors examined the issue and approved the filing of the application. It is not necessary to attach documents already in the possession of the CENTRAL BANK, including for other reasons, provided that the documents are currently valid; such documents, and the reason why the CENTRAL BANK is in possession of such documents, shall at all events be specified in the applications.

5. Applications for authorization shall be deemed to be received on the date on which they are delivered, as evidenced by the receipt issued by the CENTRAL BANK, or else on the date on which they arrive at the CENTRAL BANK by registered letter with advice of receipt.

6. The CENTRAL BANK reserves the right to request any additional documentation deemed necessary.

7. The deadlines for the CENTRAL BANK's responses to the requests for authorization shall be specified in these regulations for each type of authorization. If no period of time is specified for the adoption of a decision by the CENTRAL BANK, the period of time allowed shall be deemed to be set at 30 days.

8. Such periods of time are suspended if the required documentation is incomplete or if the applicant sends, on his/her own initiative, new documents to supplement or amend those previously transmitted. The CENTRAL BANK notifies the interested party of the suspension of such period. A new term for a period equal to that interrupted starts as from the date of receipt of the missing documents, supplements or amendments. If within ninety days, the CENTRAL BANK should not receive the requested supplementary information and/or documentation, the application is understood, for all intents and purposes, as lapsed.

9. The periods of time shall be suspended if the CENTRAL BANK:

a) requests additional information to supplement the documentation that has been produced. This information shall reach the CENTRAL BANK by the deadline set by the CENTRAL BANK; otherwise, the application shall be deemed to have been withdrawn;
b) involves foreign supervisory authorities with the aim of gathering information or documentation. In such cases, the running of the period of time shall be suspended until the requested information is duly obtained;
c) requests an expert's report or orders an inspection to determine the overall corporate structure, the truthfulness of data reported or information received, in addition to the existence and amount of the escrow deposit or capital of the applicant. In such cases, the running of the period of time shall resume as of the date of delivery of the expert's report or from the completion of the inspections carried out by the CENTRAL BANK's inspectors.

The CENTRAL BANK shall notify the applicant company that the period of time has been suspended suspension period, as well as the date on which it begins running again.

10. All special measures adopted by the CENTRAL BANK shall be subject to a judicial appeal (*ricorso giurisdizionale*) in accordance with the procedures specified in Law 68 of June 28, 1989 as amended.

PART II
PROVISIONS GOVERNING SG

TITLE I
PERMISSIBLE ACTIVITIES

Article 3 – Activities reserved for SG.

1. The delivery of collective investment services (activities pursuant to Letter E of Annex 1 of the LISF) and non traditional collective investment services (activities pursuant to letter F of Annex 1 of the LISF) shall be reserved for SG, subject to authorization by the CENTRAL BANK.

Article 4 – Other permissible activities.

1. In addition to collective investment services, SG may provide as ANCILLARY ACTIVITIES, subject to authorization by the CENTRAL BANK, individualized management services for investment portfolios (activities pursuant to letter D4 in Annex 1 of the LISF), and, exclusively in regard to unit shares in COLLECTIVE INVESTMENT FUNDS which they themselves have established, placement services not involving the irrevocable placement of financial instruments (activities pursuant to letter D6 of Annex of the LISF).

2. Authorization to deliver the services specified in the preceding paragraph shall be conditional upon compliance with specific provisions issued by the CENTRAL BANK to govern the performance of such services. In addition, the authorization to deliver the service referred to in letter D4 of Annex 1 of the LISF shall be granted only if the SG has already begun managing a FUND.

3. SG may engage in the following CONNECTED ACTIVITIES:
studio, ricerca, analisi in materia economica e finanziaria;

a) R&D and analysis in regard to economic and financial issues;
b) advisory services in regard to investments in financial instruments.

4. SG may engage in the following INSTRUMENTAL ACTIVITIES:

a) they may prepare and manage IT and EDP services;
b) they may manage real estate assets intended for their own functional use.

5. The performance of activities other than the above or at all events not falling into the category of reserved activities within the meaning of the LISF, may be authorized by the CENTRAL BANK at the request of interested parties, who shall be required to document the fact that the proposed activities perform a function that is connected to, or instrumental in ensuring the delivery of, collective investment services.

TITLE II
AUTHORIZATION FOR SG

Article 5 – Application for authorization.

1. The application for authorization shall be filed by the entities promoting the establishment of the SG.

Article 6 – Documents to be enclosed with the application.

1. The application shall enclose the following documents:

a) draft of the articles of incorporation, including the charter, in accordance with the criteria specified in Article 7;
b) accounting receipt attesting to payment of the escrow deposit referred to in Article 8;
c) business plan and report on the organizational structure, drafted in accordance with the provisions of Article 9;
d) list of persons directly or indirectly holding stakes in the capital of the newly-formed SG, indicating their respective equity stakes in absolute terms and in percentage terms; it will also be necessary to provide full details of beneficial owners; these shall be defined as the individuals who exercise CONTROL over the firms which directly or indirectly hold equity stakes in the newly-formed SG;
e) list of names, providing full details of those persons who are to serve as CORPORATE OFFICERS;
f) documentation regarding equity stake holders and the structure of the pertinent group, in accordance with the provisions of Title III below;
g) documents and certificates, specified in Title IV below, showing that the CORPORATE OFFICERS have passed the necessary fit-and-proper tests, with such documents and certificates being no older than six months than the date on which the authorization application is submitted.

2. The entities promoting the establishment of the SG may enclose with their application the regulations for the COLLECTIVE INVESTMENT FUNDS which they intend to establish and/or manage. In such cases, the deadline for approval of the regulations and the deadline for issuing the SG shall be unified.

Article 7 - Criteria for drafting the articles of incorporation and the charter.

1. The draft instrument of incorporation shall include:

a) identifying information on the partners;
b) information indicating that the capital is fully subscribed;
c) the overall nominal value of the share subscribed for by each shareholder and its percentage impact on the entire authorized capital;
d) full details of those persons who are to serve as CORPORATE OFFICERS.

2. The charter must state that:

a) the business name explicitly contains the words "*società di gestione*" or the abbreviation "SG";
b) the company's legal form of organization is exclusively that of a business corporation (*società per azioni*);
c) the shares representing the authorized capital are exclusively registered shares;
d) the corporate purpose of the company includes the professional performance of collective investment services and specifies the ACCESSORY ACTIVITIES, CONNECTED ACTIVITIES, or INSTRUMENTAL ACTIVITIES which the company intends to manage;
e) the registered offices and, if located elsewhere, the administrative offices, are located in the territory of the Republic of San Marino, giving a precise address;
f) the assets brought in by shareholders to the initial capital may be exclusively pecuniary. On the contrary, assets in kind are allowed for the subsequent increases or reconstructions of the share capital, in compliance with the provisions of the CORPORATIONS ACT, and subject to the prior verification, by the CENTRAL BANK, of the instrumentality of the assets to be contributed compared to the economic activity resulting from the corporate purpose of the receiving company;
g) the management of the company is entrusted to a board of directors comprised of at least three members, one of whom serves as chairman and is assigned the status of legal representative of the company; the assignment of the board's responsibilities must take account of the provisions set forth in Part II, Title VIII of these regulations with respect to organizational issues;
h) the authority to verify the conformity to laws of the company's operations is entrusted to a board of statutory auditors consisting of three or five auditors, one of which shall serve as chairman;
i) the tasks associated with the auditing of accounts and certification of the operating balance sheet are to be entrusted to an auditing firm.

Issues not covered by the special provisions referred to in these regulations, may be governed by the charter without restriction, having due regard for the general rules set forth in the LISF and the CORPORATIONS ACT.

Article 8 – Minimum authorized capital.

1. The amount of the authorized capital of the SG shall be at least equivalent to euros 200,000, fully paid up.

2. The promoters of the SG shall establish, pursuant to article 13, letter e) of the LISF, in an account opened with a Sammarinese bank which is not a promoter,, an escrow deposit for an amount not less than the sum specified in paragraph 1 above. The CENTRAL BANK shall release the account upon rverifying the compliance of the memorandum of association with the authorised draft and upon receiving from the SG indication of the current account opened in their name at a Sammarinese bank on which the entire amount deposited as payment for authorized capital shall be transferred.

3. In situations involving companies that are already engaging in reserved activities which, after submitting a request to change their own authorization under the terms of Article 8 of the LISF and to modify their own corporate purpose, intend to be authorized as SG, when calculating the above-mentioned minimum amount shall be taken into account the paid-up capital and the legal or statutory reserves unavailable for distribution deriving from the last approved balance sheet. Applications to change authorizations and the pertinent procedures shall be governed where compatible by the provisions of these regulations in connection with the *ex novo* authorization of an SG.

Article 9 – Business plan and report on the organizational structure.

1. The promoters of the SG shall prepare a program that illustrates the company's initial activities, its proposed growth trajectory, its intended goals, the business strategies which the company intends to pursue in order to achieve those goals, as well as any other item of information needed to assess the undertaking.

2. The business plan shall contain at least the following information:

a) the activities and services which the SG intends to perform;
b) the types of customers for whom the services and products are intended;
c) the relationships with the other parties involved in organizing the services rendered, and in general, the activities of the SG;
d) the arrangements for performing the activities, including with reference to the corporate organization chart and the human and technical resources that are to be used, in addition to the distribution channels for the products;
e) the main investments to be made and organizational policies to be implemented during the first three years of the company's operation;
f) projected growth trajectory for the firm's business as well as information regarding the firm's capacity to remain a going concern and to comply with prudential rules; in particular, it will be necessary to prepare projected balance sheets for the first three fiscal years, in order to provide a

comprehensive set of information necessary to evaluate the venture, including the estimation criteria underlying the projections.

3. The business plan shall include a report on the organizational and technical structure, drawn up in accordance with the template in Annex A.

4. In cases involving applications for authorizations filed by firms which are already in operation, then, in addition to the information specified above, the business plan shall also indicate:

a) the activities performed previously;
b) the manner in which the SG proposes to divest itself of any activities deemed incompatible with those which it shall be allowed to perform as an SG;
c) plans and turnaround times for retraining human resources and retooling technological resources to meet the new corporate purpose of the company.

Article 10 – General criteria for the issuance of authorizations.

1. In examining an application for authorization, the CENTRAL BANK, acting on the basis of the documentation produced and any other items of information in its possession, shall make an assessment to determine that:

a) the draft instrument of incorporation of the SG has been prepared in accordance with the criteria specified in these regulations;
b) the CORPORATE OFFICERS and the holders of QUALIFYING HOLDING meet the prescribed requirements of good repute, professionalism, and independence;
c) the business affairs and other relationships of shareholders, and the structure of the GROUP TO WHICH THE SG BELONGS, are not such as to adversely affect the sound and prudent management of the company and the effective exercise of the supervision function;
d) the business plan indicates the corporate strategies of the SG and reflects their compatibility with the organizational structure of the SG;
e) any additional requirements prescribed by law and the present regulations have been met.

2. The CENTRAL BANK shall deny authorization in the event of failure to meet the specified requirements or when the assessments carried out give no assurances that the SG will be administered in a sound and prudent manner nor that the supervision function will be effectively exercised.

Article 11 – Periods of time allowed for the CENTRAL BANK's decision.

1. Within a period of time of sixty days reckoned as from the date on which the application for authorization is received, the CENTRAL BANK shall issue the authorization decision, or refuse the authorization. In cases in which provision is made for interrupting or suspending the running of this

period of time, the authorization or refusal decision shall at all events be issued within 12 days from the date on which the application is received.

Article 12 – Congress of State's declaration of non-impediment.

1. Under Article 12 of the LISF, any authorizations issued or permitted changes to authorizations must be followed by the declaration of non-impediment of the Congress of State, except in cases where the authorization or change thereto focuses exclusively on the activities of promotion, establishment, organisation and management referred to FUNDS reserved for PROFESSIONAL CUSTOMERS as defined in Article 76, or alternative FUNDS, as defined in Article 77.

Article 13 – Entry in the register of authorized parties.

1. The CENTRAL BANK shall enter the SG in the register of authorized entities according to the provisions of Regulation no. 2006-01.

2. Upon completion of the inclusion of the company in the register and upon withdrawal of the license or operating permit (*patente di esercizio*) under Article 153 of the LISF, the SG shall duly notify the CENTRAL BANK for purposes of adding additional information to the records, requesting permission to start operations as per Article 9 of the LISF. After 60 days have elapsed since the filing date of the application in the absence of communications from the CENTRAL BANK, the SG may start operations.

Article 14 – Amendments to the charter.

1. All amendments to a company's charter shall be subject to prior authorization of the CENTRAL BANK. The application for authorization, which must explain the reasoning behind the charter amendments, shall include a prospectus setting out the earlier version of the charter plus the modified version of the charter.

2. Within fifteen days of the date on which the application is received, the CENTRAL BANK - having assessed the extent to which the proposed charter amendments are compatible with the provisions of the LISF and its pertinent operational decisions, as well as consistent with the sound and prudent administration of the SG and with the effective exercise of the supervision function - shall issue a decision authorizing or refusing the application.

Article 15 – Revocation of authorization.

1. The CENTRAL BANK may revoke the authorization to engage in the delivery of collective investment services in the cases envisaged in Article 10 of the LISF. This provision includes revocation of authorization to engage in any ACCESSORY, CONNECTED, or INSTRUMENTAL ACTIVITIES.

Article 16 – Relinquishment of authorization.

1. Any SG which, prior to the onset of operations, intends to relinquish its authorization, shall be required to notify the CENTRAL BANK accordingly.

2. The relinquishment shall take effect from the date on which the registration of the authorized parties is cancelled, as ordered by the CENTRAL BANK pursuant to a decision to that effect.

TITLE III
SHAREHOLDERS IN THE CAPITAL OF SG

Chapter I
General principles

Article 17 – Authorization to acquire QUALIFYING HOLDINGS in the capital of the SG.

1. After the issuance of authorization for the establishment of an SG, parties who intend, whether directly or indirectly, to acquire a QUALIFYING HOLDING in an SG shall be required to file a request for prior authorization from the CENTRAL BANK.

2. When calculating the equity participation thresholds, account shall also be taken of agreements concerning the exercise of voting rights. All written agreements directly or indirectly focusing on the coordinated exercise of votes in an SG or in a firm controlling an SG shall be disclosed to the CENTRAL BANK by the parties to the agreement or, provided they are cognizant of such agreements, by the legal representatives of the SG within five days of the date on which such agreements are entered into.

3. With respect to operations that entail demarcation between stock ownership and exercise of the right to vote, the holder of the shares, as well as the party holding voting rights pertaining to those shares, shall be required to apply for prior authorization.

4. In those cases in which the request is filed by a legal entity, the legal representative of the legal entity shall submit, even if separately from the application for authorization, a written statement providing full details of the beneficial owners involved. "Beneficial owners" shall be defined as the individuals who exercise CONTROL over the applicant legal entity. This obligation shall not, however, apply to those persons headquartered in a Member State of the ECU or OECD, that are authorized to engage in banking, financial, or insurance activities, for whom the supervisory regulations of the parent country require that equity stakeholders meet requirements of good repute equivalent to those specified in these regulations.

5. Applications for authorization shall also be filed by trust companies to whom shares are entrusted on behalf of third parties or "nominees", as well as by management companies with reference to voting rights held on behalf of the FUNDS managed. Such nominees are required to file a request for authorization pursuant to this Title in the event that one or more nominees account for QUALIFYING HOLDING; the trust company is further required to apply for prior authorization in cases in which, even though none of the nominees holds a significant stake, the sum of the shares entrusted to the firm triggers the thresholds envisaged for QUALIFYING HOLDING.

Article 18 – Requirements for shareholders in the capital of SG.

1. Applications for authorization to acquire a QUALIFYING HOLDING or CONTROL over an SG must be accompanied by appropriate documents - as specified in the articles that follow - sufficient to document that applicants meet the necessary good repute and that the requirements are in place for ensuring sound and prudent administration of the SG and allowing effective exercise of the supervision function. The obligation to demonstrate that such criteria have been met shall not apply to those persons already entered in the register of authorized parties maintained by the CENTRAL BANK.

2. At the time of every general meeting, will be the responsibility of the chairman, for the admission to vote, to verify the meeting of requirements of good repute of the bodies participating in the capital.

3. The SG, pursuant to article 23 of the LISF, must notify to the CENTRAL BANK, on an annual basis and within sixty days from the approval of the financial statement, the list of the shareholders with voting rights as evidenced in the Shareholder Register as at the specified date. The communication regarding the shareholders' base must specify, with reference to each shareholder, the number of share owned, their aggregate face value and the percentage of share capital they represent, using, for such purpose, the specific form available in the reserved area of the internet web site of the CENTRAL BANK.

Article 19 – Periods of time allowed for the adoption of decisions by the CENTRAL BANK.

1. Under Article 17 of the LISF, the CENTRAL BANK, within 90 days of the date on which the request is received, shall issue a decision either authorizing or refusing the request to acquire an holding. Once ninety days have elapsed and no communication of any kind has been received from the CENTRAL BANK, the authorization shall be deemed to have been granted. In reaching its decision, the CENTRAL BANK, in addition to assessing compliance with the requirements specified in this Title, shall carry out an assessment to determine that the change in the ownership structure of the SG or in the configuration of any GROUP TO WHICH THE SG BELONGS is not such as to impede the performance of supervisory inspections or the pursuit of the goals specified in Article 37 of the LISF.

2. In cases where the CENTRAL BANK, within the term referred to in the previous paragraph, notifies the applicant, pursuant to and under the provisions referred to in Article 17, paragraph 2 of LISF, of the

need to integrate the request for authorisation with further information and/or documentation other than those already supplied, deeming it as lacking or insufficiently clear, the request is to be understood, for all intents and purposes, as lapsed if the above information and/or documentation should not be received by the CENTRAL BANK within ninety days of receipt of the relevant notification.

Article 20 – Reporting requirements.

1. The authorised party must notify the CENTRAL BANK of the completion of the transactions for which the authorisation referred to in the article above has been issued, no later than ten days after the completion of the transaction.

At this time, the shareholder is required to notify to the CENTRAL BANK his/her address for service on the territory of San Marino for the purposes referred to in Article 23, paragraph 5, of the DECREE ON SANCTIONS for those parties subject to the sanctioning power of the CENTRAL BANK who are non-residents in San Marino and who do not intend to have an address for service, for the afore-mentioned purposes, with the registered office of the subsidiary or controlled SG. The same notification requirement applies also in cases where the residence was transferred abroad by the parties themselves.

2. Those parties who for whatever reason dispose of shares of voting stock in an SG in such a way that the amount of holdings falls below one of the characteristic thresholds of QUALYFING HOLDING or which results in the loss of CONTROL over the SG, shall have five days within which to provide the CENTRAL BANK with a notification attesting to the quantity of shares thus disposed of, full details concerning the recipient of the shares thus disposed of, and the quantity of shares still held by the party disposing of the shares.

3. In the cases referred to in the previous paragraph, a notice prior to the date of finalisation of the transfer of the shareholding must also be transmitted to the CENTRAL BANK, with al least 15 days prior notice.

Chapter II
Requirements applicable to individuals

Article 21 – Requirements of good repute of individuals who are participating in the capital of SG.

1. The natural persons who intend to acquire, even indirectly, a SUBSTANTIAL PARTICIPATION in an SG, must possess, as well as the suitability requirements referred to in Article 1, paragraph 1, point 9, of the CORPORATIONS ACT, the following honourability requirements:

a) except in the event of rehabilitation, never have been definitively convicted for serious offences entailing detention for crimes against property and against the public economy, except for those subject to sanctions, and the special offences envisaged in LISF and in the legislation currently in

force governing the prevention of and fight against money-laundering and terrorism financing, as well as the cross-border transport of cash and similar instruments;

b) except in the event of rehabilitation, never have been definitively convicted for offences considered to be offences against law and order, against public faith or of private persons against the public administration, for which a sentence of imprisonment for no less than one year has been issued and not suspended;

c) except in the event of rehabilitation, never have been definitively convicted for offences of any other nature for which a sentence of imprisonment for no less than two years has been issued and not suspended;

d) never have been appointed as a CORPORATE OFFICIAL in authorised parties subject, in the past five years, to any of the extraordinary proceedings referred to in Part II, Title II, Chapters I and II of LISF.

2. The honourability requirements referred to in the preceding paragraph must be possessed also with reference to the absence of any equivalent final convictions (letters a, b and c) or to the absence of any impediments (letter d) applied in any jurisdictions other than in San Marino.

3. The requirement referred to in paragraph 1 letter d) is deemed to be lacking when the office of CORPORATE OFFICIAL has been covered for at least 18 months in the period of 24 months before the adoption of the decree, and the CORPORATE OFFICIAL has been subject to administrative sanctions, with reference to the same prerequisites of the decree.

4. The possession of the requirements referred to in paragraph 1 is evidenced through:

a) submission of the general certificate of criminal records, certificate of pending proceedings, civil certificate or certificate of non-bankruptcy, issued by the competent authorities of the place where the person resided for the greatest part of the last five years, in compliance with the criteria of "substantial equivalence" referred to in article 1, paragraph 2 of the CORPORATIONS ACT;

b) submission, as regards all the remaining jurisdictions, of a self-certification by the concerned party given before a Public Notary of San Marino, using the form attached to this Regulation under letter B.

5. With a view to verifying the territorial jurisdiction of the public authorities having issued the certificates referred to in the fourth paragraph, said certificates shall be accompanied by a copy of a valid identity document.

6. The certificates referred to in the fourth paragraph, letter a), may also result from a single cumulative document and must:

a) be submitted in original or copy certified by a Notary public in San Marino;

b) be dated no more than six months prior to the date of filing;
c) be prepared in Italian or, if prepared in a foreign language, be accompanied by a sworn translation into Italian;

7. The possible absence of one or more certifications that are "substantially equivalent" in the foreign legal system where one's residence is based, for the purposes referred to in the previous paragraph 4, letter a), shall be:
- certified by a "legal opinion" compliant with the requirements referred to in Article 2 below;
- supplied by means of an appropriate authenticated self-certification, with the content requested by the CENTRAL BANK.

Article 22 – Qualifications of individuals to ensure sound and prudent administration.

1. The CENTRAL BANK shall assess the qualifications of potential applicants to ensure sound and prudent administration of the SG accompany. The following are key factors in this assessment process:
a) integrity in business affairs and financial performance; consideration shall be given to the indebtedness relationships which the party in question currently has with banks or other intermediaries belonging to the GROUP TO WHICH THE SG BELONGS;
b) equity or financial relationships which the applicant has with the SG in which the applicant intends to acquire an equity stake, or with entities belonging to the same group as the SG;
c) any ties of any kind - including ties of family or partnership - between the applicant and other entities capable of having an impact on the circumstances referred to in the preceding lettered paragraphs.

2. In order to allow the CENTRAL BANK to assess the qualifications referred to in this article, the individuals in question shall supply the following documentation:
a) in cases in which they perform business activities directly, they shall provide information concerning the economic, equity, and financial performance of the firm;
b) CVs;
c) information regarding ties of kinship, ties of marriage, states of affinity, and constraints on partnerships with shareholders or CORPORATE OFFICERS of the SG or with the shareholders or CORPORATE OFFICERS of firms belonging to the same group as the SG;
d) information regarding business relationship (e.g., services rendered or received) and other ties which the interested party currently has with the SG to which the equity stake refers and with the shareholders in the capital of the SG itself, in addition to debt relationships with banks and other intermediaries in the GROUP TO WHICH THE SG BELONGS;
e) information specifying the sources of financing which the interested party intends to utilize in due course to make the acquisition of the equity stake, indicating the financing entities in question.

Chapter III

Requirements applicable to legal entities

Article 23 – Requirements of good repute applicable to legal entities.

1. If the party intending to acquire a QUALYFING HOLDING in an SG is a legal entity, then the requirements of good repute must be possessed by all members of the board of directors and by the general manager or by persons serving in equivalent capacities.

2. Verification of the requirements shall be carried out by the board of director of the legal entity that intends to acquire the equity stake. In cases involving a sole director, the verification that these requirements have been met shall be performed by the board of statutory auditors or by a decision-making entity performing equivalent functions. The verification process shall be documented in the minutes of the board or committee that performed the verification, which shall also spell out that the interested party abstained from the proceedings. A copy of the minutes and the original certification documenting fulfillment of the fit-and-proper requirements shall be attached to the application for authorization to acquire the equity stake.

3. In the event that a board member or general manager or persons performing equivalent functions are replaced, then verification that the replacement meets the fit-and-proper test shall be conducted within 30 days of the date of appointment of the replacement. Whenever boards or committees are reappointed, all interested parties shall undergo examination to determine that they meet the requirements of good repute.

Article 24 – Qualifications of legal entities to ensure sound and prudent administration.

1. To enable the CENTRAL BANK to assess the qualifications referred to in this article, legal entities intending to acquire a QUALYFING HOLDING in the SG shall be required to enclose the documentation indicated below with their request for authorization:

a) copy of the charter;
b) balance sheet for the most recent fiscal year accompanied by the report of the directors and of the board of statutory auditors and, where available, the management letter from the auditing firm;
c) the CVs of the members of the management boards and committees, the general manager, and the legal representative;
d) information regarding the business relationships (e.g., services rendered and received) and other ties which the interested party currently has with the SG to which the equity stake refers and with the shareholders in the capital of the aforesaid SG, in addition to the interested party's debt relationships with banks and other intermediaries in the GROUP TO WHICH THE SG BELONGS;

e) information specifying the sources of financing which the interested party intends to utilize in order to acquire the equity stake, indicating the names of any financing entities involved;
f) list of shareholders holding an equity stake in excess of 10 percent in the capital evidenced by shares of voting stock in the entity filing the authorization request.

2. If the legal entity making the communication belong to a group, it will be necessary to enclose the following documents:

a) a "map" of the group providing geographical information on its membership;
b) the consolidated balance sheet for the group for the most recent fiscal year, if it has been drawn up;
c) information regarding current financial and operational relationships between:
    1) the SG in which the applicant wishes to acquire an equity stake, and the entities belonging to the applicant's group;
    2) the financial institutions in the group and the other firms included in the group.

3. If the applicant legal entity is a foreign corporation subject to prudential supervision, the following documents shall be attached:

a) an *affidavit* from the parent country supervisory authority certifying that the foreign corporation in question is indeed subject to prudential supervision and that no obstacles stand in the way of the corporation's acquisition of the equity stake;
b) a statement from the corporation certifying that there are no constraints upon the capacity to supply information to the CENTRAL BANK in its performance of its supervisory functions.

TITLE IV
CORPORATE OFFICERS OF SG

Article 25 – Requirements applicable to CORPORATE OFFICERS of SG and verification procedures.

1. The CORPORATE OFFICIALS of an SG must possess the honourability requirements specified in Article 21 above and the additional professional and independence requirements specified in the subsequent articles and, if they reside abroad, they are required to notify to the Board of Directors, at the time of acceptance of the appointment, their address for service in San Marino, also pursuant to Article 23, paragraph 5, of Decree no. 76/2006 as subsequently amended, if this is different from the registered office of the SG. The same notification requirement applies also in cases where the residence of the CORPORATE OFFICIAL was transferred abroad during his/her appointment.

2. Within 30 days after the CORPORATE OFFICER has been appointed or confirmed in his or her position, the board of directors shall verify that the CORPORATE OFFICER fulfills the requirements. The examination must be carried out separately for each of the interested parties; they must play no part in the proceedings that concern them; and the process must be reflected in board minutes. The pertinent decision shall specify the reasons on which it is based, and accordingly, it must set forth the assumptions underlying the assessments that were made. The documentation acquired for this purpose shall be kept at the company. With respect to testing professionalism, the minutes of board decisions shall spell out the specific activities used to determine fulfillment of professionalism requirements and the time frames needed to carry out the tests. In particular, the minutes should reflect the assessment of the extent to which the applicant's accrued experience is consistent with the requirements of the specific vacancy to be filled in the SG. Fulfillment of the independence requirements shall be verified, to the extent possible, on the basis of official and objective documents, and in other cases, on the basis of statements signed by the independent director, suing the template shown in Annex C.

3. A certified copy of the final resolutions taken by the Board of Directors for each of the CORPORATE OFFICIALS, together with the up-to-date certificate of good standing, a copy of the CVs, and any notice referred to in the previous paragraph 1, must be sent to the CENTRAL BANK within thirty days from the date of registration of the appointments in the Register of Companies, in the manner provided for in Article 2.

4. CORPORATE OFFICERS who find themselves in a situation entailing removal from or suspension from their post shall report such circumstances to the board of directors in a timely fashion so that the board may adopt the measures envisaged in this Title.

Article 26 – Professionalism requirements for members of the board of directors.

1. At least two thirds of the members of the boards of directors of SG shall have accrued professional experience of at least three years by virtue of having met one or more of the following criteria:

a) performance of duties as officer responsible for financial investments, portfolio manager, or risk manager at asset SG, investment firms, banks;
b) activities involving economic research applied to financial investments, or else the research and analysis of financial markets or issuers, on the staff of asset SG, investment firms, banks, or financial consulting and research companies;
c) university teaching in law, economics, finance, maths/statistics applied to investing or to financial markets;
d) performance of duties as internal auditor, compliance officer, or attorney responsible for legal affairs at asset SG, investment firms, or banks.

2. The other members of the board of directors shall have acquired overall experience amounting to at least three years by virtue of engaging in one or more of the following activities;

a) management or supervision or executive tasks at companies;
b) professional activities in connection with credit, finance, securities, insurance;
c) university teaching in law or economics.

3. The chairman of the board of directors shall have acquired overall experience amounting to at least five years involving the performance of one or more of the activities or functions specified in item 1 above.

4. Even in cases where the requirements in the preceding items have not been met, it will be possible to appoint, as members of the board of directors or the chairman of the board of directors of an SG, individuals who have served in an analogous position for at least three years at a foreign company authorized to deliver collective or individualized management services and subject to prudential supervision by a public authority.

Article 27 – Professionalism requirements for the chief executive officer (CEO) or managing director.

1. The CEO and managing director shall be in possession of specialized expertise in the area of investment services acquired through work experience, in positions entailing sufficient responsibility for a period of not less than five years. Similar requirements are mandatory for posts entailing the performance of functions equivalent to those of a general manager. The specific professional expertise shall be tailored to the investment activities of COLLECTIVE INVESTMENT FUNDS which the SG intends to establish and/or manage.

Article 28 – Professionalism requirements for statutory auditors.

1. Of the members who serve on the board of statutory auditors:

a) at least one shall be enrolled in the Register of Business Lawyers or Accountants (*Albo dei Dottori o dei Ragionieri Commercialisti*) of the Republic of San Marino;
b) at least one shall be enrolled in the Register of Attorneys and Notaries (*Albo degli Avvocati e Notai*) of the Republic of San Marino;
c) the other members of the board of statutory auditors shall be selected from persons belonging to one of the following categories:
    1) persons in possession of the requirements referred to in Article 26;
    2) persons who are members of the Order of Business Lawyers or of the College of Business Accountants of the Republic of San Marino;
    3) persons who are members of the Order of Attorneys and Notaries of the Republic of San Marino;
    4) persons enrolled in the register of auditors referred to in Law 146 of October 27, 2004;

5) foreign persons authorized in their country of residence to engage in the self-employed professions referred to in this article.

Article 29 – Other professionalism requirements referred to the board of directors for assessment.

1. The board of directors shall verify that CORPORATE OFFICERS have not been punished for non performance or other deficiencies in the performance of their earlier responsibilities as CORPORATE OFFICERS on the staff of banks, SG, investment firms, or other financial enterprises, including foreign, and must verify that applicants have not fulfilled corporate functions/served in an executive capacity in financial enterprises, including financial enterprises, which have been subject to bankruptcy protection procedures. Provided such criteria are met, then the board decision acknowledging the professional qualifications of the interested parties must document the evaluations that were made, having regard to the gravity of the non performance or deficiencies or to the applicant's degree of involvement in the management of the companies subject to bankruptcy protection proceedings.

Article 30 – Independence requirements for board members.

1. At least one of the members of the board of directors shall be independent. A person meeting all of the following criteria shall be defined as "independent":

a) they shall not have currently, nor shall they have had during the year preceding their appointment, significant business, professional, or employer-employee relationships with the SG, with firms controlling the SG or controlled by the SG, with firms affiliated to the SG or subject to a common CONTROL, or with other directors;
b) they shall not be the spouse, nor relative or kinsman up to the fourth degree, of any of the board members or controlling shareholders of the SG;
c) they shall not be the holder, whether directly or indirectly, of shareholdings exceeding 2 percent of the voting stock in the SG, nor shall they join agreements entered into by groups of shareholders outside the framework of charter provisions (*patti parasociali*) directly or indirectly designed to gain CONTROL over the SG.

2. The decision conferring the appointment shall explicitly spell out which director holds the status of independent director.

Article 31 – Independence requirements for statutory auditors.

1. Members of the board of statutory auditors shall be independent. Individuals who meet the following criteria shall be deemed to be independent:

a) they shall not have at the present time, nor shall have had during the year preceding their appointment, any significant business, professional, or employer-employee, with firms controlling the SG or controlled by the SG, with firms affiliated with the SG or subject to a common CONTROL, or with board members of the SG;

b) they shall not be the spouse, nor the relative or kinsman up to the fourth degree of affinity of any of the board members or controlling shareholders of the SG;
c) they shall not be the holder, whether directly or indirectly, of shareholdings exceeding 2 percent of the voting stock of the SG nor shall they join agreements entered into by groups of shareholders outside the framework of charter provisions (*patti parasociali*) and directly or indirectly designed to exercise a CONTROL over the SG.

Article 32 – Suspension.

1. Within 30 days of the time when it learns that criminal proceedings have been instituted vis-à-vis a CORPORATE OFFICER, the board of directors shall decide whether to suspend the party concerned, and the board's decision shall set forth the reasons on which its assessment of the matter was based.

Article 33 – Removal from office.

1. Apart from the circumstances envisaged in the preceding article, failure to meet the requirements specified in this Title shall result in removal from office. Failure to meet the requirements of independence shall have repercussions only for those members of the board of directors who have been explicitly identified as independent directors. Within thirty days of the date on which the board of directors learns of the failure to meet the requirements, the board shall declare that the party in question has been removed from office and shall promptly notify the CENTRAL BANK. In cases of failure to act, removal from office may be declared by the CENTRAL BANK.

Article 34 – Subsequent steps.

1. Statements declaring that a person has been removed from office or suspended shall be promptly followed by timely efforts to bring the incomplete committee or board up to full strength and to ensure its continuity of operation.

TITLE V
PERMISSIBLE SHAREHOLDINGS AND LIMITS ON THE COLLECTION OF SAVINGS

Chapter I
Permissible shareholdings

Article 35 – Limits on permissible shareholdings.

1. SG may acquire shareholdings in banks, SG, investment enterprises, other firms engaging in financial activities, insurance companies, and firms engaging in instrumental, connected, or accessory activities having their registered offices in the Republic of San Marino or abroad. For purposes of this Chapter,

"shareholding" shall be defined as the acquisition of equity rights in other firms, the acquisition of which is intended to forge a lasting bond with the subsidiary and thereby grow the shareholder's business. "Shareholding" shall at all events be deemed to exist when the SG is the holder of at least one tenth of the voting rights that can be exercised at the subsidiary's ordinary meeting of shareholders.

2. Shareholdings held by SG, not deducted from total regulatory capital, may not exceed 50 percent of the aforesaid total regulatory capital.

Article 36 – Application for authorization.

1. SG intending to acquire shareholdings, whether directly or indirectly, or else to join voting syndicates in the companies specified in the preceding article shall file an application for authorization to the CENTRAL BANK.

2. The application shall be accompanied by the charter and the two most recent approved balance sheets for the company in which the SG intends to acquire a stake, in addition to any item of information helpful in placing the operation in the context of the overall business strategy. Furthermore, it will also be necessary to furnish information concerning the impact of the operation on the present and future financial situation of the SG acquiring the stake as well as on compliance with capital adequacy provisions on the part of the SG acquiring the stake.

3. Within thirty days of the date on which the CENTRAL BANK receives the application, having assessed the sound and prudent management of the SG, the CENTRAL BANK shall issue a decision allowing or forbidding the SG to acquire the stake.

Article 37 – Reporting requirements.

1. Within ten days of the date on which they are acquired, the SG shall notify the CENTRAL BANK of the stakes acquired. Any subsequent increases or decreases in the stakes shall require prior authorization only in the event that they cause CONTROL in the subsidiary to be acquired or lost.

Chapter II
Limits on the collection of saving

Article 38 – Limits on the collection of saving.

1. Under Article 5(3) of the LISF, and by way of derogation from the limits set by the CORPORATIONS ACT, the SG, having due regard for the provisions governing issues and placement of financial instruments, may issue debentures (*prestiti obbligazionari*) for up to a maximum of twice their net worth, subject to authorization from the CENTRAL BANK, on the basis of a substantiated request that

illustrates the ultimate objectives being pursued through the issue of the instruments in question and safeguards the economic and financial equilibrium of the company. Within sixty days after the date on which the CENTRAL BANK receives the request, having assessed the issues mentioned above, the CENTRAL BANK shall issue a decision authorization or refusing the request.

TITLE VI
CAPITAL ADEQUACY AND RISK MANAGEMENT

Chapter I
Regulatory capital

Article 39 – Calculating regulatory capital.

1. Total regulatory capital shall be calculated as the algebraic sum of a series of positive and negative items, whose eligibility for inclusion in the basis of computation of regulatory capital - with or without restrictions, as the case may be, depending on the status which each category of item is deemed to have - is allowed in accordance with the provisions that follow. It must be possible to use positive items counting toward regulatory capital without restrictions or delays for the purpose of hedging against risks and covering corporate losses at the time when such risks or losses manifest themselves.

Article 40 – Structure of regulatory capital.

1. Paid-up capital, reserves (excluding revaluation reserves), profits from preceding years carried forward, and the fund for general financial risks constitute Tier One capital items. The total amount of these items taken together - after deduction of own-issued shares held in portfolio, goodwill and other intangible assets, losses from previous years carried forward, as well as significant losses incurred in the current year - constitutes the "capital base" (*patrimonio di base*). This aggregate shall be eligible for inclusion in the basis of computation for total regulatory capital without restriction of any kind.

2. Revaluation reserves, hybrid debt/equity instruments, subordinated liabilities with an original maturity of not less than five years, and credit risk funds shall constitute, within the limits and on the terms established in this Chapter, Tier Two capital asset items. In other words, the total amount of these items taken together shall constitute "supplementary capital". This particular aggregate shall be eligible for inclusion up to the maximum limit represented by the amount of the capital base; however, subordinated liabilities as defined above may not exceed 50 percent of the capital base.

3. From the total amount of the capital base and the supplementary capital, we deduct:

a) equity stakes held at banks, SG, investment enterprises, other firms engaging in financial activities, insurance companies, in addition to subordinated assets and hybrid debt/equity instruments held vis-à-vis such entities, as reported in the article that follows;
b) a sum equivalent to 50 percent of the amount of net capital losses on LONG-TERM PORTFOLIO.

4. The amount obtained on the basis of the foregoing items shall constitute total regulatory capital.

Article 41 – Treatment of certain items that help to calculate regulatory capital.

1. Subject to approval by the CENTRAL BANK, on the terms specified in Annex D, the components of supplementary capital may include - up to the maximum amount of the sums actually received by the issuing SG and still at its disposal - the following items:

a) hybrid debt/equity instruments, such as non-redeemable liabilities and other instruments redeemable at the request of the issuer subject to the prior request of the CENTRAL BANK;
b) subordinated liabilities.

In both cases the liabilities may be issued by the SG including in the form of bonds, whether or not convertible, and other similar instruments.

2. From the sum of "capital base" and "supplementary capital", the following must be deducted:

a) any holding over 10% of the authorized capital of the controlled company held directly or indirectly in other SG, banks, investment companies, insurance undertaking and other companies exercising financial activities, as well as the hybrid debt/equity instruments and subordinated liabilities issued by these financial enterprises, whatever the allocation portfolio;
b) any share of less than 10% of the capital of the controlled company held directly or indirectly in other SG, banks, investment companies, insurance undertaking and other companies exercising financial activities, as well as the hybrid debt/ equity instruments and subordinated liabilities – other than those included in the previous letter a) – issued by these financial enterprises, even if not related, whatever the allocation portfolio.

3. The deduction referred to in the previous paragraph, letter a), is equal to the overall amount, while the deduction referred to in letter b) – except in the case of "cross-investment" in which the deduction is equally integral up to the corresponding amount – is equal to the part of the overall amount exceeding 10% of the value of capital base and supplementary capital of investing SG.

4. IMPLICIT SURPLUS and IMPLICIT DEFICIT in the LONG-TERM PORTFOLIO shall be netted out taking account of any contracts having the purpose of hedging of securities. If the overall balance resulting from the netting-out has a plus sign, it will not be necessary to deduct any amount from the total regulatory capital. However, if the overall balance carries a minus sign, this must be offset against any

capital gains present in the NON-LONG-TERM PORTFOLIO. Fifty percent of any additional negative residual (net capital loss) shall be deducted from the computations for total regulatory capital.

Article 42 – Changes in total regulatory capital.

1. Computation of regulatory capital shall take account of any changes that have occurred in the fiscal year as a result of:

a) operations for changing the authorized capital, and related changes in the issue prices that substantially exceed the nominal value and in the reserves;
b) purchases and sales of own-issued shares;
c) acquisitions and divestitures of equity stakes;
d) subordinated liabilities issued and redeemed;
e) acquisitions and divestitures of subordinated assets vis-à-vis subsidiaries;
f) verified significant losses;
g) corporate restructuring processes.

The operating income for the year amount of the bottom line for the year (net of any distributed profits) shall count toward total regulatory capital as of the balance sheet approval date.

Chapter II
Capital adequacy requirements

Article 43 – Minimum amount of total regulatory capital.

1. The amount of the total regulatory capital of SG, calculated in accordance with the rules set forth in Chapter I, shall be at least equal to whichever is the larger of the following:

a) the amount of the minimum capital required for the authorization to engage in operations;
b) the capital backing (*copertura patrimoniale*) required for the pool of assets of the COLLECTIVE INVESTMENT FUNDS, as determined in Article 44(1), up to a maximum amount of 10 million euros;
c) the capital backing required for ensuring compliance with coefficient "other risks", as defined in Article 44(2).

2. If the business promotion activities and the management activities of COLLECTIVE INVESTMENT FUNDS are performed by separate firms, then the firm that simply performs business development activities shall not be subject to the requirements associated with the pool of managed assets pursuant to Article 44(1).

3. SG shall ensure ongoing compliance with minimum capital requirements.

4. Whenever the capital, economic, or financial situation of an SG so warrants, the CENTRAL BANK may impose arrangements that are more restrictive than those generally determined in connection with prudential supervision rules.

Article 44 – Capital backing measured against the pool of assets of COLLECTIVE INVESTMENT FUNDS and of other risks.

1. When determining capital requirements, SG shall make reference to TOTAL ASSETS - as determined on the basis of the most recent semiannual report and the most recent annual report - for the COLLECTIVE INVESTMENT FUNDS which they manage, except for those FUNDS and other assets for which the SG performs management functions on the basis of a delegation of authority. On that portion of the amount thus determined that exceeds euros 250 million, the SG shall calculate a capital requirement equal to 0.02 percent, up to a maximum amount of 10 million euros.

2. A capital backing, in the measure of 10 percent of fixed operating costs resulting from the consolidated balance sheet of the last financial year, shall apply. The CENTRAL BANK has the power to reduce such obligation in cases of substantial change of the activity from the previous fiscal year. During the first fiscal year of activity the capital backing in the measure of 10 percent shall be referred to the fixed operating costs envisaged in the forecast annual balance sheet. In order to calculate the amount of fixed operating costs, the SGs shall make reference to the amounts of the items 80 "Other operating expenses" and 90 "Operating expenses" of the Profit and Loss Account scheme.

TITLE VII
OPERATING BALANCE SHEET

Article 45 – Length of the fiscal year and general principles.

1. The fiscal year begins January 1, and ends December 31. The SG shall prepare the operating and consolidated balance sheet in compliance with the provisions of Regulation no. 2016-02.

2. The operating balance sheet for the SG shall be accompanied by a report from an auditing firm, pursuant to Article 33 of the LISF.

TITLE VIII
ADMINISTRATIVE AND ACCOUNTING ORGANIZATION AND INTERNAL CONTROLS

Article 46 – General principles.

1. The organization of the SG shall be based on criteria of effectiveness and efficiency and shall ensure compliance with principles of sound and prudent management. Whether on decision-making corporate boards and committees, or within the operational structure, duties and responsibilities shall be allocated in a clear and unambiguous fashion, avoiding overlaps and facilitating timely debate with respect to the attainment of corporate objectives and the development of an environment conducive to supervision. SG shall comply with the provisions set forth in this Title in a manner commensurate with their scale and in a manner consistent with the operational complexity of the operations carried out.

2. The operations of the management and supervisory bodies shall be documented so as to facilitate efforts to reconstruct and verify the functionality of decision-making processes.

Article 47 – Duties of the board of directors, senior management, and the board of statutory auditors.

1. The board of directors shall use its own decisions to set:

a) corporate strategies and objectives as well as general criteria for investing the assets entrusted to the SG for management, including with reference to the risk/yield profile;
b) the architecture of the investment process, by establishing the pertinent procedures and performance with reference to the roles played by the various entities involved and the various managers involved;
c) the organizational structure and the assignment of duties and responsibilities to the operational units;
d) criteria for selecting the depositary bank, the entity responsible for calculating the value of the unit shares in the FUNDS, the prime broker, and the appointments procedure.

The board of directors shall further arrange for periodic inspections to verify the efficiency and effectiveness of the system of internal controls as befits the complexity of the operations carried out by the SG. The board shall also ensure that supervisory structures are kept separate from operational structures.

2. The senior management, comprising the CEO and the general manager:

a) shall carry out the decisions of the board of directors and implement the board's strategic guidelines and choices;

b) ensures the efficient management of the corporate operations and the risks to which the SG and its managed assets are exposed;
c) makes provision for adequate reporting to the board of directors in connection with key corporate facts;
d) verifies that the system of internal controls is effective and efficient as required by the benchmark operating environment.

3. Apart from the duties entrusted to it by legal provisions, the board of statutory auditors shall verify that the management operations are in conformity with CENTRAL BANK's provisions, and shall further verify the proper functioning of the operational areas in addition to determining that the internal controls and IT systems are efficient and adequate. In the performance of these supervisory functions, the board of statutory auditors may enlist the services of all operational units assigned to supervisory functions. The board of statutory auditors and the external auditing firm shall exchange data and information required to carry out their respective tasks.

Article 48 – Investment process.

1. Investment management is a complex process consisting of a series of increasingly detailed decisions, culminating in the selection of specific assets to include in the FUNDS.

2. The investment process is defined by the board of directors, taking account of the scale and complexity of management activities. This may provide for various permutations depending on the presence of any investment committees or other decision-making entities performing delegated functions, without prejudice to the need to reserve for the board of directors the right to define general strategies for investment decisions, and ensuring that the board itself receives proper reporting.

Article 49 – System of internal controls.

1. The SG shall ensure that they have the professionalism, the tools, and the procedures necessary to quantify, manage, and curb all risks, whether those which they themselves incur (primarily attributable to the category of operational and reputational risks), and the risk associated with the assets they administer. The SG perform an assessment to determine whether they should establish their own risk management unit at the internal level, separate from the operational units, with the risk management unit entrusted with risk management functions; or they will decide whether they should rely on external (including group-based) structures, having due regard for the criteria specified for the outsourcing of corporate functions.
If the FUNDS administered by the SG invest in over-the-counter financial derivatives, the risk management function will need to have procedures for measuring and managing connected risks and will need to perform precise and independent assessments of such instruments on a daily basis. The board of directors shall specify the procedures by which and frequency with which the [unit performing the] risk

management function will report to senior management and to the board of directors itself concerning the work done and the results achieved.

2. SG shall have an internal auditing structure that is independent, including hierarchically speaking, from the operational structures; the manager responsible shall be appointed by the board of directors and he/she shall have the skills and facilities necessary to perform internal auditing functions, including in light of the complexity of the corporate mechanisms characteristic of the SG.
Alternatively, SG may perform an assessment to decide whether to avail themselves of an external structure (including group-based) having due regard for the criteria specified for the outsourcing of corporate functions.
At all events, the persons responsible for performing these activities, in order to be able to perform the requisite inspections must have access to all the corporate structures as well as to auditing-related information on the proper performance of outsourced corporate functions.
The internal auditing unit shall be responsible inter alia for performing supervision functions in regard to:

a) conducting periodic assessments of the comprehensiveness, functionality, and adequacy of control systems;
b) ensuring compliance with codes of conduct and transparency in the performance of activities;
c) ensuring enforcement of the principle of demarcation between the management of various FUNDS;
d) maintaining accounting records;
e) exchanging flows of information among the various corporate units and between the SG and the other parties involved in service delivery;
f) ensuring the adequacy of technological facilities and the professional skills of employees responsible for corporate IT systems, including in cases in which such systems are outsourced;
g) ensuring that the operations of the outsourcer meet the standards established under the appointment agreement;
h) ensuring compliance with rules and regulations governing AML/CFT and other financial offenses.

The results of the periodic inspections and the proposed organizational and procedural improvements identified by the internal auditing unit shall be brought to the attention of the board of directors which shall examine them at special meetings at which the board of statutory auditors shall be present.

3. By January 31 each year, the manager responsible for the internal audit function shall prepare:

a) an annual report illustrating the inspections and the audits carried out, their findings, and any proposals and suggestions;
b) a plan for the inspections scheduled for the current year.

The above-mentioned documents shall be subject to review by the board of directors, with assessments by the board of statutory auditors.

Article 50 – Information Technology and accounting systems.

1. The SG shall equip themselves with IT and accounting systems capable of generating comprehensive, accurate, and timely information, characterized by high levels of security, measures to safeguard information integrity and confidentiality, as well as backup and recovery procedures to restore the status quo ante in the event of an accident.

Article 51 – Relationships between the SG-promoter and the SG-manager.

1. If the activities involved in the business development and in the management of FUNDS are conducted separately (by an *SG-promoter* and by an *SG-manager*), then the organizational methods shall be defined and formally established in light of the provisions set out below.

2. The business development company (*SG-promoter*) shall take appropriate organizational steps to ensure efficient administrative management of dealings with unitholders and timely and accurate information exchanges with the placement structures (the company's own, or those belonging to outsiders), the depositary bank, the party responsible for calculating the value of unit shares, the *SG-manager*, so that it will ensure a constant supply of information on the financial flows deriving from the incomings and outgoings of the FUNDS, for receiving data on the valuation of unit shares, data on the preparation of information to be reported to the public and the market, as well as data necessary to verify that the FUND's investment policies are compatible with the policies specified in the management regulations.

3. The *SG-manager* shall take appropriate organizational steps to ensure efficient management of activities on investment markets as well as achieving timely and accurate information exchanges with the depositary bank, the party responsible for calculating the value of unit shares, and the business development company.

Article 52 – Delegation of corporate functions (outsourcing).

1. In order to achieve maximum efficiency in production processes and operating procedures, or to acquire specific competencies, the SG may enlist the services of persons outside the company to perform particular activities. The SG shall closely evaluate the managerial and organizational capacities of the outsourcer in order to avoid conflicts of interest between the vendor outsourcer and the holders of rights in the assets in administration. The SG's responsibilities to ensure the proper performance of activities delegated to outsiders shall remain unchanged.

2. The SG shall retain adequate capacity to supervise the activities outsourced and shall reserve the right to intervene in timely fashion in the event that the services rendered by the outsourcer prove deficient or if they are interrupted for whatever reason. For this purpose, it will be necessary to appoint a contact person inside the SG, responsible for verifying the outsourcer's compliance with the commitments undertaken

and the quality of the services rendered. If the SG constituted his own structure of internal auditing, the function mentioned above is carried out from the relative responsible.

3. For purposes of supervisory audits, the outsourcing contracts shall be documented in writing and shall provision for the following at least:

a) the outsourcing entails no waiver or limitation of liability for the SG and may be revoked immediately by the SG;
b) the audit bodies of the SG shall have the unconditional option to gain access to the offices of the outsourcer to verify compliance with all the technical and administrative procedures - not to mention the results - pertaining to functions performed on behalf of the SG;
c) all of the accounting printouts and pertinent supporting documents pertaining to outsourced activities shall be fully available to the SG at all times;
d) the outsourcer shall take cognizance of the fact that the powers which Article 42(2) of the LISF vest in the CENTRAL BANK may be exercised against the outsourcer;
e) the SG may at any time issue additional instructions pertinent to the performance of the outsourcing agreement;
f) the organizational methods and the resources devoted to the activity by the party offering the service;
g) contractual mechanisms (such as express termination clauses, advance notice periods) associated with events in the corporate life of the outsourcer, inadequacy of services rendered, or major changes in the organizational or operational framework of the SG, which allow the SG to adjust the agreement or to identify valid alternatives to the service offered;
h) confidentiality of information on the outsourced operations shall be appropriately safeguarded, in particular by ensuring compliance with banking secrecy requirements under Article 36 of the LISF;

SG shall be required to provide the CENTRAL BANK with drafts of outsourcing contracts before the contracts in question are entered into. Contracts may be signed provided the CENTRAL BANK, within 30 days of the date on which they were received, has failed to veto them on grounds of failure to meet the above-mentioned requirements or on the grounds that they are incompatible with the sound and prudent administration of the SG in question.

Article 53 – Outsourcing of management functions.

1. The SG may entrust investment decision-making to third parties, provided that the latter are authorized to deliver collective or individualized management services and are subject to appropriate forms of prudential supervision. Management outsourcing contracts do not mean that the SG can be dismantled. Accordingly, the structure of the SG needs to encompass resources and competencies sufficient to facilitate the independent determination, for each product offered, of the risk-yield profile, the general

investment strategies, the mix of various asset classes, maximum risk levels, as well as monitoring over time the compatibility of the investments with the strategies as these are developed from time to time.

2. In addition to the provisions in the preceding article, the outsourcing contract shall make provision for the following:

a) the SG shall retain the option to engage in transactions on the same markets and involving the same financial instruments as those for which the outsourcing contract was awarded;
b) in making its investment decisions, the outsourcer shall comply with the instructions issued from time to time by the appropriate authorities of the outsourcing SG;
c) appropriate arrangements have been made to ensure compliance with provisions governing conflicts of interest and codes of conduct pertaining to the outsourcing entity and the outsourcer entity;
d) provision is made for ensuring a flow of information - adequate to the specific characteristics of each product - on the transactions carried out by the outsourcer, allowing for timely reconstruction of the performance of the assets thus managed;
e) provision is made for the exercise of the supervision function by the outsourcing entity and by the depositary bank.

3. If the SG that engages in specifically management functions (*SG-manager*) is different from the SG that engages in business promotion functions (*SG-promoter*), then the latter company shall be kept abreast of the choice of outsourcer.

4. Outsourcing shall entail no waiver or limitation of liability for the SG, which shall remain bound by the provisions of these regulations, including with reference to the transactions carried out by the outsourcer entity.

Article 54 – Relationships with the depositary bank.

1. The SG shall carefully evaluate the technical and organizational fitness of the selected depositary bank in regard to the characteristics of the FUND for which the appointment is made. The agreement appointing the depositary bank shall completely govern the reciprocal relationships between the SG and the bank. If the management and promotion functions are performed by separate entities, then both shall be parties to the agreement with the depositary bank.

2. In order to avoid disruptions in the performance of the tasks of the depositary bank, provision must be made for the option to replace the depositary bank in the agreement appointing the depositary bank, specifically:

a) the appointment of the depositary bank, to be conferred for an indeterminate time, may be revoked at any time, whereas if the bank wishes to withdraw it shall be required to give a minimum advance notice period of six months;
b) the revocation or withdrawal of the depositary bank shall not take effect until such time as:
    1) another bank also meeting the legal requirements accepts the appointment to replace the previous bank;
    2) the appropriate amendment to the regulations is approved by the CENTRAL BANK;
    3) the assets of the FUND are transferred to the new depositary bank.

Article 55 – Relationships with the prime broker.

1. If the SG enlists the services of a "prime broker" (an entity who offers a range of integrated services, such as financing facilities, lending of securities) separate from the depositary bank, the SG shall pay the closest possible attention to the choice of prime broker, focusing on primary intermediaries, subject to appropriate methods of prudential supervision, and with proven experience in the sector. The agreements regulating the required services shall also govern all the exchanges of information necessary in order for the FUND's depositary bank to perform the tasks falling within its sphere of competence; the consent of the depositary bank must be explicitly indicated in the convention.

2. For each COLLECTIVE INVESTMENT FUND, the SG may not avail itself of more than one prime broker. The existence an role of the prime broker shall be summarized in the management regulations for the FUND.

Article 56 – Relationships with the entity responsible for calculating the value of unit shares.

1. Dealings with the entity responsible for calculating the value of unit shares shall be governed by an agreement, having due regard for the criteria specified in Article 132.

Article 57 – Use of consultants.

1. Apart from the cases of outsourcing and delegation of authority provided for in Article 53, and without prejudice to the fact that the SG has sole responsibility and authority regarding investment decisions, SG may use consultants when making investment decisions concerning their own management activities.

Article 58 – Relationships with dealers.

1. SG shall use a written agreement to define their relationships with the dealers responsible for placing their products/services. The agreements shall specify the following inter alia:

a) times and methods for the transmittal of the documents pertaining to operations for the subscription and extinction of management contracts;
b) the flows of information which dealers shall report to the depositary bank regarding the tasks entrusted to the dealers in connection with the issuance and redemption of unit shares.

TITLE IX
OPERATIONS FOR THE MERGER AND SUBDIVISION OF SG

Article 59 – Application for authorization.

1. SG intending to participate in a merger or subdivision operation shall file an application for authorization with the CENTRAL BANK, enclosing a report illustrating the project, providing full details necessary to assess its objectives and its impact on the organizational structure of the SG after the operation has been implemented. It will also be necessary to specify the various stages in which the operation itself will be organized.

2. If the operations involves firms not subject to supervision by the CENTRAL BANK, it will be necessary to provide full particulars concerning these firms in the interest of facilitating a thorough assessment of the operation from the standpoint of ensuring the sound and prudent management of the companies subject to supervision.

Article 60 – Assessments by the CENTRAL BANK.

1. Based on documentation received, the CENTRAL BANK shall perform an assessment to make sure that the proposed merger or subdivision do not violate sound and prudent management, and in particular to:

a) prevent disruptions in management or in the delivery of the services performed by the firms affected by the merger or the subdivision;
b) ensure that the files and IT systems of the companies concerned are made mutually compatible as well as compatible with the files and IT systems of the depositary bank and of other key players (e.g., outsourcers, dealers, the entity responsible for calculating the value of unit shares);
c) ensure that the company resulting from the merger or the firms resulting from the subdivision are in a position to comply from the outset with all the rules applicable to them and to provide the CENTRAL BANK with all the requested information.

Article 61 – Periods of time allowed for the decision by the CENTRAL BANK.

1. On the basis of the assessments performed in accordance with the preceding article, the CENTRAL BANK, within a period of sixty days reckoned as of the date on which the application is received, shall issue a decision either authorizing or refusing the requested merger or subdivision.

2. After the authorization decision has been made, it will then be possible to take the steps envisaged in the COMPANIES ACT.

3. The SG participating in the merger or subdivision shall send the CENTRAL BANK a copy of the records pertaining to the developments in these proceedings and their outcome.

Article 62 – Amendments to the regulations of COLLECTIVE INVESTMENT FUNDS.

1. When operations involving the merger or subdivision of SG make it necessary to amend the regulations of COLLECTIVE INVESTMENT FUNDS, the companies concerned, at the same time as the procedures are initiated, shall specify the amendments to the regulations of the FUNDS affected by these operations. The changes shall be explicitly spelled out in the decisions adopted by the pertinent boards and committees of the SG concerned.

2. The CENTRAL BANK shall issue the decision approving the pertinent amendments in conjunction with a decision on the merger or subdivision operation. At all events, the effective date of the amendments to the regulations may not antedate the effective date of the merger or subdivision concerned.

TITLE X
INFORMATION SUPERVISION

Article 63 – Material operations.

1. The CENTRAL BANK shall receive prior notification of the following:

a) TRANSFERS OF LEGAL RELATIONSHIPS (whether from the perspective of the transferor SG or transferee SG), if the agreed price for the transfer exceeds 10 percent of the regulatory capital of the SG;
b) any reduction in the authorized capital;
c) distribution of reserves;
d) any operation which could have significant repercussions for the overall operational effectiveness of the intermediary, its capital adequacy and/or its organizational structure.

2. Prior notification must reach the CENTRAL BANK at least 30 days prior to the date on which the operations are to be carried out, and shall illustrate the content and purposes of the operations. The CENTRAL BANK reserves the right to veto any operations which in the CENTRAL BANK's opinion might prejudice the sound and prudent administration of the SG.

Article 64 – CORPORATE OFFICERS and minutes of the meetings.

1. Within 30 days of the date on which the appointments are accepted, SG shall report to the CENTRAL BANK any changes in the individuals who perform management, senior management, and supervisory functions.

2. The SG should also transmit to the CENTRAL BANK a certified and complete copy of the minutes of each meeting of the shareholders, even if they do not contain any resolution subject to notification or authorisation requirement, together with an up to date certificate of good standing, when the resolutions of the meeting have determined an updating of the data contained therein. Such transmission should be made within ten days from the date of completion of the legal procedure for the execution of the deed, that is to say from the last, in chronological order, of the dates of celebration, registration, filing and entering in the Register of Companies.

Article 65 – Internal audit function.

1. By April 30 of each year, the SG shall send to the CENTRAL BANK an annual report on the audits they have carried out and the annual plan of scheduled audits, as prepared by the manager responsible for the internal audit function in accordance with the provisions of Article 49, in conjunction with the minutes of the meeting of the board of directors.

Article 66 – Communications of the board of statutory auditors.

1. The board of statutory auditors shall promptly notify the CENTRAL BANK of all actions or facts which come to its attention in the course of performing its own duties, when such actions or facts might constitute a management irregularity or a violation of the rules governing the activities of the SG. This provision shall also apply to those individuals who perform these same duties on the staffs of firms that control SG or which are controlled by them.

2. The minutes of meetings or findings of the board of statutory auditors of the SG reflecting violations of current rules and regulations shall be reported to the CENTRAL BANK within ten days of the date on which the pertinent instrument is issued. This reporting shall be the responsibility of the chairman of the board of statutory auditors, or, if he/she is prevented from taking action in the matter, by the statutory auditor having the greatest seniority.

Article 67 – Performances of the auditing firm.

1. Firms entrusted with the task of auditing the accounts of SG shall be required to promptly notify the CENTRAL BANK of any actions or facts identified in the performance of the auditing function which may potentially constitute a serious violation of the rules governing the activities conducted by the audited companies or which could endanger the continuity of the business or could lead to an adverse opinion, an opinion with caveats, or a declaration to the effect that it is impossible to express an opinion on the balance sheets or regular prospectuses of the COLLECTIVE INVESTMENT FUNDS.

Article 68 – Organizational report.

1. By March 31 of each year, SG shall send the CENTRAL BANK a report on their organizational structure, in accordance with the template shown in Annex A. In the event that no changes have occurred in the information disclosed in the report for the preceding year, then the SG shall only send a certification attesting to that fact making a reference to the earlier report.

Article 69 – Exceeding the limits on the investment activity of COLLECTIVE INVESTMENT FUNDS.

1. SG and depositary banks that find violations of the maximum limits imposed on the investment activities of COLLECTIVE INVESTMENT FUNDS shall duly notify the CENTRAL BANK in accordance with the procedures specified in Annex E.

TITLE XI
INSPECTION SUPERVISION

Article 70 – Investigations for inspection purposes.

1. The CENTRAL BANK shall exercise the powers of inspection referred in Article 42 of the LISF, and shall use its own inspectors or external auditors appointed for the purpose pursuant to Article 42(3) of the LISF.

2. Inspections aim at ascertaining whether the activities of the SGs satisfy the criteria of a sound and prudent management and are carried out in compliance with the provisions governing the exercise of such activities. Within this context, the inspection assesses the overall technical and organisational situation of the SG and verifies the accuracy of the information provided to the CENTRAL BANK.
The investigations may relate to the overall corporate situation ("spread-spectrum"), specific operating sectors and/or compliance with industry regulations ("targeted") as well as the responsiveness of any corrective actions taken by the SG. ("follow up").

3. Those persons who on behalf of the CENTRAL BANK go to the offices or agencies of an SG for the purpose of conducting inquiries, shall produce:

a) a letter of appointment addressed to the inspected SG, signed by the General Manager and containing full details regarding the persons appointed to perform the inspection;
b) a currently valid letter of accreditation.

4. In the course of conducting its investigations, the CENTRAL BANK may have access to the full set of the SG's information resources, without exception of any kind pursuant to Article 36(5)(b) of the LISF. The exercise of the investigation powers envisaged in Article 42(2) of the LISF in relation to entities to

whom the SG has outsourced corporate functions requires initiating inquiries in relation to the SG and shall be carried out on the basis of the same appointment letter as the one referred to in item 3(a) above.

5. CORPORATE OFFICERS and staffs of the inspected SG shall be liable to cooperate fully with the performance of any investigations, and in particular, they must furnish make available any such information as the investigators deem necessary to acquire, in a timely and comprehensive fashion. The SG shall also endeavor to ensure that such information and documents as are requested by the investigators that are in the possession of other persons involved in the production process (whether the depositary bank, the prime broker, or the calculation agent) are made available in a timely fashion.

Article 71 – Inspection report.

1. Upon the conclusion of the investigations, the investigators shall prepare an "inspection report" containing a detailed description of the identified corporate facts and actions that were incompatible with proper management criteria or with the rules and regulations governing the performance of the activities concerned.

2. Within a period of 90 days after the closure of the investigations, the CENTRAL BANK shall submit to the SG the report containing the findings of the inspection. The running of this period of time may be suspended in the event that it should prove necessary to gather additional items of information.

3. Within a period of 30 days after the delivery of the inspection report, the company concerned shall provide the CENTRAL BANK with its own observations on the findings of the inspection, in addition to the steps already taken and thus planned for eliminating the anomalies and constraints identified as a result of this process.

4. The rules and regulations governing the procedure for the imposition of administrative penalties in cases of violations identified in the course of the inspection investigation shall remain unaffected.

PART III
PROVISIONS PERTAINING TO COLLECTIVE INVESTMENT FUNDS

TITLE I
CRITERIA FOR CLASSIFYING COLLECTIVE INVESTMENT FUNDS

Article 72 – Types of COLLECTIVE INVESTMENT FUNDS.

1. In connection with subscription and redemption methods for FUND shares, and in accordance with the details provided in Articles 73 and 74 below, COLLECTIVE INVESTMENT FUNDS shall be distinguished as:

a) Open-ended FUNDS;
b) Closed-ended FUNDS.

2. In connection with potential unitholders and in accordance with the details provided in Articles 75 and 76 below, COLLECTIVE INVESTMENT FUNDS shall be distinguished as:

a) FUNDS intended for the general public (retail);
b) Reserved FUNDS.

3. Regarding the use of non traditional equity management techniques, it shall be possible to establish "alternative FUNDS", whose characteristics shall be governed by the provisions of Article 77 and Chapter IV in Title II.

4. Combinations among the above-specified categories shall entail different limits for different kinds of investment activities, in accordance with the provisions of the next Title.

Article 73 – Open-ended FUNDS.

1. In an open-ended FUND, the FUND shares may be subscribed for at any stage in the life of the FUND, on the terms indicated in the management regulations, through the payment of a sum of money corresponding to the published value.

2. The unitholders in an open-ended FUND have the right to request, at any time, the repayment of their FUND shares, in accordance with the procedures specified in the FUND's management regulations.

3. Except for the provisions specified for alternative and reserved FUNDS, the company (SG) shall publish the value of the FUND shares for the open-ended FUND, including for subscription and redemption purposes, at least weekly.

4. The category of open-ended FUNDS is deliberately geared toward investment in assets characterized by high liquidity.

Article 74 – Closed-ended FUNDS.

1. In closed-ended FUNDS, fund-raising will be done through one or more issues, in accordance with the procedures and by the deadlines specified in the regulations which, for closed-ended FUNDS intended for the general public (retail), may not exceed 24 months from the date on which the FUND's regulations are approved. Once that deadline has expired, and if the FUND has not been fully subscribed for, then the

SG may change its size, in accordance with the provisions set forth in the FUND's regulations. However, in the event that a FUND proves to be oversubscribed, then the SG may increase its assets, in accordance with the provisions established in the regulations of the FUND. Interested parties may subscribe for shares in the FUND by paying an amount equivalent to the value of the FUND shares.

2. The SG shall publish the value of shares in the closed-end FUND at least once every six months.

3. The right to redemption of FUND shares shall be accorded to members of a closed-end FUND only on predetermined maturity dates, in accordance with the provisions set forth in the management regulations.

4. The overall lifetime of a closed-ended FUND may not exceed thirty years. In the event that due provision is made within the FUND's bylaws, and subject to CENTRAL BANK's authorization, the SG may request an extension of the lifetime of the FUND not to exceed three years for the purpose of carrying out the operations required to wind up the FUND's operations.

5. In the event that the FUND's regulations make provision for issues subsequent to the first issue or the distribution of earnings, coinciding with the new issues or with the distribution of earnings it shall be necessary to determine and publish the value of the FUND's shares.

6. The category of closed-ended FUND is deliberately geared toward investment in assets characterized by limited liquidity.

Article 75 – FUNDS intended for the general public (retail).

1. FUNDS intended for the general public (retail) may be subscribed for by anybody. Reflecting their characteristics in this regard, they are subject to more stringent regulations with respect to their investment activities and in terms of the drafting of management regulations, primarily intended to achieve strong portfolio diversification and more stringent reporting requirements. All FUNDS intended for the general public (retail) must comply with the rules governing investment offerings.

Article 76 – Reserved FUNDS.

1. FUND shares in reserved FUNDS may be subscribed for solely by PROFESSIONAL CUSTOMERS. It follows that the rules governing investment activities and the drafting of management regulations require less stringent standardization and mandatory requirements. The management regulations governing reserved FUNDS are not strictly bound by the rules governing risk diversification and containment, but they must obey the prohibitions set forth in Article 79. Reserved FUNDS are not subject to the rules governing investment offerings to the public *("sollecitazione all'investimento")*.

Article 77 – Alternative FUNDS.

1. Without prejudice to the categories described in the preceding articles and having due regard for the "activities reserved" as defined in the LISF Act, the CENTRAL BANK may authorize the establishment of alternative FUNDS. "Alternative FUNDS" shall be defined as COLLECTIVE INVESTMENT FUNDS which, by exercising the option to disregard the prohibition referred to in Article 79(1)(a), the risk diversification and containment rules, and other prudential rules governing the other categories of COLLECTIVE INVESTMENT FUNDS, may employ non traditional management techniques.

Article 78 – Guaranteed FUNDS.

1. The management regulations for COLLECTIVE INVESTMENT FUNDS may make provision for guaranteeing the repayment of invested capital or paying a minimum income, on condition that the collateral is provided by banks or insurance companies on the basis of suitable agreements which the CENTRAL BANK shall evaluate in the context of the procedure for authorizing the FUND's management regulations. The latter regulations shall specify the arrangements for furnishing the collateral.

TITLE II
CHARACTERISTICS OF INDIVIDUAL CATEGORIES OF COLLECTIVE INVESTMENT FUNDS

Chapter I
General provisions

Article 79 – General prohibitions.

1. Notwithstanding the provisions governing alternative FUNDS, managers of COLLECTIVE INVESTMENT FUNDS may not:

a) engage in short selling of financial instruments;
b) make loans in forms other than those forms specified in these regulations in connection with forward operations involving financial instruments;
c) invest in financial instruments issued by the SG which established or which is managing the FUND;
d) acquire, whether directly or indirectly, unlisted financial instruments from a shareholder, director, general manager or statutory auditor of the SG, or from a firm in the GROUP TO WHICH THE SG BELONGS;
e) transfer, whether directly or indirectly, unlisted financial instruments to the persons indicated in the preceding lettered paragraph;

f) invest in financial instruments evidencing securitization operations focusing on claims assigned by partners of the SG, or by persons belonging to the same group, in an amount exceeding 3 percent of the NET ASSET VALUE of the FUND.

Article 80 – Compliance with prohibitions and limits on investment activity.

1. Compliance with the prohibitions and limits on investment activity of COLLECTIVE INVESTMENT FUNDS and with the rules envisaged in these provisions must be assured on an ongoing basis. However, without prejudice to the need to ensure an even distribution of risks, COLLECTIVE INVESTMENT FUNDS may disregard, for a maximum period of six months from the start date of their operations, the quantitative limits for risk diversification and containment.

2. The limits imposed on the FUNDS' investment shall not prejudice the exercise by the SG of subscription rights deriving from financial instruments in portfolio (e.g., options, convertible bonds). If the exercise of these rights may cause the investment limits to be exceeded, then the position must be brought back within the specified limits as expeditiously as possible, having due regard for the interests of the FUND's unit-holders. A similar principle shall apply in the event that limits are overshot as a result of changes in the value of portfolio holdings of securities during a period subsequent to the investment or attributable to factors beyond the SG's control.

3. In the absence of provisions specifying otherwise, the provisions concerning the limits and prohibitions that refer to relationships of any kind between the FUND and the SG shall apply either to the SG that established the FUND or to the firm which, if different from the SG which established the FUND, is now managing the FUND.

Chapter II
UCITS III type funds

Article 81 – Subscription and redemption procedures.

1. UCITS III TYPE FUNDS shall be open-ended FUNDS.

Article 82 – Potential unitholders.

1. The management regulations governing UCITS III TYPE FUNDS shall allow anybody to subscribe for shares in such FUNDS.

Article 83 – Purpose of the investment and overall portfolio composition.

1. The types of assets in which it shall be possible to invest the capital of UCITS III TYPE FUNDS, having due regard to the other terms and conditions specified in these regulations, are the following:

a) LISTED FINANCIAL INSTRUMENTS of the types referred to in Annex 2, letters (a), (b), (d), and (e) of the LISF;
b) unlisted financial instruments pursuant to Annex 2(a), (b), (d) and (e) of the LISF, within a maximum of 10 percent of the TOTAL ASSETS of the FUND;
c) listed derivatives focusing on assets in which the FUND is permitted to invest, financial indices, interest rates, exchange rates or parities;
d) unlisted derivatives ("over-the-counter" or OTC derivatives) on condition that:
    1) they are focusing on assets in which the FUND is permitted to invest, financial indices, interest rates, exchange rates or parities;
    2) the counterparties for these contracts are intermediaries of high standing subject to prudential supervision by a Member State of the European Union or a country belonging to the G-10;
    3) they are the subject of daily, reliable, and verifiable valuations;
    4) the pertinent positions may be closed at any time (the pertinent balances may be unwound at any time) at the initiative of the FUND;
e) UNIT SHARES IN UCITS III CISs;
f) UNIT SHARES IN OPEN-ENDED Non-UCITS CISs up to a maximum of 30 percent of the TOTAL ASSETS of the FUND:
    1) whose capital is invested in the assets referred to in this article;
    2) for which provision has been made for the preparation of an annual report and a semiannual statement pertaining to the balance sheet and profit and loss account;
    3) whose management regulations do not allow for waivers from compliance with the general prohibitions referred to in Article 79 of from the indebtedness limits referred to in Article 94(5);
g) bank deposits on the books of Sammarinese banks or banks headquartered in an EU Member State or G-10 country, on condition that:
    1) their term does not exceed twelve months;
    2) they are redeemable on demand or with advance notice not to exceed fifteen days.

2. UCITS III TYPE FUNDS may hold liquidity to meet cash flow requirements.

Article 84 – General prohibitions.

1. The prohibitions set forth in Article 79 shall be applicable.

Article 85 – Risk diversification and containment rules for investment in financial instruments pursuant to Article 83(1)(a) and (b).

1. Investment in the financial instruments specified in Article 83(1)(a) and (b) issued by one single entity shall be permitted up to a maximum of 5 percent of the TOTAL ASSETS of the FUND. This maximum shall be raised:

a) to 10 percent, on condition that the instruments in question are the financial instruments indicated in Article 83(1)(a) and the total amount of the financial instruments issued by the entities in which the FUND invests over 5 percent of its TOTAL ASSETS does not exceed 40 percent of the TOTAL ASSETS in question. No account shall be taken of investments exceeding 5 percent as per letters (b) and (c) below;
b) to 35 percent, when the financial instruments are issued by or guaranteed by an EU Member State, by its subnational authorities, by a member state of the OECD, or by public international organizations to which one or more EU Member States belong;
c) to 100 percent, in cases involving financial instruments of the type referred to in letter (b) above, on condition that:
    1) The FUND holds financial instruments from at least six different issues;
    2) The value of each issue does not exceed 30 percent of the TOTAL ASSETS of the FUND;
    3) this investment option is provided for in the regulations.

Article 86 – Rules on diversification and containment of risk for investment in derivative instruments.

1. The total exposure in respect of financial derivatives may not exceed the NET ASSET VALUE of the FUND. The total exposure in respect of financial derivatives shall be equivalent to the sum of:

a) the commitments undertaken by the FUND in connection with transactions involving financial derivatives, determined in accordance with the provisions of Annex F;
b) the counterparty risk pertaining to over-the-counter financial derivatives, determined in accordance with the provisions of Annex F.

A FUND may not engage in derivatives transactions equivalent to short sales which constitute for the FUND an obligation to deliver at some future time the assets underlying the derivative contract (e.g., short sales do not include the acquisition of a call or put option; however, the issue of a call option is equivalent to a short sale, except for the case in which the securities underlying the derivative contract are present in the FUND's portfolio for the entire duration of the operation).

Transactions involving financial instruments with bond-type underlying notional securities shall not be deemed to be short sale transactions provided the FUND holds financial instruments that bear a strict correlation (on the basis of such parameters as the denomination currency, time remaining to maturity, or synthetic indicators such as "duration") with deliverable instruments.

Derivatives transactions managed in cash (e.g., index-based futures) shall not be deemed to constitute short sales, on condition that the FUND has liquid asset holdings or SECURITIES THAT MAY BE

RAPIDLY AND SAFELY LIQUIDATED and whose current value is at least equivalent to the value of the commitments undertaken.

2. For purposes of the provisions of this article, warrants and options connected with operations involving the capital of issuing firms shall not be deemed to be financial derivatives. Their value must serve to increase the holdings of the type of instrument to which they confer entitlement.

Article 87 – Rules on diversification and containment of risk for investment in OTC (over-the-counter) derivative instruments.

1. Exposure attributable to transactions involving over-the-counter financial derivatives vis-à-vis one particular counterparty - calculated on the basis of the criteria indicated in Annex F shall be less than:

a) 10 percent of the TOTAL ASSETS of the FUND, if the counterparty is a bank;
b) 5 percent of the TOTAL ASSETS of the FUND, in other cases.

Article 88 – Rules on diversification and containment of risk for investments in shares of other CISs.

1. It shall not be permissible to invest in shares in other CISs whose investment policy allows for investing over 10 percent of their assets in shares in other CISs.

2. The investment in shares of one particular UCITS III CIS may not exceed 20 percent of TOTAL ASSETS of the FUND.

3. Investment in shares in one particular open-ended NON UCITS III CIS may not exceed 10 percent of the TOTAL ASSETS of the FUND.

4. At all events, the portfolio composition of the acquired CIS as defined by the pertinent management regulations shall be compatible with the investment policy and risk profile of the acquiring FUND.

Article 89 – Rules on diversification and containment of risk for investment in bank deposits.

1. Investment in deposits on the books of one particular bank, excluding liquidity held for the purpose of meeting cash-flow needs, shall be permissible up to a maximum of 20 percent of the TOTAL ASSETS of the FUND. This maximum amount shall be lowered to 10 percent in the case of investments in deposits on the books of the depositary bank of the FUND.

2. In the case of deposits on the books of the depositary bank or on the books of banks in the GROUP TO WHICH THE SG BELONGS, the interest rates and other terms applied to the FUND shall be at least equivalent to the interest rates and other terms which the bank itself applies to its own primary customers.

Article 90 – Limits on exposure to a single party deriving from all the investments referred to in Articles 85, 87, 89.

1. Without prejudice to the provisions set forth in Articles 85, 87, and 89, the total exposures of one UCITS III TYPE FUND vis-à-vis one particular issuer or vis-à-vis entities belonging to the same group attributable to investments in the items specified in the same articles may not exceed 20 percent of the TOTAL ASSETS OF THE FUND.

2. By means of investment in the financial instruments specified in Article 85(1)(b) and (c), this overall maximum limit on investments may be exceeded and raised to 35 percent and to 100 percent, respectively, of the TOTAL ASSETS of the FUND.

Article 91 – Rules on diversification and containment of risk for "index FUNDS".

1. UCITS III TYPE FUNDS whose investment policy consists in tracking a particular financial index, whether equity or bond, may disregard the provisions of Article 85(1)(a) on condition that:

a) The FUND invests no more than 20 percent of its TOTAL ASSETS in financial instruments issued by one particular issuer;
b) The index is:
    1) sufficiently diversified;
    2) representative of the market to which it refers, in common use, managed and calculated by entities of high standing and third parties in relation to the SG;
    3) regularly published in an information source that is readily accessible to the public.

2. If the index pertains to regulated markets dominated by financial instruments issued by individual issuers or groups of issuers, then the maximum limit referred to in letter (a) of the preceding item and the limit referred to in Article 90(1) shall be raised to 35 percent of TOTAL ASSETS.

Article 92 – Rules governing the calculation of limits in the presence of investments in financial derivative instruments.

1. In calculating investment limits:

a) operations involving rate and currency derivatives shall not be reflected in the securities position pertaining to each issuer. Futures involving underlying notional securities trade on regulated markets shall be treated as equivalent to rate derivatives;
b) derivatives focusing on the securities of individual issuers (e.g., futures or equity swaps pertaining to specifically identified securities) shall be treated as equivalent to forward operations involving underlying securities and shall accordingly serve, respectively, to increase or reduce the position which the FUND has acquired in such securities. Where options are concerned, reference shall be made to the current value of the underlying security multiplied by the option's delta factor;

c) in cases involving derivatives focusing on financial indices having the specifications referred to in Article 91(1)(b), in which certain securities play a significant role, then the overall position pertaining to individual issuers [of] such securities, having due regard for other of the issuer's financial instruments held by the FUND, shall be compatible with the maximum limits specified in Article 85 or in Article 91. This verification process must be made for all of the securities underlying the index whenever the index does not have the specifications referred to in Article 91(1)(b), and at all events, when indices prepared for open-ended FUNDS are involved.

Article 93 – Rules for calculating limits in the presence of investments in structured instruments.

1. In the event that FUNDS acquire structured securities:

a) if the securities present the same risk profile as other underlying financial instruments (e.g., debt securities whose value and redemption procedures are linked to the behavior of one or more equity securities), the application of the risk diversification and containment limits shall take account of the positions acquired with respect to the aforementioned underlying financial instruments;

b) the exposures for the FUND attributable to any derivatives component incorporated into such securities shall be computed for purposes of determining the limits specified in these regulations for transactions involving financial derivatives.

Article 94 – Other prudential rules.

1. An SG may not hold, through the group of open-ended COLLECTIVE INVESTMENT FUNDS which it manages, voting rights in one particular firm for an amount - relative to the total voting rights in that firm - equal to or greater than:

a) 10 percent if the firm is listed;

b) 20 percent if the firm is unlisted.

At all events, an SG may not, through the open-ended FUNDS which it manages, exercise control over the issuing company. Solely for purposes of the limits referred to here, the delisting of financial instruments conferring voting rights shall be immaterial.

2. For purposes of the maximum limits specified in numbered paragraph 1 above, each SG shall compute the voting rights pertaining to:

a) the open-ended FUNDS which the SG manages, except for the voting rights allotted to the *SG-promoter*;

b) the open-ended FUNDS for which the SG performs promotional activities, but only in those cases in which the voting rights are not exercised by the *SG-manager*.

3. Relative to the total for the individual categories of financial instruments issued by one single issuer, one FUND may not hold an amount exceeding:

a) 10 percent of the total shares of nonvoting stock;
b) 10 percent of total bonds;
c) 25 percent of the total FUND shares in one particular collective investment undertaking;
d) 10 percent of the total amount of money market instruments.

These maximum limits shall not be applicable to the financial instruments referred to in Article 85(1)(b) and (c).

The maximum limits referred to in letters (b), (c), and (d) above need not be observed at the time of purchase if at that time it is not possible to calculate the gross amount of bonds or money market instruments or the net amount of issued securities.

4. For each operation involving the placement of financial instruments conducted by firms in the GROUP TO WHICH THE SG BELONGS, the SG may not, at the placement stage, acquire financial instruments for a total amount exceeding 25 percent of the volume of the placement commitment undertaken by each firm in question.

5. In the performance of management activities, the SG may - up to a maximum limit of 10 percent of the NET ASSET VALUE of the FUND - take over loans intended, in connection with requirements to invest or disinvest in assets of the FUND, to cope with temporary mismatches in cash-flow management. The duration of the loans thus undertaken shall be correlated with the purpose of the borrowing and at all events may not exceed six months. In cases involving borrowing on demand, the pertinent operation shall be characterized by a high degree of elasticity. The maximum limits referred to above shall not take into account foreign currency loans entailing a deposit on the lender's books of an equivalent sum in local currency ("back to back" lending).

6. With the aim of ensuring more efficient management of the FUND's portfolio, it shall be permissible to engage in securities trading transactions involving a repurchase agreement, swaps, lending of securities, and other equivalent operations, on condition that such operations are carried out within a standardized system, organized by a recognized clearing and guarantee agency or else entered into with intermediaries that are of high standing and subject to supervision by a public authority. The operations in question shall be subject to the following provisions:

a) the operations must be concluded using financial instruments in which the assets of the FUND may be invested;
b) securities acquired on a spot basis and to be delivered on a forward basis may not be used for other operations;
c) the repurchase operations, during the stage at which securities are purchased on a spot basis, shall comply with the limits imposed on the assets of the FUND;

d) repurchase transactions in which the FUND's securities are assigned on a spot basis give rise to forms of indebtedness which should be kept within the maximum limit generally specified for the underwriting of loans;
e) in the case of repurchase transactions in which the FUND's securities are acquired on a spot basis, concluded with intermediaries in the GROUP TO WHICH THE SG BELONGS, the overall current value of such transactions may not exceed 20 percent of the TOTAL ASSETS of the FUND;
f) the FUND may lend its own securities on condition that:
    1) collateral is established in favour of the FUND, in the form of liquidity or securities issued or guaranteed by OECD Member States. The items received as collateral, the custodianship of which is one of the responsibilities of the depositary bank, may not be used for other operations. The value of the collateral shall at all times be at least equivalent to the current value of the securities lent;
    2) the duration of the loan may not exceed 90 days. This provision shall not apply to those loans which make provision for a clause which entitle the FUND to obtain unconditionally at any time the restoration of the lent securities;
    3) the current value of the lent securities may not exceed 50 percent of the TOTAL ASSETS of the FUND.

7. The provisions of item 6(e) above do not apply to FUNDS specializing in investments in bank deposits only in respect of operations implemented with banking counterparties.

8. The maximum limits referred to in item 6(c) and (d) shall be complied with for the entire timespan during which the contracts are valid; in the event that the expiry of the first contract coincides in time with the initiation of the subsequent renewal ("roll over" contract), then the SG in verifying compliance with the aforementioned maximum limits may elect not to count securities or liquidities attributable to the "roll over," respectively, of active repo transactions and reverse repo transactions - in the period intervening between the time the contract is concluded and the time it is settled - in the event that the following conditions are found to have occurred:

a) the contracts are concluded with the same counterparty or are settled at one particular clearing-house;
b) the administrative procedures adopted by the FUND or the chosen contractual terms make it possible to verify the correspondence between the settlement of the new repo contract and the conclusion of the "roll over" operation/to verify that the settlement of the new repo contract and the conclusion of the "roll over" operation coincide in time.

Chapter III

Retail open-ended non-UCITS III collective investment funds

Article 95 – Subscription and redemption procedures.

1. The management regulations for COLLECTIVE INVESTMENT FUNDS governed by this chapter shall include provisions for open-ended structures.

Article 96 – Potential unitholders.

1. Management regulations for OPEN-ENDED NON-UCITS III FUNDS shall provide the option for anyone to subscribe shares.

Article 97 – Purpose of investment and overall portfolio composition.

1. In addition to the provisions in Article 83, the equity in retail OPEN-ENDED NON-UCITS III FUNDS may be invested in:

a) units in quoted closed-ended CISs, including FUNDS pursuant to item (c) below, within the limit of 50 percent of TOTAL ASSETS;
b) units in unquoted closed-ended CISs pursuant to item (c) below within the limit of 10 percent of TOTAL ASSETS;
c) alternative COLLECTIVE INVESTMENT FUNDS or units in foreign CISs having equivalent features (such as hedge funds, *fondi speculativi* under Italian law), within the overall limit of 20 percent of TOTAL ASSETS, without prejudice to the limits under items (a) and (b) above. The following conditions shall also be met:
    1) the value of shares shall be published at least once a month;
    2) management regulations of the acquired CIS shall provide investment limits to ensure sufficient portfolio diversification and a risk profile and investment policy compatible with those of the purchasing FUND;
    3) where foreign CISs are concerned, the depositary shall be subject to prudential vigilance by the public authorities.

2. The limit pursuant to Article 83(1)(f) shall not be applicable.

Article 98 – General restrictions.

1. The restrictions pursuant to Article 79 shall be applicable.

Article 99 – Rules on diversification and containment of risk.

1. Retail OPEN-ENDED NON-UCITS III COLLECTIVE INVESTMENT FUNDS shall be subject to Articles 85-93, except in the cases indicated below:

a) the limit provided in Article 85(1)(a) is increased from 10 percent to 20 percent. Article 85(1)(c)(1) does not apply;
b) the limits provided in Article 87(1) are increased to 15 and 10 percent, respectively;

c) Article 88(1) does not apply and the limit pursuant to numeral 3 of that article is increased to 20 percent;
d) the limits provided in Article 89(1) are increased to 30 percent and 20 percent, respectively;
e) the limit provided in Article 90(1) is increased to 25 percent;
f) investment in a single closed-ended or alternative CIS cannot exceed 10 percent of TOTAL ASSETS; in the case of alternative CISs investing in other CISs, the limit is increased to 20 percent.

Article 100 – Other prudential rules.

1. Other prudential rules established in Article 94 shall apply unless:
a) Article 94(3) is not applicable;
b) the limit on loan duration provided in Article 94(5) is increased to 12 months.

Chapter IV

Retail closed-ended collective investment funds

Article 101 – Subscription and redemption methods.

1. The management regulations for COLLECTIVE INVESTMENT FUNDS governed by this chapter should provide for closed-ended structures.

Article 102 – Potential unitholders.

1. The management regulations for FUNDS governed by this chapter shall provide the option for anyone to subscribe shares.

Article 103 – Purpose of investment and overall portfolio composition.

1. In addition to the provisions of Article 97, equity in retail closed-ended COLLECTIVE INVESTMENT FUNDS may be invested in:
a) claims and paper representing claims with related guarantees;
b) real property and real property entitlements.

2. The limits on overall investment in financial instruments, including unquoted CISs, and the limit pursuant to Article 97(1)(a) shall not apply. The maturity limit for bank deposits shall not apply.

Article 104 – General restrictions.

1. The restrictions pursuant to Article 79 shall apply.

Article 105 – Rules on diversification and containment of risk for investments in financial instruments and bank deposits.

1. Retail closed-ended FUNDS shall be subject to Article 99 except as indicated in the sections below.

2. In computing the 20 percent limit provided in Article 99(1)(a) in connection with investments in financial instruments issued by the same institution, unquoted financial instruments may also be included.

3. Retail closed-ended FUNDS shall not be invested in units in the same CIS in an amount exceeding 20 percent of TOTAL ASSETS.

Article 106 – Rules on diversification and containment of risk for investments in claims.

1. For FUNDS that invest in claims and paper representing claims, investment in claims with the same counterpart shall not exceed 20 percent of the FUND's TOTAL ASSETS. Investments in claims with counterparts belonging to the same group shall not exceed 30 percent of the FUND's TOTAL ASSETS. The latter limit shall be reduced to 20 percent of the FUND's TOTAL ASSETS when the group of the SG is involved.

Article 107 – Rules on diversification and containment of risk for real property investments.

1. Investments–direct or through subsidiaries–in one property having unitary town planning and functional features shall not exceed 33 percent of the FUND's TOTAL ASSETS.

2. When the management rules provide the option of investing in real property assets, investment–direct or through subsidiaries–in real property companies whose corporate object provides for direct construction activities shall not exceed 10 percent of TOTAL ASSETS.

Article 108 – Other prudential rules.

1. Other prudential rules established in Article 94 shall apply, except as provided in the subsequent sections.

2. Article 94(1) shall apply only to units in respect of voting rights in quoted companies. Such limits may be exceeded only on a temporary basis for operations aimed to liquidate investments in the interest of the unitholders.

3. Article 94(3) shall not be applicable.

4. In the management of closed-ended FUNDS, SG may assume loans, even with a view to early redemption of shares, within the maximum limit of 10 percent of the total net value of the FUND. When the FUND management regulations provide that investments in assets pursuant to Article 103(b) must

amount to at least two thirds of TOTAL ASSETS, the debt limit shall be equal to 60 percent of the value of the real property assets and real property entitlements. The loan duration limit provided in Article 94 (5) shall not apply.

5. Loans shall be granted in FUND management only in the following conditions:

a) through forward operations with financial instruments (repurchase and buy and sell-back agreements, securities loans, and similar operations) as provided in Article 96(6);
b) functional or complementary to the FUND's acquisition or holding of equity stakes within the overall limit of 20 percent of TOTAL ASSETS. Calculation of the limit indicated in the foregoing Article 106 shall also reflect lending.

6. Investments in financial instruments not traded on the regulated company markets that have been financed by companies in the SG's group in amounts exceeding 50 percent of own capital and reserves shall be discussed by the SG's board of directors and subject to the favourable opinion of all members of the board of statutory auditors.

Chapter V
Funds reserved for professional customers

Article 109 – Subscription and redemption procedures.

1. Management regulations for FUNDS governed by this chapter may provide for open and closed-ended structures, to reflect the liquidity features of the assets to which the investment pertains. When the open-ended structure is provided, the management regulations shall specify that the value of the shares must be duly reported with at least monthly periodicity.

Article 110 – Potential unitholders.

1. The management regulations for FUNDS governed by this chapter shall provide that shares may be subscribed only by parties included in one or more of the categories of PROFESSIONAL CUSTOMERS specified in the management regulations themselves; and that, in the event of subsequent transfers, the transferees shall belong to one of the categories to which the FUND is restricted.

Article 111 – Purpose of investment and overall portfolio composition.

1. A reserved FUND established in an open-ended structure may be invested in the assets indicated in Article 97, subject to the limits provided therein, except when:

a) the limit pursuant to Article 97(1)(a) does not apply;
b) the limit pursuant to Article 97(1)(b) is increased to 20 percent;
c) the limit pursuant to Article 97(1)(c) is increased to 50 percent;

d) limit for bank deposits does not apply.

2. A reserved FUND established in a closed-ended structure may be invested:

a) in assets indicated in Article 103, subject to the limits provided therein, unless the limit on investments in alternative COLLECTIVE INVESTMENT FUNDS or units of foreign CISs having equivalent features is increased to 50 percent;

b) in further goods, other than consumer goods, for which there is a market and whose value can be accurately determined, with at least semiannual periodicity, without prejudice to the provisions of the legislative, administrative, and tax legislation in the area of importing into the territory of the Republic of San Marino.

Article 112 – General restrictions.

1. The restrictions provided in Article 79 shall apply.

Article 113 – Rules on diversification and containment of risk.

1. The management rules for reserved open-ended FUNDS may establish rules for risk spreading and containment in derogation of Article 99 for retail OPEN-ENDED NON-UCITS III COLLECTIVE INVESTMENT FUNDS.

2. Closed-ended reserved FUND management regulations may establish rules on risk spreading and containment in derogation of Articles 105, 106, and 107 for retail closed-ended FUNDS.

Article 114 – Other prudential rules.

1. Open-ended FUNDS reserved for PROFESSIONAL CUSTOMERS shall be subject to Article 100. Closed-ended FUNDS reserved for PROFESSIONAL CUSTOMERS shall be subject to Article 108.

Chapter VI
Alternative Funds

Article 115 – Subscription and redemption procedures.

1. The management regulations for FUNDS governed by this chapter may provide for open-ended or closed-ended structures, in keeping with the liquidity features of the assets involved in the investment, which the regulations themselves distinguish according to the conditions of this chapter. For open-ended FUNDS, the management regulations shall provide that the value of shares must be reported with at least monthly periodicity.

Article 116 – Potential unitholders.

1. The management regulations shall establish, in respect of the conditions pursuant to Articles 118 and 119, whether the alternative FUND targets retail customers or is reserved for PROFESSIONAL CUSTOMERS.

Article 117 – Guarantees issued.

1. In exchange for financing received in management of an alternative FUND, the SG may provide the FUND's assets as a guarantee, and may transfer entitlements to the financing party. In such cases, the SG shall take appropriate contractual steps to ensure that:

a) the value of the assets provided as a guarantee – determined in reference to market prices – is proportional to the amount of financing received;
b) the SG has the unconditional capacity to close its position, thereby immediately recovering the guarantees in the event of early settlement of the loan, even prior to maturity, should it be determined that the financing party's circumstances jeopardize recovery of the guarantee to the FUND (set-off clause in the agreement).

Article 118 – Alternative FUNDS intended for the general public (retail).

1. Alternative FUNDS may target retail customers subject to the following conditions in the area of investment promotion:

a) they invest at least 85 percent of TOTAL ASSETS in other CISs and the remaining part in financial instruments or bank deposits, notwithstanding the option of holding liquidity to meet cash requirements. Further, investments in CIS units shall be adequately diversified: to that end, investments in the same CIS shall not exceed 10 percent of TOTAL ASSETS;
b) they register a low risk profile based on parameters (such as volatility, financial leverage, value at risk–*VaR*, use of derivatives, and diversification of investment strategies for target CISs) specified in the management regulations, reflecting the purpose and strategy of the investment.

2. The minimum initial subscription of shares shall be euros 10,000.

3. Article 79(1)(a) may be derogated in management of a retail alternative FUND. The rules for risk spreading and containment and further prudential rules, without prejudice to paragraph 1 above, shall be established in the FUND management regulations.

Article 119 – Alternative FUNDS reserved for PROFESSIONAL CUSTOMERS.

1. Management rules for alternative FUNDS reserved for PROFESSIONAL CUSTOMERS shall establish:

a) the minimum initial subscription amount;
b) the maximum number of parties that can participate in the FUND, or the limit amount of TOTAL ASSETS beyond which further subscriptions will not be accepted.

2. Article 79 may be derogated in management of an alternative FUND targeting PROFESSIONAL CUSTOMERS. The rules on diversification and containment of risk and further prudential rules shall be provided in the FUND management regulations.

Article 119-bis - Scope of application

1. The regulation for managing the closed-end FUNDS referred to in Chapters IV, V and VI of this Title may provide for the subscription of the units by means of a contribution of assets as referred to in article 103, sub. 1.

2. If assets are contributed to the FUND by a single subscriber, the requirement that there is a number of FUND unitholders must be fulfilled no later than 18 months from the date of the first contribution, through:

a) transfer of already issued units to third parties by the single initial member;

b) subscription of newly issued units through new contributions of assets by third parties other than the single initial member;

considering the status as third party fulfilled in all cases in which the new FUND unitholder does not belong to the same group referred to in Article 56 of the LISF.

3. Upon request of the SG, the CENTRAL BANK may extend the terms referred to in the previous paragraph for no more than 12 months, except in case of renewal, only if the following conditions are met:

a) the only member of the FUND is authorised to exercise banking or loan granting activities, as referred to in letters A and B of Annex 1 of the LISF, respectively;

b) the assets contributed to the FUND pursuant to Article 103, paragraph 1, are non-performing loans and assets acquired for the purpose of recovering receivables;

c) market conditions for the types of assets held by the FUND are particularly unfavourable.

4. If there is not a number of unitholders within the terms referred to in the previous paragraphs, the SG shall liquidate the FUND within 3 months following the expiry of such terms, even by returning to the only unitholder the assets contributed by the same.

Article 119-ter – Publishing obligations for FUNDS with contribution of claims

1. If claims are contributed, the transferee Management Company must notify the CENTRAL BANK about the completed transfer of the assets referred to in the preceding article.

2. The CENTRAL BANK shall publish the notice by means of:

a) the application to the Unique Court for the posting of the notice at the door and at all "Case di Castello" of the Republic;
b) the advertisement of the information and of the relevant link to the notice on a specific page of its website.

3. The publication shall specify:
a) the distinctive elements that allow the identification of the subject of the contribution;
b) the effective date of the contribution;
c) the procedure (locations, times) that any interested person must follow in order to acquire information on his/her own situation, wherever necessary.

4. The Management Company, on behalf of the transferee FUND, must notify the individual person interested about the purchase, by means of a registered letter with acknowledgement of receipt, not later than 30 days after the contribution to the FUND, together with any information required to ensure the correct and timely fulfilment of its obligations.

Article 119-quater - Contents of the application for the approval of the regulation

1. The application for the approval of the regulation of the FUND must be accompanied– in addition to the items provided for in article 125 – by an explanatory note with the description – by type, number and indicate value - of the assets to be
contributed and of any organisational measures adopted by the Management Company as regards to the management of the FUND, if it involves an extension of the operations to new segments, including possible outsourcing activities that the Management Company intends to implement for the purpose of an efficient valuation of such assets.

2. Copy of the contribution deed is transmitted to the CENTRAL BANK within 10 days from the execution."

TITLE III
GENERAL CRITERIA AND MINIMUM CONTENT OF MANAGEMENT REGULATIONS FOR COLLECTIVE INVESTMENT FUNDS

Article 120 – Structure of the regulations.

1. The management regulations for COLLECTIVE INVESTMENT FUNDS shall be divided into four sections:
a) Section A (Identification sheet);
b) Section B (Features of the instrument);

c) Section C (Operating procedures);
d) Section D (Further information) for FUNDS governed by the rules applicable to public investment offers ("*sollecitazione all'investimento*"). This Section constitutes the prospectus to the senses of the same discipline.

Each section of the regulations shall be divided into progressively numbered articles and shall provide at least the information indicated in the articles of this title below.

2. With regard to the foregoing paragraph:

a) SG that manages many COLLECTIVE INVESTMENT FUNDS of the same type (open-ended intended for the general public; closed-ended intended for the general public; open-ended reserved for PROFESSIONAL CUSTOMERS; closed-ended reserved for PROFESSIONAL CUSTOMERS) may prepare a single regulation that presents the provisions common to all FUNDS once and that includes articles dedicated to each FUND to cover specific aspects of the regulation of each one;
b) for the drafting of regulations governing retail FUNDS – which must be written up in Italian language – SG may adopt the standard regulation scheme indicated in Annex G to reduce approval times pursuant to Article 126 below;
c) provisions may be introduced into the regulations governing FUNDS reserved for PROFESSIONAL CUSTOMERS, – which must be written up in Italian or English language – in derogation of the articles below, to reflect the features of the FUND and investor profiles. Such regulations shall in each case indicate the categories of investors the FUND targets, and shall provide that shares may not be placed, redeemed, or resold by the owners to parties other than those indicted in the FUND regulations.

3. In the regulations on FUNDS subject to public investment promotion ("*sollecitazione all'investimento*"), the SG shall indicate a parameter of reference (benchmark), that represents synthetically and coherently the risk/yield profile of the FUND, to which compare the yield of the same FUND. The benchmark must be constructed making reference to market indices elaborated from thirds parties and of common use. However, in case such indices are not suitable to represent the investment policy or the management of the FUND, it will be allowed to make reference to a target of yield (expressed, for example, as risk-free yield increased of a spread) combined to a coherent indicator of risk (e.g.: *VaR*), determined making reference to the same timespan. When a representative benchmark is not available and coherently representative of the risk/yield profile of the FUND or of its investment policy, the SG will be allowed to omit it, showing the motivations of this choice.

Article 121 – Identification sheet.

1. Section A (Identification sheet) of the regulations shall contain at least the following information:

a) name of the FUND;

b) type of FUND;
c) duration of the FUND with indication of any options for extension;
d) name and other identifying features of the SG-promoter and the SG-manager, if different;
e) where guaranteed FUNDS are concerned, the name and further information to identify the guarantor; details on inclusion in the public register or listing; address of the registered office and general address, if different; and other relevant addresses (for example, the company's website);
f) name of and other identifying information for the depositary bank and the party responsible for calculating the value of shares, if different;
g) offices of the depositary bank that issue and redeem FUND share certificates and where the FUND's accounting schedules are available;
h) periodicity for calculation of shares and sources where the value data can be found;
i) when the issue of different types of shares is planned, the denominations and features of such shares;
j) when quotations of certificates representing shares in the FUND are planned in one or more regulated markets, the specification of such markets.

Article 122 – Features of the instrument.

1. Section B (Features of the instrument) of the regulations shall contain at least the following information:

a) scope of the FUND;
b) assets in which the FUND's equity may be invested;
c) the FUND's investment policy, representing the guidelines according to which investment assets will be selected, indicating:
    1) geographic areas, marketing sectors, enterprise profiles, and currency in which the financial instruments or assets are denominated;
    2) management styles, investment techniques, and portfolio composition in terms of the maximum weights of individual components;
    3) whether, and for what purpose, the FUND intends to operate with derivatives, and the share of such instruments in TOTAL ASSETS;
    4) criteria (such as duration) used to select investments;
d) benchmarks, when duly provided for, or that the SG intends to use;
e) risk profile that the manager attributes to the instrument based on parameters (such as volatility, financial leverage, VaR, and use of derivatives) specified in the regulations, reflecting the purpose and strategy of the investment;
f) for retail FUNDS, precautions adopted to minimize risks of conflicts of interest potentially deriving from the group's relations, business activities, or in providing various management services for groups or individuals, and whether it is possible to invest in units of "related" CISs

(that is promoted or managed by the same SG or company of the GROUP TO WHICH THE SG BELONGS);

g) criteria and methods for determining FUND incomes and their distribution to lawful claimants;

h) nature and amount of expenditure charged against the FUND or each type of share, bearing in mind that that only expenditure strictly related to the FUND and its regular activities and operation can be imputed to the FUND;

i) type and amount of expenditure charged against unitholders;

j) criteria for distribution of any FUND overheads that may accrue to the FUND among the share categories;

k) procedures for determining fees due to the SG. In any case, the FUND's regulations shall provide a transparent, correct representation of commissions, calculation criteria, and all assumptions underlying such calculations, that shall be easily verifiable. For FUNDS that invest in "related" CISs (that is promoted or managed by the same SG or company of the GROUP TO WHICH THE SG BELONGS), the management regulations - notwithstanding the restriction against applying subscription and redemption expenditure - may include a management commission, provided that it reflect a deduction of the remuneration accruing to manager of "related" FUNDS;

l) frequency and date of drawings from cash on hand for compensation accruing to the SG or to other parties (such as the depositary bank or the party responsible for calculating the value of shares).

Article 123 – Operating procedures.

1. Section C (Operating procedures) of the regulations shall include at least the information indicated below:

a) Procedures for subscription of shares and relevant payments, payment mechanisms that can be used for subscriptions and the relevant currency applicable for registering figures in the FUND accounts; SG shall prepare a FUND membership module, which shall specify, in addition to the identification information for the SG, that of the FUND or FUNDS acquired and of the subscriber, the amount paid, and the payment mechanism used by the subscriber. The module shall include the customer's expressly signed statement that it has received a copy of the FUND management regulations, along with a prospectus, if applicable, as well as express approval of "restrictive covenants" included in the management regulations; specifically, both the management regulations and the subscription module, of which the FUND participant takes cognizance, must specify that exchanges of information, required in the proper course of production, and to meet the requirements established by the Central Bank of the Republic of San Marino, between the SG, the FUND's depositary bank, the party responsible for valuating the shares, the prime broker, if any, and any outsourcers that may be selected by the SG shall not constitute violations of bank secrecy pursuant to Article 36(6) of Law 165 of November 17, 2005,

without prejudice to the requirement for each of the above-mentioned parties to be expressly bound to such requirements, based on agreements as stipulated by the SG in respect of bank secrecy, in all other cases;

b) the timing of the issue and redemption of shares, that for open-ended FUNDS shall be similar to the schedule established for calculating the value per share;

c) the criteria for identifying the day on which requests for subscription are considered received;

d) the day to which the share value (reference day) refers, used to determine the number of shares to be attributed to each subscription. The reference day shall not, however, be prior to the validity date for the currency accepted as a payment mechanism. The subscription shall be paid by the day after the reference date. It shall be established that the SG shall arrange to provide the subscriber with a letter to confirm the investment, containing information on the date the application to subscribe was received, means of payment, gross amount paid, net amount invested, currency accepted as means of payment, number of shares attributed, unit value at which they were subscribed, and the day to which the value refers;

e) should subscriptions in the FUND be combined with other financial instruments, arrangements, or services, the specification must be included that approach this entails no further expense, obligations, or constraint not duly provided, and does not affect the rules of the FUND;

f) the criteria for identifying the date of receipt and execution of applications for redemption and to switch to another FUND;

g) cases, of exceptional nature, in which redemption may be suspended, to the aim to assure parity of treatment to the unitholders to the FUND, in light of the entity of applications for redemption or switch to another FUND;

h) procedures for the issue of certificates representing investment shares;

i) procedures for publishing amendments to FUND management regulations;

j) suspension of the effective date of amendments providing for the replacement of the SG, that involve the features of the FUND, or that negatively impact the equity stakes of the unitholders, for at least 90 days following publication of the amendment, save for the possibility of providing terms for reduced effects in exceptional cases indicated in the regulations;

k) where closed-ended FUNDS are concerned, specification that amendments to the regulations shall be exceptional, and permitted only when strictly necessary and in the best interest of the unitholders, or when the SG has obtained explicit approval from all unitholders;

l) where closed-ended FUNDS are concerned, the duties and functions of the assembly of investors, where provided;

m) grounds and procedure for the liquidation of the FUND;

n) when closed-ended FUNDS are involved, provision of a maximum term, where the SG shall reimburse the shares by the end of the duration of the FUND, to be defined to reflect the technical time frames strictly required to confirm the amounts accruing to the lawful claimants, and the SG's capacity to request a subsequent limited period of time from

the CENTRAL BANK to complete the redemption operations when the distribution has not been completed within the duration of the FUND;

o) procedures for and frequency of calculations of the unit value of shares. For open FUNDS, these calculations should be prepared at least weekly (or monthly for alternative or reserved FUNDS), while they should be prepared at least semiannually for closed-ended FUNDS; as well as possible (exceptional) grounds for suspending share value calculations. When, in calculating per share value of the FUND, for some FUNDS acquired, the latest share value available or valuation by the competent agencies based on objective, predefined criteria is no longer consistent with the FUND's situation, an estimated value reflecting all information known or available with professional due diligence can be used. This option should be provided in the FUND regulations, which shall also indicate the percentage (with reference to TOTAL ASSETS) beyond which the SG reserves the right to suspend assessment of share values.

p) rules to be followed in accordance with the criteria established in Articles 133 and 134, for determining when the published value of the shares should be considered incorrect as compared with the subsequently recalculated value, and the procedures for duly informing the unitholders.

2. In addition to the provisions established in item 1, the regulations on alternative FUNDS shall indicate:

a) the circumstance that the investment entails a derogation of the restrictions and prudential regulations on risk spreading and containment established by the CENTRAL BANK and any subsequent rules that may be adopted in FUND management;

b) the minimum subscription premium;

c) the maximum number of unitholders and the maximum amount of equity in the FUND beyond which further subscriptions will not be accepted;

d) whether the FUND intends to use prime brokerage and external consultant services;

e) the maximum debt level that the FUND may undertake and the level of financial leverage that the FUND intends to use, calculated as a ratio between total long and short positions (including derivative positions) as a share of the total net value of the FUND.

3. In the case of closed-ended FUNDS reserved for PROFESSIONAL CUSTOMERS, several options are available for payment in connection with subscribed shares, subject to commitments by the subscriber to make payments at the SG's request based on the FUND's investment requirements.

Article 124 – Further information for FUNDS subject to public investment promotion ("*sollecitazione all'investimento*").

1. The regulations for FUNDS subject to public investment promotion ("*sollecitazione all'investimento*") shall contain an appropriate section (Section D – Prospectus) that provides further information required for correct, complete public reporting, prepared according to the scheme provided in Annex G.

2. Section D shall be prepared for the first time at the constitution statutes of the FUND and submitted to the CENTRAL BANK for the relevant approvals.

3. The information included in Section D shall be updated to reflect any changes in a timely manner, by providing the CENTRAL BANK with a new Section D pursuant to the present regulations in the area of amendments to the regulations.

TITLE IV
PROCEDURES FOR APPROVAL OF COLLECTIVE INVESTMENT FUND REGULATIONS

Article 125 – Application for approval.

1. The management regulations of the COLLECTIVE INVESTMENT FUNDS are subject to the approval of the CENTRAL BANK. Applications for approval of management regulations for COLLECTIVE INVESTMENT FUNDS shall be appended with the following:

a) text of the FUND regulations along with the record of approval by the competent corporate body;
b) regulations drafted according to the STANDARD TEMPLATE shall require a certification from the competent corporate bodies of the SG on conformity of the regulations with the selected scheme;
c) text of the template for subscription of shares of the FUND;
d) copy of the agreement authorizing the depositary bank and the party responsible for calculating the value of shares in the FUND.

Specific contact details for immediate communications shall also be provided.

Article 126 – Terms of approval.

1. Within 45 days following the date the complete application is received with the required documentation by the CENTRAL BANK, when the compliance of the regulations with the current measures has been assessed, an approval or denial decision shall be issued. Should this period end without an express decision, the management regulations shall be considered approved. The approval decision provision does not involve any judgment of the CENTRAL BANK on the opportunity of the investment; such warning must clearly be evidenced in the management regulations.

2. Regulations intended for retail customers, drafted according to the STANDARD TEMPLATE, shall require the following periods:

a) 20 days for regulations that fully reproduce the text of Section C (Operating procedures), without any derogation;

b) 30 days for regulations that include limited and exceptional derogations, in number and scope, from Section C (Operating Procedures).

Article 127 – Start of operations.

1. SG shall report the start date for FUNDS operations to the CENTRAL BANK at least 10 days prior to the launch of subscription, and shall submit a copy (if applicable, in a compatible electronic format as required) of the definitive text of the management regulations.

Article 128 – Amendments to the regulations.

1. Any amendments to the management regulations of COLLECTIVE INVESTMENT FUNDS are subject to the approval of the CENTRAL BANK, except for those representing only an update of the information and data contained therein, and thus not subject to the intervention of the CENTRAL BANK, in which case it is sufficient to have the new version of the regulations promptly transmitted to the CENTRAL BANK, evidencing the changes from the previous wording. Applications for approval of amendments to the management regulations shall be appended with the following:

a) copy of the record from the corporate body that has approved the amendments to the regulations with indication of the reasons underlying the initiative;
b) the text of the amended sections of the regulations compared with the current text. The full text will be submitted only if the revision is sufficiently extensive to merit a total review of the text;
c) when the depositary bank or party responsible for calculating the value of shares changes, a certificate of acceptance of that position.

Article 129 – Publication of amendments to the regulations.

1. Amendments executed simultaneously with publication shall be reported using a procedure similar to the one provided for the publication of share values. The effective date of amendments entailing the replacement of the SG or changes in features of the FUND shall be suspended for 90 days from the publication of such changes, which shall be reported in a timely manner to each FUND participant. During the suspension period, the FUND unitholders shall be entitled to request reimbursement of shares without additional fees, unless provided in the preceding management regulations.

Article 130 – Terms.

1. The same terms as indicated in Article 126 shall apply to the approval of amendments to the regulations.

Article 131 – Transmission of documents following amendments to the regulations.

1. Within 30 days following the date the amendments are approved, the SG shall provide the CENTRAL BANK with the approved text of the regulations (if applicable, in a compatible electronic format as required).

TITLE V
CRITERIA FOR CALCULATING NET ASSET VALUE AND PRICE OF SHARES

Article 132 – Responsibility for calculating the NET ASSET VALUE (NAV) and unit price of the FUND.

1. After careful assessment of the technical and organizational suitability of the firm selected, the SG must assign the task of calculating the NET ASSET VALUE and unit price of the FUND to the FUND's depositary bank, or alternatively to a company that meets the following requirements:

a) proven experience of this work for OICs with similar portfolio composition characteristics and management strategy complexity to those of the FUND;
b) registered office and head office in the Republic of San Marino with appropriate human and technological resources to perform the task.

2. The assignment of this task must be governed by an appropriate agreement in writing defining the asset valuation criteria in accordance with the criteria set forth in general terms in Annex H to this regulation, and the procedures for exchanging the information required to carry out the task. If the valuation work is assigned to a firm other than the depositary bank, the exchange of information flows must be agreed with the depositary bank itself. Inasmuch as they are compatible, the provisions laid down in Article 52, paragraph 3 on contracts for the delegation of business functions shall apply to the agreement. To avoid any interruption to the calculation of the unit price, the possibility of replacing the firm appointed must be covered in the agreement assigning the valuation work, providing for the following:

a) the task, to be assigned for an indefinite period, may be revoked at any time, while a notice period of at least six months shall apply to the resignation of the firm appointed;
b) the revocation or resignation shall not come into effect until another firm is selected that meets the prescribed requirements and accepts the work in place of the previous appointed firm.

3. The SG shall in any case be required to verify the accuracy of the calculation procedure before publishing the unit price.

4. The firm appointed to calculate the price of the FUND's units must be stated in the FUND's management regulations.

Article 133 – Errors in unit price calculation.

1. In the event that the published unit price is subsequently found to be incorrect, the SG must ensure that the tasks set out in the article below are carried out. The published unit price shall be deemed incorrect when the difference from the correct recalculated price is greater than:

a) 0.25 percent, or greater than any lower percentage set forth in the FUND's management regulations, for UCITS III FUNDS;
b) 0.5 percent, or greater than any lower percentage set forth in the FUND's management regulations, for other types of FUND, not including alternative FUNDS;
c) 1 percent or greater than any lower percentage set forth in the FUND's management regulations, for alternative FUNDS.

Article 134 – Actions to be carried out by the SG in the event of errors in the unit price calculation.

1. In the cases described in Article 133, the SG must publish a correction notice following the same procedures as those for the publication of the unit price and must act as follows:

a) rectify the number of units allocated to any person who subscribed the FUND during the period between the date of publication of the incorrect price and the date of publication of the correct recalculated price;
b) reimburse, by withdrawing the necessary amounts from the FUND's assets, any unitholder who requested redemption of units during the period between the date of publication of the incorrect price and the date of publication of the correct recalculated price, if the latter is higher than the former;
c) reimburse the assets of the FUND for any excess amounts paid to unitholders who requested redemption of units in the period between the date of publication of the incorrect price and the date of publication of the correct recalculated price, if the latter is lower than the former. The SG shall retain the right to compensation from the firm appointed to calculate the unit price, including the right to further damages.

Article 135 – Reporting to the CENTRAL BANK.

1. The SG must report to the CENTRAL BANK any significant errors in the calculation of the unit price and state the measures taken to remove the causes of the errors. Errors that are insignificant according to Article 133 must be noted in a quarterly report with a view to assessing the adequacy of internal controls. That report is due even if negative.

TITLE VI
PROCEDURES FOR MERGERS OF COLLECTIVE INVESTMENT FUND

Article 136 – General provisions.

1. FUNDS may only be merged with a view to furthering the interest of the unitholders of the COLLECTIVE INVESTMENT FUNDS involved.

Article 137 – Conditions for mergers.

1. COLLECTIVE INVESTMENT FUND mergers may be carried out where the following conditions apply:

a) the old FUNDS and the new FUND are of the same type;
b) the investment policies of the FUNDS to be merged are homogeneous or at least compatible with those of the FUND resulting from the merger;
c) if the merger implies a change of investment policy for one or more FUNDS, the SG shall act as follows:
    1) assume responsibility for ensuring that the unitholders of the FUND, the investment policy of which is being changed due to the merger, can transfer their investment free of charge to another of the company's FUNDS with similar characteristics, if available;
    2) set in motion disinvestments and reinvestments of the old FUNDS' assets so as to ensure the new FUND is able from the outset to conform to the investment criteria, limits, and restrictions laid down in its rules and regulations;
d) the transfer from the old to the new FUND must take place without costs or expenses to the unitholders;
e) there must be no interruption to the management of the FUNDS involved.

2. The provisions set forth in letters (b) and (c), point (1) of the preceding paragraph may be repealed in the event that the regulations of the old FUNDS provide for approval by a qualified majority of the unitholders of the old FUND.

Article 138 – Application for authorization by the CENTRAL BANK.

1. SG must submit an application for authorization for the merger of COLLECTIVE INVESTMENT FUNDS to the CENTRAL BANK accompanied by the documents below:

a) a report specifying the following:
    1) the objectives of the merger and the effects of the operation on the organizational structure of the SG;
    2) profiles of the differences between the old FUNDS and the new FUND, with particular reference to aim, purpose, and investment policy;
    3) the various stages of the operation, with an indication of the necessary timetable;
    4) the initiatives to be undertaken to allow the merger of FUNDS with different investment policies and, in the case of unitholder consultation, the outcome of such consultation;
    5) the criteria followed for allocating units in the new FUND to unitholders and for determining the related entry price for the new FUND;
    6) the procedures for publishing the circular to unitholders referred to in Article 139 and the deadlines for the effective date of the merger in accordance with Article 142. The circular to unitholders shall be distributed not only according to the procedures laid

down in the regulations on communications relating to events concerning the FUND, but also by means of notifications addressed to the individual unitholders.

b) the acceptance of the depositary bank and of the firm appointed to calculate the unit price of the FUND resulting from the merger;
c) a copy of the new FUND's regulations, if necessary, approved by the relevant business units.

2. If the merger involves FUNDS of different SG, the report referred to in paragraph 1, letter (a) may be a single report sent jointly by the companies involved.

Article 139 – Information provided to unitholders.

1. The information provided to unitholders must set out all the significant aspects related to the merger and, in particular, the following:

a) the impacts on the relationship between the unitholders of the old FUNDS and the SG, on the cost structure, and on the FUNDS' investment policies. In the event of partial changes to the investment policies not previously approved by unitholders, the SG shall state its undertaking to ensure that the unitholders of the FUND, the investment policy of which is partially changed as a result of the merger, may transfer their investment free of charge into another of the SG's FUNDS with similar characteristics, if available;
b) any replacement of the SG, of the depositary bank, or of the firm appointed to calculate the unit price;
c) the criteria observed for the calculation of the exchange or merger price and for the allocation to unitholders of the units in the new FUND;
d) the various stages of the operation that involve the unitholders and the moment at which the merger takes effect.

2. Within fifteen days of the effective date of the merger the SG shall inform unitholders of the number of units of the FUND resulting from the merger allocated to them on the basis of the exchange price.

Article 140 – Merger between FUNDS as part of the merger of SGs.

1. If the merger of FUNDS takes place as part of a merger project among various SGs, the application for permission for the merger of the FUNDS shall be submitted at the same time as the notice informing the CENTRAL BANK of the merger of the SG.

2. To avoid interruptions in the management of the FUNDS concerned, the merger of the FUNDS may not take effect before the effective date of the merger of the SG.

Article 141 – Deadlines.

1. The CENTRAL BANK shall issue, within forty-five days of receipt of the notice, a decision authorizing or rejecting the merger and any new management regulations of the FUND resulting from the merger.

2. From the date of issue of the authorization the SG shall be prohibited from collecting subscriptions to units in the FUNDS to be merged. Nevertheless, in the case of merger by takeover, subscription to the units of the acquiring FUND shall be permitted.

Article 142 – The effectiveness of the merger.

1. The report provided for in Article 138 shall set forth the effective date of the merger, which shall in any case not be less than thirty days or more than one year from the date of the information sent to unitholders.

2. If the merger involves a change to the investment policy of the FUNDS, the replacement of the SG, of the depositary bank, or of the firm appointed to calculate the unit price, or any increase in the costs to unitholders, the effective date of the merger cannot be less than ninety days from the publication of the merger operation.

3. Shorter deadlines for entering into effect may be implemented if the regulations of the old FUNDS provide for this.

4. In the interest of the unitholders, the CENTRAL BANK may set deadlines and conditions, on a case by case basis, for carrying out mergers that may differ from those set forth in this Title.

TITLE VII
CHARACTERISTICS OF COLLECTIVE INVESTMENT FUND CERTIFICATES

Article 143 – Registered and bearer certificates.

1. COLLECTIVE INVESTMENT FUND units shall be represented by registered or bearer certificates, at the option of the unitholder, without prejudice to the obligations and the restrictions of Anti-Money Laundering regulation.

2. Bearer certificates shall have a different numerical series from registered certificates. The certificates of FUNDS that provide for the distribution of realized income to unitholders shall also have a sheet of coupons.

3. The signature of the SG shall be affixed to the certificates by a director; this signature may be reproduced mechanically, provided it is authenticated.

4. If the FUND is divided into various classes of unit, the FUND certificates, including group certificates, shall indicate the class to which they belong.

5. At any time the unitholder shall be entitled to the following:

a) conversion (from registered to bearer or vice versa) of the certificates representing the units, splitting or amalgamation thereof;
b) inclusion in a group certificate, representing the units relating to a number of subscribers and held free of charge on deposit at the depositary bank, or the issuance of the individual certificate of units already included in the group certificate.

Article 144 – Group certificates.

1. Group certificates, representing a number of units belonging to various subscribers, may be issued as an alternative to individual certificates.

2. Group certificates must be held free of charge on deposit administered by the depositary bank, under separate headings for each unitholder, grouped by broking firm as necessary. Further, the units included in the group certificate may only be marked with an electronic identification code, while still ensuring the ability of the depositary bank to access the name of the unitholder in the event of issuance of an individual certificate or at the time of redemption of the unit.

3. The inclusion of units in a group certificate must also ensure the following:

a) the unitholder may request the issuance of an individual certificate at any time;
b) the depositary bank may split the group certificate – at no cost to the unitholder or the FUND – including for the purpose of splitting out individual unitholders' rights.

Article 145 – Dematerialization.

1. The management regulations of a FUND may provide for the certificates representing the units to be held in book-entry form at a company that is subject to supervision and authorized to undertake centralized management of such types of financial instrument, or at the FUND's depositary bank, which shall use its own accounting data systems for the necessary registrations, including for the purpose of possible establishment or transfer of rights relating to the units.

TITLE VIII
CONDITIONS FOR ASSUMING THE ROLE OF DEPOSITARY BANK AND SUB-DEPOSIT PROCEDURES FOR FUND ASSETS

Article 146 – Duties of the depositary bank.

1. The depositary bank shall be responsible for the following:

a) safekeeping of the financial instruments and liquid assets of the FUNDS. The custody of the assets of each FUND must be assigned to a single depositary bank, which must use dedicated accounts registered in the name of the FUND. In the case of FUNDS that invest in assets other than securities (such as goods, where allowed), the asset title certificates must be kept at the depositary bank, while, subject to the approval of the depositary bank, physical custody of the assets may be given to other specialized firms. The depositary bank must be constantly informed by the SG of every contract with respect to the use of said assets;

b) ensuring that the issuance and redemption of the FUND's units and the destination of the income from the FUND comply with the law, the regulations, and the rules of the CENTRAL BANK. The issuance and cancellation of the certificates, as well as operations relating to the distribution of the FUND's income to unitholders shall take place at the depositary bank;

c) calculating the price of the FUNDS' units, if the SG has assigned this task to the depositary bank, in accordance with Article 132;

d) ensuring that consideration for transactions relating to the FUND's management is paid to it by the customary deadlines. In particular, the depositary bank shall check that the FUND's trades are settled in accordance with the measures in force in the markets in which the trades take place;

e) executing the instructions of the SG, provided that they do not contravene the law, the rules of the CENTRAL BANK, or the FUNDS' management regulations.

2. With a view to conducting competence checks and to provide for the settlement of trades, the agreement between the SG and the depositary bank shall set forth the procedures through which the depositary bank shall be involved at the time of the transactions (for example, in the case of contracts of sale of real property, the depositary bank must be able to verify that on the appointed day of the contract payment of the agreed price is duly made).

3. The directors and executives of the depositary bank must report on a timely basis to the CENTRAL BANK for their respective areas of authority any irregularities noticed in the administration of the SG and in the management of the FUNDS. The depositary bank shall observe the procedures set forth in Annex E with regard to reporting breaches of the investment restrictions or limits.

Article 147 – *SG-promoter* separate from the *SG-manager*.

1. If the management and the promotion of the FUND are carried out by different SGs, the depositary bank shall coordinate its activity with both firms (*SG-promoter* and *SG-manager*) and - according to the allocation of duties agreed between the promoter and the manager – shall determine the information flows to be set up with each of them.

Article 148 – Requirements regarding establishment, capital, and organization.

1. The role of depositary bank of COLLECTIVE INVESTMENT FUNDS may be assumed under the following conditions by a San Marino bank or a foreign bank with its registered office in a member country of the European Union or of the (OECD).

2. The following requirements must be met in order to assume the role of depositary bank:

a) meet the minimum capital requirement, calculated in accordance with the provisions laid down by the respective supervisory authority, to be no less than the amount of the minimum capital required for the authorization of a bank in the Republic of San Marino;
b) have the appropriate human and technical resources for carrying out the tasks to be performed. In this regard, the CENTRAL BANK shall assess the following aspects individually:
    1) length of experience in execution of tasks similar to those set forth in Article 146 for CISs that are comparable in terms of size of assets under management and complexity of investment policies and management strategies to those intended to be managed by the SG;
    2) length of experience in managing its own portfolio of financial instruments, taking into account its size, and the complexity of the financial instruments and management techniques used in relation to the size of the assets of the FUNDS for which it intends to assume responsibility, and to the complexity of the financial instruments and their management techniques;
    3) length of experience in financial instrument portfolio management service, taking into account the portfolios' size, the complexity of the financial instruments, and of the management techniques used in relation to the size of the assets of the FUNDS for which it intends to assume responsibility and to the complexity of the financial instruments and of their management techniques;
c) foreign banks must also act as follows:
    1) explicitly undertake to provide any information requested by the CENTRAL BANK relating to the execution of the role;
    2) provide an authorization from its supervisory authority upon assignment of the role;
    3) to ensure timely reporting to the CENTRAL BANK, set forth a reference list for contacts with the CENTRAL BANK.

3. The CENTRAL BANK shall check the requirements for assuming the role as part of the process of approval of the management regulations of the FUND, which shall state the depositary bank appointed.

Article 149 – Independence requirements.

1. In executing their respective functions, the depositary bank and the SG shall be required to act independently and in the interest of the FUND's unitholders.

2. The task of depositary bank cannot be assigned if the president of the board of directors, the chief executive, the managing director, or any member of the investment committee of the SG performs any of the following functions at the bank which intends to take up the role:

a) president of the board of directors, chief executive, or managing director;
b) director responsible, even as a member of an intermediate part of the organization, for any business units of the bank that carry out depositary bank functions.

Article 150 – Sub-deposit.

1. The depositary bank may place in sub-deposit all or part of the financial instruments relating to the COLLECTIVE INVESTMENT FUND at the following:

a) foreign institutions authorized under their home country regulations to perform centralized management of financial instruments and subject to forms of supervision that ensure transparency, the ordered provision of services, and investor protection;
b) banks subject to appropriate forms of prudential supervision;
c) institutions, other than those set forth in the letters above, qualified to provide financial instrument custody services, provided they are subject to appropriate forms of prudential supervision, on a consolidated basis if necessary, similar to those to which institutions referred to in letter (a) above are subjected, provided that the requirements assumed as part of the activity of sub-deposit are guaranteed by a firm referred to in the preceding letter (b) belonging to the same group as the institution in question.

2. The depositary bank may undertake sub-deposit upon the approval of the SG concerned. The approval is presumed to be given if the agreement between the depositary bank and the SG contains a list of firms eligible to be sub-depositories.

In the case of sub-deposit the depositary bank shall state in the accounts registered in the name of the FUND for which sub-deposit is undertaken, the financial instruments subject to sub-deposit, and the name of the sub-depositary. The sub-depositary must hold the financial instruments of each FUND under separate headings in accounts registered in the name of the depositary bank, with a note that these are assets of the FUND, segregated from those relating to the bank's own financial instruments. The registration in the name of the bank of the aforementioned accounts, as a service that is instrumental to

the business of FUNDS custodian, shall not include exercising the activity referred to in Annex 1, letter C of the LISF.

Article 151 – Specific operations.

1. Where necessary to enable the FUNDS to execute transactions in financial derivatives traded on markets that require the provision of collateral margin, the depositary bank may sub-deposit financial instruments and/or liquid assets at the intermediaries used by the SG to transact on such markets, and make transfers to the aforementioned accounts.

The opening of the accounts shall in any case be subject to an agreement entered into between the SG, the depositary bank, and the intermediary involved that shall provide for the following:

a) the SG shall be constrained to give instructions on such accounts only through the depositary bank, which shall thus have full and exclusive disposal over the account;
b) the content of the agreement may not be amended without the consent of the depositary bank.

The obligation of the depositary bank to record the financial instruments and the liquid assets subject to sub-deposit/deposit and the name of the sub-depositary/depositary in the accounts registered in the name of the SG shall remain unchanged.

2. In the event of purchase of financial instruments for which it is not possible to follow the sub-deposit procedures, various methods can be used; these must, however, be covered by appropriate agreements between the SG, the depositary bank, and firms at which sub-deposit or the recording of title to the instruments takes place. Such agreements must stipulate the obligation of the SG to pass instructions only through the depositary bank or by documenting its approval. The consent of the depositary bank must be obtained for any amendment to such agreements. The depositary bank's ability to know the asset composition of the FUNDS or to carry out its own duties properly must in no case be compromised in any way.

Article 152 – Responsibility.

1. The responsibility of the depositary bank referred to in Article 71, paragraph 2 of the LISF, shall remain in place even in the case of sub-deposit of the FUNDS' assets and of the use of the procedures provided for in Article 151.

2. The functions assigned to the depositary bank shall remain unchanged and the related responsibilities shall not change even in the case of the use, in connection with the management of alternative FUNDS, of prime brokers.

Article 153 – Investment in bank deposits.

1. If COLLECTIVE INVESTMENT FUND assets are invested in bank deposits, the opening of the deposit accounts shall be subject to an agreement entered into between the SG, the depositary bank, and the bank at which the deposit takes place, which shall provide as follows:

a) the SG shall be constrained to give instructions on such accounts only through the depositary bank;
b) the content of the agreement may not be amended without the consent of the depositary bank.

2. Deposits shall be recorded under separate headings for each COLLECTIVE INVESTMENT FUND at the bank where they are made.

TITLE IX
COLLECTIVE INVESTMENT FUND ACCOUNTING REPORTS

Article 154 – Accounting reports.

1. The SG must prepare the following for each COLLECTIVE INVESTMENT FUND in conformity with the methods set forth in a separate provision by the CENTRAL BANK:

a) the management report of the FUND within ninety days of the end of each financial year or shorter period in relation to which income is distributed;
b) a half-yearly report relating to the management of the FUND within sixty days of the end of the first six months of the financial year. The report shall not be required in the case of FUNDS for which a report is prepared at least every six months in relation to the distribution of income.

2. The document set forth in the above numbered paragraph 1(a) must be submitted to accounts auditing and certification in accordance with Article 33 of the LISF.

Article 155 – Publicity of the accounting reports.

1. The documents referred to in Article 154 must be made available to the public at the registered office of the SG.

2. The most recent management report of the COLLECTIVE INVESTMENT FUND and the most recent half-yearly report must also be made available to the public at the depositary bank's registered office; the FUNDS' unitholders shall also be entitled to receive a copy of these documents free of charge at their home.

3. Different forms of publication from those set forth in this article may be laid down in the regulations for COLLECTIVE INVESTMENT FUNDS reserved for PROFESSIONAL CUSTOMERS.

TITLE X
CODE OF CONDUCT

Article 156 – General code of conduct.

1. In performing the service of collective investment, and respecting the interest of the COLLECTIVE INVESTMENT FUNDS' unitholders, the SG must operate independently and in compliance with the general rules and principles of the LISF, while observing the investment objectives set forth in the management regulations of the FUNDS under management.

2. SG must refrain from any conduct that might favor any one managed asset portfolio, including assets managed in connection with the provision of investment portfolio management on an individual basis for third parties, to the detriment of any other.

3. SG must operate with a view to containing costs charged to the COLLECTIVE INVESTMENT FUNDS managed and to obtaining the best possible result from the service provided, also with regard to observing the investment objectives of said FUNDS.

Article 157 – Conflicts of interest.

1. SG shall take care to identify conflicts of interest. They may carry out operations in which they have a direct or indirect conflicted interest, including any arising from group relations, or from their own business relations or those of group companies, always provided that equitable treatment of the FUNDS is nonetheless assured also as regards the costs associated with the operations to be carried out.

2. SG shall identify any cases in which contractual terms agreed with firms providing services to the SG or to group companies conflict with the interests of the FUNDS managed and shall ensure that the assets of the COLLECTIVE INVESTMENT FUNDS shall not incur costs that are otherwise avoidable and that they are not excluded from receiving benefits due to the asset portfolio.

Article 158 – Frequency of transactions.

1. The SG shall refrain from carrying out for the account of COLLECTIVE INVESTMENT FUNDS under management transactions that are more frequent than necessary to achieve the FUNDS' objectives.

Article 159 – Pre-allocation of orders.

1. SG shall allocate orders separately to each FUND managed before passing them to the intermediary tasked with their execution.

Article 160 – Best execution.

1. SG shall require that transactions conducted for the account of FUNDS under management shall be carried out on the best terms possible with reference to the time, the size, and the type of the transactions themselves and shall verify that such terms shall be actually achieved. In identifying the best terms possible attention shall be paid to the prices paid or received and to other costs incurred directly or indirectly by the FUNDS. The terms referred to in this paragraph shall be deemed to be met if the transactions are carried out on a regulated market.

PART IV
CROSS-BORDER OPERATIONS

TITLE I
SGs OPERATING ABROAD

Article 161 – Setting up branches or PROVISION OF SERVICES WITHOUT PERMANENT ESTABLISHMENT.

1. SG intending to set up branches in foreign countries or to offer services abroad without permanent establishment, subject to the current provisions of the host country regulations, must submit to the CENTRAL BANK an application for authorization containing the following information:

a) the foreign country in which the SG wishes to set up a branch or to operate under the freedom to provide services;
b) the framework for the initiative in the SG's overall expansion strategy;
c) the business that the SG intends to carry out in the host country, with particular reference to the sale of units in COLLECTIVE INVESTMENT FUNDS promoted or managed by the SG and to the marketing procedures for such units;
d) the organizational structure of the branch, the expected address, and the lists of the directors in charge.

2. Within ninety days of receiving the application, and having assessed the effects on the sound and prudent management of the SG and its ability to carry out its own supervisory controls in full, the CENTRAL BANK shall issue a decision authorizing or rejecting the opening of the Branch abroad or the PROVISION OF SERVICES WITHOUT PERMANENT ESTABLISHMENT.

3. After the authorization, the SG must inform the CENTRAL BANK on a timely basis of the effective start of the activities of the branch or of the PROVISION OF SERVICES WITHOUT PERMANENT ESTABLISHMENT.

Article 162 – Representative offices abroad.

1. The SG may open representative offices in foreign countries. The opening of representative offices abroad shall be subject to the procedures set forth by the competent host country authority. The SG shall inform the CENTRAL BANK on a timely basis of the start-up of the representative office, stating the foreign country in which it is established, the address of the office, and the activity carried out by the office.

TITLE II
SELLING UNITS OF FOREIGN CISs IN THE REPUBLIC OF SAN MARINO

Article 163 – Obligation of communication.

1. The selling in the Republic of San Marino of foreign CISs Units, in whatever form they are offered to the general public, may be carried out, on notifying the CENTRAL BANK, only by firms authorized to provide asset gathering services as referenced in Annex 1, letter D to the LISF (referred to in the remainder of this section as "offeror.")

2. The measures of this Title shall not apply to cases not included in the scope of the application of the regulations with regard to the public investment offers ("sollecitazione all'investimento").

3. The notice is not required when the offer referred to in paragraph 1 is related to UCITS CISs for which the documentation referred to in article 164, paragraph 2, letter b) is available. The requirements referred to in article 167 remain unprejudiced

Article 164 – Content of communication to the CENTRAL BANK.

1. The communication must be submitted by the offeror to the Central Bank of the Republic of San Marino – Supervision Committee and must set forth the name of the CIS and of the foreign company promoting and managing it.

2. The application for authorization shall be accompanied by the documents listed below:

a) a certificate from the home country supervisory authority confirming the following:
    1) the CIS and the company promoting and managing it are subject to supervision;
    2) any formalities required in the home country to be able to offer the CIS Units in the Republic of San Marino have been completed;
b) documentation in Italian or in English related to the information to the public, and in particular:
    1) copy of the Administrative Regulation of the CIS or other equivalent document;
    2) the last prospectus or other documents transmitted for the purposes of the offer to the competent authority of the Country of origin, and published, together with the document in

Italian containing the key information for investors, prepared pursuant to the provisions of the EU on the matter (also known as KIID);

3) the last annual report together with the following semi-annual report, if published;

4) indication of the sources where the value of the UNITS OF THE CIS and the notices related to the amendments to the Administrative Regulation and to the exercise of the rights related to the investment in the CIS are published (such as, but not limited to, calling of the meetings procedures for the payment of the proceeds).

Article 165 – Measures of the CENTRAL BANK.

1. The CENTRAL BANK shall assess the following criteria for issuing the authorization:

a) the CIS shall have an operational structure that is compatible with those stipulated for San Marino's FUNDS;
b) the CIS shall be subject to appropriate forms of supervision in its home country by a public supervisory authority that carries out inspections of the CIS's activity that are equivalent to those to which San Marino's FUNDS are subjected;
c) the firm promoting and managing the CIS shall ensure the distribution of information to the public.

2. After sixty days from the date of the receipt, the offer can be carried out if the CENTRAL BANK has not requested additional information or has not expressively rejected it. To the dispositions in interruption matter and suspension of the terms are applied of which to Article 2.

Article 166 – Other measures.

1. The CENTRAL BANK shall revoke the authorization to gather assets if the CIS or the company promoting or managing it is subject to revocation of authorization or any other equivalent decision in the home country.

Article 167 – Obligations concerning the offeror.

1. The offeror must perform the following:

a) take care of the administration of applications to subscribe and requests for redemption;
b) set in motion the necessary procedures so that subscription and redemption operations, as well as payment of income, are carried out regularly and in accordance with the prescribed deadlines and procedures;
c) forward to the subscriber the letter confirming investment stating the gross amount paid, the net amount invested, the CIS Units subscribed, the means of payment used, the date of receipt, and the date of subscription;
d) deliver prior to the subscription the following information documents required by the regulations governing the solicitation of investments, including the document prepared in Italian containing

the key information for the investors (also known as KIID) prepared pursuant to the provisions of the EU on this matter;;

e) make available to the investors in the CIS the information on any changes made to the Administrative Regulations of the CISS subscribed;;

f) provide CIS unitholders, at their request, with information on the progress of the unit price, as well as periodical reports of the CIS and the most recent regulations, by-laws, and information prospectus approved in the home country.

Article 168 – Amendments to the documents submitted to the CENTRAL BANK.

1. If amendments are made to the documents submitted to the CENTRAL BANK referred to in Article 164, the offeror must forward an up-to-date version thereof to the CENTRAL BANK within ten days of the time at which it became aware of them.

BANCA CENTRALE
DELLA REPUBBLICA DI SAN MARINO

ANNEXES
TO
COLLECTIVE INVESTMENTS SERVICES REGULATIONS

Year 2006 / number 03

(Consolidated text as at 01/11/2016 – Update VII)

CONTENTS

ANNEX

A

Outline for Drawing Up the Report on the Organisational Structure of an SG

Annex A

REPORT ON THE ORGANISATIONAL STRUCTURE

Name of the SG: _____ Date _____

A. GOVERNANCE

Specify:

- a list of all the shareholders of the SG, specifying the capital shares owned and including a company structure map of the group to which the SG belongs, if any;
- the role and the responsibilities of the diverse management levels, specifying the existence of any executive or consultative committees;
- the frequency with which information is provided to the board of directors and senior management regarding company performance, and the content nature of such reports;
- the exact structure and nature of any responsibilities formally delegated within the company, concerning the services provided and supervisory mechanisms set up to verify that said responsibilities are carried out.

B. THE INVESTMENT PROCESS *(refer to section F in the case of activities delegated outside of the company)*

Describe the objectives underlying the investment process, emphasising in particular the process by which management policies are harmonised with the objectives pursued, in terms of risk/yields, the criteria elected for the definition of the chosen yield-risk profile, and declaring - for each phase of this process - the company structures involved.

Outline the exact structure and nature of the operative structures, specifying:

- the distribution of *front office*'s structures (e.g. for type of managed product or financial class of instrument dealt) and the modalities of coordination between the same ones;
- the persons responsible in each *front office*'s structure and their professional experience;
- the number of employees working in the diverse structures and their respective characteristics and technical-professional experience;
- the information available regarding the composition and risk level of portfolios, and the frequency with which said information is updated;
- the *information providers* utilised for trading activities;

C. INTERNAL AUDITING AND RISK MANAGEMENT *(refer to section F in the case of activities delegated outside of the company)*

Annex A

Describe the division responsible for internal auditing procedures and any risk management group existing in the SG and their tasks, specifying:

- the persons responsible for the internal auditing procedures and *risk management* divisions and their relative professional experience.
- the technical-professional characteristics and experience of staff responsible for internal auditing and risk management;

Identify the general outline of the risk map and the inspection points.

State the frequency with which, and the process by which, control procedures are carried out, noting, at a minimum, the nature of the checks carried out:

- required by the relative laws currently in force;
- concerning the overall adequacy of the production process of the management service, including connections with individuals involved in the above-said process, and considering the characteristics and the purpose of each fund;
- concerning the evaluation and management of the risks undertaken by the SG (timing of the checks carried out, and the contents of the *reports* relating to the risk and product *performance* indicators).

Describe the nature of the financial risk relating to the different products managed and the strategies implemented (particularly in the case of alternative funds) furnishing - in particular -information on the procedures defined to constantly check for and evaluate any risks to the financial derivatives and the contribution of those derivatives to the general risk portfolio as well as, in the case of alternative funds, to constantly check and evaluate the risk level connected with the *leverage*.

Briefly describe the characteristics of the IT (information technology) instruments which the SG uses to carry out checks.

Describe the operative risks identified by the SG, the control procedures implemented to reduce the impact of the risks identified, in terms of losses, and the instruments used to lessen the impact of such losses that do occur.

D. IT-ACCOUNTANCY SYSTEMS

Describe, in a summarised manner, the IT systems used, and the security measures in place to protect the company's informational equity, making reference to the criteria applied for access protection (in the case of the Internet, above all) as well as the *back-up* and *recovery* procedures set out.

Annex A

E. RELATIONSHIPS WITH OTHER PARTIES INVOLVED IN THE MANAGED SAVINGS PRODUCTION AND DISTRIBUTION PROCESS

Outline:

- the informational exchanges involved between the SG-manager and the SG-promoter (if they are separated);
- the extent of any delegation of authority conferred upon others, as per article 53 of the present Regulations and the systems adopted by the SG to supervise the actions and performance of any persons to whom such responsibilities have been delegated;
- the procedures and informational flows between the party nominated to calculate the quota value. In particular, describe the checks carried out on the correspondence between the value received before the aforesaid was published and the checks carried out following publication, with the aim of identifying any errors in that value;
- the organisation of the structure having contact with clients, providing precise data about the structure of the sales network, and on the checks that the SG carries out on the network's activities.
- any agreements with *prime broker*.

F. CONTROLS ON OUTSOURCERS' ACTIVITIES

Outline the tasks for which *outsourcing* is utilised, providing information on the *outsourcers* themselves, and paying particular attention to their specific experience and the human and technological resources dedicated by them to carrying out the tasks for the SG.

Describe the resources dedicated by the SG and the procedures adopted to check on the activities of *outsourcers* and guarantee the quality of services delegated. In particular, describe the professional experience of the internal contact person, as set out in article 52(2) of the Regulations, his/her place within the company structure of the SG, and the procedures and frequency with which s/he reports to senior company management.

G. OTHER CONTROLS

Describe the protective measures adopted to guarantee that the management service is carried out in an independent manner, and in the exclusive interest of investors.

ANNEX

B

Template for personal certification of requirements of good repute

PERSONAL CERTIFICATION OF REQUIREMENTS OF GOOD REPUTE

I the undersigned _____,
born on _____ in
_____ and residing in
_____ in
_____,
ISS/tax code _____, citizen of _____, in full cognizance of the civil and criminal liability I face with reference to the truthfulness of the statements listed below

I HEREBY DECLARE

Under Law 165 of 17 November 2005 and implementing provisions issued by the Central Bank of the Republic of San Marino:

1) my address of record for the longest period in the last five years was as follows:
_____
_____;

2) the attached certificate, issue by public authorities territorially competent based on the address of record declared in point 1 above, does not show any prejudicial elements on my behalf in terms of possession of the requirements of good repute envisaged by the current supervisory provisions in force;

3) I am currently unaware of prejudicial proceedings/procedures/acts against me, already concluded or still pending before any other jurisdiction other than that under point 2 above, which could compromise my possession of the requirements of good repute envisaged by the current supervisory provisions in force;

4) I do not fall under any of the impediments provided for by Article 21, paragraph 1, letter d)

I HEREBY AUTHORIZE

In the final analysis, the Central Bank of the Republic of San Marino to conduct on the premises of the appropriate offices such verification procedures as the Central Bank deems appropriate for ascertaining the truthfulness of the declarations which I have made herein.

In witness whereof.

_____

Republic of San Marino, [date] _____

NOTARIAL AUTHENTICATION OF THE SIGNATURE

ANNEX
C

Template for self-certification of independence requirements

Republic of San Marino, _____

PERSONAL CERTIFICATION OF THE REQUIREMENTS OF INDEPENDENCE FOR THE OFFICE OF DIRECTOR OR STATUTORY AUDITOR OF A MANAGEMENT COMPANY

I the undersigned _____ born on _____ in _____ and residing at _____ in _____, citizen of _____, being fully cognizant of the civil and criminal liability which I face with regard to the truthfulness of the following declarations, for the purpose of taking the office of _____([1]) of the company _____ _____ ([2]),

I HEREBY DECLARE:

pursuant to Law 17 November 2005 No.165 and to the implementing provisions issued by the Central Bank of the Republic of San Marino, that:

1) during the last year I had the following business relations, professional relations or employment relations with the above mentioned company, or with its parent companies or with its subsidiaries or affiliated companies or with companies subject to joint control or with its directors:

_____

_____

_____([3]);

2) I am not a spouse, relative or kinsman up to and including the fourth degree of the directors or of the controlling shareholders of the management company for which I shall take office;

3) I do not own, directly or indirectly, more than 2 percent of the share capital with voting rights of the management company for which I shall take office, nor I subscribed shareholders' agreements with the object or the effect of exercising control over the mentioned company.

I HEREBY AUTHORIZE

the Central Bank of the Republic of San Marino to conduct all verifications by the competent Offices that shall be deemed necessary in order to ascertain the truth of the declarations I rendered in the present document.

In witness thereof.

_____

Repubblica di San Marino, addì _____

AUTENTICAZIONE NOTARILE DELLA FIRMA

[1] Please specify DIRECTOR or STATUTORY AUDITOR.

[2] Please specify the full name of the management company authorized by the Central Bank of the Republic of San Marino.

[3] Please specify the nature of the relations and the remuneration or earnings received. If negative, please indicate: NONE.

ANNEX
D

The Admissibility of Hybrid Equity Instruments and Subordinated Debts in Calculating the Regulatory Capital of an SG

Annex D

THE ADMISSIBILITY OF HYBRID EQUITY INSTRUMENTS AND SUBORDINATED DEBTS IN CALCULATING THE REGULATORY CAPITAL OF AN SG

1. Hybrid Equity Instruments

Hybrid equity instruments (instruments that combine characteristics typical of equities with others typical of indebtedness), are included in the calculation of the Regulatory Capital when the relative contracts sets out that:

a) in the case of balance sheet losses that result in a decrease in the capital deposited and reserves below the minimum capital level required for authorisation to carry out its business activity, the sums coming from the above debts and from the interest earned can be utilised to face the losses, so as to permit the issuing body to continue its business activities;

b) in the case of negative management trends, the right to remuneration may be suspended to the degree to which it is necessary to avoid, or limit as far as possible, the occurrence of losses;

c) in the case in which the issuing body was sold off, the debt is to be reimbursed only after payment of the other creditors who are not subordinated to the same degree.

The contracts that combine a particularly far-off original deadline with the possibility - for the issuing body - to renew the debt for an indefinite period of time, are to be considered unrecoverable debts. In these cases the contract expressly sets out that reimbursement on the maturation date should only take place after obtaining prior consent from the Central Bank.

The contents of the clause indicated in the preceding point a) regard the securities that represent hybrid equity instruments, as well as the eventual condition that reimbursement is dependent upon obtaining prior consent from the Central Bank.

2. Subordinated Debts

Subordinated liabilities issued by the SG constitute part of the Regulatory Capital on the condition that the contracts regulating this issuance expressly establish that:

a) in the case in which the issuing body is sold off, debt is to be reimbursed only after payment of the creditors who are not subordinated to the same degree;

b) the duration of the relationship is equal to or above 5 years and, in the case of an indefinite termination date, reimbursement takes place after a prior warning period of at least 5 years;
c) early reimbursement of liability only takes place upon the issuing body's initiative, and occurs after obtaining a declaration of non-impediment from the Central Bank.

Furthermore, the amount of such a sum included in the calculation is to be reduced by one fifth each year of the 5 years preceding the termination date of the relationship, in the absence of a depreciation schedule that would have produced analogous effects.

3. Requests for 'Authorisation to Proceed' from the Central Bank

Requests for authorisation to proceed with the inclusion of hybrid equity instruments and subordinated liabilities in the calculation of the Regulatory Capital must include the pertinent contractual documentation that regulates issuing, and all other information necessary to permit the Central Bank to evaluate the actual extent of the commitments undertaken by the SG.

It is moreover necessary that all existing contracts be exhibited and that communication is made of any agreements about operations which, in any event, are connected with the one being examined.

With the aim of reducing the time necessary to verify the requisites for authorisation of a hybrid equity instrument or subordinated liabilities, an SG may also submit contract proposals for examination by the Central Bank, as long as the final obligation to send in the definitive contract is observed, once the operation has begun.

The Central Bank may exclude or limit the admissibility of hybrid equity instruments and subordinated liabilities in the calculation of Regulatory Capital depending on its considerations of the contract regulations; such an opinion may even be expressed on a case-by-case basis.

The Central Bank will communicate its decision within 60 days from the receipt date of requests for authorisation to proceed.

4. The repurchase of hybrid equity instruments or subordinated debt shares by the issuing SG

In a hypothetical repurchase of subordinated liabilities by the issuer, two different situations may be identified:

a) the repurchase is aimed at the cancellation of the certificates. This hypothesis is to be considered on par with formal advance reimbursement of a debt quota, and as such depends on obtaining prior Central Bank authorisation to proceed;
b) the repurchase is not aimed at the cancellation of the certificates. Under this hypothesis, the reacquisition may be carried out freely, pending on proper observation of the obligation to detract the shares even momentarily present in the portfolio from the calculation of subordinated liabilities available to the SG. However, it is forbidden for issuers to possess securities representing their subordinated debts in an amount that surpasses 10 percent of each issue.

It is acceptable to draft clauses such as "*illegality clauses*", the effect of which is to give creditors or issuers the opportunity to request advanced reimbursement of the subordinated credit/debt, in the event that a legislative measure or regulation made it illegal to possess assets or debts in that form or—more generally—made it impossible to carry out the obligations assumed on the basis of the issuing contract. Although, strictly speaking, such a clause represents a hypothesis of advanced reimbursement that does not depend on the will of the issuer, it is admissible where it is clearly evident that the reimbursement is dependent on a "*factum principis*" to which the debtor (creditor) must necessarily conform. In this case it is not necessary to request prior authorisation from the Central Bank to carry out advance contract reimbursement.

ANNEX

E

Procedures for Notifying Violation of the Investment Limits of the Funds

Annex E

NOTIFICATION OF THE VIOLATION OF PROHIBITIONS OR LIMITS TO INVESTMENT

In the event that violations of prohibitions or limits to investments of a fund should occur, the SG and relative depositing banks must send a cumulative monthly report to the Central Bank, complete with signature and drawn up according to the indications contained in the form in this annex.

Exceeding the limits placed on the investment of funds due exclusively to changes in the value of the portfolio securities in a period following investment - or from exercising the right to options stemming from portfolio shares - must be notified only if they are present on the last day of the month in question.

Notification must be sent by the 25 day of the month following the one in which the irregularity occurred, and be undersigned by a legal representative of, or a person delegated by the SG promoter of the fund, by the depositing bank and—if different from the promoting company—by the SG that manages the fund.

The forms must be sent by the SG with a cover letter specifying the month and year in question, as well as the total number of notification forms enclosed.

SGs must provide a description of the measures necessary to remove the cause of the most frequently committed irregularities as concerns the gravity and frequency of the episodes (point 8 on the notification form). In the event that the definition of such action points is incompatible with the time needed to send notification, the SG should send proper notification afterwards. SGs should also periodically communicate the degree to which they have been able to attenuate the above-said causes.

In the case in which discrepancies exist in the information being submitted by the diverse intermediaries to the Central Bank, this circumstance must be adequately highlighted at the moment in which notification is made.

Annex E

FORM FOR THE NOTIFICATION OF VIOLATIONS

MONTH..... YEAR..... FORM NO. .....

FUND NAME : _____

SG-PROMOTER NAME: _____

SG-MANAGER COMPANY NAME : _____

DEPOSITARY BANK NAME: _____

1. ISSUING BODY/FINANCIAL INSTRUMENT: _____
2. LIMIT/REGULATION VIOLATED: _____
3. STARTING DATE OF THE VIOLATION: _____
4. ENDING DATE OF THE VIOLATION: _____
5. AMOUNT OF THE VIOLATION: _____
6. CAUSE OF THE VIOLATION: _____
7. DESCRIBE THE PROCEDURE FOLLOWED TO RE-ENTER WITHIN ESTABLISHED LIMITS: _____
8. DESCRIBE PRESENT OR PLANNED MEASURES TO PREVENT THE REOCCURRENCE OF THE EVENTS THAT GENERATED THE IRREGULARITY BEING NOTIFIED:

_____

_____

_____

9. EVENTUAL OBSERVATIONS MADE BY THE SG-PROMOTER, THE SG-MANAGING COMPANY OR THE DEPOSITING BANK:

_____

_____

_____

10. VIOLATIONS EXISTING ON THE LAST DAY OF THE MONTH [YES] [NO]

Date .../..../.....
(Day/Month/Year)

SG-Promoter signature	SG-Manager signature	Depositary Bank signature
……..	……..	……..

Annex E

PROCEDURES FOR FILLING IN THE NOTIFICATION FORM

A separate form must be filled in for each violation being notified, and for each fund. Violations that began and ended during the month in question should be noted according to the way in which they regard the Central Bank's precautionary and risk containment regulations, or those rules set out autonomously by management regulations, as well as those:

- existing on the last day of the month, independently from when they began; in that case the starting date to be specified on point 3 of the form is the one on which the irregularity actually began;
- starting in the preceding month and ending during the month in question, following the same instructions provided in the point above.

Violations of quantitative limits and the total amount of the investment should be specified on point 5, expressed in the same way used to indicate the limit (ex.: violation of the limit established for investment in non-listed financial instruments for open funds of the Ucits III type. If, for example, the fund has assets of 200 million euro and investments in non-listed financial instruments equalling 22 million euro, 11% must appear on point 5).

If the violation occurred over more than one day, specify the maximum level registered during the period in when the limit was surpassed.

For violations consisting in non permissible operations, instructions are provided that permit the gravity of the irregularity committed to be evaluated.

ANNEX

F

Criteria for the Calculation of the Commitments Relative to Operations with Derivative Financial Instruments

Annex F

A) CRITERIA FOR THE CALCULATION OF THE COMMITMENTS UNDERTAKEN IN MANAGING THE FUND, RELATIVE TO OPERATIONS WITH DERIVATIVE FINANCIAL INSTRUMENTS

1. Operation Compensations.

With the aim of determining the commitments undertaken, the following may be compensated:

1. derivative financial instruments and the sale/purchase-upon-expiration operations requiring resale or repurchase on a maturity date, that respect the following criteria:
   a) the operations must have identical underlying assets and maturity dates. A discrepancy between the maturity dates is only allowable if :
      – the difference consists in no more than seven days, in the case in which the operations to be compensated had a residual period of between one month and one year;
      – the difference consists in no more than thirty days, in the case in which the operations to be compensated had a residual period of more than one year.
   b) the risk exposure created by an operation must be of the opposite sign than that created by the other ([1]).

   Where the compensation concerns operations of the opposite sign that result in commitments of different values, the difference must be calculated among the commitments undertaken by the fund;

2. The positions underlying the derivative financial instruments concerning single securities issued, calculated according to the guidelines set out in paragraph 2 below, with the identical positions as those underlying the portfolio, having the opposite sign, of the fund (ex.: the purchase of a *put* option on security X compensates for and is compensated by a long position on security X present in the fund's portfolio) ([2]) ([3]);

   Where the compensation results in a positive difference in the commitment relative to the derived position—compared to the position in the portfolio—the positive difference must be calculated among the commitments undertaken by the fund.

---

[1] Thus, for example, a future sold or a sell-upon-expiration operation made on security X compensates for, and is compensated by, a *future* bought or by a buy-upon-expiration purchase on security X; a *call option* bought on security Y compensates for (and is compensated by) a call option sold on security Y; a future bought on, or a buy-upon-expiration operation on security Z compensates for (and is compensated by) a put option purchased on security Z.

[2] In the case of (derived financial instruments on notional securities of a bond nature, the positions underlying the derivative, calculated according to the contents of paragraph 2 below, may also be compensated—along with the identical positions of the underlying in the portfolio—by the financial instruments that have a close correlation (on the basis of parameters such as the denomination currency, residual life or indicators such as the *duration*) with the ones that may be consigned.

[3] In the case of standardized futures contracts on stock exchange indices, the compensation may be carried out with securities the price of which is included in the calculation of the index and the trend of which has a close correlation with that of the index itself.

Annex F

2. Calculation of commitments.

The following are included in the calculation of the total commitments undertaken by the fund:

a) in the case of options, the present value of the underlying assets multiplied by the *delta* factor of the option ([4]).

   The SG that manages funds with consistent operations in options must adopt appropriate organisational measures, in order to keep the risk factors diverse from *delta* under control;

b) in the case of the purchase or sales of *futures*, as well as sale/purchase-upon-expiration operations, the value of the contract (example: capital in question multiplied by the value of the index in the case of *futures* on indexes, settlement price of the contract in the case of sale/purchase-upon-expiration operations), the sale/purchase-upon-expiration operations to be settled after 5 days have been deemed equivalent to futures, excepting those on non-derivative financial instruments carried out on regulated markets, which are to be settled on the first valid liquidation date;

c) in the case of derivative financial instruments the execution of which takes place through the payment of differentials in cash—diversely from the indications in sub *a)* e *b)*—the commitment amounts to the contract capital in question.

3. Exchange Risk Coverage Operations.

The operations aimed at protecting the assets and liabilities of the fund from exchange rate risk do not give rise to commitments. Appropriately, operations must constantly maintain a close correlation—in terms of their duration, currency and amount—with the foreign currency positions present in the fund that are subject to coverage.

B) EXPOSURE STEMMING FROM OPERATIONS WITH DERIVATIVE FINANCIAL INSTRUMENTS NEGOTIATED OUTSIDE OF OFFICIAL MARKETS (OTC)

1. Calculation of the risk faced by the counter-party.

In transactions carried out with derivative financial instruments negotiated outside of the official markets (OTC), the fund may encounter credit risks connected with any failure to observe the contract terms by the counter-party in such operations.

The risk of the counter-party is determined:

d) by obtaining the exposure to risk of the counter-part, equal to the so-called "credit equivalent" calculated according to the "present value method" (refer to: Paragraph 2);

e) by multiplying the credit equivalent by 1.6 percent.

[4] It is well known that the delta factor expresses the ratio between the expected variation in the price of an operation and the unit price variation of the underlying assets. It approximates the probability that the contract will be exercised.

2. Calculation of the credit equivalent.

The credit equivalent is calculated according to the "present value method" which permits the market value of the credit rights arising from the contract in favour of the fund to be ascertained. The calculation procedure approximates the cost that the fund would have to sustain to find another subject willing to sub-enter into the contract obligations of the original negotiation counterpart, in the event that the latter was insolvent.

The calculation of present value is carried out by adding up the substitution cost—if positive—to the future credit exposure, obtained according to the following criteria.

2.1 Calculation of the substitution cost ([5])

The substitution cost of each contract lies in its intrinsic value, if that is positive. The intrinsic value is positive when a credit position is owed to the fund by its counterpart.

For *futures* and for American-type options, the intrinsic value lies in the differential remaining in the fund between current rates (or prices) and the agreed-upon rates (or prices).

In the case in which the contract can only be honoured upon reaching the maturation date agreed on by the parties, the intrinsic value is calculated by determining the present value of future cash flows, based upon the conditions existing on the calculation date in question.

2.2 Calculation of future credit exposure

Future credit exposure approximates the so-called *time value*. Due to the volatility of interest, exchange and index rates, besides the residual contract, period, it weighs the probability that, in the future, the intrinsic value of the contract—if positive—may increase, or—if negative—may become a credit position.

This evaluation is carried out with all contracts—with both positive and negative intrinsic value—by multiplying the nominal value of each contract by the following percentages, applied on the basis of the residual duration of the operations. For contracts with multiple capital exchanges the percentages must be multiplied by the number of payments that remain to be carried out, according to the contract terms.

[5] With the aim of calculating the substitution cost, SGs may, on the basis of a substantial equivalent valuation, make reference to the value utilised in calculating the value of the fund, carried out according to the valuation criteria of the OTC derivative financial instruments outlined in Appendix E, paragraph 2.3.

Annex F

TABLE 1 – CALCULATION OF FUTURE CREDIT EXPOSURE

RESIDUAL PERIOD REMAINING	CONTRACTS ON INTEREST RATES	CONTRACTS ON EXCHANGE RATES AND GOLD	CONTRACTS ON CAPITAL SECURITIES	CONTRACTS ON PRECIOUS METALS EXCEPTING GOLD	CONTRACTS ON OTHER GOODS AND OTHER CONTRACTS
Up to one year	0%	1%	6%	7%	10%
Beyond 1 year and up to 5 years	0,5%	5%	8%	7%	12%
Beyond 5 years	1,5%	7,5%	10%	8%	15%

In the case of operations that provide for the liquidation of the differentials on multiple maturation dates, it is necessary to calculate the average duration period, taking into consideration the different maturation dates, on the basis of the capital in question.

The future credit exposure for *basis swaps* is not calculated in one currency only, that is, for those contracts that provide for the exchange of two diversely indexed interest rates.

For structured contracts that provide for the liquidation of the exposure existing on pre-set payment dates—due to the effect of which and on the dates of which the market value of the contract is zero (typically *equity index swaps*)—the residual life equals the period which remains before the upcoming liquidation date. In any case, for contracts on interest rates with a final residual life of over one year that meet with the above-mentioned criteria, the percentage to be applied to the nominal value of the contract should not be lower than 0.5 percent.

ANNEX
G

Standard Regulation Scheme for Collective Investment Funds subject to public offerings' provisions

(PLEASE NOTE THAT THIS ANNEX IS NOT TRANSLETED IN ENGLISH BECAUSE OFFERINGS TO THE PUBBLIC IN THE REPUBLIC OF SAN MARINO MUST BE WRITTEN IN ITALIAN LANGUAGE)

Annex G

SCHEMA DI REGOLAMENTO STANDARD PER FONDI COMUNI DI INVESTIMENTO DESTINATI ALLA GENERALITA' DEL PUBBLICO

PARTE A) SCHEDA IDENTIFICATIVA

Denominazione, tipologia, durata, ammontare minimo della sottoscrizione *(se prevista)* **del fondo/i**	*Indicare la denominazione del fondo, o dei fondi qualora sia redatto un regolamento unico per una pluralità di fondi.* *Per ogni fondo specificare se si tratta di fondo aperto o chiuso. Per i fondi aperti specificare se si tratta di fondi di tipo Ucits III. Se si tratta di un fondo alternativo, precisare tale caratteristica evidenziando che gli investimenti di tali fondi possono avvenire in deroga ai divieti e limiti stabiliti dalle disposizioni della Banca Centrale della Repubblica di San Marino.* *Per ogni fondo indicare la durata stabilita e, se previsto, l'ammontare minimo della sottoscrizione iniziale.*
Grado di rischio attribuito dalla SG al fondo *(vedere parte D, paragrafo B, per il dettaglio dei criteri da utilizzare per la valutazione del grado di rischio)*	*Indicare il livello utilizzando la seguente scala e colorando conseguentemente la casella a fianco: basso (azzurro); medio-basso (verde); medio (giallo); medio-alto (arancione); alto (rosso).*
Società di gestione (SG)	*Indicare la denominazione della società, l'indirizzo completo della sede legale, il numero di iscrizione al registro tenuto dalla Banca Centrale, l'eventuale indirizzo Internet, l'eventuale gruppo di appartenenza.*
Società di promozione del fondo *(eventuale)*	*Indicare la denominazione della società, l'indirizzo completo della sede legale, il numero di iscrizione al registro tenuto dalla Banca Centrale, l'eventuale indirizzo Internet.*
Banca depositaria	*Indicare per ciascun fondo la denominazione, l'indirizzo completo della sede legale, il numero di iscrizione al registro tenuto dalla Banca Centrale o, nel caso di banca estera, l'Autorità del Paese di origine alla cui vigilanza è sottoposta, l'eventuale indirizzo Internet. Indicare se la banca depositaria e la società di promozione o gestione del fondo appartengono o non appartengono al medesimo gruppo.*
Soggetto incaricato di calcolare il valore delle quote	*Indicare per ciascun fondo la denominazione del soggetto incaricato di calcolare il valore delle quote, l'indirizzo completo della sede, l'eventuale indirizzo Internet; oppure, se del caso, precisare che coincide con la banca depositaria.*
Caratteristiche delle quote	*Indicare per ciascun fondo le fonti dove è possibile rilevare il valore delle quote dei fondi (e la relativa periodicità di pubblicazione), precisando che presso tali fonti sono pubblicate anche gli avvisi di modifiche ai regolamenti di gestione. Qualora sia prevista l'emissione di differenti classi di quote, rinviare alla parte D per le relative caratteristiche. Qualora sia prevista la quotazione in mercati regolamentati, specificare gli stessi.*
Parametro di riferimento (*benchmark*)	*Indicare il parametro di riferimento al quale comparare il rendimento del fondo e specificare le fonti dove è possibile rilevarlo.*
Soggetto garante *(eventuale)*	*Indicare per quali fondi è previsto un rendimento minimo garantito, specificando la denominazione completa del soggetto garante, l'indirizzo della sede legale, il numero di iscrizione al registro tenuto dalla Banca Centrale o, in caso di soggetto estero, l'Autorità del Paese di origine alla cui vigilanza è sottoposto.*
Assemblea dei partecipanti *(SOLO PER I FONDI CHIUSI)*	*Se prevista, indicare sinteticamente competenze e modalità di funzionamento dell'assemblea dei partecipanti nei fondi chiusi.*
Prime Broker *(SOLO PER I FONDI ALTERNATIVI)*	*Indicare, per i fondi alternativi, la denominazione dell'eventuale prime broker, rinviando alla parte D per ulteriori notizie sullo stesso.*
Informazioni aggiuntive per la sollecitazione all'investimento (PROSPETTO INFORMATIVO)	*Riportare l'avvertenza che le informazioni ai fini della sollecitazione all'investimento, integrative del regolamento di gestione, sono contenute nella parte D del presente fascicolo*

Annex G

PARTE B) CARATTERISTICHE DEL PRODOTTO

(per la redazione del presente paragrafo, fare riferimento a quanto indicato nell'art. 122 del Regolamento della Banca Centrale della Repubblica di San Marino in materia di servizi di investimento collettivo)

1. Scopo, oggetto, politica di investimento e altre caratteristiche.

(in caso di regolamento unico per una pluralità di fondi, compilare un sottoparagrafo per ciascun fondo)

2. Proventi, risultati della gestione e modalità di ripartizione.

(in caso di regolamento unico per una pluralità di fondi, compilare un sottoparagrafo per ciascun fondo)

3. Regime delle spese e determinazione del compenso della società di gestione.

(in caso di regolamento unico per una pluralità di fondi, compilare un sottoparagrafo per ciascun fondo)

Annex G

PARTE C) MODALITÀ DI FUNZIONAMENTO

I. PARTECIPAZIONE AL FONDO

1. La partecipazione al fondo si realizza con la sottoscrizione di quote mediante apposito modulo di sottoscrizione predisposto dalla SG o con il loro successivo acquisto, in quanto compatibile con le modalità di trasferimento del certificato che le rappresenta.
2. La sottoscrizione di quote può avvenire solo a fronte del versamento di un importo corrispondente al valore delle quote di partecipazione. Non sono ammessi versamenti di contanti alla SG. I giorni di valuta attribuiti a ciascun mezzo di pagamento sono: …… *(specificare).*

   Nel modulo di sottoscrizione sono precisati l'importo versato dal sottoscrittore e le modalità di pagamento utilizzate.
3. La SG provvede a determinare il numero delle quote di partecipazione e frazioni millesimali di esse arrotondate per difetto da attribuire ad ogni partecipante dividendo l'importo del versamento, al netto degli oneri a carico dei singoli partecipanti, per il valore unitario della quota relativo al giorno di riferimento. Quando in tale giorno non sia prevista la valorizzazione del fondo, le quote vengono assegnate sulla base del valore relativo al primo giorno successivo di valorizzazione della quota.
4. Il giorno di riferimento è il giorno in cui la SG ha ricevuto, entro le ore _____ , notizia certa della sottoscrizione ovvero, se successivo, è il giorno in cui decorrono i giorni di valuta riconosciuti al mezzo di pagamento indicati nel modulo di sottoscrizione. Nel caso di bonifico, il giorno di valuta è quello riconosciuto dalla banca ordinante.
5. Per i contratti stipulati mediante offerta fuori sede il giorno di riferimento non potrà essere antecedente a quello di efficacia dei contratti medesimi ai sensi delle disposizioni applicabili in materia.
6. Nel caso di sottoscrizione di quote derivanti dal reinvestimento di utili/ricavi distribuiti dal fondo la valuta dovrà coincidere con la data di messa in pagamento degli utili/ricavi stessi. Nel caso di richieste di passaggio ad altro fondo (*switch*) il regolamento delle due operazioni deve avvenire sulla base dei valori unitari relativi al medesimo giorno di riferimento indicato nel precedente comma 4. La valuta e la disponibilità delle somme relative alla sottoscrizione sono riconosciute al fondo sottoscritto nel giorno di regolamento.
7. Qualora il versamento sia effettuato in valuta diversa da quella di denominazione del fondo, il relativo importo viene convertito nella valuta di denominazione del fondo utilizzando il tasso di cambio rilevato dalla Banca Centrale Europea ovvero tassi di cambio correnti accertati su mercati di rilevanza e significatività internazionale nel giorno di riferimento.
8. In caso di mancato buon fine del mezzo di pagamento, la SG procede alla liquidazione delle quote assegnate e si rivale sul ricavato che si intende definitivamente acquisito, salvo ogni maggiore danno.
9. A fronte di ogni sottoscrizione la SG provvede ad inviare al sottoscrittore una lettera di conferma dell'avvenuto investimento, recante informazioni concernenti la data di ricevimento della domanda di sottoscrizione e del mezzo di pagamento, l'importo lordo versato e quello netto investito, la valuta

riconosciuta al mezzo di pagamento, il numero di quote attribuite, il valore unitario al quale le medesime sono sottoscritte nonché il giorno cui tale valore si riferisce.

10. L'importo netto della sottoscrizione viene attribuito al fondo il giorno di regolamento delle sottoscrizioni con la stessa valuta riconosciuta ai mezzi di pagamento prescelti dal sottoscrittore.
11. Per giorno di regolamento delle sottoscrizione si intende il giorno successivo a quello di riferimento.
12. La partecipazione al fondo non può essere subordinata a condizioni, vincoli o oneri di qualsiasi natura, diversi da quelli indicati nel regolamento.
13. Il partecipante al fondo prende atto che lo scambio di informazioni, necessarie per il corretto funzionamento del processo produttivo e per corrispondere agli obblighi stabiliti dalla Banca Centrale della Repubblica di San Marino, tra la SG, la banca depositaria del fondo, il soggetto incaricato di calcolare il valore delle quote, l'eventuale *prime broker*, gli eventuali *outsourcer* scelti dalla SG, non costituisce, ai sensi dell'articolo 36, comma 6, della legge 17 novembre 2005, n. 165, violazione del segreto bancario, fermo restando che ciascuno dei menzionati soggetti sarà espressamente vincolato, sulla base dei contratti che la SG stipulerà, al rispetto del segreto bancario in tutti gli altri casi.

II. QUOTE E CERTIFICATI DI PARTECIPAZIONE

1. I certificati possono essere emessi per un numero intero di quote e/o frazioni di esse, nominativi o al portatore a scelta del partecipante. I certificati possono essere tenuti in forma dematerializzata presso una società, sottoposta a vigilanza, abilitata alla gestione accentrata di tale tipologia di strumenti finanziari o presso la banca depositaria.
2. La banca depositaria, su indicazioni della SG, mette a disposizione dei partecipanti i certificati, a partire dal primo giorno lavorativo successivo al giorno di regolamento delle sottoscrizioni.
3. Qualora le quote non siano destinate alla dematerializzazione, il partecipante può sempre chiedere – sia all'atto della sottoscrizione, sia successivamente – l'emissione del certificato rappresentativo di tutte o parte delle proprie quote ovvero l'immissione delle stesse in un certificato cumulativo, al portatore, tenuto in deposito gratuito presso la banca depositaria con rubriche distinte per singoli partecipanti. È facoltà della banca procedere – senza oneri per il fondo o per i partecipanti – al frazionamento del certificato cumulativo, anche al fine di separare i diritti dei singoli partecipanti. Il partecipante può chiedere che le quote di pertinenza immesse nel certificato cumulativo trovino evidenza in un conto di deposito titoli a lui intestato. La tenuta di tale conto, peraltro, comporterà la corresponsione dei costi previsti nel relativo contratto che il partecipante dovrà sottoscrivere separatamente e dei relativi oneri fiscali previsti dalle norme vigenti.
4. A richiesta degli aventi diritto, è ammessa la conversione dei certificati da nominativi al portatore e viceversa, nonché il loro frazionamento o il raggruppamento.
5. In occasione di sottoscrizioni la consegna materiale del certificato all'avente diritto può essere prorogata per il tempo necessario per la verifica del buon esito del titolo di pagamento e comunque non oltre 30 giorni dal giorno di riferimento.

Annex G

III. SOSTITUZIONE DELLA SG

1. La sostituzione della SG può avvenire per impossibilità sopravvenuta della SG a svolgere la sua attività ovvero per decisione assunta dalla stessa SG di dismettere le proprie funzioni. La sostituzione può essere effettuata solo previa modifica del regolamento approvata dalla Banca Centrale e avviene con modalità tali da evitare soluzioni di continuità nell'operatività del fondo.

IV. SPESE A CARICO DELLA SG

1. Sono a carico della SG tutte le spese che non siano specificamente indicate a carico del fondo o dei partecipanti.

V. VALORE UNITARIO DELLA QUOTA E SUA PUBBLICAZIONE

1. Il valore unitario della quota viene calcolato secondo i criteri stabiliti dalla Banca Centrale, con la periodicità indicata nella Scheda identificativa, dividendo il valore complessivo netto del fondo per il numero di quote in circolazione, entrambi relativi al medesimo giorno di riferimento.
2. Il soggetto che ha il compito di calcolare il valore della quota ne sospende il calcolo in situazioni di forza maggiore che non ne consentano la regolare determinazione e in tali casi la SG sospende la pubblicazione del valore unitario della quota.
3. Al cessare di tali situazioni il soggetto che ha il compito di calcolare il valore della quota determina il valore unitario della quota e la SG provvede alla sua divulgazione con le modalità previste per la pubblicazione del valore della quota. Analogamente vanno pubblicati i valori delle quote di cui sia stata sospesa la sola pubblicazione.
4. Il valore unitario della quota pubblicato si considera errato quando la differenza rispetto al valore ricalcolato corretto è superiore a:
    a) ____ ([1]) per cento per i Fondi di tipo Ucits III;
    b) ____ ([2]) per cento per le altre tipologie di fondi, esclusi i fondi alternativi;
    c) ____ ([3]) per i fondi alternativi.

5. Nelle ipotesi in cui il valore pubblicato risulti errato, dopo che sia stato ricalcolato il prezzo delle quote, la SG:

    a) rettifica il numero di quote attribuite a chi ha sottoscritto il fondo nel periodo tra la data di pubblicazione del valore errato e quella di pubblicazione del valore ricalcolato corretto;
    b) reintegra, prelevando le somme necessarie dal patrimonio del fondo, il partecipante che ha chiesto il rimborso delle quote nel periodo tra la data di pubblicazione del valore errato e quella di pubblicazione del valore ricalcolato corretto, qualora il secondo sia superiore al

[1] Indicare il valore, che non può essere superiore a 0,25.
[2] Indicare il valore, che non può essere superiore a 0,5.
[3] Indicare il valore, che non può essere superiore a 1.

primo. La SG può non reintegrare il singolo partecipante che ha ottenuto il rimborso delle proprie quote per un importo inferiore al dovuto, qualora l'importo da ristorare sia di ammontare contenuto in relazione ai costi di emissione e spedizione del mezzo di pagamento. La misura di tale soglia è comunicata nell'ambito delle operazioni di sottoscrizione e resa nota ai partecipanti in occasione di eventuali adeguamenti;

c) reintegra il patrimonio del fondo delle somme riconosciute in eccesso ai partecipanti che hanno chiesto il rimborso delle quote nel periodo tra la data di pubblicazione del valore errato e quella di pubblicazione del valore ricalcolato corretto, qualora il secondo sia inferiore al primo;

d) pubblica con le medesime modalità previste per la pubblicazione del valore della quota un comunicato stampa contenente un'idonea informativa dell'accaduto. Il comunicato potrà essere redatto anche in forma sintetica, senza elencare tutti i valori rettificati, fermo restando il diritto degli interessati di ottenere informazioni più dettagliate dalla SG. Nei casi in cui l'entità dell'errata valorizzazione sia di importo marginale e la durata della stessa sia limitata nel tempo (periodo non superiore a cinque giorni di calcolo), la SG – ferma restando la descrizione dell'evento nel rendiconto di gestione del fondo – può astenersi dalla pubblicazione del comunicato stampa.

VI. RIMBORSO DELLE QUOTE

1. I partecipanti al fondo possono, in qualsiasi momento, chiedere alla SG il rimborso totale o parziale delle quote possedute. Il rimborso può essere sospeso nei casi previsti dalla legge, dal presente regolamento e nel corso delle operazioni di liquidazione del fondo. La domanda di rimborso, redatta in forma libera ovvero utilizzando la modulistica messa a disposizione dalla SG, deve essere presentata o inviata alla SG direttamente o tramite il soggetto collocatore e deve indicare:
   a) la denominazione del fondo oggetto di disinvestimento;
   b) le generalità complete del richiedente, allegando copia di un documento di identificazione;
   c) il numero delle quote ovvero, in alternativa, la somma da liquidare, allegando, se emessi, i certificati di partecipazione;
   d) il mezzo di pagamento prescelto e le istruzioni per la corresponsione dell'importo da rimborsare;
   e) in caso di rimborso parziale, le eventuali istruzioni relative al certificato rappresentativo delle quote non oggetto di rimborso;
   f) gli eventuali altri dati richiesti dalla normativa vigente.
2. La liquidazione delle somme dovute per il rimborso delle quote sarà effettuata entro _____ *(indicare un termine non superiore a quindici giorni)* dalla ricezione della richiesta, salvi i casi di sospensione.
3. Il valore del rimborso è determinato in base al valore unitario delle quote del giorno di ricezione della domanda da parte della SG. Si considerano ricevute nel giorno le domande pervenute alla SG entro le

ore _____ . La SG impegna contrattualmente i collocatori ad inviarle le domande di rimborso raccolte entro e non oltre il primo giorno lavorativo successivo a quello in cui le stesse sono loro pervenute.

4. Quando nel giorno di ricezione della domanda non è prevista la valorizzazione del fondo, il valore del rimborso è determinato in base al primo valore del fondo successivamente determinato. Qualora a tale data il controvalore delle quote non raggiunga l'ammontare dell'importo eventualmente definito dal partecipante, la relativa disposizione verrà eseguita fino a concorrenza dell'importo disponibile.
5. Al fine di tutelare gli altri partecipanti, l'esecuzione dei rimborsi può essere eccezionalmente sospesa in relazione all'entità delle richieste o di passaggio ad altro fondo (*switch*). In tali casi la SG darà notizia della sospensione, della sua durata e delle circostanze che l'hanno determinata attraverso le medesime fonti utilizzate per la pubblicazione del valore delle quote. Le richieste presentate nel periodo di sospensione si intendono pervenute ai fini del rimborso alla scadenza del periodo stesso.
6. L'estinzione dell'obbligazione di rimborso si determina al momento della ricezione del mezzo di pagamento da parte dell'avente diritto.

(N.B.: utilizzare i precedenti commi da 1 a 6 solo per i fondi aperti).

OPPURE:

1. Il rimborso delle quote avviene alla scadenza del fondo indicata nella Scheda identificativa, secondo le procedure di liquidazione del fondo.

(N.B.: utilizzare questo comma solo per i fondi chiusi).

VII. MODIFICHE DEL REGOLAMENTO

1. Il contenuto di ogni modifica regolamentare è comunicato mediante avviso diffuso secondo le modalità previste per la pubblicazione del valore della quota.
2. L'efficacia di ogni modifica che preveda la sostituzione della SG ovvero che riguardi le caratteristiche del fondo o incida negativamente sui diritti patrimoniali dei partecipanti sarà sospesa per i 90 giorni successivi alla pubblicazione della modifica stessa. Tali modifiche sono tempestivamente comunicate a ciascun partecipante. Le modifiche regolamentari che comportino un incremento degli oneri a carico dei partecipanti - diversi da quelli che hanno natura di rimborso spese - non trovano comunque applicazione per gli importi già sottoscritti al momento dell'entrata in vigore delle modifiche nonché per gli importi ancora da versare in relazione a piani di accumulazione già stipulati.
3. Le modifiche regolamentari hanno efficacia immediata quanto determinino condizioni economiche più favorevoli per i partecipanti.
4. Negli altri casi, il termine di efficacia, che decorrerà dalla data di pubblicazione delle modifiche sulle medesime fonti utilizzate per la pubblicazione del valore della quota , sarà stabilito dalla SG, tenuto conto dell'interesse dei partecipanti.
5. Copia dei regolamenti modificati è inviata gratuitamente ai partecipanti che ne fanno richiesta.

Annex G

(N.B.: utilizzare i precedenti commi da 1 a 5 solo per i fondi aperti).

OPPURE:

1. Le modifiche regolamentari sono consentite solo se strettamente necessarie per la tutela degli interessi dei partecipanti e, a tal fine, devono essere adeguatamente motivate. Resta salva la possibilità di apportare modifiche qualora la SG raccolga l'assenso esplicito di tutti i partecipanti. Copia dei regolamenti modificati è inviata gratuitamente ai partecipanti che ne fanno richiesta.

(N.B.: utilizzare il precedente comma solo per i fondi chiusi).

VIII. LIQUIDAZIONE DEL FONDO

1. La liquidazione del fondo ha luogo alla scadenza del termine indicato nella Scheda identificativa o di quello eventuale al quale esso è stato prorogato, ovvero, anche prima di tale data:
    a) in caso di scioglimento della SG;
    b) in caso di rinuncia motivata dalla sussistenza di una giusta causa, da parte della SG, all'attività di gestione del fondo, e in particolare in caso di riduzione del patrimonio del fondo tale da non consentire un'efficiente prestazione dei servizi gestori ed amministrativi.
2. La liquidazione del fondo viene deliberata dal consiglio di amministrazione della SG. La SG informa preventivamente la Banca Centrale della decisione di procedere alla liquidazione.
3. Dell'avvenuta delibera viene informata la Banca Centrale. La liquidazione avverrà secondo le seguenti modalità:
    a) l'annuncio dell'avvenuta delibera di liquidazione del fondo deve essere pubblicato sulle medesime fonti previste per la pubblicazione del valore della quota. Dalla data della delibera è sospesa l'emissione e il rimborso delle quote;
    b) la SG provvede a liquidare l'attivo del fondo nell'interesse dei partecipanti, sotto il controllo del collegio sindacale, secondo il piano di smobilizzo predisposto dal consiglio di amministrazione e portato a conoscenza della Banca Centrale, realizzando alle migliori condizioni possibili i beni che lo compongono;
    c) terminate le operazioni di realizzo, la SG redige un rendiconto finale di liquidazione, accompagnato da una relazione degli amministratori, e un piano di riparto recante l'indicazione dell'importo spettante a ogni quota, da determinarsi in base al rapporto fra l'ammontare delle attività nette realizzate ed il numero delle quote in circolazione;
    d) la società incaricata della revisione contabile della SG provvede alla revisione della contabilità delle operazioni di liquidazione nonché alla formulazione del proprio giudizio sul rendiconto finale di liquidazione;
    e) il rendiconto finale di liquidazione e la relativa relazione degli amministratori restano depositati e affissi presso la SG e la banca depositaria, nonché diffusi sulle medesime fonti previste per la pubblicazione del valore della quota, con l'indicazione della data di inizio delle

operazioni di rimborso. Ne sono informati i singoli partecipanti. Ogni partecipante potrà prendere visione del rendiconto di liquidazione ed ottenerne copia a sue spese;

f) la banca depositaria, su istruzioni della SG, provvede al rimborso delle quote nella misura prevista dal rendiconto finale di liquidazione, previo ritiro ed annullamento dei certificati se emessi;

g) le somme spettanti ai partecipanti eventualmente non riscosse entro tre mesi a far tempo dalla data di inizio del pagamento rimangono depositate presso la banca depositaria in un conto intestato alla SG con l'indicazione che si tratta di averi della liquidazione del fondo, con sottorubriche indicanti le generalità dell'avente diritto ovvero il numero di serie;

h) i diritti incorporati nei certificati e nelle cedole non presentati per il rimborso secondo quanto indicato alla precedente lettera g) si prescrivono a favore della SG qualora non esercitati nei termini di legge a partire dal giorno di inizio delle operazioni di rimborso di cui alla lettera e);

i) la procedura si conclude con la comunicazione alla Banca Centrale dell'avvenuto riparto nonché dell'ammontare delle somme non riscosse.

(N.B.: utilizzare il comma seguente solo per i fondi chiusi).

4. La SG ha la facoltà di richiedere alla Banca Centrale un ulteriore periodo, non superiore a tre anni, per condurre a termine le operazioni di rimborso, ove lo smobilizzo non si sia completato entro il termine di durata del fondo, ovvero entro lo scadere del periodo di proroga. A tal fine la SG invia alla Banca Centrale almeno sei mesi prima della scadenza del termine di durata o dell'eventuale proroga, la relativa richiesta unitamente ad un piano di smobilizzo predisposto dagli amministratori, nel quale vengono illustrati nel dettaglio i tempi e le modalità con cui vengono poste in essere le rimanenti operazioni di smobilizzo.

Annex G

PARTE D) INFORMAZIONI AGGIUNTIVE AL REGOLAMENTO DI GESTIONE ([12])
(PROSPETTO PER LA SOLLECITAZIONE ALL'INVESTIMENTO)

A. AVVERTENZE E INFORMAZIONI GENERALI

Inserire la seguente avvertenza, opportunamente evidenziata: "La Società di Gestione si assume la responsabilità della veridicità e della completezza dei dati e delle notizie contenute nel presente prospetto che è valido a decorrere dal _____"

Inserire la seguente avvertenza, opportunamente evidenziata: "L'approvazione del Regolamento di gestione, comprensivo del relativo prospetto non comporta alcun giudizio da parte della Banca Centrale della Repubblica di San Marino sull'opportunità dell'investimento".

1. Notizie sulla società di gestione (*riportare la denominazione*)

Rinviare alla parte A (Scheda identificativa) per i principali dati anagrafici della società e illustrare sinteticamente:

- una presentazione delle attività esercitate dalla SG e dall'eventuale gruppo di appartenenza;
- le funzioni aziendali affidate a terzi in *outsourcing*;
- gli azionisti che detengono una percentuale del capitale superiore al 5%;
- le persone fisiche o giuridiche che, direttamente o indirettamente, singolarmente o congiuntamente, esercitano o possono esercitare un controllo sulla società e la frazione di capitale detenuta che dà diritto al voto;
- le generalità, la carica ricoperta con relativa scadenza ed i dati concernenti la qualificazione e l'esperienza professionale dei componenti il consiglio di amministrazione, dando evidenza dei consiglieri c.d. "indipendenti" e delle altre eventuali cariche ricoperte presso società del gruppo di appartenenza della SG;
- le generalità, le funzioni e la scadenza dalla carica dei componenti il collegio sindacale;
- le generalità di chi ricopre funzioni direttive e gli incarichi svolti;
- le principali attività esercitate dai componenti gli organi amministrativi e dall'organo direttivo al di fuori della società, allorché le stesse siano significative in relazione a quest'ultima;
- gli altri fondi gestiti.

[12] La parte D deve essere predisposta per la prima volta in occasione della predisposizione del regolamento del fondo, con la medesima data di validità. Successivamente, la parte D deve essere tempestivamente aggiornata al variare dei dati riportati e deve essere contestualmente inviata alla Banca Centrale con evidenziazione dei dati modificati e della nuova data di validità.

Annex G

2. Notizie sul fondo

Rinviare al regolamento di gestione per le caratteristiche analitiche del prodotto e illustrare (ove compatibili, per i fondi in fase di avvio):

- la data di istituzione e l'inizio dell'operatività;
- le variazioni nella politica di investimento seguita e delle sostituzioni operate con riferimento ai soggetti incaricati della gestione effettuate negli ultimi due anni;
- con riguardo al parametro di riferimento (*benchmark*) al quale comparare il rendimento del fondo, descrizione dei criteri di costruzione del/degli indice/i componenti, con specificazione della frequenza del c.d. ribilanciamento, del trattamento dei flussi di cedole/dividendi e altri diritti, della valuta di origine ed eventualmente del tasso di cambio utilizzato per esprimere i valori del/degli indice/i nell'unità di conto domestica, delle fonti informative ove possono essere reperite le relative quotazioni;
- società a cui sono conferite deleghe gestionali di rilievo, con specificazione dell'oggetto della delega;
- generalità e dati concernenti la qualificazione ed esperienza professionale del soggetto, o dei componenti l'eventuale organo, che attende alle scelte effettive di investimento;
- le classi di quote e le relative caratteristiche.

3. Notizie sulla banca depositaria

Fornire notizie sulla banca depositaria e sui compiti che essa svolge.

4. Notizie sul soggetto incaricato di calcolare il valore delle quote (*eventuale, se diverso dalla banca depositaria)*

Fornire notizie sul soggetto incaricato di calcolare il valore delle quote e sui compiti che esso svolge.

5. Notizie sul prime broker dei fondi alternativi (*eventuale*)

Qualora per i fondi alternativi sia previsto il ricorso al c.d. *prime broker*, fornire notizie su tale soggetto e sui compiti che esso svolge.

6. Notizie sui soggetti che prestano garanzie e contenuto della garanzia (*eventuale*)

Indicare, nel caso di fondo garantito, il/i soggetto/i obbligato/i alla restituzione del capitale e/o al riconoscimento del rendimento minimo.

7. Notizie sui soggetti che procedono al collocamento

Indicare denominazione e forma giuridica; sede legale ed amministrativa principale, se diversa (è consentito il rimando ad apposito allegato).

8. Notizie sugli intermediari negoziatori

Indicare i principali soggetti che eseguono sui diversi mercati le operazioni disposte per conto del fondo (è consentito il rimando ad apposito allegato).

9. Notizie sulla società di revisione

Indicare denominazione e forma giuridica; estremi della deliberazione di conferimento dell'incarico e durata dello stesso, con riguardo sia al fondo che alla SG; relativi oneri a carico del fondo.

B. INFORMAZIONI AGGIUNTIVE SULL'INVESTIMENTO

Illustrare il significato dei termini tecnici utilizzati (ad esempio: *rating*, *duration*, volatilità, leva finanziaria) mediante introduzione di apposita legenda.

Indicare l'orizzonte temporale di investimento ritenuto più opportuno in relazione alle caratteristiche del fondo.

Indicare, in termini descrittivi sintetici (basso, medio-basso, medio, medio-alto, alto), il grado di rischio attribuito all'investimento nel fondo, stimato in relazione alla volatilità delle quote del fondo o del relativo parametro di riferimento (*benchmark*), alla leva finanziaria utilizzata e a specifici fattori di rischio, quali ad esempio: l'investimento in titoli emessi da società a bassa capitalizzazione, in titoli c.d. strutturati o in strumenti finanziari di emittenti dei cosiddetti Paesi emergenti; la durata media finanziaria e il merito creditizio della componente obbligazionaria del portafoglio.

Nel caso di fondi con garanzia di restituzione del capitale o dell'eventuale rendimento minimo illustrare sinteticamente, anche attraverso esemplificazione, il contenuto della scheda contrattuale per la garanzia, nonché gli eventuali limiti e condizioni per l'operatività della garanzia medesima; nel caso di fondi a gestione protetta, le modalità gestionali adottate per la protezione, rappresentando gli scenari probabilistici del rendimento atteso del fondo nell'arco temporale di riferimento per differenti ipotesi di andamento dei mercati di investimento.

C. INFORMAZIONI ECONOMICHE AGGIUNTIVE (COSTI, AGEVOLAZIONI, FISCALITA')

Indicare in forma tabellare l'entità dei diversi oneri a carico del sottoscrittore. Nei casi di adesione al fondo tramite piani di accumulo, qualora l'applicazione delle commissioni di sottoscrizione non sia proporzionale al valore del singolo versamento, riportare la seguente avvertenza che "in caso di mancato completamento

del piano di accumulo l'entità delle commissioni di sottoscrizione potrà essere superiore all'aliquota nominale indicata nel Prospetto".

Indicare le facilitazioni commissionali previste (ad esempio, beneficio di accumulo, operazioni di passaggio tra fondi, beneficio di reinvestimento).

Ove l'offerta sia accompagnata da garanzie di terzi specificare distintamente gli eventuali costi aggiuntivi per il sottoscrittore.

Indicare in forma tabellare l'entità delle provvigioni di gestione (c.d. di base) e delle eventuali provvigioni di incentivo (o di performance) esemplificando le modalità di calcolo.

Nell'ipotesi in cui il fondo investa mediamente almeno il 10% del totale dell'attivo in parti di OIC indicare la misura massima delle provvigioni di gestione applicabili dagli OIC sottostanti.

Indicare la misura massima degli oneri dovuti alla banca depositaria e la natura degli altri oneri a carico del fondo.

Precisare che le commissioni di negoziazione non sono quantificabili a priori in quanto variabili. Ove l'offerta sia accompagnata da garanzie di terzi specificarne i relativi costi.

Indicare sinteticamente se sono previste agevolazioni finanziarie connesse alla partecipazione al fondo, precisandone la misura massima applicabile.

Inserire puntuale rinvio al documento illustrativo dei servizi/prodotti abbinati, disponibile su richiesta dell'investitore.

Indicare in sintesi il regime di tassazione del fondo e dei partecipanti.

D. INFORMATIVA AI PARTECIPANTI

1. Informativa di base

Specificare che la SG provvede ad inviare annualmente ai partecipanti le informazioni relative ai dati di cui alla successiva lettera E) del presente Prospetto. Evidenziare che, in caso di modifiche essenziali intervenute con riguardo al fondo, la società provvede altresì ad inviare tempestivamente ai partecipanti la relativa informativa, redatta secondo criteri volti ad assicurare una agevole comparazione delle

informazioni modificate con quelle preesistenti. Specificare che il partecipante può anche richiedere la situazione riassuntiva delle quote detenute.

2. Ulteriore informativa disponibile

Indicare la facoltà, riconosciuta all'investitore, di richiedere l'invio, anche a domicilio, dei seguenti ulteriori documenti:

a) ultimi documenti contabili redatti (rendiconto annuale e relazione semestrale, se successiva);
b) documento di illustrazione dei servizi/prodotti abbinati alla sottoscrizione del fondo (eventuale);

Riportare i relativi, eventuali, oneri di spedizione.

Specificare le modalità di richiesta ed i termini di invio della sopra indicata documentazione.

Precisare che i documenti contabili dei fondi sono inoltre disponibili presso la società di gestione e presso la banca depositaria.

Specificare che la società può inviare la documentazione informativa sopra elencata, ove richiesto dall'investitore, anche in formato elettronico mediante tecniche di comunicazione a distanza, purché le caratteristiche di queste ultime siano con ciò compatibili e consentano al destinatario dei documenti di acquisirne la disponibilità su supporto duraturo.

Indicare le eventuali tipologie di informazioni reperibili nel sito della società di gestione.

E. ILLUSTRAZIONE DEI DATI STORICI DI RISCHIO/RENDIMENTO E TURNOVER DI PORTAFOGLIO

1. Dati storici di rischio / rendimento del fondo

I dati storici di rischio/rendimento devono essere aggiornati con cadenza annuale e riferiti, in caso di molteplicità di classi, a ciascuna classe.

Illustrare con un grafico a barre il rendimento annuo del fondo e del *benchmark* dalla data di istituzione del fondo[13]. Specificare che i dati di rendimento del fondo non includono i costi di sottoscrizione (ed eventuali costi di rimborso) a carico dell'investitore.

[13] Il dato numerico per ciascun anno andrà riportato in Euro. Qualora vi siano state significative modifiche della politica di investimento, si procede all'azzeramento delle performance passate. Analogamente, la società può richiedere l'annullamento dei dati storici nel caso di cambiamento della società che gestisce. Il *benchmark* andrà sempre rappresentato per l'intero periodo richiesto. Nel caso di modifica non significativa della politica di

Evidenziare con un grafico lineare (con punti di rilevazione mensili) l'andamento del valore della quota del fondo e del *benchmark* nel corso dell'ultimo anno solare. Inserire la seguente avvertenza: «I rendimenti passati non sono indicativi di quelli futuri».

Riportare, su base annua, il rendimento medio composto del fondo a confronto con il *benchmark* nel corso degli ultimi 3 e 5 anni solari.

Nel caso in cui sia specificata nel regolamento del fondo, riportare la misura di rischio ex-ante del fondo e una coerente misura ex-post dell'ammontare di rischio sopportato nel corso dell'ultimo anno solare.

Indicare la data di inizio del collocamento del fondo e, per i fondi chiusi, il periodo previsto di durata dello stesso.

2. Turnover di portafoglio del fondo

Indicare il tasso di movimentazione del portafoglio del fondo (c.d. *turnover*) per ciascun anno solare dell'ultimo triennio espresso dal rapporto percentuale fra la somma degli acquisti e delle vendite di strumenti finanziari, al netto delle sottoscrizioni e rimborsi delle quote del fondo, e il patrimonio netto medio su base giornaliera del fondo.

Indicare, per ciascun anno solare dell'ultimo triennio, il peso percentuale delle compravendite di strumenti finanziari effettuate tramite intermediari negoziatori del gruppo di appartenenza della SG.

In sede di prima applicazione, le presenti disposizioni si applicano a decorrere dal compimento del 12° mese successivo all'approvazione del regolamento del fondo, e si intendono riferite alle informazioni relative al periodo successivo a tale data.

F. CONFLITTI DI INTERESSE

Indicare gli eventuali limiti alle operazioni con parti correlate, inseriti nel regolamento di gestione del fondo, che la SG intende rispettare per assicurare la tutela dei partecipanti da possibili situazioni di conflitto di interessi.

investimento, le performance del fondo vanno rappresentate insieme al *benchmark* adottato prima della modifica della politica di investimento e al *benchmark* adottato dopo tale modifica.

Annex G

Inserire le indicazioni richieste dall'articolo 157, comma 2, del Regolamento in materia di servizi di investimento collettivo emanato dalla Banca Centrale della Repubblica di San Marino, con riferimento ai rapporti con soggetti con i quali esista una situazione di conflitto di interessi e indicare l'esistenza di procedure di gestione di tali situazioni.

In particolare, indicare la tipologia dei soggetti con i quali sono stati stipulati dalla società di gestione accordi di riconoscimento di utilità e illustrare sinteticamente il contenuto di tali accordi. Precisare che la società di gestione si impegna ad ottenere dal servizio svolto il miglior risultato possibile indipendentemente dall'esistenza di tali accordi.

ANNEX

H

Criteria for the Calculation of Net Asset Value of the Fund and its Relative Units Shares

Annex H

CRITERIA FOR THE CALCULATION OF NET ASSET VALUE OF THE FUND AND ITS RELATIVE UNIT SHARES

1 – GENERAL PRINCIPLES.

1. The evaluation criteria are set according to the present regulations by the party responsible for calculating the quota values; these must be agreed upon with the SG.

2. The total net value of the fund equals the present value - on the date in question - of the valuation of the assets of which it is composed, net of any liabilities.

3. The adoption of evaluation criteria different from those used during the last evaluation carried out (where permitted by the laws currently in force) must be justified by duly documented circumstances which may be objectively verified by the responsible organs in the SG. In the case of a closed-ended fund, modifications in the criteria should occur exceptionally.

4. The total net value on any given date must take into account the matured income components which are of direct pertinence to the fund, as well as the effects stemming from the operations stipulated but not yet carried out; to that end:

a) with reference to financial instruments, including derivative ones, it is necessary to refer to the net position which results from the total amount of actual stocks for the day, corrected for any operations relating to the contracts concluded by that date, even if they have not yet been carried out. The financial effect of those contracts is reflected, by virtue of the agreed-upon price, in the fund's available liquidity.
b) it is necessary to carry out the valorisation of every single operation that has not yet been carried out and to calculate their effects, when determining the value of the fund.

5. The calculation of proceeds and costs will take place pursuant to the accounting principle of pertinence, independent of the cash-in and payment dates.

6. The items denominated in currencies other than the one elected by the fund must be converted into this latter currency, based on the current exchange rates on the valuation date in question, and verified upon relevant and internationally significant markets to be specified in the fund's regulations. Forward operations in foreign currencies are to be converted at the forward exchange rate currently being offered for maturation dates such as those of the operations being valued.

7. The calculation of the total net value of the fund is carried out, at the very least, according to the schedule set out for the calculation of the unitary value of the participation shares.

Annex H

2 – VALUATION CRITERIA FOR FINANCIAL INSTRUMENTS.

1. (Listed financial instruments). The value of the financial instruments permitted in negotiations taking place on regulated markets is determined on the basis of the last price that appeared on the negotiation market. For instruments available on more than one market, reference must be made to the most significant market, taking into account the quantities traded on said market, and the importance of that specific market for the fund.

2. (Unlisted financial instruments). The financial instruments which cannot be negotiated on regulated markets—which are not holdings—are to be evaluated at their presumed market value, taking into consideration a wide range of informational sources, and to be considered objectively as concerns both the situation of the issuing body, the country in which it has its headquarters, as well as the market situation.

3. (Derivative financial instruments "OTC"). The derivative financial instruments traded "over the counter" (OTC) are to be evaluated at their present value (substitution cost) according to the prevailing market practice.

4. ("Structured" securities). In the case of "structured" securities, the valuation is to be carried out in distinguishing all the single components of which a security can be broken down.

5. (CISs units). Save for new amendments to these Guidelines, the units of other CISs held are to be valued on the basis of the value most recently rendered public, making any necessary adjustments to take into account:

a) market prices, in the case in which the quotas or shares in question are admitted for negotiation on a regulated market;

b) in the case of closed-type CISs, eventual objective valuation elements connected to events occurring after the determination of the latest value rendered public.

3 – CRITERIA FOR THE VALUATION OF HOLDINGS IN UNLISTED COMPANIES.

1. The valuation of holdings in unlisted companies, when reference prices in the market are lacking, is to be carried out in order to assure that the value of said assets reflects the economic, asset and financial states of the companies in which holdings are possessed, considering future situations as well, and taking into consideration that investments made with a medium-long term investment strategy are involved.
The relative criteria have been established taking into account the following principles:

f) in general, holdings in non-listed companies are valued at the purchase price;

g) the securities of companies that can be found in their start-up phase may be re-valued on the basis of criteria specified below, once a set period has passed. This may, under normal circumstances, be equal to 1 year from the investment date:

1) the value obtained from one or more transactions—including capital increases—occurring after the last valuation, which affected the security of the company in which holdings are possessed. The above-said holds on the condition that:

I) the purchase of these securities is carried out by a third party having no direct or indirect ties either to the company in which holdings are possessed or to the company managing the fund;

II) the transaction involves a quantity of securities which is representative of the capital of the company in which holdings are possessed (and in any event not less than 2 percent of said quantity);

III) the transaction does not involve a share package large enough to result in a change in the ownership of the company in which holdings are possessed.

2) value obtained from the application of valuation methods based on economic-equity indicators, on the condition that:

I) the company being valued has closed its balance sheets with a profit for at least three consecutive financial statement periods;

II) the incomes used have been freed up of all extraordinary components and, if based on historical data, take into account the average value exhibited by those incomes in the last three balance sheet periods;

III) the discount rate or present value used is the outcome of the profitability of the financial activities that do not present medium- to long-term risk, in addition to a component that reflects the greater risk associated with investments of that type.

3) It is furthermore possible, in the presence of companies that produce considerable income flows, to make use of "price/earnings" methodologies, if particular attention is paid so that the ratio adopted comes from a sufficiently wide sample of similar companies, in terms of the product type, economic-financial characteristics, growth prospects and market position of said companies.

2. In all the cases described above, where - through the use of the methods in question - results are obtained that are significantly different from the value corresponding to the portion of net equity of the firm the shares of which are held by and which pertain to the fund, such a difference must be adequately explained.

In order to take into account the characteristics of scarce liquidity and the investment risk associated with non-listed companies, an adequate discount factor equalling at least 25 percent must be applied to the revaluation obtained from the use of the methods described above. Holdings in non-listed companies

must be subject to devaluation in the case of a deterioration in the economic, equity or financial situation of the company. In other words: events that, in the same way, can permanently influence the prospects of said company, as well as the presumed sales value of its securities (examples of the latter include difficulty in reaching the development objectives the company had set out for itself, and internal management or ownership problems). In any event, devaluation should take place in the presence of net equity decreases of the company in which holdings are possessed.

4 – CRITERIA FOR THE VALUATION OF IMMOBILIZATIONS.

1. Each immobilisation held by the fund is subject to individual valuation. More than one immobilisation may be valued in the same manner, where these have identical functions; this circumstance is to be adequately illustrated by the responsible managers in his or her six-month report, and in the fund's management account.

Characteristics which concern the material nature of the good (among which, for example, the quality of the construction, the level of maintenance observed, the location, etc.) are considered to be intrinsic, while extrinsic ones are connected with the external factors of the good, such as, for example, the possibility of alternative uses than the present one, limits of a various nature and other external legal and economic factors such as present and future trends in the real estate market, in the area in which the property is situated.

The present value of an immobilisation property reflects the price at which the asset could be reasonably sold on the date on which the valuation was carried out, presuming that the sale took place under normal conditions, i.e., such that:

a) the seller is not pressed into circumstances connected to his/her economic-financial situation that make it absolutely imperative that he/she carry out the operation;
b) a normal time frame is observed for carrying out the procedures necessary for the sale of the property, negotiations and the definition of the contract conditions;
c) the terms of the operation reflect the conditions existing within the real estate market of the place where the asset is located, at the moment of the valuation;
d) the buyer does not have a specific interest in the operation that is connected to factors which are not of economic relevance for the market.

The present value of the immobilisation may be determined:

a) where dependable information is available about the sales prices recently registered for properties comparable to the one being valued (for example, in terms of type, characteristics, use, location, etc.), in the same market or in a competitive context; this should consider the above-mentioned sales prices, with any amendments deemed to be appropriate. The latter could regard the sales date, the physical characteristics of the asset, the degree to which it has been maintained, its ability to generate income, the presence of a tenant and the quality of any such tenant, and to every other factor retained to be pertinent;

b) by applying income methodologies that consider the income coming from rental contracts and from any revision clauses of monthly contracts. These methodologies presuppose, for example, the calculation of net future income deriving from the rental of that property, the definition of a market value for the asset, and the determination of the present values of the cash flows present on the valuation date. The present value rate is to be defined taking into account the actual yield of the low risk financial activities in the medium- to long-term period. To the aforesaid should be applied a correction component relating to the financial structure of the investment as well as the asset characteristics;

c) based on the cost that would have to be sustained to replace the property with a new good possessing the same characteristics and level of usefulness. Such a cost will have to be modified to reflect the various factors that influence the value of the good (physical deterioration, functional obsolescence, etc.), and increased by the value of the land on which it stands. For properties rented out with an option to purchase, the present value is to be determined—for the duration of the contract—by determining the present value, the monthly rental price and the redemption value of the assets, according to the contract rate. Finally, the aforesaid must be modified to reflect the risk factor presented by the other party becoming insolvent.

Alternatively, the value of the assets is determined on the basis of the present value at the moment in which they are rented out, minus the difference matured between the above-mentioned present value and the redemption value at the end of the rental contract period. For properties under construction, the present value can be determined by taking into account the present value of the area and the costs sustained up to the valuation date, that is the present value of the finished property, net of the expenses that will have to be paid to complete the construction. The present value of the immobilisation is determined net of tax when transferring the ownership of the good. The present value of the actual real estate rights is determined by applying—as far as these are comparable—the criteria contained in the present paragraph.

5 – CRITERIA FOR THE VALUATION OF CREDITS.

1. The credits acquired are valued according to their presumed sales value.

6 – CRITERIA FOR THE VALUATION OF OTHER GOODS.

1. The goods possessed by the fund, diversely from those in the preceding paragraphs, are to be valued based on the most recent price found on the reference market, including any valuation of their worth carried out by independent experts.

7 – REPURCHASE OPERATIONS AND SECURITIES LOANS.

1. For repurchase and similar agreements, the fund's investment portfolio does not undergo modification, while the price paid (collected) from repurchases is registered opposite a credit (debit) position of the

same amount in the financial statements. The difference between the spot and the forward price is distributed—proportionate to the amount of time that has passed—along the entire duration of the contract, as a normal income component.

Alternatively, in the presence of a regulated market with operations of the type described above, repurchase and similar operations can be valued on the basis of the market prices.

For securities loans, the fund's portfolio is not affected by any movements therein, and the proceeds from the operations are distributed—proportionate to the amount of time that has passed—along the entire duration of the contract, as a normal income component.

2. (Other equity components). The following are to be valued at their nominal value:

a) available liquid assets;
b) debt positions. For financing with repayment in instalments, reference is made to the residual debt remaining to be paid (without calculating any interest remaining to be paid on the debt).

Bank deposits are valued at nominal value. For other forms of deposit the characteristics and their profitability are considered.

8 – INDEPENDENT EXPERTS.

1. In order to value specific types of goods or investments, the Central Bank may request that the SG makes use of independent experts, establishing the criteria and methodology to be followed.

9 – UNITARY QUOTA VALUE.

1. The unitary value of each quota belonging to the common investment fund equals the total net value of the fund, referring to the date on which the equity was valued, divided by the number of shares in circulation on that same date.