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DECREE

of Národná banka Slovenska
of 26 July 2011

on the content of the agreement in respect of a master fund and feeder fund and on the content of the internal conduct of business rules of the management companies managing the master fund and feeder fund

In accordance with Article 109(6), Article 113(8) and Article 114(7) of Act No. 203/2011 Coll. on Collective Investment (hereinafter referred to as "the Act"), Národná banka Slovenska stipulates as follows:

Article 1

Agreement between the management companies of a master fund and a feeder fund

(1) The agreement between the management company managing a master fund and the management company or foreign management company managing a feeder fund (hereinafter referred to as "the agreement between the management companies") shall include the following with regard to access to information:

- a) how and when the master fund's management company provides the feeder fund's management company with a copy of its fund rules or similar document, prospectus, and key investor information or any amendment thereof;
- b) how and when the master fund's management company informs the feeder fund's management company of a delegation of investment management and risk management functions to third parties;
- c) where applicable, how and when the master fund's management company provides the feeder fund's management company with internal operational documents, such as its risk management process and its compliance reports;
- d) what details of breaches by the master fund's management company of the law, the fund rules or similar document and the agreement between the master fund's management company and the feeder fund's management company the master fund's management company shall notify the feeder fund's management company of, and the manner and timing thereof;
- e) where the feeder fund's assets include any of the financial instruments specified in Article 108(2)(b) of the Act, how and when the master fund's management company will provide the feeder fund's management company with information about its actual exposure to financial derivative instruments to enable the feeder fund's management company to calculate its own global exposure, as defined in Article 100(4) of the Act, in accordance with Article 103(2) of the Act;
- f) a statement that the master fund's management company informs the feeder fund's management company of any other information-sharing arrangements entered into with third parties and, where applicable, how and when the master fund's management company makes those other information-sharing arrangements available to the feeder fund's management company.

(2) The agreement between the management companies shall include the following with regard to the basis of investment and divestment of assets in the feeder fund:

- a) a statement of which share classes of the master fund are available for investment by the feeder fund;
- b) the charges and expenses to be borne by the feeder fund, and details of any rebate or retrocession of charges or expenses by the master fund or the master fund's management company;
- c) if applicable, the terms on which any initial or subsequent transfer of assets in kind may be made from the feeder fund to the master fund.

(3) The agreement between the management companies shall include the following with regard to standard dealing arrangements:

- a) coordination of the frequency and timing of the calculation process for the net asset value of the master fund and feeder fund and the publication of prices of units;
- b) coordination of transmission of orders for purchases or subscriptions and repurchases or redemptions of units of the feeder fund (hereinafter referred to as "dealing orders") made by the feeder fund's management company to the master fund's management company, including, where applicable, the role of transfer agents or any other third party;
- c) where applicable, any arrangements necessary to take account of the fact that either or both funds are listed or traded on a secondary market;
- d) where necessary, other appropriate measures to ensure compliance with the requirements of Article 110(1) of the Act;
- e) where the units of the feeder fund and the master fund are denominated in different currencies, the basis for conversion of dealing orders;
- f) settlement cycles and payment details for purchases or subscriptions and repurchases or redemptions of units of the master fund including, where agreed between the parties, the terms on which the master fund's management company may settle redemption requests by a transfer of assets in kind to the feeder fund, notably in cases where the master fund is liquidated or merged with another common fund;
- g) procedures to ensure enquiries and complaints from unit-holders are handled appropriately, with a view to dealing with correspondence which has mistakenly been sent to the master fund's management company instead of the feeder fund's management company;
- h) where the fund rules or similar document and prospectus of the master fund give the master fund's management company certain rights or powers in relation to unit-holders, and the master fund's management company chooses to limit or forego the exercise of all or any such rights and powers in relation to the feeder fund, a statement of the terms on which it does so.

(4) Where the dealing arrangements between the management companies do not differ from those applying to all non-feeder unit-holders of the master fund and where those arrangements are laid down in the prospectus of the master fund, the elements of the agreement between the management companies referred to in paragraph (3) should not have to replicate those standard dealing arrangements, but may cross-refer to the relevant parts of the prospectus of the master fund.

(5) The agreement between the management companies shall include the following with regard to standard dealing arrangements:

- a) the manner and timing of a notification by either contracting party of the temporary suspension and the resumption of repurchase, redemption, purchase or subscription of units of the master fund or feeder fund;
- b) arrangements for notifying and resolving errors in the net asset value calculation of the master fund and in the pricing of a unit thereof.

(6) The agreement between the management companies shall include the following with regard to standard arrangements for the audit report made by the auditor referred to in Article 160 (1) of Act:

- a) where the feeder fund and the master fund have the same accounting years, the coordination of the production of their periodic reports;
- b) where the feeder fund and the master fund have different accounting years, arrangements for the feeder fund's management company to obtain any necessary information from the master fund's management company to enable it to produce its periodic reports on time and which ensure that the auditor of the master fund is in a position to produce an ad hoc report on the closing date of the feeder fund in accordance with Article 114(3) of the Act.

(7) The agreement between the management companies shall include the following with regard to changes to standing arrangements:

- a) the manner and timing of notice to be given by the master fund's management company of proposed and effective amendments to its fund rules or similar document, prospectus and key investor information of the master fund, if these details differ from the standard arrangements for notification of unit-holders laid down in the master fund's fund rules or similar document, or its prospectus;
- b) the manner and timing of notice to be given by the master fund's management company of a planned or proposed liquidation, merger, or division of the master fund;
- c) the manner and timing of notice by either contracting party that the feeder fund or master has ceased or will cease to meet the qualifying conditions to be regarded as such a fund;
- d) the manner and timing of notice by either contracting party that it intends to:
 - 1. transfer the management of the master fund or the feeder fund to another management company;
 - 2. replace the depositary or the auditor of the master fund or the feeder fund; or
 - 3. replace any third party which is mandated to carry out investment management or risk management functions;
- e) the manner and timing of notice of other changes to standing arrangements between the management companies which the master fund's management company undertakes to provide.

Article 2

Internal conduct of business rules

The internal conduct of business rules referred to in Article 109(1) of the Act shall include at least the elements specified in Article 1(2),(3)(a) to (f) and (h), (4),(5) and (6).

Article 3

Information-sharing agreement between depositaries

The information-sharing agreement between the depositary of the master fund and the depositary of the feeder fund, referred to in Article 113(1) of the Act, shall include the following:

- a) the identification of the documents and categories of information which are to be routinely shared between both depositaries, and whether such information or documents are provided by one depositary to the other or made available on request;
- b) the manner and timing, including any applicable deadlines, of the transmission of information by the depositary of the master fund to the depositary of the feeder fund;
- c) the coordination of the involvement of both depositaries, to the extent appropriate in view of their respective duties under the law of the home Member State of the master fund or home Member State of the feeder fund, in relation to operational matters, including:
 1. the procedure for calculating and publishing the net asset value of the master fund and of the feeder fund, including any measures appropriate to prevent market timing, and therefore arbitrage opportunities, in their units in accordance with Article 110(1) of the Act;
 2. the processing of instructions by the feeder fund's management company to purchase, subscribe or request the repurchase or redemption of units in the master fund, including any arrangement to transfer assets in kind;
- d) the coordination of accounting year-end procedures;
- e) what details of breaches by the master fund of the law and the fund rules or similar document of the master fund the depositary of the master fund shall provide to the depositary of the feeder fund, and the manner and timing of their provision;
- f) the procedure for handling ad hoc requests for assistance from one depositary to the other;
- g) identification of particular contingent events which ought to be notified by one depositary to the other on an ad hoc basis, and the manner and timing in which this will be done.

Article 4

Information-sharing agreement between auditors

The information-sharing agreement between the auditor of the master fund and the auditor of the feeder fund, referred to in Article 114(1) of the Act, shall include the following:

- a) the identification of the documents and categories of information which are to be routinely shared between both auditors and whether such information or documents are to be provided by one auditor to the other or made available on request;
- b) the manner and timing, including any applicable deadlines, of the transmission of information by the auditor of the master fund to the auditor of the feeder fund;
- c) the coordination of the involvement of each auditor in the accounting year-end procedures for the respective fund;
- d) identification of matters that shall be treated as irregularities disclosed in the audit report of the auditor of the master fund;
- e) the manner and timing for handling ad hoc requests for assistance from one auditor to the other, including a request for further information on irregularities disclosed in the audit report of the auditor of the master fund;
- f) provisions on the preparation of the audit reports of the auditors, and the manner and timing for the provision of the audit report for the master fund and drafts of it to the auditor of the feeder fund;
- g) where the feeder fund and the master fund have different accounting year-end dates, the manner and timing by which the auditor of the master fund is to make the ad hoc report required by Article 114(3) of the Act and to provide it and drafts of it to the auditor of the feeder fund.

Common and final provisions

Article 5

(1) The provisions of this Decree relating to management companies shall apply equally to foreign management companies referred to in Article 60(2) of the Act in respect of the management of common funds that are master funds or feeder funds established in accordance with the Act.

(2) If the European master fund or European feeder fund is a foreign investment company and this European master fund or European feeder fund is self-managed, the provisions of Articles 1 to 4 of this Decree applying to management companies or foreign management companies shall apply equally to such European master fund or European feeder fund.

Article 6

This Decree transposes certain provisions of the legally binding acts of the European Union which are specified in the Annex hereto.

Article 7

This Decree shall enter into force on 15 August 2011.

Jozef Makúch
Governor

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Annex to Decree No 8/2011

LIST OF TRANSPOSED LEGALLY-BINDING ACTS OF THE EUROPEAN UNION

Commission Directive 2010/44/EU of 1 July 2010 implementing Directive 2009/65/EC of the European Parliament and of the Council as regards certain provisions concerning fund mergers, master-feeder structures, and notification procedure (OJ L 176, 10.07.2010).