

Qualified Investors Fund

Legal framework:

Act No. 240/2013 Coll., on Management Companies and Investment Funds, as amended, particularly Articles 15 to 17, 92 to 204, 272 to 293, 569 and 598.

Government Regulation No. 243/2013 Coll., on Investing of Investment Funds and on Efficient Portfolio Management Techniques, as amended, particularly Articles 90 to 97.

Act No. 256/2004 Coll., on Capital Market Undertakings, as amended, particularly Articles 2a and 34.

Act No. 89/2012 Coll., Civil Code, particularly Articles 126, 1448 to 1474, 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, 135, 276 and 277, with derogation pursuant to Articles 157 (1), 159 (3) and 205 (1) of the Act No. 240/2013 Coll.

Commission Delegated Regulation (EU) No 231/2013 of 19 December 2012 supplementing Directive 2011/61/EU of the European Parliament and of the Council with regard to exemptions, general operating conditions, depositaries, leverage, transparency and supervision.

Introduction:

Investment funds are divided in collective investment funds and qualified investors funds pursuant to the Act. Qualified investors funds as investment funds raise capital only from “qualified investors”. Qualified investor is defined by the Act.

There might also be entities (pursuant to Article 15 of the Act), that are materially conducting the activities of a qualified investors fund, while not being a qualified investors fund. These entities are not investment funds, but they shall be registered in the register pursuant to Article 596 (f), and cannot benefit from the specific variants of legal forms provided for in the Act, from protected designations or a special tax regime for some investment funds.

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<p>Manager</p>	<ul style="list-style-type: none"> • Investment fund with internal management • Management Company authorized to manage qualified investors funds (external manager) • Non-EU Manager authorized by the Czech National Bank to manage qualified investors funds (external manager) • Non-EU management company authorized by the competent authority of another Member State pursuant to AIFMD (external manager) 	<p>Initial capital of the administrator</p>	<ul style="list-style-type: none"> • If the administrator is a manager, see above mentioned initial capital requirement for the manager • At least 50,000 EUR if the administrator is a central administrator • At least 50,000 EUR if the administrator is a management company, which is not a manager and is not authorized to manage collective investment funds • At least 125,000 EUR if the administrator is any other management company which is not its manager
<p>Administrator</p>	<ul style="list-style-type: none"> • Manager, if he is authorized to perform the administration of qualified investors funds • Management company, which is not the manager of this fund and is authorized to perform the administration of qualified investors funds • Central administrator authorized to perform the administration of qualified investors funds 	<p>Depositary</p>	<ul style="list-style-type: none"> • Bank having its registered office in the Czech Republic • Foreign bank having its branch in the Czech Republic • Investment firm or equivalent EU entity having its branch in the Czech Republic and complying with the highest capital adequacy ratio • Notary if he complies with conditions in Article 84 of the Act • Foreign bank having its registered office in another Member State without its branch in the Czech Republic (but no later than 22 July 2017)
<p>Legal forms</p>	<ul style="list-style-type: none"> • Limited liability partnership (SCS) only with one partner, including limited liability partnership by shares (SCA) • Limited liability company (Sàrl), including limited liability company by shares • Private/public limited company (SA), including investment company with variable capital (SICAV) • Cooperative, including European Cooperative Society (SCE) • European company (SE) • Common fund (FCP, open-ended or closed-ended) • Trust fund 	<p>Prime broker</p>	<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 EU entity having its branch in the Czech Republic and complying with the highest capital adequacy ratio • Foreign entity having its registered office in a non-Member state and subject to prudential requirements and supervision
<p>Initial capital of the manager</p>	<ul style="list-style-type: none"> • At least 50,000 EUR for the investment fund with internal management or the management company as a manager without authorization pursuant to AIFMD • At least 125,000 EUR for other management company • At least 300,000 EUR for other investment fund with internal management 	<p>Types of units</p>	<ul style="list-style-type: none"> • Possible for shares, shares in a limited liability partnership by shares, shares in a limited liability company (including shares in a limited liability company by shares), shares in a cooperative, common fund units
		<p>Net asset value</p>	<ul style="list-style-type: none"> • At least 1,250,000 EUR within 12 months of the day of incorporation of the fund, or • At least 1,000,000 EUR within a period specified in the fund rules or in the instruments of incorporation, if it is a fund which according to its fund rules invests more than 90 % of a value of its assets in securities or uncertificated securities representing a share in a company or other legal person, in participations in companies or other legal persons, or in intellectual property rights

Eligible investors	<p>Qualified investor:</p> <ul style="list-style-type: none"> • institutional investor • professional investor according to the Act on Capital Market Undertakings (or the equivalent foreign Act) • other person, who invested at least 125,000 EUR in qualified investors funds or in regime of portfolio management managed by the same manager and provided written assurance, that he/she is aware of risks associated with investing in such a fund • member of the governing body of the fund 	Valuation of assets and liabilities	Performed by the manager, the administrator, a person appointed by the administrator or the depositary. Assets and liabilities are valued at fair value in accordance with the international accounting standards.	
Eligible investments	<ul style="list-style-type: none"> • Cash or valuable assets • Capital calls are permitted 	Eligible assets	Without restrictions, but only assets specified in the fund rules	
Issuance of bonds	<ul style="list-style-type: none"> • Is not prohibited 	Investment limits	Global	Counterparty/asset
Establishment and incorporation of a fund	<ul style="list-style-type: none"> • Common fund is established by the agreement between the founder 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 • Trust fund is established on the basis of the contract and it is incorporated by the receipt of the mandate to manage this fund • Company (SA, SCS, Sàrl, cooperative) 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 • European company (SE) is established by the merger - as a holding SE, as a subsidiary SE or by the conversion of a SA into a SE and it is incorporated by the registration in the public register 	Individually or generically identified asset	100 %	35 % ¹⁾
Issuance of bonds	<ul style="list-style-type: none"> • Is not prohibited 	Exceptions of investment limits	<ul style="list-style-type: none"> • Investment limits do not apply to the fund with a larger number of investors or larger net asset value, for example 100 mil. EUR upon two investors, 50 mil. EUR upon five investors or 10 mil. EUR upon 35 investors • Investment limits do not apply to the fund, the investor of which is a State, an international financial organization or a legal person subject to central government authority • Investment limits do not apply within 12 months of the day of incorporation of the fund or within 36 months, if the fund is a fund, whose depositary may be a notary or is investing more than 49 % of value of its assets into real estates or real estate companies • Investment limits do not apply to claims for the bank deposits in Czech or foreign currency on one of the persons referred to in Article 72 (2) of the Act 	
Public marketing	Investments in a qualified investors fund may be marketed publicly provided that this fund is registered in the register maintained by the Czech National Bank, but the investor may become only a qualified investor, to which must be expressly pointed	Efficient portfolio management techniques	<ul style="list-style-type: none"> • Repurchase transactions, reverse repurchase transactions, securities lending transactions and securities borrowing transactions • Derivatives which can be negotiated on account of the fund according to the fund rules 	
Calculation of value of units or shares	At least once a year (once every 2 years, if the fund invests in real estate and share ownerships of real estate companies), in a way specified in the fund rules (unless common fund units or investment shares) or in the Act	Master-feeder structures	The fund may be both master and feeder provided that it is so specified in the fund rules and the fund meets the requirements for exceptions of investment limits (see above).	

Fund rules and prospectus	<ul style="list-style-type: none"> • Contains investment policy, description of risks and other information necessary for investors to be able to make an informed judgement of investment; these information shall be regularly updated • It is not subject to the approval by the Czech National Bank 	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 shall be 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. • Termination of a trust fund management (i.e. dissolution of a trust fund): the administrator shall transfer the assets to the entitled person
Disclosure of information to investors prior to their investment	<p>If the manager is authorized pursuant to AIFMD, he shall provide:</p> <ul style="list-style-type: none"> • Information about the manager, the administrator, the prime broker, the auditor and the depositary and the depositary contract • Investment policy • Current value of capital • Information about leverage • Past performance • Conditions for the issuance and the repurchase of shares and units 	Taxes	<p>Natural person income tax rate amounts to 5%, if:</p> <ul style="list-style-type: none"> • fund's shares or units are admitted to trading on the Regulated market, • the fund is open-ended mutual fund • the fund is investing more than 90% value of its assets in: <ul style="list-style-type: none"> ○ investment securities, ○ securities issued by an investment fund of foreign investment fund ○ equity in capital companies ○ money market instruments ○ financial derivatives ○ rights arising from the registration of items above in a register and making it possible for the entitled party to dispose of such value, either directly or indirectly, at least in a manner similar to the manner of disposal by the entitled holder ○ bank deposits, ○ credits and loans granted by the investment fund
Mergers, acquisitions and alike	<ul style="list-style-type: none"> • Authorization by the Czech National Bank is not required • Investment policy can be altered • Conversion of an investment fund with legal personality is allowed. Transfer of assets to shareholders of the fund is prohibited unless these shareholders are funds. • Merger of two common funds (qualified investors funds) into a common fund (qualified investors fund) is allowed. Acquisition of two common funds (qualified investors funds) is allowed. • Conversion of a private/public limited company into an investment company with variable capital is allowed, by changing the articles of incorporation. Conversion of an open-ended and a closed-ended common fund into an investment company with variable capital is allowed. Conversion of a closed-ended common fund into a private/public limited company is allowed. • Conversion according to the Act on Mergers and Acquisitions of Commercial Companies and Cooperatives is allowed • Conversion into a foreign investment fund as with legal personality and without 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> 		