

Short-term Money Market Fund

Legal framework:

Act No. 240/2013 Coll., on Management Companies and Investment funds, particularly Articles 100 (2), 132 (3), 193 (3) and 636 (1).

Government Regulation No. 243/2013 Coll., on Investing of Investment funds and on Efficient Portfolio Management Techniques, particularly Articles 79 to 89.

Act No. 89/2012 Coll., Civil Code, particularly Article 126, with derogation pursuant to Articles 5 (3) and 203 (3) of the Act No. 240/2013 Coll.

Act No. 90/2012 Coll., on Commercial Companies and Cooperatives (Commercial Corporations Act), particularly Articles 8, 276 and 277, with derogation pursuant to Articles 157 (1), Article 159 (3) and 203 (1) of the Act No. 240/2013 Coll.

CESR's Guidelines on a Common Definition of European Money Market Fund from May 19, 2010 (CESR/10-049).

Introduction:

A short-term money market fund is an investment fund using the designation "short-term money market fund". It has to comply with stricter investment limits than the general money market fund. It may be a UCITS fund, a non-UCITS fund and a qualified investors fund. It must offer investors the possibility to redeem units or shares every business day and it must value its assets and liabilities every business day. The use of designation "short-term money market fund" is protected.

If the short-term money market fund is a collective investment fund, a substantial change of the investment strategy is prohibited, unless otherwise provided.

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Manager	<ul style="list-style-type: none"> • See the table on UCITS Fund, if it is a UCITS fund • See the table on non-UCITS Fund, if it is a non-UCITS fund • See the table on Qualified Investors Fund, if it is a qualified investors fund 		<ul style="list-style-type: none"> • For an AIF, the depositary may also be an investment firm or an equivalent EU entity having its branch in the Czech Republic and complying with the highest capital adequacy ratio or a foreign EU bank not having its branch in the Czech Republic (until July 22, 2017) • A qualified investors fund managed by a manager not authorized pursuant to AIFMD can have more depositaries
Administrator	<ul style="list-style-type: none"> • The manager of the fund has to be also its administrator, if it is a UCITS fund • The administration may be also performed by a central administrator or a management company (other than its manager) authorized to perform the administration of non-UCITS funds, if it is a non-UCITS fund • The administration may be also performed by a central administrator or a management company (other than its manager) authorized to perform the function of administration of qualified investors funds, if it is a qualified investors fund 	Prime broker	<ul style="list-style-type: none"> • Bank having its registered office in the Czech Republic • Foreign bank having its registered office in the Member State • Investment firm or equivalent foreign entity having its registered office in another Member State and complying with the highest capital adequacy ratio • Foreign entity having its registered office in a non-EU state and subject to prudential requirements and supervision
Legal forms	<ul style="list-style-type: none"> • Investment company with variable capital (SICAV) • Open-ended common fund (FCP) 	Types of shares	Possible for shares and common fund units
Initial capital of the manager	<ul style="list-style-type: none"> • At least 50,000 EUR for an investment fund with internal management or for a management company not authorized pursuant to AIFMD or UCITS Directive • At least 125,000 EUR for another management company • At least 300,000 EUR for another investment fund with internal management 	Net asset value	<ul style="list-style-type: none"> • At least 1,250,000 EUR within 6 months of the day of incorporation of the fund, if it is a collective investment fund • At least 1,250,000 EUR within 12 months of the day of incorporation of the fund, if it is a qualified investors fund
Initial capital of the administrator	<ul style="list-style-type: none"> • In case the administrator is the manager, see the above mentioned initial capital requirement for the manager • At least 50,000 EUR for a central administrator • At least 50,000 EUR for a management company (other than its manager) not authorized pursuant to AIFMD or UCITS Directive • At least 125,000 EUR for a management company (other than its manager) authorized pursuant to AIFMD or UCITS Directive 	Eligible investors	<ul style="list-style-type: none"> • No restrictions, if it is a collective investment fund • The investor may be only a qualified investor, if it is a qualified investors fund
Depositary	<ul style="list-style-type: none"> • Until the transposition date of UCITS V Directive expires, only a bank having its registered office in the Czech Republic or a foreign EU bank having its branch in the Czech Republic may be a depositary of a UCITS fund 	Eligible investments	<ul style="list-style-type: none"> • Only cash and no capital calls permitted, if it is a collective investment fund • Cash and valuable assets and capital calls permitted, if it is a qualified investors fund
		Issuance of bonds	<ul style="list-style-type: none"> • Prohibited, if it is a collective investment fund • Possible, if it is a qualified investors fund
		Establishment and incorporation of a fund	<ul style="list-style-type: none"> • Common fund is established by the agreement between founders and the manager on the content of the fund rules or by the adoption of the fund rules by the manager and it is incorporated by the registration in the register maintained by the Czech National Bank

	<ul style="list-style-type: none"> Investment company with variable capital is established by the instruments of incorporation or by the charter of incorporation or by the adoption of the articles of association and it is incorporated by the registration in the public (business) register. 			Other investment limits	<ul style="list-style-type: none"> Weighted average maturity (WAM) 60 days Weighted average life (WAL) 120 days
Public marketing	<ul style="list-style-type: none"> Investments in a short-term money market fund may be marketed publicly provided this fund is registered in the register maintained by the Czech National Bank. However, if it is a qualified investors fund, the investor may be only a qualified investor, to which must be expressly pointed. 			Efficient portfolio management techniques	<ul style="list-style-type: none"> Financial derivatives in accordance with its investment policy Money derivatives for hedging purposes Repurchase transactions, reverse repurchase transactions, securities lending transactions and securities borrowing transactions in accordance with the type of the fund
Calculation of value of units or shares	<ul style="list-style-type: none"> Every business day, in a way specified in the fund rules or in the Act 			Master-feeder structures	<ul style="list-style-type: none"> The fund may be both master and feeder
Valuation of assets and liabilities	<ul style="list-style-type: none"> Performed by the administrator or a person appointed by the administrator (e.g. the depositary). Assets and liabilities are valued at fair value in accordance with the international accounting standards. 			Fund rules and prospectus	<ul style="list-style-type: none"> It must have the fund rules (prospectus), which includes investment policy, description of risks and other information necessary for investors to be able to make an informed judgement of investment, and which shall be regularly updated It is not a subject to an approval by the Czech National Bank, unless it is a UCITS fund
Eligible assets	<ul style="list-style-type: none"> Money market instruments with residual maturity up to 397 days Securities and uncertificated securities issued by a short-term money market funds or an equivalent foreign investment fund Bank deposits Financial derivatives in accordance with its investment strategy and money derivatives for hedging purposes 			Disclosure of information to investors prior to their investment	<ul style="list-style-type: none"> Depending on the type of the investment fund, the content and form of information provided may differ Fund rules (prospectus), key investor information document and last annual report shall be provided, if it is a collective investment fund Regulated information (for example in the form of fund rules) and last annual report shall be provided, if it is a qualified investors fund Information about the manager, the administrator, the prime broker, the auditor, the depositary and the depositary contract Investment policy Current value of capital Past performance
Investment limits ¹⁾	Global	Counterparty	Concentration		
Money market instruments	100 % (40 %) / 100 % / 100 %	5 % (10 %) / 20 % / 30 %	10 % / 10 % / --		
Shares in short-term money market funds	100 % (30 % ¹⁾ / 100 % (30 % ¹⁾ / 100 %	20 % / 20 % (35 % ³⁾ / 30 %	25 % / 25 % / --		
Financial derivatives	100 % ⁴⁾ (20 % ⁵⁾ / 100 % ⁴⁾ (20 % ⁵⁾ / --	5 % (10 % ⁶⁾ / 5 % (10 % ⁶⁾ / 30 %	--		
Bank deposits ⁷⁾	100 % / 100 % / 100 %	20 % / 20 % / 100 %	--	Mergers, acquisitions and alike	<ul style="list-style-type: none"> Transfer of assets to one shareholder is prohibited The transfer, tenancy and pledge of enterprise investment of investment fund with legal personality or a part it, which would mean a substantial change in the current structure of this enterprise or a significant change in the investment fund with legal personality is prohibited

	<ul style="list-style-type: none"> • Conversion of an open-ended common fund into an investment company with variable capital is allowed • Conversion into a foreign investment fund both with legal personality and without it is allowed • For the conversion of a sub-fund the provisions of the Act providing for the conversion of a common fund shall apply <i>mutatis mutandis</i> • Authorization by the Czech National Bank is required in case of a collective investment fund (see also the tables on UCITS Fund and non-UCITS Fund) • Authorization by the Czech National Bank is not required in case of a qualified investors fund (see also the table about Qualified Investors Fund)
Dissolution with liquidation	<ul style="list-style-type: none"> • For dissolution with liquidation of an investment fund with legal personality the provisions of the Act providing for dissolution with liquidation of a management company shall apply <i>mutatis mutandis</i>. The liquidator is appointed and dismissed by the Czech National Bank or by the court, in the case of dissolution by the court. The liquidator is registered in the register maintained by the Czech National Bank. • Dissolution with liquidation of a common fund: the manager sells assets and pays off liabilities. The administrator ensures the redemption of units or shares.

- 1) In this order (separated by slash): UCITS fund / non-UCITS fund / qualified investors fund.
- 2) In case of a UCITS fund investing in non-UCITS funds or equivalent foreign investment funds.
- 3) In case a non-UCITS fund investing according to its fund rules more than 49 % of its assets in other collective investment funds or equivalent foreign investment funds.
- 4) If the global exposure is calculated by using the commitment approach.
- 5) If the global exposure is calculated pursuant to an absolute VaR approach. In case of calculation pursuant to the relative VaR approach, the maximum shall be double the VaR of the reference portfolio.
- 6) If the counterparty is a person referred to in Article 72 (2) of the Act.
- 7) Claims for the payment of cash from an account in Czech or foreign currency on one of the persons referred to in Article 72 (2) of the Act.