

Investment Associations and Special-Purpose Associations as well as other Collective Investment Schemes etc. Act¹

Consolidating Act no. 807 of 21 August 2009

This is an Act to consolidate the Investment Associations and Special-Purpose Associations as well as other Collective Investment Schemes etc. Act, cf. Consolidated Act no. 929 of 18 September 2008 with amendments consequential upon section 17 of Act no. 67 of 3 February 2009, section 4 of Act no. 133 of 24 February 2009 and section 4 of Act no. 392 of 25 May 2009.

The amendments pertaining to unit classes in sections 6, 9a, 10, 10a, 21, 73, 86a, 110b, 110m, 113, 114f and 132 of the Investment Associations and Special-Purpose Associations as well as other Collective Investment Schemes etc. Act. which are consequential upon section 4, nos. 4-6, 9, 11-13, 21, 27, 33, 42, 43, 45, 46 and 50 of Act no. 392 of 25 May 2009, and which enter into force on 1 January 2010, have been included in this Consolidating Act. These amendments shall enter into force on 1 July 2009 for divisions established in the period from 1 July 2009 to 31 December 2009, or existing divisions which are taxed in accordance with section 19 of the Capital Gains Tax Act.

The amendments consequential upon section 10 of Act no. 516 of 12 June 2009 amending the Financial Statements Act, the Financial Business Act and various other Acts (Amendments consequential upon the Companies Act) have not been included in this Consolidating Act as the date for entry into force of these amendments shall be laid down by the Minister for Economic and Business Affairs, cf. section 25 of Act no. 516 of 12 June 2009.

I General provisions

Part 1

Scope

1.-(1) This Act shall apply to the following collective investment schemes:

- 1) Investment associations, cf. section 4.
- 2) Special-purpose associations, that is to say placement associations, money-market associations, funds of funds, and SME associations, cf. section 5 and part 15.
- 3) Foreign investment undertakings, cf. sections 11 and 16.
- 4) Hedge associations, cf. part 16a.
- 5) Other collective investment schemes, cf. part 17.

(2) In pursuance of part 15a and part 16, this Act may, in addition to the collective investment schemes mentioned in subsection (1), apply to professional associations and approved restricted associations.

2.-(1) This Act shall not apply to:

- 1) Limited companies.
- 2) Limited liability companies.

- 3) Collective investment schemes that invest in shares in order to acquire limited companies or limited liability companies in part or in whole with a view to participating in the operations and management of such companies (equity funds).
- 4) Collective investment schemes for employees of an undertaking or group where those responsible for placing the funds of the collective investment scheme shall be employees of said undertaking or group.

(2) The Danish FSA may, however, decide whether the schemes mentioned in subsection (1), no. 4 are to be covered by section 1(1).

Part 2

Definitions

3.-(1) For the purposes of this Act:

- 1) "Instruments" shall mean:
 - a) Securities, cf. no. 2.
 - b) Money-market instruments, cf. no. 3.
 - c) Units issued by other associations, divisions, or investment undertakings, cf. section 90.
 - d) Derivative financial instruments.
 - e) Liquid funds, including currency.
- 2) "Securities" shall mean:
 - a) Shares and other securities equivalent to these.
 - b) Bonds and other standardised debt instruments.
 - c) All other negotiable securities giving the right to acquire such securities by subscription or exchange.
- 3) "Money-market instruments" shall mean:
 - a) Securities, that are normally traded on the money market, that are liquid, and that have a value which can be measured at any time, cf. section 87a.
 - b) Other money-market instruments than those traded on a regulated market, if the issue or issuer of such money-market instruments is regulated himself in order to protect investors and savings, cf. section 87a.
- 4) "Investment management company" shall mean:

A company that has been approved as an investment management company in pursuance of section 10 of the Financial Business Act.
- 5) "Depository" shall mean:

A bank with its registered office in Denmark or a corresponding foreign credit institution with a branch in Denmark and with its registered office in another country within the European Union or in a country with which the Community has entered into an agreement for the financial area, and which has been made responsible for all the tasks stated in section 4(8), section 5(8), and section 114a(7) of this Act, as well as sections 106 and 107 of the Financial Business Act.
- 6) "Parent company" shall mean:

An undertaking that

 - a) holds the majority of the voting rights of an undertaking,
 - b) holds shares or other interests in the own funds of an undertaking (is a shareholder) and is entitled to appoint or remove a majority of the board of directors, board of management or similar management organ of the undertaking,

- c) participates in the undertaking and is entitled to exercise a controlling influence on the undertaking under the articles of association or other agreements with said undertaking,
 - d) participates in the undertaking and commands the majority of the voting rights within the undertaking under agreements with other shareholders or owners of shares of the own funds within said undertaking, or
 - e) holds holdings in an undertaking and exercises a controlling influence on said undertaking.
- 7) "Subsidiary" shall mean:
An undertaking with which a parent company has one of the links specified in no. 6.
 - 8) "Group" shall mean:
A parent company and its subsidiaries.
 - 9) "Foreign investment undertaking" shall mean:
Any foreign collective investment scheme, the activities of which correspond to the schemes mentioned in section 1(1).
 - 10) "The home country of an EU investment undertaking" shall mean:
 - a) The Member State, where the management company has its registered office according to the articles of association in cases where an investment undertaking was established as an investment fund.
 - b) The Member State, where the investment firm has its registered office according to the articles of association in cases where an investment undertaking was established as an investment firm.
 - 11) "Management company" shall mean:
A foreign company, the activities of which consist of management of institutions for collective investment in securities covered by Council Directive 85/611/EEC (the UCITS Directive).
 - 12) "Credit institution" shall mean:
An undertaking, the activity of which consists of receiving from the general public deposits or other funds to be repaid, and granting loans at its own expense.
 - 13) "Regulated market" shall mean:
A market that is covered by Article 4(1), no. 14 of Directive 2004/39/EC of the European Parliament and Council (the MiFID Directive).
 - 14) "Other regulated market" shall mean:
A market in regular operation, recognised, and open to the public, but not covered by the definition in Article 4(1), no. 14 of Directive 2004/39/EC of the European Parliament and Council (the MiFID Directive).
 - 15) "OTC" ("Over The Counter") shall mean:
A market in which to trade instruments outside the markets mentioned in nos. 13 and 14.
 - 16) "Close links" shall mean:
 - a) direct or indirect links of the nature described in no. 8,
 - b) participating interests such that an undertaking is in direct or indirect ownership of 20 per cent or more of the voting rights or capital of another undertaking, or
 - c) the joint links with an undertaking of several undertakings or persons, cf. a).
 - 17) "Zone A countries" shall mean:
EU Member States, other countries with full membership of the Organisation for Economic Cooperation and Development (OECD), and other countries that have entered into special loan agreements with the International Monetary Fund (IMF) and are affiliated with the General Agreement on Borrowing (GAB). However, a country that restructures its foreign national debt due to inability to pay shall be excluded from Zone A for a period of five years.
 - 18) "Professional investor" shall mean:

An investor who has the necessary experience and expertise to make his own investment decisions and to perform a correct assessment of the risks involved, cf. subsection (2).

(2) The Danish FSA shall lay down more detailed regulations on who is to be considered a professional investor.

II Approval of activities and articles of association, exclusive rights, scope of activities for investment associations and special-purpose associations as well as divisions hereof

Part 3

Approval of investment associations and special-purpose associations as well as articles of association, etc.

Associations

4.-(1) Undertakings shall be subject to approval by the Danish FSA as investment associations in order to carry out activities which

- 1) involve receiving, from a wide circle or from the general public, funds which, in accordance with a principle of risk-spreading, are placed in instruments in accordance with the regulations in part 13 of this Act, and
- 2) at the request of a member shall redeem said member's share of the assets with funds derived therefrom.

(2) An investment association may, alone or together with other investment associations and special-purpose associations, cf. section 5, professional associations, cf. section 110a, approved restricted associations, cf. section 111, or hedge associations, cf. section 114a(1) and (2), own an investment management company, cf. section 3(1), no. 4, which solely carries out management, investment or marketing activities and solely on behalf of the relevant association(s).

(3) Investment associations may, when permitted by their articles of association, grant an annual contribution of no more than 2 per cent of their assets to humanitarian or charitable organisations with which they have made an agreement hereon.

(4) Investment associations, special-purpose associations and the investment undertakings mentioned in sections 11 and 16, shall have the exclusive right of approaching a wide circle or the general public for the purpose of receiving funds for activities referred to in subsection (1).

(5) Investment associations may only carry out the activities mentioned in subsections (1)-(3) and shall have exclusive right to use the word "investeringsforening" (investment association) in their name. Other undertakings may not use names or expressions that may create the impression that they are investment associations.

(6) Investment associations shall be under an obligation to use the word "investeringsforening" (investment association) in their name.

(7) An undertaking seeking approval under subsection (1) shall have assets of no less than DKK 10 million. Intangible assets may not be included in the total assets for this purpose.

(8) The instruments of an investment association, cf. section 3(1), no. 1, shall be entrusted to and safekept separately for said association with a depositary approved by the Danish FSA, cf. section 3(1), no. 5. The depositary shall be a bank with its registered office in Denmark or a corresponding foreign credit institution with a branch in Denmark and with its registered office in another country within the European Union or in a country with which the Community has entered into an agreement for the financial area.

5.-(1) Undertakings shall be subject to approval by the Danish FSA as special-purpose associations in order to carry out activities which

- 1) involve receiving, from a wide circle or from the general public, funds which, in accordance with a principle of risk-spreading, are placed in instruments mentioned in part 15 of this Act, and
- 2) redeem the member's share of the assets with funds derived therefrom.

(2) A special-purpose association may, alone or together with one or more investment associations, cf. section 4, special purpose associations, cf. subsection (1), professional associations, cf. section 110a, approved restricted associations, cf. section 111, or hedge associations, cf. section 114a(1) and (2), own an investment management company, cf. section 3(1), no. 4, which solely carries out management, investment or marketing activities and solely on behalf of the relevant associations.

(3) Special-purpose associations may, when permitted by their articles of association, grant an annual contribution of no more than 2 per cent of their assets to humanitarian or charitable organisations with which they have made an agreement hereon.

(4) Special-purpose associations, investment associations and the institutions mentioned in sections 11 and 16, shall have the exclusive right of approaching a wide circle or the general public for the purpose of receiving funds for activities referred to in subsection (1).

(5) Special-purpose associations may only carry out the activities mentioned in subsections (1)-(3) and shall have exclusive right to use the word "specialforening" (special-purpose association), "placeringsforening" (placement association), "pengemarkedsforening" (money-market association), "investeringsinstitutforening" (fund of funds) or "erhvervsudviklingsforening" (SME association) respectively in their name. Other undertakings may not use names or expressions for their activities that may create the impression that they are special-purpose associations.

(6) Special-purpose associations shall be under an obligation to use the word "specialforening" (special-purpose association), "placeringsforening" (placement institution), "pengemarkedsforening" (money-market associations), "investeringsinstitutforening" (fund of funds) or "erhvervsudviklingsforening" (SME association) respectively in their name.

(7) An association seeking approval under subsection (1) shall have assets of no less than DKK 10 million. Intangible assets may not be included in the total assets for this purpose.

(8) The instruments of a special-purpose association, cf. section 3(1), no. 1, shall be entrusted to and safekept separately for said association with a depositary approved by the Danish FSA, cf. section 3(1), no. 5. The depositary shall be a bank with its registered office in Denmark or a corresponding foreign credit institution with a branch in Denmark and with its registered office in another country within the European Union or in a country with which the Community has entered into an agreement for the financial area.

6.-(1)² Activities mentioned in sections 4 and 5 shall be organised in the form of an association. Members of the association shall be any owner of a share of the association's assets. Members shall only be liable for their units.

(2) An association may be divided into divisions, each based on a particular part of the assets in accordance with the relevant provisions in the articles of association.

(3) If an association is divided into divisions, each division shall only be liable for its own liabilities. Each division shall, however, also be liable for its share of the common costs. If legal proceedings have been effected without results, or if it is otherwise evident that a division is unable to meet its liabilities under the 2nd clause, the other divisions shall be jointly and severally liable for said division's share of the common costs.

(4) Any share of an association or division's assets shall confer equal rights on the members, cf. however section 9a on unit classes, section 10(1), no. 7 regarding shares and units without dividend rights (ex coupon) and section 22 regarding voting rights.

7.-(1) The Danish FSA shall approve investment associations and special-purpose associations when

- 1) the foundation of the association is legal,
- 2) the requirements in section 4 or 5 above have been fulfilled,
- 3) the members of the board of management and board of directors of the association meet the requirements of sections 31 and 32, or, if the board of directors has not employed a board of management, when the Danish FSA has approved the association's choice of investment management company,
- 4) the Danish FSA has approved the articles of association of the association,
- 5) the Danish FSA has approved the depositary, chosen by the association, and which must provide sufficient financial and professional security that it is capable of performing its duties,
- 6) the activity plan, organisation, procedures and internal controls as well as administrative conditions of the association are appropriate,
- 7) there are no close links, cf. section 3(1), no. 16, between the applicant and other undertakings or persons that could complicate performance of the tasks of the Danish FSA,
- 8) legislation in a country outside the European Union with which the Community has not entered into an agreement for the financial area regarding an undertaking or person with whom the applicant has close links will not complicate performance of the tasks of the Danish FSA,
- 9) the assets of the association, which shall be no less than DKK 10 million, shall either be subscribed at the first general meeting, or an unconditional guarantee shall be provided by a bank or insurance company for subscription of units up to the minimum amount of no less than DKK 10 million,
- 10) the association has its head office and registered office in Denmark, and
- 11) subsection (2) has been met.

(2) An application for approval under sections 4 and 5 shall contain all information necessary for assessment by the Danish FSA of whether the conditions in subsection (1) have been met.

(3) The Danish FSA shall reject the application for approval if, for legal reasons, the association is prevented from marketing its units in Denmark, including reasons arising from provisions in its articles of association.

(4) In the event that the Danish FSA rejects an application for approval, the association shall be notified no later than 6 months following receipt of the application or, if the application is incomplete, no later than 6 months after the association has submitted the information necessary to make a decision. In any case, a decision shall be made no later than 12 months after receipt of the application. Where the Danish FSA has not, within six months after receipt of an application for approval, issued a statement regarding the application, the association may bring the matter before the courts.

8.-(1) Once the Danish FSA has approved an investment association, special-purpose association or amendments to the articles of association of an association, the Danish Commerce and Companies Agency may make the registrations necessary, cf. subsection (3).

(2) Simultaneously with its application for registration, cf. subsection (1), and when applying for approval of amendments to its articles of association, an association shall submit three dated and signed copies of its articles of association together with the full statement to the Danish FSA. When the Danish FSA has approved the association or the amendments to its articles of association, the Danish FSA shall forward one copy of said articles of association including its approval endorsement to the Danish Commerce and Companies Agency and a corresponding copy to said association.

(3) In the event of application and registration in pursuance of subsection (1), the regulations of the Companies Act shall apply with the necessary adjustments.

9. If an association is divided into divisions, the Danish FSA shall approve new divisions when

- 1) the foundation of the division is legal,
- 2) the Danish FSA has approved the articles of association regarding the division,
- 3) the division has assets of no less than DKK 10 million, and
- 4) the minimum assets of the division are either subscribed or an unconditional guarantee has been provided by a bank or an insurance company for subscription of units up to a minimum of DKK 10 million.

9a.-(1)³ The board of directors may, pursuant to provisions in the articles of association on this, establish unit classes in a division. If the board of directors may establish unit classes in the division, this shall be apparent from the name of the division.

(2) A unit class in an investment association or a special-purpose association shall have assets of no less than DKK 10 million. The assets of the unit class shall, no later than three months after the board of directors has reached a decision on establishment, either be subscribed or there shall be an unconditional guarantee from a bank or an insurance company to subscribe for units for no less than DKK 10 million.

(3) No later than eight business days after the board of directors has reached a decision on establishment of a unit class, this shall be notified to the Danish FSA. The notification shall contain information regarding the characteristics of the unit class and the principles for allocating costs, cf. subsection (5).

(4) A unit class shall not have preferential right over any unit of the assets of the division, including any class-specific assets. It shall only have right to a share of the return on the assets, including a share of the return on the joint portfolio and the return on the class-specific assets.

(5) If a division is divided into unit classes, the board of directors shall lay down principles for allocating the costs between the unit classes such that each unit class only bears its own share of the joint costs of the division as well as the particular costs connected to the specific

characteristics of the unit class. The Danish FSA may order a board of directors of an association to change the allocation of costs mentioned in the 1st clause, if, according to the principles mentioned in the 1st clause, a unit class is allocated costs which cannot be attributed to the unit class.

(6) The regulations in subsections (1)-(5) and section 86a(1)-(4) shall not apply for ex-coupon unit classes.

(7) The Danish FSA may lay down more detailed regulations on unit classes, including that certain types of unit class may not be established.

10.-(1)⁴ The articles of an association shall contain provisions on

- 1) the object of the association,
- 2) the target group the association is aiming at,
- 3) the name of the association and any secondary names,
- 4) the municipality in Denmark where the association is to have its registered office (head office),
- 5) any division of the association into divisions,
- 6) the possibility for the board of directors to establish unit classes, including which types of unit class the board of directors may establish and the characteristics of these unit classes, cf. section 9a(1).
- 7) any issue by the association of units without dividend rights (ex coupon),
- 8) appointment and replacement of the association's depositary,
- 9) convening of general meetings as well as time and place for such general meetings,
- 10) the business to be discussed at the ordinary general meeting,
- 11) voting rights and how to exercise them, including any restrictions on such voting rights,
- 12) adoption of proposals at general meetings, including amendment to the articles of association and the dissolution of the association,
- 13) board of directors, board of management or investment management company and auditors,
- 14) the persons entitled to sign for the association, including the persons entitled to exercise the voting rights in relation to the association's securities holdings,
- 15) whether the association or division is entitled to issue certificates or is account-holding,
- 16) the amount of the association's units (nominal amount) and the design of any certificates,
- 17) whether the association's units are to be made out in someone's name or may be made out to a bearer, and whether the association's units are to be subject to any restrictions as regards negotiability,
- 18) provisions regarding units in account-holding associations or divisions,
- 19) issue and redemption of the association's units, including any restrictions applying to special-purpose associations,
- 20) how any profit of the association is to be administered, including whether interim dividends shall be distributable several times annually, and whether the general meeting in associations or divisions paying dividends may decide that the amount distributed shall be carried forward in full or in part for distribution in subsequent accounting years,
- 21) that members of an association or a division shall only be liable for their units,
- 22) how to measure the association's assets,
- 23) how to fix the issue and redemption price of the association's units,

- 24) which costs shall be chargeable to the association and the maximum amount of costs allowed in proportion to the highest asset amount during the accounting year,
- 25) annual report, audit and appropriation of the profit for the year,
- 26) whether the association or division is to be allowed to pay a dividend from the capital in order to secure a stable distribution percentage,
- 27) audit of the annual report and the right of access thereto of the general public,
- 28) any annual contribution of no more than 2 per cent of the total assets to humanitarian or charitable organisations, if the association or division makes such contribution,
- 29) the extent to which the association or division may raise loans, cf. section 43(2),
- 30) the investment policy of the association and its divisions as well as the general regulations for the association's placement of its assets, including the markets in which the association or the individual divisions may place their funds when the Danish FSA has not approved the relevant market, and
- 31) the countries, public authorities or public international bodies issuing or guaranteeing the securities in which the association intends to invest more than 35 per cent of its assets.

(2) As regards placement associations and money-market associations, it may be stipulated in their articles of association that issue and redemption cannot take place for a predetermined period.

(3) The articles of association of SME associations shall provide that the association is not open for issue and that no member can demand redemption. However, at the general meeting and with the same majority as in the case of amendments to the articles of association, cf. section 23(1), it may be resolved that a new issue or redemption may be effected at specific dates. In these cases, the members shall have proportionately equal shares of the assets redeemed.

(4) After expiry of the issue period, the board of directors of SME associations may, as provided in the articles of association, decide that the association shall be open to issue or redemption for specific periods.

10a.⁵ An association which has unit classes shall, on the internet website of the association, state which unit classes have been established in the association's divisions. The association shall also provide information regarding the characteristics applicable for each unit class and regarding the principles for allocating costs, cf. section 9a(5).

Part 4

Cross-border activities

Foreign investment undertakings covered by Council Directive 85/611/EEC (UCITS)

11.-(1) Foreign investment undertakings which have been approved by a competent authority in another country within the European Union or a country with which the Community has entered into an agreement for the financial area in pursuance of Council Directive 85/611/EEC (UCITS), when such undertakings intend to market their units directly or indirectly in Denmark, shall submit the following to the Danish FSA:

- 1) A statement from the supervisory authorities of the investment undertaking verifying that the institution has been approved as an investment undertaking in accordance with Council Directive 85/611/EEC (UCITS).
- 2) Fund regulations or articles of association.
- 3) Complete and simplified prospectuses.

- 4) The latest annual report, if this has been prepared, and any half-yearly statement of assets.
- 5) Statement of planned marketing, including information on the target group the institution is aiming at.
- 6) Information on the measures intended for implementation in Denmark with a view to securing the members' rights to receive dividends and redeem units.
- 7) Information on the information the investment undertaking shall provide for its members according to the regulations in its home country, including information said investment undertaking shall provide if it ceases marketing in Denmark.
- 8) Information on the taxation regulations applicable to Danish members of the institution, including information on whether taxes are deducted at source as regards any distributions, as well as information on the taxation regulations applying to the institution in its home country.

(2) The documents specified in subsection (1) shall be available as an authorised Danish translation or in another language approved by the Danish FSA.

(3) The information mentioned in subsection (1), no. 8 must be included in both the complete and the simplified prospectus or as a supplement thereto.

(4) Changes to the planned marketing, cf. subsection (1), no. 5, or to the name or address of the investment undertaking shall be submitted to the Danish FSA no later than 14 days after the decision regarding the change.

(5) The Danish FSA may lay down provisions on which terms foreign investment institutes covered by section 11 may market their units in Denmark.

12. Units in foreign investment undertakings may be marketed two months after submission to the Danish FSA of the information required in section 11 unless the Danish FSA has made a prior decision to the effect that

- 1) the planned guidelines for marketing of shares and units, cf. section 11(1), no. 5, does not sufficiently secure the rights of the investors in accordance with section 11(1), nos. 6 and 7, or
- 2) the marketing planned will be contrary to legislation within areas which do not fall within the scope of this Act.

13.-(1) Foreign investment undertakings covered by section 11 shall be entitled to use the designation used for their activities in their home country.

(2) Where such designation entails a risk of confusion, the Danish FSA may require that the institution add an explanatory note to the designation.

14.-(1) The documents and information which the investment undertaking is under an obligation to make public on an ongoing basis in its home country shall also be made public in Denmark. Publication shall be in the same way as in the home country.

(2) The documents and information specified in subsection (1) shall be available as an authorised Danish translation or in another language approved by the Danish FSA.

15. The Danish FSA may demand that a foreign investment undertaking cease marketing its units in Denmark,

- 1) where the measures taken by the investment undertaking, cf. section 11(1), nos. 6 and 7, are not adequate to secure the rights of the investors,
- 2) where the investment undertaking is guilty of gross or repeated violations of the provisions laid down in legislation,
- 3) where the investment undertaking does not comply with its marketing plan, cf. section 11(1), no. 5, or
- 4) where the approval or supervision of the competent authority of the investment undertaking's home country lapses.

Other foreign investment undertakings

16.-(1) The Danish FSA may approve direct or indirect marketing in Denmark by a foreign investment undertaking not covered by section 11 when said foreign investment undertaking meets the requirements laid down by the Danish FSA in pursuance of subsection (2). Marketing may not be commenced until approved by the Danish FSA.

(2) The Danish FSA may lay down regulations regarding the terms to which foreign investment undertakings not covered by section 11 shall be subject when marketing their units in Denmark.

Danish associations

17. A Danish association wishing to market its units in another country shall notify the Danish FSA to this effect and notify the competent authorities in said other country in accordance with the requirements in force there.

III Good practice

Part 5

Good practice

18.-(1) Associations shall be operated in accordance with honest business principles and good practice within the field of activity.

(2) The Minister for Economic and Business Affairs shall lay down detailed regulations on honest business principles and good practice.

IV General meetings and management, etc.

Part 6

General meetings

19. The notice convening a general meeting in an association shall be available to the public and in accordance with the provisions of the articles of association. The press shall have access to the general meetings.

20. For investment associations and special-purpose associations, the Danish FSA shall exercise the powers that have been assigned to the Danish Commerce and Companies Agency under section 72(2) of the Companies Act.

21.-(1)⁶ The general meeting shall be the ultimate authority of the association.

(2) The right of members to make decisions regarding the affairs of the association shall be exercised at the general meeting, cf. however subsections (3) and (4).

(3) The powers exercised by the general meeting of the association shall be vested in the members of a division at the general meeting in respect of

- 1) approval of the annual report of the division,
- 2) amendment of the regulations laid down in the articles of association concerning placement of the division's assets,
- 3) the dissolution or amalgamation of the division,
- 4) any other business that is exclusively relevant to the division.

(4) The powers exercised by the general meeting of the association shall, at the general meeting, be due to the members of a unit class in a division with regard to

- 1) changes in the specific characteristics of the unit class,
- 2) winding up the unit class, and
- 3) other matters relating exclusively to the unit class.

(5) Subsections (1), (2), (6), and (7) as well as sections 22 and 23 shall apply correspondingly in respect of resolutions pursuant to subsections (3) and (4).

(6) Any members shall be entitled to demand that a particular issue be placed on the agenda in accordance with the relevant regulations of the articles of association.

(7) The board of directors and the board of management shall, at the request of a members and provided that this, in the opinion of the board of directors, may be effected without serious detriment to the association, submit to the general meeting any available information regarding all matters of importance to the evaluation of the annual report and the position of the association in other respects or to issues on which the general meeting shall decide.

21a. Section 65a of the Public Companies Act on holding electronic general meetings shall, with the necessary adjustments, apply correspondingly to investment associations and special-purpose associations.

22.-(1) Any member shall be ensured voting rights at the general meeting proportional to his number of units. Each member shall, however, have at least one vote. The articles of association may provide that no member may vote for more than a certain percentage of the assets or for more than a certain amount.

(2) If the voting rights are conditional upon an entry in the association's register, the time limit for registration shall not exceed 4 weeks.

23.-(1) In order to pass a resolution to amend the articles of association, no less than 50 per cent of the assets shall be represented at the general meeting and the resolution shall be passed by no less than two thirds of the votes cast. Where 50 per cent of the assets are not represented at the general meeting but two thirds of the votes are cast in favour of the proposal, the proposal may be adopted at an extraordinary general meeting convened at no less than 3 weeks' notice. At the extraordinary general meeting the proposal may be adopted by two thirds of the votes cast irrespective of the percentage of the assets represented.

(2) Adoption of a resolution that the general meeting shall only be held electronically, without the possibility of physical attendance shall only be valid if members representing 25 percent of the association's total capital with voting rights do not vote against the resolution.

(3) Any amendment of the articles of association of an investment association or a special-purpose association may not enter into force before such amendment has been approved by the Danish FSA.

24.-(1) A resolution regarding the sale by an association of shares in its investment management company shall be made by the general meeting of the association in accordance with the same regulations that apply to amendments in the articles of association. The board of directors of the association may, however, decide on the sale of shares in the investment management company of said association to other associations that have chosen the relevant company as their investment management company.

(2) The board of directors of the association shall prepare a statement of the advantages and disadvantages in relation to the expected development of the association from selling shares in the investment management company of the association, cf. subsection (1), 1st clause. The statement shall be sent to all registered members at the same time as the general meeting is convened. From this time the statement shall also be available for inspection at the offices of the association.

25.-(1) Minutes of the proceedings of the general meeting shall be entered in a book. This minute book shall be signed by the chairperson of the meeting.

(2) The minutes of the proceedings of the general meeting or a certified transcript thereof shall be made available to members at the offices of the association no later than fourteen days after the general meeting.

Part 7

Management etc.

General regulations regarding management

26.-(1) The board of directors and the board of management shall be in charge of the affairs of the association, cf. however section 27(3). They shall act independently and solely in the interests of the association.

(2) The board of directors shall consist of at least 3 members to be elected by the general meeting. A member of the board of directors of an association may neither be a member of the board of directors nor an employee of the depositary or any other company with which the association has entered into significant agreements nor may a member of the board of directors of an association be a member of the board of directors or an employee in other companies of a group in which such companies are members.

(3) Notwithstanding the provision in subsection (2), a minority of the members of the board of directors of an investment association or special-purpose association may be members of the board of directors of an investment management company that is responsible for the management of the association in question. None of these members of the board of directors may be chairperson of the board of directors of the investment management company.

(4) Notwithstanding the provision in subsection (2), members of the board of directors of an investment association or a special-purpose association may be members of the board of directors of an investment management company that is responsible for the management of the association, provided the association alone or with other investment associations or special-purpose associations, professional associations, approved restricted associations, or hedge associations own said investment management company.

(5) An employee of the investment management company, who has been elected in accordance with the provisions in the Companies Act relating to group representation may, notwithstanding the provisions in subsection (2) be a member of the board of directors of an investment association or special-purpose association, provided that the association in question alone or with other investment associations, special-purpose associations, professional associations, approved restricted associations or hedge associations owns said investment management company.

(6) The board of directors shall ensure that the activities of the association are carried out properly in accordance with this Act and the articles of the association. The board of directors shall decide whether the financial circumstances of the association at any time are adequate in view of the operations of the association. The board of directors shall ensure that bookkeeping and asset management are checked in a satisfactory manner considering the circumstances of the association.

(7) By means of rules of procedure, the board of directors shall make more detailed decisions with regard to the performance of its duties.

(8) The board of directors shall prepare written guidelines on the most significant areas of activity of the association, specifying the distribution of responsibilities between the board of directors and the board of management.

27.-(1) The board of directors shall appoint a board of management to be in charge of the day-to-day management of the association, cf. however subsection (3). The board of management shall follow the guidelines and instructions given by the board of directors. The day-to-day management shall not include operations that are of an unusual nature or of great importance considering the circumstances of the association. The board of management may only carry out such operations according to special authority from the board of directors unless the resolution of the board of directors cannot be awaited without causing great disadvantage to the association's activities. In this case, the board of directors shall be informed of such operations as soon as possible.

(2) The board of directors shall ensure that the association is in possession of adequately qualified staff and the technical expertise required to carry out the administration of the association's investment policy and to make investment decisions regarding the funds of said associations.

(3) The day-to-day management may instead be left to an investment management company which has its registered office in Denmark and is approved by the Danish FSA so that the tasks to be performed by the members of the board of management of an association are performed by the members of the board of management of the investment management company. The provisions in subsection (1) shall apply correspondingly to the investment management company chosen.

28.-(1) The chairperson of the board of directors shall ensure that the board of directors convenes when necessary, and shall ensure that all members are summoned. Any member of the board of directors, a member of the board of management, an external auditor, and the

chief internal auditor may demand that the board of directors convene. A member of the board of management, an external auditor, and the chief internal auditor shall be entitled to attend and speak at the meetings of the board of directors unless otherwise stipulated by the board of directors in the individual case. External auditors and the chief internal auditor shall always be entitled to attend meetings of the board of directors when matters relevant to auditing or the presentation of the annual report are addressed.

(2) External auditors and the chief internal auditor shall participate in the board of directors' treatment of matters where such participation is requested by one or more members of the board of directors.

(3) Negotiations within the board of directors shall be minuted, and the minute book shall be signed by all members present. Members of the board of directors, members of the board of management, external auditors, or the chief internal auditor who do not agree with decisions made by the board of directors shall be entitled to have their views included in the minutes.

29.-(1) Members of the management of an association, its depositary, or an investment management company, if any, shall not - without the consent of the board of directors of the association - be allowed to transfer securities or other assets to the association or acquire such assets from the association. Consent shall be obtained in each individual case and shall be entered in the minute book of the board of directors.

(2) A member of the board of directors or a member of the board of management shall not be entitled to participate in the consideration of questions concerning agreements between the association and said member or concerning any legal actions brought against said member or any legal actions brought against any third party or concerning agreements between the association and any third party if said member of the board of directors or member of the board of management has a major interest therein which may be in conflict with that of the association.

30.-(1) An association shall immediately notify the Danish FSA of matters which are of material significance to the continued operation of said association or a division.

(2) This shall apply correspondingly to individual members of the board of directors, members of the board of management, an external auditor or the chief internal auditor of an association.

(3) Where a member of the board of directors or board of management of an association or an external auditor has cause to believe that the association or a division does not comply with the assets requirement, cf. section 4(7) and section 5(7), such person shall immediately notify the Danish FSA of this fact.

Requirements regarding the individual members of management

31.-(1) A member of the board of directors and the board of management of an association shall have adequate experience in carrying out the duties and responsibilities of such a position.

(2) A member of the board of directors and the board of management may not occupy the position as member of the board of directors or member of the board of management respectively in an association if

- 1) the person in question has been held criminally liable for violation of the Criminal Code or financial legislation, and this violation entails a risk that the duties are not carried out adequately,
- 2) the person in question has filed for suspension of payments, compulsory composition, bankruptcy, or debt restructuring, or is under suspension of payments, bankruptcy proceedings, debt restructuring or compulsory composition,
- 3) the financial situation of the person in question or companies owned by the person in question has caused losses or risks of losses for the association, or
- 4) the person in question has behaved such that there is reason to assume that said person cannot perform the duties and responsibilities of such position adequately.

(3) Members of the board of directors and the board of management shall be obliged to notify the Danish FSA of the conditions mentioned in subsection (2).

32. Members of the board of directors and board of management shall have full legal capacity.

33. A member of the board of directors shall not be a member of the board of management or chief internal auditor of the association nor of its investment management company. In the absence of a member of the board of management, however, the board of directors may temporarily appoint a member of said board of directors as a member of the board of management. In this event, the person in question shall not exercise their voting right in the organs specified.

34.-(1) Persons employed by the board of directors of an association in pursuance of legislation or provisions in the articles of association and employees for whom there is a significant risk of conflicts between own interests and the interests of the association may not, at their own expense, or through companies they control,

- 1) take a loan or draw on credit already granted in order to purchase securities if the securities purchased are used as security for the loan or the credit,
- 2) acquire, issue, or trade in derivative financial instruments, except to hedge risk,
- 3) acquire holdings, except for units in investment associations, special-purpose associations, hedge associations and foreign investment institutions, with a view to selling such units less than 6 months from the date of acquisition, or
- 4) acquire positions in foreign currency, except for euros, if taking the position takes place with a view to anything other than payment for the purchase of securities, goods or services, or management of real property, or for use when travelling.

(2) The group of persons mentioned in subsection (1) shall not acquire holdings in companies that carry out business mentioned in subsection (1), nos. 1-4. This shall not apply, however, for purchases of shares in banks, insurance companies, mortgage-credit institutions, investment companies, as well as units in investment associations, special-purpose associations, hedge associations and foreign investment institutions.

(3) The board of directors shall decide which employees have a significant risk of conflicts between their own interests and the interests of the association, and who shall therefore be covered by the prohibition. The board of directors shall ensure that the relevant employee knows of this decision. The penalty provision in section 132 shall apply from the time when the relevant employee has received information regarding the decision.

(4) The board of directors shall, for the persons covered by subsection (1), draw up guidelines regarding compliance with the bans in subsections (1) and (2), 1st clause, including guidelines on reporting of investments.

(5) The external auditors shall once a year review the association's guidelines under subsection (4) and in the audit book comments relating to the annual report state whether the guidelines are adequate and have functioned appropriately, as well as whether the association's control procedures have given rise to observations.

(6) An account-holding institution shall, upon request from the board of directors of the association, provide the external auditors of said association with access to information on accounts and deposits and provide printed statements herefrom with regard to persons covered by subsection (1).

35.-(1) Persons employed by the board of directors of an association in pursuance of legislation or provisions in the articles of association may not, without the consent of the board of directors, own or operate an independent enterprise, or in the capacity as a member of the board of directors, an employee, or in any other way, participate in the management or operation of another enterprise than said association, cf. however subsections (4) and (5) as well as section 71(8) and (9).

(2) Other employees in an association for whom there is a significant risk of conflicts between the interests of the employee and those of the association may not, without the consent of the board of management, own or operate an independent enterprise, or in the capacity as a member of the board of directors, employee, or in any other way, participate in the management or operation of another enterprise than said association. The board of directors shall be informed of any authorisation granted by the board of management.

(3) The board of directors shall decide for which employees there is a significant risk of conflicts between the interests of the employee and those of the association, and who shall consequently obtain the authorisation of the board of management, cf. subsection (2), to own or operate an independent enterprise, or in the capacity as member of the board of directors, employee, or in any other way, participate in the management or operation of another enterprise than the association. The board of directors shall ensure that the relevant employee knows of this decision. The penalty provision in section 132 shall apply from the time when the employee in question has received information hereof.

(4) Members of the board of management and other senior employees may not be members of the board of directors of the depositary or any other company with which the association has entered into significant agreements, nor may they be employed in the depositary or any other company with which the association has entered into significant agreements, nor may they be members of the board of directors or employees in another company which is in the same group as these companies.

(5) The persons mentioned in subsections (1) and (2) may, however, have similar positions in other associations if the majority of the board of directors are the same persons in all the associations.

(6) All authorisations granted by the board of directors pursuant to subsection (3) shall appear in the minute book of the board of directors.

(7) The association shall at least annually publish information on the duties and positions authorised by the board of directors under subsection (1). Furthermore, the external auditors shall make a declaration in the audit book comments on the annual report stating whether the association owns securities issued by enterprises covered by subsections (1) and (2).

36.-(1) Members of the board of directors, members of the board of management, other employees, and auditors of an association, of its depositary and of its investment management company may not without due cause disclose or use confidential information obtained during the performance of their duties.

(2) Any person receiving information pursuant to subsection (1) shall fall within the scope of the duty of confidentiality specified therein.

37.-(1) An association shall have

- 1) effective forms of corporate governance,
- 2) a clear organisational structure with well defined, transparent and consistent division of responsibilities,
- 3) good administrative and accounting practises,
- 4) written procedures for all significant areas of activity,
- 5) effective procedures to identify, administer, monitor and report on the risks to which the association is or can be exposed,
- 6) the resources necessary for proper performance of its activities, and use these appropriately,
- 7) procedures to separate functions with a view to management and prevention of conflicts of interest,
- 8) full internal control procedures, and
- 9) adequate IT control and security measures.

(2) An association shall structure and organise its business in such a way as to minimise the risk of conflicts of interest between divisions as far as possible. In the event that the association is managed together with other associations, conflicts of interest between these shall be minimised as far as possible.

(3) The Danish FSA shall issue guidelines for the areas mentioned in subsection (1).

(4) Danish FSA may lay down regulations on remuneration when the board of directors, board of management and personnel, or an investment management company and consultant are remunerated in some other way than with a fixed amount.

(5) The Danish FSA may lay down regulations on how associations are to avoid conflicts of interest.

38.-(1) The Danish FSA may lay down more detailed regulations regarding transactions concluded between an association or its investment management company and a company with which said association or its investment management company has entered into significant agreements, or other companies in the same group as said company.

(2) Transactions carried out in contravention of the regulations laid down pursuant to subsection (1) shall be invalid. Payments made by an association or its investment management company in connection with transactions carried out in contravention of the regulations laid down pursuant to subsection (1) shall be returned with an annual interest corresponding to the interest rate stipulated pursuant to section 5(1) and (2) of the Interest on Overdue Payments etc. Act.

39.-(1) If an investment association or a special-purpose association delegates certain tasks, which the association is required to carry out, to a third party, this shall be based upon a decision made by the board of directors of the association.

(2) Decisions may not be made stipulating that an investment association or a special-purpose association may delegate decisions on investment of the funds of the association or on other core tasks. The Danish FSA shall lay down more detailed regulations as to which tasks are core tasks.

(3) The obligations of the depositary, cf. sections 106 and 107 of the Financial Business Act shall not be affected by any delegation of tasks to a third party by the association.

40.-(1) An investment association or a special-purpose association shall ensure that the undertakings to which said association delegates tasks are qualified and capable of carrying out the relevant tasks. In cases where the delegation of tasks relates to investment management, said tasks may only be delegated to undertakings that are licensed for, or registered with a view to, portfolio management, and that are subject to supervision.

(2) The delegation of tasks may not obstruct effective supervision of the investment association or special-purpose association and, in particular, it may not hinder the association from operating or from being managed in the interests of its members.

41.-(1) When delegating tasks, an investment association or a special-purpose association shall ensure that arrangements are in place allowing the persons managing the activities of the association to monitor at any time the activities of the undertaking to which the tasks have been delegated.

(2) The agreement regarding delegation may not hinder the investment association or special-purpose association from giving further instructions at any time to the undertaking to which the task has been delegated, nor from terminating the agreement with immediate effect, if this is in the interest of the association.

42. An investment association or special-purpose association shall notify the Danish FSA no later than 8 weekdays after the agreement regarding delegation is made about the content and conditions of said agreement.

V General provisions

Part 8

Restrictions on raising and granting loans etc. as well as issue and redemption

43.-(1) An association or a division shall not be entitled to raise loans.

(2) The Danish FSA may, however, grant an association or a division permission to

- 1) raise short-term loans of a maximum of 10 per cent of its assets in order to redeem members' units or in order to utilise subscription rights or for temporary financing of transactions entered into, and
- 2) raise loans of up to 10 per cent of its assets for the acquisition of real property necessary for performance of its activities.

(3) The loans referred to in subsection (2), nos. 1 and 2 shall not exceed 15 per cent of the association's or the division's assets.

44.-(1) An association or division may not grant loans or issue guarantees.

(2) An association or division may, however, accept the liability associated with the acquisition of shares not fully paid up. Such liabilities may not exceed 5 per cent of the association's or division's total assets.

45. An association or a division may not carry out or participate in speculative transactions.

46. Instruments traded on a regulated market, cf. section 3(1), no. 13, or on another regulated market, cf. section 3(1), no. 14, shall, if traded outside the regulated markets in countries within the European Union or countries with which the Community has entered into an agreement for the financial area, or similar markets in other countries, be traded at the same or a more favourable price than the one obtainable on the relevant market, taking into account the volume of business.

47. An association may acquire the movable and immovable property necessary for pursuit of its business.

Issue and redemption

48.-(1) Units in an association or a division shall only be subscribed against simultaneous payment of the issue price. Bonus units shall not be covered by the 1st clause.

(2) An association or division shall, at the request of a member, redeem units. The articles of association of a special-purpose association may contain a different provision, cf. section 10(2)-(4).

(3) Redemption may be postponed in accordance with the provisions of the articles of association to that effect. The association shall, immediately after such postponement, give notification regarding said postponement to the Danish FSA and to the competent authorities in other countries within the European Union and in countries with which the Community has entered into an agreement for the financial area when said association markets its units there.

(4) The Danish FSA may demand that the association postpone the redemption of units.

(5) The Danish FSA shall lay down regulations regarding calculation of the issue price with regard to subscription to units, cf. subsection (1), and the redemption price, cf. subsection (2), as well as regarding the information an association is under an obligation to make public in this respect.

(6) If the association has made mistakes when calculating the issue or redemption price that have resulted in a deviation of 0.5 per cent or more, the association shall ensure that affected members are informed of the mistake and publish information about the mistake. Within three weekdays after the mistake was discovered, the association shall commence correcting the mistake and report the matter to the Danish FSA. The report to the Danish FSA shall contain a report of the background for the mistake and a description of how the association intends to avoid similar mistakes in future.

(7) The Danish FSA may lay down more detailed regulations regarding the reporting obligations of associations as regards mistakes in calculations of issues and redemption prices of 0.5 per cent or more.

49.-(1) When an association invests in units in other associations or foreign investment undertakings managed directly or through delegation by the same investment management company or by another company with which said investment management company has links through joint administration or control or through a significant direct or indirect participation, said investment management company or said other company may not charge subscription or redemption fees for the association's investments in units in the other associations.

(2) Subsection (1) shall apply correspondingly to investments in divisions of the associations mentioned in subsection (1).

Part 9

Investment certificates, etc.

50. If an investment association or a division issues certificates, it shall issue one or more investment certificates to each individual member. If the association or one or more of its divisions are account-holding, the association shall keep a register of members' shares and units and submit to said members a printout of said register as documentation of the member's share in the assets of the association.

51.-(1) If, according to a decision of the board of directors, the association's units are issued through a central securities depository, said association shall pay all costs in this connection. The association shall make an agreement with one or more account-holding institution(s) stipulating that, on the association's account, the members may

- 1) have their units, etc. registered and deposited there, and
- 2) receive information on dividends, etc. and annual statements of account.

(2) The members themselves shall be entitled to select an account-holding institution which, on the association's account, shall carry out the tasks referred to in subsection (1), nos. 1 and 2 if the institution undertakes the tasks at the same cost as the association would have had to pay the institution with which an agreement has been made.

52. If an investment certificate is transferred in ownership or as security, section 14(1) and (2) of the "lov om gældsbreve" (bonds act) shall apply correspondingly. This shall, however, not apply if, in accordance with a provision of the articles of association, unambiguous and conspicuous reservations have been made in the investment certificate, to the effect that the certificate shall be a non-negotiable instrument.

53.-(1) An investment certificate issued to bearer shall, even if endorsed by the investment association to the effect that the name of the holder has been registered, remain a document issued to bearer if said name is not stated on the certificate.

(2) Sections 24 and 25 of the "lov om gældsbreve" (bonds act) shall apply correspondingly to dividend coupons.

54.-(1) Cancellation of investment certificates out of court may only take place if provisions to that effect are contained in the articles of association and the investment certificates of the

association. Notice of cancellation shall be published in the first issue of a quarter of the Danish Official Gazette with the following notice:

- 1) no less than 4 weeks in cases of cancellation of non-negotiable investment certificates.
- 2) no less than 6 months in cases of cancellation of other investment certificates.

(2) The provisions in subsection (1) shall apply correspondingly to coupons. Coupon sheets may be cancelled out of court together with the investment certificate to which they belong unless otherwise provided by the articles of association.

VI Annual report, audit and appropriation of the profit for the year

Part 10

Annual report and audit

55.-(1) Associations shall prepare an annual report, which as a minimum shall comprise a management review, a management endorsement, and annual financial statements comprising a balance sheet, an income statement and notes, including a statement of accounting policies. When the annual financial statements have been audited, the auditors' report shall be included in the annual report.

(2) If an association is divided into divisions, the annual report shall contain separate balance sheets, income statements and notes for each division. Disclosure of accounting policies may, however, be prepared as a joint statement for all divisions.

(3) The annual report shall be prepared in accordance with the regulations in this part of this Act as well as regulations laid down pursuant to section 68.

56.-(1) The board of directors and the board of management shall present the annual report of the association.

(2) Each individual member of the management shall be responsible for ensuring that the annual report is prepared in accordance with the legislation and any further accounting and reporting requirements provided for by the articles of association or by agreement. Further, each individual member shall be responsible for ensuring that the annual financial statements can be audited on time and that the annual report can be approved on time. Finally, each individual member of the board of directors shall be responsible for ensuring that the annual report is submitted to the Danish FSA within the time limits stipulated in legislation.

57.-(1) All members of the board of directors and the board of management shall sign and date the annual report when this has been prepared. They shall affix their signatures to a management endorsement in which the name and function in the association of each member shall be clearly stated and in which they shall declare whether

- 1) the annual report has been presented in accordance with the requirements provided for by legislation and any requirements provided for by the articles of association or by agreement,
- 2) the annual financial statements give a true and fair view of the association or divisions' assets and liabilities, financial position and results for the year, and
- 3) the management's review contains a true and fair report of the developments in the activities and financial situation of the association and the divisions, as well as a

description of the most significant risks and uncertainty factors that may influence the association or divisions respectively.

(2) If the management has added supplementary reports to the annual report, the members of the board of directors and the board of management shall state in the management endorsement whether the report gives a true and fair report in accordance with generally accepted guidelines for such reports.

(3) Even if a member of the management disagrees with the annual report in full or in part or has objections to the annual report being approved with the contents decided upon, said member is not entitled to omit to sign the annual report. However, such member of the management may state his or her objections giving specific and adequate grounds in connection with his or her signature and the management endorsement.

58.-(1) The annual financial statements shall give a true and fair view of the association's assets and liabilities, financial position and results for the year. The management review shall contain a true and fair report of the conditions dealt with in the review.

(2) If the application of the regulations of this Act or regulations issued pursuant to section 68 is not sufficient to give a true and fair view in accordance with in subsection (1), further disclosure shall be made in the annual financial statements.

(3) If, in special cases, the application of the regulations set out in this part of this Act or the application of regulations issued pursuant to section 68 conflicts with the requirement of subsection (1), 1st clause such regulations shall be derogated from so that the requirement can be met. Any such derogation shall be disclosed in the notes for each year, giving specific and adequate grounds and indicating the effect, including, if possible, the effect in terms of amounts, of the derogation on the assets and liabilities, financial position and the results of the association.

59.-(1) In order for the annual financial statements to give a true and fair view and for the management review to contain a true and fair report, cf. section 58, the provisions of subsections (2) and (3) must be complied with.

(2) The annual report shall be prepared so as to support users of financial statements in their financial decisions. Such users are private individuals, undertakings, organisations and public authorities, etc., whose financial decisions must normally be expected to be affected by an annual report, including present and prospective investors, creditors, employees, customers, alliance partners, the local community, authorities providing government grants, and fiscal authorities. As a minimum, the decisions in question concern:

- 1) investment of the user's own resources,
- 2) the management's administration of the funds of the association, and
- 3) the distribution of the funds of the association.

(3) The annual report shall be prepared so as to disclose information about matters which are normally relevant to users, cf. subsection (2). The information disclosed must also be reliable in relation to users' normal expectations.

60.-(1) The annual report shall be prepared in accordance with the basic assumptions set out below:

- 1) It must be prepared in a clear and understandable manner (clarity).

- 2) The substance of transaction rather than formalities without any real content must be accounted for (substance over form).
- 3) All relevant matters must be included in the annual report unless they are insignificant (materiality). But where several insignificant matters are deemed to be significant when combined, they must be included.
- 4) The operation of an activity is based on a going concern assumption unless it is to be discontinued or it is assumed that it will not be possible to be continued. If an activity is discontinued, classification and presentation as well as recognition and measurement must be adjusted accordingly.
- 5) Any change in value must be shown irrespective of the effect on the assets and income statement (neutrality).
- 6) Transactions, events and changes in value must be recognised when occurring irrespective of the time of payment (accrual basis).
- 7) Methods of recognition and measurement basis must be applied uniformly to the same category of matters (consistency).
- 8) Each transaction, event and change in value must be recognised and measured individually, and individual matters must not be offset against each other (gross presentation).
- 9) The opening balance sheet for the financial year must be equivalent to the closing balance sheet for the previous financial year (formal consistency).

(2) Presentation and classification, method of consolidation, method of recognition and measurement basis as well as the monetary unit applied must not be changed from period to period (actual consistency). However, a change may be made if this results in a more true and fair view being given, or if the change is necessary in order to comply with new regulations in pursuance of an Act or in case of new regulations issued pursuant to section 68.

(3) The provisions in subsection (1), nos. 6-9, and subsection (2) may be derogated from in special cases. In such cases, section 58(3), 2nd clause shall apply correspondingly.

61.-(1) Assets and liabilities shall, unless otherwise provided for pursuant to section 68, be measured at fair value. Assets and liabilities shall be depreciated and revalued in accordance herewith and depreciation and revaluation amounts shall be included in the income statement unless otherwise specified pursuant to section 68.

(2) The fair value shall be determined as the market value of the relevant asset or liability on a well-functioning market. Where such an asset or liability is not traded on a well-functioning market, a recognised method shall be employed to calculate the fair value of the relevant asset or liability.

62.-(1) Supplementary reports, for example reports on knowledge and know-how and employee conditions (knowledge accounts), environmental issues (green accounts), the social responsibility of the association (social accounts), and ethical objectives and follow-up to same of the association (ethical accounts), shall give a true and fair report in accordance with generally accepted guidelines for such reports. Such reports shall meet the quality requirements in section 59(3) and the basic assumptions set out in section 60(1) and (2) subject to the special terms required by the nature of the case.

(2) The methods and measurement basis used for the preparation of the supplementary reports shall be disclosed in the reports.

63.-(1) The accounting year shall be the calendar year.

(2) The first accounting period may comprise a period which is shorter or longer than 12 months, subject however to a maximum of 18 months.

(3) The association shall ensure that any subsidiaries have the same accounting year as the association unless this is not possible due to circumstances beyond the control of the association and the subsidiary.

64. Recognition, measurement and disclosure in monetary units shall be denominated in Danish kroner (DKK) or in euro (EUR). The Danish FSA may, in regulations issued pursuant to section 68 stipulate that these amounts shall be stated in other foreign currencies relevant to the association or association's group, respectively.

65. The annual report shall be audited by the external auditors of the association, cf. section 71. Such audit shall not apply to the management review and the supplementary reports included in the annual report, cf. section 62. The auditor shall, however, issue a statement on whether the information in the management review is in accordance with the annual financial statements.

66.-(1) The annual report shall, in the form presented to and approved by the board of directors, be submitted in duplicate to the Danish FSA without undue delay after the meeting of the board of directors at which the annual report was finally approved.

(2) The external auditors' audit book comments and the audit book comments from the chief internal auditor shall be submitted to the Danish FSA at the same time as the annual report is submitted pursuant to subsection (1).

67.-(1) The audited and approved annual report shall be submitted to the Danish FSA in triplicate without undue delay after final approval. The annual report shall be received by the Danish FSA no later than 4 months after the end of the accounting year.

(2) The annual report submitted shall as a minimum include the compulsory elements and the full auditors' opinion. Where the undertaking wishes to publish supplementary reports as specified in section 62, such reports shall be submitted with the compulsory elements of the annual report, so that the compulsory elements and the supplementary reports jointly form a single document, designated as the "årsrapport" (annual report).

(3) The Danish FSA shall forward one of the copies specified in subsection (1) to the Danish Commerce and Companies Agency, where the annual report shall be available to the public in accordance with the regulations laid down by the Agency in this regard.

(4) Upon request, the association shall make available the latest audited annual report and the latest half-yearly statement free of charge.

68.-(1) The Danish FSA shall lay down more detailed regulations on the annual report, including regulations on the recognition and measurement of assets, liabilities, revenue and expenditure, presentation of the income statement and balance sheet, and requirements regarding notes and the management's review.

(2) The Danish FSA shall also lay down regulations on consolidated financial statements, including regulations on when the annual report shall include consolidated financial statements.

(3) The Danish FSA may lay down regulations on the preparation and publication of interim statements covering shorter periods than the annual report.

69. In order to ensure that the annual reports of associations are in accordance with the regulations of this part of this Act and the regulations issued in pursuance of section 68, the Danish FSA may

- 1) provide guidance,
- 2) take action against violations, and
- 3) order that errors be corrected and that violations be remedied.

70.-(1) The associations shall regularly submit accounts to the Danish FSA in accordance with formats and guidelines in this respect prepared by the Danish FSA. Accounts shall be submitted to the Danish FSA in electronic form.

(2) The Danish FSA may grant exemption from the requirement of subsection (1), 2nd clause.

71.-(1) The associations shall have at least one auditor who is a state-authorised public accountant. The Danish FSA may in exceptional cases appoint an additional auditor. This auditor shall act on the same terms and in accordance with the same regulations as the auditors elected by the general meeting.

(2) The auditors of an association shall also be the auditors of the subsidiaries of said association.

(3) The Danish FSA may dismiss an auditor who is deemed clearly unfit to perform his duties and instead appoint another auditor, cf. subsection (1), who shall act until a new auditor can be elected.

(4) On a change of auditors, the association and the auditor shall submit separate accounts of the change to the Danish FSA where the change is caused by special circumstances.

(5) The Danish FSA may order the auditors and the chief internal auditor to give information about an association or the subsidiaries of associations.

(6) The Danish FSA may order that an extraordinary audit be carried out of an association or the subsidiaries of such associations. The association may be ordered to pay for such audit. The Danish FSA shall approve the size of the fee.

(7) The provisions laid down in sections 82-85 of the Companies Act on the audit shall, subject to the necessary adjustments, apply to associations.

(8) The board of directors may not permit that the chief and deputy chief internal auditors perform audit tasks in undertakings outside the group, cf. section 35(1). Neither may the board of directors permit that chief and deputy chief internal auditors perform work other than audit tasks within the association or group. In special cases, the Danish FSA may grant exemptions from the 1st clause.

(9) The board of directors may not permit, cf. section 35(1), the chief and deputy chief internal auditors to assume duties that mean that they come into conflict with provisions on legal capacity corresponding to those that apply to external auditors in the "lov om statsautoriserede og registrerede revisorer" (state-authorised public accountants and registered public accountants act).

(10) The Danish FSA shall lay down provisions on audit proceedings in associations and in the subsidiaries of such investment associations and special-purpose associations, including

provisions on internal audit and on the performance of systems audits at shared computer bureaus.

72. An external auditor and a chief internal auditor shall immediately notify the Danish FSA of matters which are of material importance to the continued operation of the association or a division, including matters which may be observed by the auditors while performing their audit in undertakings with which the association is closely linked, an investment management company or the depositary.

Appropriation of the profit for the year

73.-(1)⁷ The profit (net income) of an association or a division shall either be distributed to the members by way of dividend or be appropriated to increase the capital in accordance with the provisions of the articles of association to that effect, cf. however section 10(1), no. 28. The association or the division shall pay dividends at least once a year or, in the event of appropriations, inform the members of the size of the appropriated amount.

(2) The general meeting in associations or divisions paying dividends may, according to the provisions of the articles of association to that effect, decide that the amount distributed according to subsection (1) shall be carried forward in full or in part for distribution in subsequent accounting years.

VII Prospectuses and publication of issue and redemption price

Part 11

Prospectuses

74.-(1) When offering units for sale, an association shall make public complete and simplified prospectuses for the entire association or for each division or group of divisions in the same association.

(2) The Danish FSA shall lay down provisions regarding the information to be included in the complete and simplified prospectuses and regarding updating of prospectuses.

(3) The significant part of the complete and simplified prospectuses shall be kept up to date on an ongoing basis.

(4) The Danish FSA shall receive the complete and simplified prospectuses and amendments hereto no later than the day following publication.

(5) The Danish FSA may order the association to amend the complete and simplified prospectuses if said prospectuses do not comply with the provisions laid down by the Danish FSA regarding the content of prospectuses.

75. (Repealed)

76. The simplified prospectus of an investment association may, in unchanged condition except translation, be used as a part of said investment association's marketing in all countries within the European Union and in countries with which the Community has entered into an agreement for the financial area.

Publication of issue and redemption prices and other significant matters

77.-(1) Investment associations and special-purpose associations shall publish the issue price and the redemption price at least twice a month. Special-purpose associations, which are not open for issue and redemption shall, at the request of a member, state the net asset value.

(2) The Danish FSA may permit the publication referred to in subsection (1), 1st clause to take place once a month only.

(3) At every subscription or redemption of units, the issue or redemption price shall be stated.

77a. Before three weekdays, the association shall publish information about suspension or postponement of redemption of units, change of depositary or investment management company, amendments to fee rates in relation to the investors, and about changes to other significant matters.

VIII Intervention in or cessation of associations or divisions

Part 12

Merger, demerger and transfer of divisions from one association to another

78.-(1) A decision to merge two or more associations, a decision to demerge an association, and a decision to wind up or dissolve an association shall not be valid until the Danish FSA has approved such merger, demerger, winding up or dissolution. The same shall apply when a participating association is a foreign association with registered office in a country within the European Union or a country with which the Community has entered into an agreement for the financial area.

(2) A decision on amalgamation or split of two or more divisions or of an association and a division as well as a decision to wind up or dissolve a division shall not be valid until the Danish FSA has approved the amalgamation, winding up or dissolution.

(3) The provisions applicable for limited companies on mergers and demergers in the Public Companies Act shall, with the necessary adjustments, apply correspondingly to mergers and demergers of associations pursuant to subsection (1) as well as amalgamations or splitting of divisions pursuant to subsection (2). The association shall make public merger, demerger, amalgamation and splitting documents at the offices of the association. The association shall announce in the Danish Official Gazette that these documents can be ordered from the offices of the association.

(4) A cross-border merger or demerger between associations shall be on the condition that

- 1) participating associations from another country correspond in structure and legal form to the Danish participating association(s), and that
- 2) the legislation to which the other participating associations are subject correspondingly allows cross-border mergers or demergers with the relevant type of associations.

(5) The Danish FSA may permit a division of an association to be transferred to another association.

79. Investment associations and divisions hereof may only be converted, merged with, demerged to, amalgamated or split with other investment associations or divisions of investment associations.

Withdrawal of authorisation and cessation

80. The Danish FSA may withdraw the approval of an association if said association so requests.

81.-(1) If an association does not meet the asset requirement of section 4(7) or section 5(7), and if said association has not raised the assets required prior to the time limit set by the Danish FSA, the Danish FSA shall withdraw the approval.

(2) Furthermore, the Danish FSA may withdraw the approval of an association or a division, if

- 1) the association or division no longer fulfils the conditions in part 3 of this Act for obtaining approval,
- 2) the association or division commits gross or repeated violation of the regulations of this Act or of regulations issued pursuant to this Act,
- 3) the activities of the association or the division are not commenced within 12 months after approval has been granted, or
- 4) the association or division does not carry out its activities for a period of more than 6 months.

82.-(1) When the Danish FSA, under section 80 or 81, withdraws the approval of an association or division, the association or division shall be wound up.

(2) Unless otherwise provided by law, a resolution to wind up an association or division shall be passed by the general meeting and implemented by liquidation. The Danish FSA may fix a time limit for the adoption of such a resolution. If the time limit is exceeded, the Danish FSA may decide that the association is to enter into liquidation.

83. The provisions concerning dissolution applying to limited companies shall, with the necessary adjustments, apply correspondingly to associations covered by this Act and divisions hereof. As soon as possible, and at no less than three months' notice, the association shall, through an announcement in the Danish Official Gazette, request that the creditors of the association notify their claims. Requests to notify claims shall, at the same time, be sent to all known creditors.

84.-(1) The Danish FSA may, however, permit a different form of winding up or dissolution of an association or division provided that the association presents a winding-up scheme and the depositary states that it will assume liability for debt due and not due as well as debt in dispute.

(2) Before winding up according to subsection (1), the management of the association shall forward a statement to the Danish FSA showing that all debts have been paid. If the association or the division is liable to tax, a statement shall also be attached from the customs and tax authorities showing that there is no outstanding tax or duties payable by the association or division.

85. The Danish FSA may, if regard for the interests of the members or creditors of the association speaks in favour hereof, appoint a liquidator who, together with the person or persons elected by the general meeting, shall carry out the liquidation, cf. section 83.

85a. Sections 233, 234(1)-(3), 235, 238 and 240 of the Financial Business Act shall, with the necessary adjustments, also apply to associations.

86. The provisions of this Act regarding the powers of the Danish FSA, and regarding the obligations of the associations towards the Danish FSA shall apply correspondingly to associations in the process of dissolution.

Cessation of unit classes

86a.-(1)⁸ Decisions on winding-up of a unit class shall be made by the members of the unit class at a general meeting, cf. however, subsection (2). If the members of a unit class do not want their units transferred to another unit class, the winding-up shall be carried out in a procedure by which the division redeems all the units which have been issued for the unit class.

(2) If a unit class does not fulfil the assets requirements of section 9a(2) within three months after the board of directors has decided to establish the class, the association shall wind up the unit class by compulsory redemption of all the units which have been issued by the unit class without a prior resolution by the general meeting. If a unit class does not fulfil the assets requirements of section 9a(2) and it has not raised the required assets before a time limit stipulated by the Danish FSA, the association shall similarly wind up the unit class by compulsory redemption of all the units which have been issued by the unit class without a prior resolution by the general meeting. In the event of compulsory redemption, however, the members shall have the option of transferring their units to another unit class.

(3) The Danish FSA may order an association to wind up a unit class, if the unit class has not commenced its activities no later than 12 months after the board of directors decided to establish the unit class.

(4) When a unit class has been wound up, the association shall immediately inform the Danish FSA hereof, stating the reason for the decision as well as who made the decision.

(5) The Danish FSA may deprive an association of the right to have unit classes.

IX Investment associations' placement of funds and liquidity, etc.

Part 13

Instrument regulations for investment associations

Securities and money-market instruments

87.-(1) An investment association or a division may invest in securities which

- 1) have been admitted to trading on a regulated market, cf. section 3(1), no. 13, or
- 2) have been admitted to trading on another regulated market, cf. section 3(1), no. 14.

(2) If the markets mentioned in subsection (1) are situated in a country outside the European Union or in a country with which the Community has not entered into an agreement for the financial area, said markets shall either be approved by the Danish FSA or be mentioned in the

articles of association of the investment association in order for the association or division to be permitted to invest in securities listed or traded in such markets.

(3) An investment association or a division may invest in newly issued securities, provided that

- 1) the terms of issue include a promise that application will be made for admission to listing on a stock exchange or on another regulated market which is officially recognised, is open to the public and operates regularly. If the stock exchange or the market is situated in a country outside the European Union or in a country with which the Community has not entered into an agreement for the financial area, the choice of stock exchange or market shall, however, be subject to approval by the Danish FSA, or it shall be provided for in the investment association's articles of association that the association invests in securities listed on the relevant stock exchange or market, and
- 2) authorisation for listing is secured within a year of issue.

(4) An investment association or a division may invest up to 10 per cent of its assets in securities or money-market instruments other than those referred to in subsections (1)-(3) and section 87a.

87a.-(1) An investment association or a division may invest in money-market instruments, cf. section 3(1), no. 3, a.

(2) An investment association or a division may invest in the other money-market instruments mentioned in section 3(1), no. 3, b, if these instruments are

- 1) issued or guaranteed by a central, regional or local authority or central bank in a country within the European Union or in a country with which the Community has entered into an agreement for the financial area,
- 2) issued or guaranteed by a non-Community country or, in case of federations, their federal states,
- 3) issued or guaranteed by a public international body in which one or several of the Member States participate,
- 4) issued or guaranteed by undertakings subject to supervision and situated in a zone A country or in a country with which the Community has entered into an agreement for the financial area,
- 5) issued by a bond-issuing institution established in pursuance of special legislation and situated in a country within the European Union or a country with which the Community has entered into an agreement for the financial area, or
- 6) issued by issuers whose securities are traded on a market mentioned in subsection (1).

Deposits

88.-(1) An investment association or division may, as part of its investment strategy, deposit funds in a credit institution that has its registered office in a zone A country or in a country with which the Community has entered into an agreement for the financial area. Such deposits shall

- 1) be made on terms of demand, or

- 2) require a notice of withdrawal of no more than 12 months and be subject to terms of agreement that facilitate immediate withdrawal.

(2) An investment association or division may have ancillary liquid assets.

Derivative financial instruments

89.-(1) An investment association or division may invest in derivative financial instruments including similar cash-settled instruments which are traded on the markets mentioned in section 87(1) and (2) as well as derivative financial instruments traded OTC.

(2) In addition to the conditions mentioned in subsection (1), the following shall apply to derivative financial instruments traded OTC:

- 1) the counterparties are to be institutions subject to supervision and belonging to those categories approved by the Danish FSA,
- 2) the derivative financial instruments are to be measurable on a daily basis in a reliable and verifiable manner, and
- 3) that the derivative financial instruments are to be negotiable at any time, and that they are to be liquid.

(3) The Danish FSA shall lay down more detailed regulations regarding the access of investment associations and divisions to invest in derivative financial instruments and regarding instruments that may be underlying assets to the derivative financial instruments that an investment association or division is permitted to invest in.

Units in other associations, divisions or investment undertakings

90.-(1) An investment association or a division may invest in units in

- 1) other Danish investment associations or the divisions of such associations, cf. however subsection (3),
- 2) investment undertakings with their registered offices in a country within the European Union or in a country with which the Community has entered into an agreement for the financial area, and which have been approved in pursuance of Council Directive 85/611/EEC (UCITS Directive),
- 3) Danish special-purpose associations or the divisions of such associations, and
- 4) investment undertakings with their registered offices in a zone A country or in a country with which the Community has entered into an agreement for the financial area, and
 - a) the object of which is, from a wide circle or from the general public, to receive funds which, in accordance with a principle of risk-spreading, are placed in securities in accordance with the regulations in this part of this Act and with the placement regulations in part 14 of this Act,
 - b) whose units are to be repurchased or redeemed directly or indirectly with funds deriving from the assets upon the request of any participant,
 - c) which provides their participants with protection corresponding to the protection of members of an investment association, and which, without cover, meet the requirements of the provisions of the Council Directive 85/611/EEC (UCITS Directive) pertaining to separate asset management, borrowing, lending and trading in securities and money-market instruments, and
 - d) which publish an annual report as well as a half-year report.

(2) An investment association or division may only invest in units in the associations, divisions and investment undertakings mentioned in subsection (1) if these, according to their articles of association or fund regulations, are not allowed to place more than 10 per cent of their assets in units in associations, divisions and investment undertakings.

(3) A division may invest no more than 20 per cent of its assets in each of the other divisions of the association.

Mortgages

91.-(1) An investment association or division may invest in registered mortgages in Danish real property in so far as such mortgages, at the time of acquisition, are either secured within 80 per cent of the market value of the property or are secured by a guarantee.

(2) An investment association or division holding registered mortgages of the type mentioned in subsection (1) may, in the event of breach of the mortgage, temporarily take over the mortgaged property through compulsory sale. The investment association shall report any takeover of real property to the Danish FSA.

(3) The Danish FSA shall lay down more detailed regulations regarding approval of guarantees, determination of market value and calculation of prior mortgages.

General limitations

92.-(1) An investment association may not enter into agreements reducing the liquidity of the instruments in which the association or one of its divisions has placed assets.

(2) An investment association may neither acquire precious metals nor certificates representing them.

92a. The Danish FSA shall lay down more detailed regulations for placement by investment associations and divisions of funds in financial instruments, including which conditions the individual financial instrument shall fulfil and which measures the association shall implement before the association places funds in a specific financial instrument. The Danish FSA shall also lay down regulations for which criteria an index shall meet, if it is to be included in the investment policy of an investment association or a division, and which measures the association shall implement before the association places funds in accordance with the composition of an index.

Part 14

Placement regulations for investment associations

93.-(1) An investment association or division may, as a maximum, invest its assets in securities and money-market instruments issued by a single issuer or by issuers in the same group, within the following limits

- 1) 5 per cent of the assets of the association or division. This limit may, however, be increased to 10 per cent of the association or division's assets if the total value of

investments exceeding 5 per cent does not exceed 40 per cent of the total assets of the association or division,

- 2) 25 per cent of the assets of the association or division in bonds issued by skibsfinanseringsinstituttet, KommuneKredit, Danish mortgage-credit institutions and similar credit institutions approved by a country within the European Union or by a country with which the Community has entered into an agreement for the financial area, when said institutions have been included in a list prepared by the Commission. If an association or division invests more than 5 per cent of its assets in such bonds issued by the same issuer or by issuers in the same group, the total value of such investments may not exceed 80 per cent of the value of the assets, or
- 3) 25 per cent of the assets of the association or division in covered mortgage-credit bonds and covered bonds issued by Danish banks, mortgage-credit institutions or skibsfinanseringsinstituttet or in corresponding covered bonds issued by similar credit institutions approved by a country within the European Union or by a country with which the Community has entered into an agreement for the financial area. If an association or a division invests more than 5 per cent of its assets in such bonds issued by the same issuer or issuers in the same group, the total value of such investments shall not exceed 80 per cent of the assets of the association or division.
- 4) 35 per cent of the association or division's assets in securities or money-market instruments issued or guaranteed by
 - a) the Danish government or another zone A country,
 - b) countries with which the Community has entered into an agreement for the financial area, or
 - c) a public international body in which one or several of the Member States participate provided that the securities have been approved by the Danish FSA.

(2) While complying with the individual placement limits in subsection (1), an investment association or division may, however, invest up to 20 per cent of its assets in securities and money-market instruments issued by issuers in the same group.

(3) In cases of investments under subsections (1) and (2), section 102-104 shall apply.

94.-(1) The placement limit in section 93(1), no. 4 may be derogated from if the portfolio consists of the securities or money-market instruments mentioned in section 93(1), no. 4, subparagraphs a-c from no less than six different issues and if said securities or money-market instruments from the same issue do not exceed 30 per cent of the total assets of the association or division.

(2) If the option mentioned in subsection (1) is exercised, the investment association or division may not invest in other instruments issued by the same issuer or by issuers in the same group.

95.-(1) Notwithstanding the placement limits set in section 93, an investment association or division may invest up to 20 per cent of its capital in assets or bonds issued by the same issuer or issuers in the same group if such investments, according to the articles of association of said association, are intended to copy specific share or bond indexes which are approved by the Danish FSA for this purpose.

(2) The Danish FSA may approve a share or bond index if

- 1) it has a sufficiently varied composition,
- 2) it constitutes a suitable benchmark for the market it refers to, and
- 3) it is made public in a suitable manner.

(3) The Danish FSA may authorise that the limit in subsection (1) is increased to 35 per cent of the assets of the association or division when this is justified on the basis of unusual market conditions. Investments up to this limit shall only be permitted for one issuer.

(4) No later than one month following changes to the index replicated, an association or division shall adapt its portfolio of shares or bonds to said changes. If the index replicated by the association or division ceases to exist, the association shall, within six months, either carry out changes to its articles of association so that they replicate a new index, or request the Danish FSA for permission to wind up.

(5) In cases of investments under subsections (1) and (3), sections 103 and 104 shall apply.

Deposits

96.-(1) An investment association or a division may invest no more than 20 per cent of its assets in one credit institution or in credit institutions in the same group.

(2) Section 102 shall apply with regard to deposits under subsection (1).

Derivative financial instruments

97.-(1) An investment association or division may invest in derivative financial instruments which are traded on the markets mentioned in section 87(1) and (2) as well as derivative financial instruments traded OTC if the exposure in the underlying assets of the derivative financial instruments and direct investments in the same assets do not, in total, exceed the placement limits pursuant to section 93.

(2) The placement limits mentioned in subsection (1) shall not apply when an investment association or division invests in derivative financial instruments based on an index approved in pursuance of section 95(2).

(3) In cases of investments under subsections (1) and (2), sections 103 and 104 shall apply correspondingly. Furthermore, section 102 shall apply to investments under subsection (1).

98.-(1) If an investment association or division invests in derivative financial instruments traded OTC, the counterparty risk on the contract counterparty may not exceed

- 1) 10 per cent of the assets of the association or division if the counterparty is a credit institution that has its registered office in a zone A country or in a country with which the Community has entered into an agreement for the financial area, or
- 2) 5 per cent of the association or division's assets in other cases.

(2) In cases of investments under subsection (1), section 102 shall apply.

99. The Danish FSA shall lay down more detailed regulations regarding the calculation of risk in connection with derivative financial instruments.

Units in other associations, divisions or investment undertakings

100.-(1) An investment association or a division may invest no more than 20 per cent of its assets in one association, division or investment undertaking mentioned in section 90, cf. however section 90(3).

(2) Investments in associations, divisions or investment undertakings mentioned in section 90(1), nos. 3 and 4 may constitute no more than 30 per cent of the assets of the investment association or division.

(3) In cases of investments under subsection (1), section 103 shall apply correspondingly.

101. When an investment association or division invests in units in associations, divisions or investment undertakings mentioned in section 90, the portfolios of instruments of said associations, divisions or investment undertakings shall not be included in the calculation of the placement limits for the investment association or division's own portfolio of instruments.

General limitations

102. The investments of an investment association or division under section 93(1) and sections 96-98 may not exceed a total of 35 per cent of the total assets of said investment association or division when the instruments have been issued by the same issuer or by issuers in the same group. The investment association or division shall, however, always comply with the individual limits for investments as stipulated in section 93(1) and sections 96-98. However investments pursuant to section 93(1), no. 1 and section 96-98 may still not exceed a total of 20 per cent of the total assets of said investment association or division when these instruments are issued by the same issuer or issuers in the same group.

103.-(1) An investment association or division may not acquire shares with voting rights in a single limited company which give said investment association the possibility to exercise significant influence over said limited company.

(2) Several investment associations and special-purpose associations sharing the same board of directors or investment management company may not be in a position to exercise significant influence on a single limited company.

(3) An investment association or division may not acquire more than

- 1) 10 per cent of the shares without voting rights from a single issuer,
- 2) 10 per cent of the bonds from a single issuer,
- 3) 10 per cent of the money-market instruments from a single issuer,
- 4) 25 per cent of the units from a single association, division or investment undertaking mentioned in section 90.

(4) The limit laid down in subsection (3), nos. 2-4 shall not apply at the acquisition if, at that time, it is not possible to calculate the gross amount for the bonds or the money-market instruments or the net amount for the securities issued.

104. The limits stipulated in section 103 shall not apply to:

- 1) securities and money-market instruments issued or guaranteed by
 - a) the Danish government or a zone A country,
 - b) a country with which the Community has entered into an agreement for the financial area, or

- c) a public international body in which one or several of the Member States participate provided that the securities have been approved by the Danish FSA.
- 2) Registered mortgages on Danish real property as mentioned in section 91(1).
- 3) Shares in companies which solely carry out investment management, consulting or marketing activities and only if this is done on behalf of the relevant investment associations, special-purpose associations, professional associations, approved restricted associations and hedge associations.

105.-(1) The limits mentioned in section 87(4), section 90(3) or in this part of this Act may be exceeded when such transgressions are due to reasons the investment association or division has no control over, or when the investment association or division uses subscription rights attached to instruments included in the assets of the investment association or division.

(2) If the limits mentioned in section 87(4), 90(3) or in this part of this Act are exceeded for reasons mentioned in subsection (1), and if such transgressions are not reduced before 8 days after the transgression, the investment association shall immediately notify the Danish FSA in this respect. In this case, the Danish FSA may exceptionally permit that such transgression is reduced over a longer period of time if this is in the interest of the members.

X Special-purpose associations' placement of funds and liquidity, etc.

Part 15

Placement associations

106.-(1) A placement association or division may, in accordance with the regulations laid down in parts 13 and 14 invest its funds in liquid funds, including currency, cf. section 3(1), no. 1(e) or in the instruments mentioned in annex 5 of the Financial Business Act.

(2) A placement association or a division may, notwithstanding the limit in section 93(1), no. 1, invest a maximum of 10 per cent of its assets in instruments issued by the same issuer or issuers in the same group.

(3) A placement association or division may, without the restrictions laid down in subsection (2) and section 93, invest its funds in securities issued by

- 1) the Danish government or a zone A country,
- 2) a country with which the Community has entered into an agreement for the financial area, or
- 3) a public international body in which one or several of the Member States participate, if the securities have been approved by the Danish FSA.

(4) A placement association or division may, without the restrictions laid down in section 93, invest its funds in

- 1) mortgage-credit bonds issued by Danish mortgage-credit institutions or bonds issued by KommuneKredit, skibsfinansieringsinstituttet and similar credit institutions approved by a country within the European Union or by a country with which the Community has entered into an agreement for the financial area, when said institutions have been included in a list prepared by the European Commission, or
- 2) covered mortgage-credit bonds and covered bonds issued by Danish banks, mortgage-credit institutions or Skibsfinansieringsinstituttet (ship-financing institution) or in corresponding covered bonds issued by similar credit institutions

approved by a country within the European Union or by a country with which the Community has entered into an agreement for the financial area

(5) A placement association or a division may not, however, place more than 30 per cent of its assets in securities issued by a single issuer or issuers in the same group covered by subsection (4).

Money-market associations

107.-(1) A money-market association or division may only invest its funds in money-market instruments in accordance with the regulations laid down in section 87a. A money-market association or division may also have ancillary liquid assets.

(2) A money-market association or division shall not be entitled to invest more than 30 per cent of its assets in money-market instruments issued by the same issuer.

(3) The limit mentioned in subsection (2) shall not apply to money-market instruments issued by the issuers mentioned in section 93(1), no. 4.

Funds of funds

108.-(1) A fund of funds may invest the funds received in units in investment associations, money-market associations, placement associations and SME associations or in units in divisions of said associations. Furthermore, it may place its funds in the foreign investment undertakings and divisions hereof mentioned in sections 11 and 16, when such undertakings make investments as the associations mentioned in the 1st clause. A fund of funds or a division may also have ancillary liquid funds.

(2) A fund of funds or division hereof shall not be entitled to invest more than 75 per cent of its assets in one association or foreign investment undertaking, but no more than 20 per cent in an SME association. If the association or the foreign investment undertaking is divided into divisions, the limits mentioned in the 1st clause shall apply at division level so that the fund of funds or division may have all its assets placed in an association divided into at least two divisions.

SME associations

109.-(1) An SME association shall primarily invest its funds in shares in small and medium-sized limited companies which are not traded on a regulated market.

(2) No more than 10 per cent of the assets may, at the time of investment, be invested in shares which are not traded on a regulated market and shares issued by the same company. However, an SME association may, regardless of the restrictions mentioned in the 1st clause, invest its assets through bodies that exclusively invest the funds received in shares in small and medium-sized limited companies which are not traded on a regulated market and shares in limited liability companies if, at the time of investment, no more than 10 per cent of the assets of the body may be invested in shares issued by the same issuer.

(3) The limit in subsection (2) may, however, be exceeded when the SME association exercises subscription rights attached to securities included in the association's assets. However, the association may at no time have more than 10 per cent of its assets invested in

shares subscribed by exercising subscription rights in companies where the association has already, by exercising its subscription rights, invested more than 10 per cent of its assets.

(4) An SME association or division may also invest its funds in instruments in accordance with the regulations laid down in parts 13 and 14 of this Act.

(5) When companies in which an SME association has invested its funds pursuant to subsection (1) are admitted to trading on a regulated market, the SME association may, irrespective of section 92(1), enter into an agreement reducing its liquidity. The duration of such an agreement may not exceed one year. Section 93(1), no. 1 shall not apply to these investments. The SME association shall, however, bring its portfolio of shares which are traded on a regulated market as mentioned in the 1st clause into accordance with section 93(1), no. 1 within reasonable time and no later than one year after expiry of an agreement as mentioned in section 92(1) or, if such an agreement does not exist, one year after the shares are admitted to trading on a regulated market.

(6) If an SME association sells companies in which the association has invested its funds pursuant to subsection (1) and if the consideration comprises shares which are traded on a regulated market, notwithstanding the provision of section 92(1) the SME association may enter into an agreement that reduces the liquidity of the shares received. The duration of such an agreement may not exceed one year. Section 93(1), no. 1 shall not apply to these shares. The SME association shall, however, bring its portfolio of shares as mentioned in the 1st clause into accordance with section 93(1), no. 1 within reasonable time and no later than one year after expiry of an agreement as mentioned in section 92(1) or, if such an agreement does not exist, one year after receipt of the shares.

(7) The provisions of section 103 regarding significant influence shall also apply to investments made by SME associations in both shares which are traded on a regulated market and in shares which are not traded on a regulated market, including if such investments are made by the bodies mentioned in subsection (2), except for in the situations mentioned in section 109a.

(8) The Danish FSA shall lay down regulations regarding the association's obligation to provide information, including the information which the association is required to provide concerning the companies in which its assets are placed.

109a. SME associations may temporarily carry out other activities to secure or settle previous investments that are not insignificant or with a view to participate in restructuring of limited companies which are not traded on a regulated market and limited liability companies in which said SME association has made investments that are not insignificant. The SME association shall inform the Danish FSA in this respect.

Common regulations for special-purpose associations

110.-(1) The limits mentioned in sections 106(5), 107(2) and 108(2) may be exceeded when such transgressions are due to reasons the special-purpose association or division has no control over, or when the special-purpose association or division exercises subscription rights attached to instruments included in the assets of the special-purpose association or division.

(2) If the limits mentioned in this part of this Act are exceeded for reasons mentioned in subsection (1), and if such transgressions are not reduced before 8 days after the transgression, the special-purpose association shall immediately notify the Danish FSA in this

respect. The Danish FSA may, in exceptional circumstances, permit that such transgression is reduced over a longer period of time if this is in the interest of the members.

Xa Professional associations

Part 15a

Professional associations

110a.-(1) Associations which only aim at professional investors may be registered with the Danish FSA as professional associations. Such associations may only carry out activities which involve

- 1) from professional investors, to receive funds which, in accordance with a principle of risk-spreading, are placed in liquid funds, including currency and the instruments mentioned in annex 5 of the Financial Business Act as well as in units in other professional associations in accordance with the association's investment policy and risk profile, cf. section 110e, and
- 2) redeeming a member's share of the assets with funds derived therefrom.

(2) A registered professional association may, together with other registered professional associations, investment associations, cf. section 4, special-purpose associations, cf. section 5, approved restricted associations, cf. section 111(1) or hedge associations, cf. section 114a(1) and (2), own an investment management company, cf. section 3(1), no. 4 which exclusively, and only on behalf of the relevant association(s) carries out administration, investment or marketing activities.

(3) Associations which are registered under subsection (1) have a duty and exclusive right to use the expression »professionel forening« (professional association) in their name. Other undertakings may not use names or characterisations which could give the impression that they are professional associations.

(4) An association seeking approval under subsection (1) shall have assets of no less than DKK 25 million. Intangible assets shall not be included in the assets.

(5) The instruments of a professional association shall be administered and stored separately for said association with a depositary approved by the Danish FSA, cf. section 3(1), no. 5. The depositary shall be a bank with its registered office in Denmark or a corresponding foreign credit institution with a branch in Denmark and with its registered office in another country within the European Union or in a country with which the Community has entered into an agreement for the financial area.

110b.-(1)⁹ An undertaking which is registered in accordance with section 110a(1) shall be organised as an association. Units in professional associations may only be issued or sold to investors who are deemed to be professional investors, cf. section 3(1), no. 18. Any professional investor who owns a share of the assets of the association shall be a member of the association. The members shall only be liable for their units.

(2) An association may be divided into divisions, each based on a particular part of the assets in accordance with the relevant provisions in the articles of association. Each division shall have assets of no less than DKK 25 million.

(3) If an association is divided into divisions, each division shall only be liable for its own liabilities. Each division shall, however, also be liable for its share of the common costs. If legal

proceedings have been effected without results, or if it is otherwise evident that a division is unable to meet its liabilities under the 2nd clause, the other divisions shall be jointly and severally liable for said division's share of the common costs.

(4) Any share of an association's or division's assets shall confer equal rights on the members, cf. however section 10(1), no. 7 regarding shares and units without dividend rights (ex coupon) and section 22 regarding voting rights. Units in professional associations shall be registered by name.

(5) Professional associations shall immediately redeem the holding for an investor who does not comply with the conditions of section 3(1), no. 18 for being considered a professional investor. Professional associations themselves shall decide whether an investor complies with the conditions of section 3(1), no. 18 for being considered a professional investor. A professional association shall provide the relevant investor with written notification that the association does not consider the investor to be a professional investor. If the units are registered in a securities depository, the securities depository shall, at the request of a professional association, delete the redeemed holding from the investor's custody account.

110c.-(1) The board of directors of a professional association shall elect an investment management company with registered office in Denmark to carry out day-to-day management of the association so that the tasks which are the responsibility of the day-to-day management are carried out by the day-to-day management of the investment management company.

(2) Notwithstanding the prohibition in section 39, the board of directors of a professional association may delegate decisions on investment of the funds of the association. An investment management company may, notwithstanding the prohibition in section 102 of the Financial Business Act, correspondingly delegate decisions on investment of the funds of the association. Authority to make a decision regarding delegation of decisions on investment of the funds of the association shall be stated in the articles of association and the prospectus of the association.

110d.-(1) An association may, within one month after valid establishment of the association, request the Danish FSA to be registered as a professional association. The Danish FSA shall register the association as a professional association when

- 1) the board of directors of the association declares that the requirements of sections 110a-110c have been fulfilled,
- 2) members of the board of directors of the association meet the requirements of sections 31 and 32,
- 3) the association has chosen a depository, which shall provide sufficient financial and professional security that it is capable of performing its duties,
- 4) the association or a division of the association has paid up assets of at least DKK 25 million, cf. section 110a(4) and section 110b(2) or there is an unconditional guarantee issued by a bank or an insurance company to subscribe for units for no less than DKK 25 million, and
- 5) the association has its headquarters and registered office in Denmark.

(2) Registered associations, cf. section 110a, shall notify the Danish FSA of the cessation of the association as well as of establishment of divisions. With regard to establishment of divisions, the board of directors of the association shall declare that the requirements of sections 110a-110c have been met. Notification shall be given no more than eight weekdays after the decision on establishment or cessation.

(3) The association may notify the Danish Commerce and Companies Agency at the same time as the request in subsection (1) in order to have the Danish Commerce and Companies Agency carry out the necessary company law registrations.

110e.-(1) A professional association or its division shall stipulate an investment policy and risk profile in the articles of association of the association. The articles of association of the association shall also contain information on issue and redemption of members' units, cf. section 110m.

(2) The board of directors of a professional association shall lay down the risk frameworks for the association and its divisions. The prospectus of the association shall contain information on these frameworks.

(3) A professional association shall, no later than eight weekdays after the board of directors has decided upon changes in the risk frameworks of the association or of a division, notify all members about the changes. The changes shall not take effect before the members of the association or of the division have had the opportunity to redeem their units.

(4) The Danish FSA may lay down more detailed regulations regarding professional associations' disclosure of information as well as regulations regarding professional associations' calculation of risks.

110f.-(1) A professional association or a division shall observe the risk frameworks specified for the association or for the division by the board of directors of the association on the basis of the provisions laid down in the articles of association regarding investment policy and risk profile.

(2) If a professional association or a division exceeds any of the provisions on investment policy and risk profile specified in the articles of association or any of the risk frameworks specified by the board of directors, notice thereof shall immediately be submitted to the Danish FSA together with a report on the background for exceeding an investment policy, risk profile or risk framework and a description of how the association intends to avoid similar incidents in the future.

(3) In the event that an investment policy, risk profile, or risk framework is exceeded, the risk shall immediately be reduced to a level within the frameworks specified. In special cases, the Danish FSA may lay down a time limit for reducing the risk. Where the risk is not reduced within such time limit laid down by the Danish FSA, the Danish FSA may delete the professional association from its register.

(4) All the members of the association or the division shall be informed of all cases of exceeding the investment policy, risk profile, or risk frameworks specified in the articles of association or by the board of directors. The articles of association shall specify how such information shall be given. Information shall be given no later than eight weekdays after the investment policy, risk profile or risk framework was exceeded.

110g.-(1) The general meeting of professional associations shall make resolutions regarding amalgamation, split and dissolution by liquidation or in another manner than liquidation of a division and appoint a liquidator or person in charge of the winding-up.

(2) The investment management company shall notify the Danish FSA that the general meeting has made a resolution regarding amalgamation, split, liquidation or winding-up in another manner than liquidation and who has been appointed as liquidator or appointed to carry out winding-up in another manner than liquidation. Such notification shall be

accompanied by the minutes of the general meeting and any winding-up scheme for information.

(3) When the amalgamation, split, liquidation or winding-up has been completed, the investment management company shall submit a copy of the financial statements of the amalgamation, split, liquidation or winding-up, audited by the external auditors of the association and, in cases of liquidation or winding-up in another manner than liquidation, a statement from the board of directors of the association and the manager of the investment management company stating that all debts have been paid. After this the Danish FSA shall delete the division from its register.

110h.-(1) When offering units for sale in an association or divisions, a professional association shall make public a complete prospectus.

(2) The Danish FSA shall lay down provisions regarding the information to be included in the complete prospectus and regarding updating prospectuses.

(3) The significant parts of the complete prospectus shall be kept up to date on an ongoing basis.

(4) The Danish FSA may delete a professional association from its register if the prospectus does not comply with the provisions laid down by the Danish FSA regarding the content of prospectuses.

110i. The Danish FSA shall delete a professional association or division from its register if the association so requests.

110j.-(1) If an association or a division does not meet the asset requirement of section 110a(4) or section 110b(2), and if said association or division has not raised the assets required prior to the time limit set by the Danish FSA, the Danish FSA shall delete the association from its register.

(2) Furthermore, the Danish FSA may delete an association from its register, if

- 1) the association or division no longer fulfils the conditions in sections 110a-110k and 110m for being registered,
- 2) the association or division commits gross or repeated violation of the regulations of this Act or of regulations issued pursuant to this Act,
- 3) the activities of the association or the division are not commenced within 12 months after registration, or
- 4) the association or division does not carry out its activities for a period of more than 6 months.

110k. When the Danish FSA, pursuant to sections 110f, 110g, 110h, 110i or 110j, removes an association from its register, the association shall cease using the expression »professionel forening« (professional association).

110l.-(1) A professional association shall be considered a commercial association which shall be registered with the Danish Commerce and Companies Agency pursuant to the Act on Certain Commercial Undertakings with the necessary adjustments. Section 11(2), part 5 and part 6A of the Act on Certain Commercial Undertakings shall not apply to professional associations.

(2) When a professional association has been deleted from the Danish FSA's register of professional associations, the association shall notify the Danish Commerce and Companies Agency of the changed situation no later than two weeks after the association has received notification of the deletion.

(3) If a previous professional association is not subject to the Act on Certain Commercial Undertakings, cf. section 1(1) of the Act, and it is not dissolved according to sections 20 or 20a of the Act on Certain Commercial Undertakings, this shall be notified pursuant to subsection (2). Notification shall be accompanied by a declaration prepared by a state-authorized public accountant or a registered public accountant that the undertaking is undoubtedly solvent. The Danish Commerce and Companies Agency shall remove the undertaking off the register once such a declaration has been received.

110m.-(1)¹⁰ Section 3, section 9a(1), (2), (4)-(6), section 10(1), sections 20-25, section 26(1), (6), (7) and (8), sections 28-32, sections 36-42, parts 8 and 9, section 55, section 56(1) and (2), 1st and 2nd clauses, sections 57-65, section 67(4), sections 71-73, section 86a(1)-(3) and (5), sections 123a, 123b and 124-129 and parts 19 and 20 shall apply correspondingly for registered professional associations.

(2) The audited and approved annual report, cf. section 55, shall, without undue delay, after approval be submitted to the Danish Commerce and Companies Agency where the annual report shall be made accessible to the public in accordance with the regulations laid down by the Agency. The annual report shall, however, be received by the Agency no later than five months after the end of the accounting year.

(3) Sections 150-152 of the Financial Statements Act shall apply correspondingly to professional associations.

XI Restricted associations, hedge associations and other collective investment schemes

Part 16

Restricted associations

111.-(1) Restricted associations shall be associations which do not aim at a wide circle or the general public and which, until 1 July 2007, may be approved by the Danish FSA to carry out activities which involve

- 1) from one or several members of the association or a division hereof, to receive funds which, in accordance with a principle of risk-spreading, are placed in securities in accordance with the regulations in parts 13-15, cf. however subsections (2)-(4), and
- 2) redeeming a member's share of the assets with funds derived therefrom in accordance with provisions in the articles of association in this respect.

(2) An approved restricted association which invests as funds of funds, cf. section 108, may also

- 1) place its funds in the units of other approved restricted associations or in units of divisions of such associations,

- 2) invest up to 10 per cent of its assets in securities or money-market instruments other than those referred to in section 87(1)-(3) and section 87a, in shares in limited partnerships and in units in bodies that primarily invest in shares which are not traded on a regulated market, if said body was approved pursuant to the regulations hitherto in force regarding innovation associations, and
- 3) invest funds in the units of professional associations which, according to their articles of association, invest within the limits which apply for approved restricted associations.

(3) An approved restricted association which invests as placement associations, cf. section 106, may also invest up to 20 per cent of its assets directly or indirectly in US mortgage-credit bonds.

(4) An approved restricted association may, alone or together with one or more investment associations, cf. section 4, special-purpose associations, cf. section 5, professional associations, cf. section 110a, approved restricted associations, cf. subsection (1), or hedge associations, cf. section 114a(1) and (2), own an investment management company, cf. section 3(1), no. 4, which solely carries out management, investment or marketing activities and solely on behalf of the relevant association(s).

(5) Approved restricted associations may only carry out the activities mentioned in subsections (1)-(4).

(6) An association seeking approval under subsection (1) shall have assets of no less than DKK 10 million.

(7) The instruments of a restricted association, cf. section 3(1), no. 1, shall be entrusted to and safekept separately for said association with a depositary approved by the Danish FSA, cf. section 3(1), no. 5. The depositary shall be a bank with its registered office in Denmark or a corresponding foreign credit institution with a branch in Denmark and with its registered office in another country within the European Union or in a country with which the Community has entered into an agreement for the financial area.

112.-(1) The board of directors of a restricted association shall ensure that

- 1) the association fulfils the requirements in section 111,
- 2) the members of the management of the association meet the requirements of sections 31 and 32 as well as section 100 of the Financial Business Act,,
- 3) the Danish FSA has approved the association's choice of investment management company,
- 4) the Danish FSA does not have any remarks to the articles of association of the association,
- 5) the Danish FSA has approved the depositary chosen by the association,
- 6) the assets of the association are no less than DKK 10 million, cf. section 111(6).

(2) Approved restricted associations, cf. section 111, shall notify the Danish FSA of establishment or termination of divisions.

113. (1)¹¹ Section 3(1), sections 6, 9a, 30-32 and 39-42; parts 8-10; sections 74-76, 80-82, 86 and 86a; as well as parts 13-15 and 18-20 shall apply correspondingly to approved restricted associations, cf. section 111.

(2) The regulations of this Act on restricted associations shall only apply for restricted associations approved by the Danish FSA before 1 July 2007.

(3) A restricted association which wishes to change status to a professional association shall decide at a general meeting to change the articles of association of the restricted association such that the articles of association fulfil the requirements of a professional association. The association may hereafter register itself as a professional association in accordance with the provisions of part 15a.

114.-(1) The general meeting of restricted associations shall make resolutions regarding merger, division and dissolution in liquidation or in another manner than liquidation of the association and appoint a liquidator or person in charge of the winding-up. The general meeting shall make similar resolutions regarding amalgamation or division of divisions.

(2) The board of directors and the investment management company shall notify the Danish FSA that the general meeting has made a resolution regarding merger, demerger, liquidation or winding-up in another manner than liquidation and who has been appointed as liquidator or appointed to carry out winding-up in another manner than liquidation. Such notification shall be accompanied by the minutes of the general meeting and any winding-up scheme for inspection. The 1st clause shall apply correspondingly for resolutions regarding amalgamation, division or winding-up of divisions.

(3) When the merger, demerger, division, amalgamation, liquidation or winding-up has been completed, the investment management company shall submit two copies of the financial statements of the merger, demerger, amalgamation, spilt, liquidation or winding-up audited by the external auditors of the association and, in cases of liquidation or winding-up in another manner than liquidation, a statement from the board of directors of the association and the manager of the investment management company stating that all debts have been paid. The Danish FSA shall forward one of the copies of the financial statements of the merger, demerger, amalgamation, division, liquidation or winding-up to the Danish Commerce and Companies Agency.

Part 16a

Hedge associations

114a.-(1) Undertakings shall be subject to approval by the Danish FSA as hedge associations in order to carry out activities which have as their object:

- 1) to receive funds from a wide circle or from the general public, without the undertaking being covered by sections 4 or 5,
- 2) to place their funds in liquid funds, including currency, cf. section 3(1), no. 1(e), or in instruments as mentioned in annex 5 of the Financial Business Act, in accordance with the risk policy and risk profile of the association, cf. section 114d(1), and
- 3) to redeem a member's share of the assets with funds derived therefrom.

(2) Undertakings which do not aim at a wide circle or the general public may be approved by the Danish FSA as hedge associations to carry out activities which involve

- 1) from one or several members receiving funds, without the undertaking being covered by section 111,
- 2) placing their funds in liquid funds, including currency, cf. section 3(1), no. 1(e), or in instruments as mentioned in annex 5 of the Financial Business Act, in accordance with the risk policy and risk profile of the undertaking, cf. section 114d(1), and

3) redeeming a member's share of the assets with funds derived therefrom.

(3) A hedge association may, alone or together with one or more investment associations, cf. section 4, special purpose associations, cf. section 5, approved restricted associations, cf. section 111, or hedge associations, cf. subsections (1) and (2), own an investment management company, cf. section 3(1), no. 4, which solely carries out management, investment or marketing activities and solely on behalf of the relevant association(s).

(4) Hedge associations may only carry out the activities mentioned in subsections (1) and (2). Undertakings approved under subsection (1) or subsection (2), shall have exclusive right to use the word »hedeforening« (hedge association) in their names. Other undertakings may not use names or expressions that may create the impression that they are hedge associations.

(5) Hedge associations shall be under an obligation to use the word »hedeforening« in their name.

(6) An association seeking approval under subsection (1) or subsection (2) shall have assets of no less than DKK 25 million. Intangible assets may not be included in the total assets for this purpose.

(7) The funds of a hedge association shall be entrusted to and kept separately for said association with a depositary approved by the Danish FSA, cf. section 3(1), no. 5. Said depositary shall be a bank with its registered office in Denmark or a corresponding foreign credit institution with a branch in Denmark and with its registered office in another country within the European Union or in a country with which the Community has entered into an agreement for the financial area.

114b. Activities specified in section 114a(1) or activities which are in the process of being approved under section 114a(2) shall be organised in the form of an association. Members of the association shall be any owner of a share of the association's assets. The members shall only be liable for their units.

114c.-(1) The Danish FSA shall approve hedge associations when

- 1) the foundation of the association is legal,
- 2) the requirements in sections 114a and 114b are fulfilled,
- 3) the members of the board of directors and the board of management of the association meet the requirements of sections 31 and 32, or, if the board of directors has not employed a board of management, when the Danish FSA has approved the association's choice of investment management company,
- 4) the Danish FSA has approved the articles of association of associations covered by section 114a(1), or the Danish FSA has not had any comments to the articles of association of associations covered by section 114a(2),
- 5) the Danish FSA has approved the depositary chosen by the association, and which must provide sufficient financial and professional security that it is capable of performing its duties,
- 6) the activity plan, the risk management, organisation, procedures as well as administrative conditions of the association are appropriate,
- 7) there are no close links, cf. section 3(1), no. 16, between the applicant and other undertakings or persons that could complicate performance of the tasks of the Danish FSA,
- 8) legislation in a country outside the European Union with which the Community has not entered into an agreement for the financial area regarding an undertaking or person

with whom the applicant has close links will not complicate performance of the tasks of the Danish FSA,

- 9) the assets of the association, which are required to be no less than DKK 25 million, are subscribed at the first general meeting, or an unconditional guarantee is provided by a bank or insurance company for subscription of units up to the minimum amount of no less than DKK 25 million,
- 10) the association has its head office and registered office in Denmark, and
- 11) subsection (2) has been met.

(2) An application for approval under section 114a shall contain all information necessary for assessment by the Danish FSA of whether the conditions in subsection (1) have been met.

(3) The Danish FSA shall reject the application for approval if, for legal reasons, the association is prevented from marketing its units in Denmark, including reasons arising from provisions in its articles of association.

(4) In the event that the Danish FSA rejects an application for approval, the association shall be notified no later than six months following receipt of the application or, if the application is incomplete, no later than six months after the association has submitted the information necessary to make a decision. At all events, a decision shall be made no later than 12 months after receipt of the application. Where the Danish FSA has not, within six months after receipt of an application for approval, issued a statement regarding the application, the association may bring the matter before the courts.

114d.-(1) A hedge association or a division shall lay down its risk policy and risk profile in the articles of association. The articles of association shall, further, give information on issue and redemption of the units of the members, cf. also section 114f(1).

(2) The board of directors of the hedge association shall determine the risk framework of the association and its divisions. The complete and simplified prospectuses of the association shall contain information on such risk framework, and information on when the association or a division can issue and redeem units in the association or the division. Issue and redemption shall be possible at least once a month.

(3) Hedge associations shall publish the net asset value of the association or of divisions at least once every fortnight.

(4) A hedge association shall, no later than eight weekdays after the board of directors has decided upon changes in the risk framework of the association or of a division, notify registered members about the changes. The changes shall not take effect before the members of the association or of the division have had the opportunity to redeem their units.

(5) The Danish FSA may lay down more detailed regulations regarding hedge associations' disclosure of information as well as regulations regarding hedge associations' calculation of risks.

114e.-(1) A hedge association shall observe the risk framework specified for the association or for the division by the board of directors of the association on the basis of the provisions laid down in the articles of association regarding investment policy and risk profile.

(2) If a hedge association exceeds any of the risk frameworks specified in the articles of association or by the board of directors, notice thereof shall without delay be submitted to the Danish FSA together with a report on the background for exceeding the risk framework and a description of how the association intends to avoid similar incidents in the future.

(3) In the event that the risk framework is exceeded, the risk shall immediately be reduced to a level within the risk framework specified. In special cases, the Danish FSA may lay down a time limit for reducing the risk. Where the risk is not reduced within such time limit laid down by the Danish FSA, the Danish FSA may withdraw the approval of the hedge association.

(4) The registered members of the association or the division shall be informed of all cases of exceeding the risk framework specified in the articles of association or by the board of directors. The articles of association shall specify how such information shall be given. Information shall be given within eight weekdays after the risk framework was exceeded.

114f.-(1)¹² Section 3(1); section 6(2)-(4); section 8; section 9; section 9a, section 10(1), nos. 1-28; sections 17-42, 44, 46 and 47; section 48(1), (5) and (6); section 49; parts 9 and 10; sections 74-76, 78 and 80-86a as well as parts 18-20 shall, with the necessary adjustments, also apply to hedge associations covered by section 114a(1).

(2) Section 3(1); section 6(2)-(4); section 8, sections 9a, 30-32, 39-42, 44, 46 and 47; section 48(1), (5) and (6); section 49; parts 9 and 10; sections 74-76, 80-82, 86 and 86a; section 112(2); section 114 as well as parts 18-20 shall, with the necessary adjustments, also apply to hedge associations covered by section 114a(2).

Part 17

Other collective investment schemes

115.-(1) Other collective investment schemes shall be defined as investment schemes receiving funds from a wide circle or from the general public without being covered by sections 4, 5, or 114a, where the investors bear the market risk, and directly or indirectly investing no less than 80 per cent of their funds in the instruments mentioned in annex 5 of the Financial Business Act or in liquid funds. The Danish FSA may decide that an investment scheme mentioned in the 1st clause which mainly invests its funds in the instruments mentioned in part 13 of this Act must be converted into an investment association or special-purpose association.

(2) The investment schemes mentioned in subsection (1) shall be managed by investment management companies or banks which shall be responsible for offers for sale of units in the collective investment scheme to investors and which will issue documentation to investors for their units in the collective investment scheme and keep a register of the investors participating in the scheme.

(3) The collective investment scheme shall be described in a set of regulations containing

- 1) information regarding the collective investment scheme's
 - a) name,
 - b) legal form,
 - c) payment of fees to the company administrating the collective investment scheme,
 - d) framework for placement of funds,
 - e) possible participation in an investor guarantee scheme,
 - f) description of the risks associated with participating in the scheme,
 - g) information regarding the investors' rights, and
 - h) information regarding the regulations applying to issue and redemption and to sale of units,

- 2) information regarding the assets that the funds are placed in and the principles for recognition and measurement of the assets, own funds and liabilities of the investment scheme,
- 3) the principles for recognition and measurement of the net asset value of the units and of the costs of entering and leaving the scheme,
- 4) information regarding presentation of accounts and audit,
- 5) information regarding reporting to investors,
- 6) information regarding any winding-up schemes for the collective investment scheme, and
- 7) information regarding how and by which notice the investors will be informed of changes to the terms mentioned in nos. 1-6.

(4) If the collective investment scheme's offer for sale of units is not covered by part 12 of the Securities Trading, etc. Act, it shall be described in a document on the offer for sale.

(5) The Danish FSA shall lay down detailed regulations on the matters mentioned in subsections (3) and (4).

(6) The Danish FSA may order an investment management company, an investment company or a bank managing a collective investment scheme covered by this provision to amend the documents mentioned in subsections (2)-(4) when it is in the interest of the investors.

(7) If the company which, pursuant to subsection (2), manages a collective investment scheme, has made errors in its calculation of the issue or redemption price which have led to a deviation of 0.5 per cent or more, said company shall ensure that the investors affected be notified of the error, and publish information about the error. Within three weekdays after the error was discovered, the company shall commence correcting the error and report the matter to the Danish FSA. The report to the Danish FSA shall contain a report of the background for the error and a description of how the company intends to avoid similar errors in future.

(8) The Danish FSA may lay down more detailed regulations regarding the reporting obligations of the companies mentioned in subsection (7) as regards errors in calculations of issues and redemption prices of 0.5 per cent or more.

XII Supervision etc.

Part 18

Supervision, duty of confidentiality, time limits and fees

116.-(1) The Danish FSA shall supervise compliance with this Act and regulations laid down pursuant to this Act, except for section 34(1) and (2), as well as the articles of association of the association. The Danish Commerce and Companies Agency shall supervise compliance with section 8(1) and (3). The Danish Securities Council shall, together with the Danish FSA as secretariat, check that the regulations regarding financial information in annual reports and interim financial statements laid down in sections 55-65 and in regulations laid down in pursuance of section 68 are observed by associations that have issued securities admitted for trading on a regulated market, cf. section 83(2)-(5) and section 83b of the Securities Trading, etc. Act. In this connection, the Danish Securities Council shall perform the authorities laid down in section 69.

(2) The Minister for Economic and Business Affairs may lay down more detailed regulations for the procedures of the Danish FSA in accordance with the provisions laid down in Community law.

117. The Danish Financial Business Council shall assist in supervisory matters or registration concerning investment associations, special-purpose associations, professional associations, approved restricted associations, hedge associations and other collective investment schemes with the powers vested in the Danish Financial Business Council pursuant to section 345 of the Financial Business Act.

118.-(1) The Danish FSA shall examine the circumstances of associations. This shall include reviews of regular reports and inspections of individual associations.

(2) Following an inspection of an association, a meeting shall be held, including as participants the undertaking's board of directors, board of management or investment management company, the external auditor, and the chief internal auditor, unless such inspection exclusively concerns clearly demarcated areas of activity within said association. At said meeting, the Danish FSA shall announce its conclusions regarding the inspections.

(3) Following an inspection visit, significant conclusions shall be submitted in the form of a written report to the association's board of directors, board of management, the external auditor, and the chief internal auditor.

119.-(1) Associations shall submit such information to the Danish FSA as is necessary for its activities. The Danish FSA may, at any time, and on presentation of appropriate identification, and without a warrant, be entitled to access to the association with a view to making inspections and gathering information.

(2) Section 347(3) of the Financial Business Act shall also apply to supervision by the Danish FSA in pursuance of this Act.

(3) The Danish FSA may ask for any information, including accounts, accounting records, printouts of books, other business records, and electronically stored data deemed necessary for the activities of the Danish FSA or deemed necessary for deciding whether a natural or legal person is covered by the provisions of this Act.

(4) The Danish FSA may collect information pursuant to subsections (1)-(3) for use by the authorities mentioned in section 123(6), nos. 14 and 18.

120.-(1) The Consumer Ombudsman may institute legal proceedings regarding actions contrary to honest business principles and good practice, cf. section 18, including proceedings on prohibitions and orders, compensation and claims for repayment of unlawfully charged amounts. The provisions of section 20, section 22(2), section 23(1), section 27(1) and section 28 of the Marketing Practices Act shall apply correspondingly to legal proceedings which the Consumer Ombudsman wishes to institute in pursuance of the provision of the 1st clause. The Consumer Ombudsman may be appointed as a group representative in group proceedings, cf. part 23a of The Administration of Justice Act.

(2) The Danish FSA may order that matters which are contrary to section 18 shall be rectified. In this connection the Danish FSA may carry out inspection visits of branch offices of management companies and investment firms.

120 a.-(1) The Danish FSA shall notify the Consumer Ombudsman if it comes to the attention of the Danish FSA that a customer of an undertaking may have suffered a loss as a consequence of the undertaking having violated section 18.

(2) Notwithstanding section 123, the Consumer Ombudsman shall have access to all the information in Danish FSA cases covered by subsection (1).

121.-(1) The Danish FSA may order that an association remove a member of the board of management of the association within a time limit specified by the Danish FSA, if, pursuant to section 31(2), said person may not occupy the position.

(2) The Danish FSA may order a member of the board of directors of the association to resign his position within a time limit specified by the Danish FSA, if, pursuant to section 31(2), said person may not occupy the position.

(3) The Danish FSA may order an association to remove a member of the board of management when legal proceedings have been instigated against said member in a criminal procedure on violation of the Criminal Code, the Investment Associations and Special-Purpose Associations as well as other Collective Investment Schemes etc. Act or other financial legislation, until the criminal procedure has been concluded, if a conviction would mean that said member does not fulfil the requirements of section 31(2), no. 1. The Danish FSA shall lay down a time limit within which the requirements of the order shall be met. The Danish FSA may, under the same conditions as in the 1st clause order a member of the board of directors of an association to resign his position. The Danish FSA shall lay down a time limit within which the requirements of the order shall be met.

(4) The duration of the order issued pursuant to subsection (2) shall appear on the order on the basis of section 31(2), nos. 2, 3 or 4.

(5) The association or the person to whom the order relates may request that the order issued pursuant to subsections (1)-(3) be brought before the courts. Such a request shall be submitted to the Danish FSA within four weeks from the date on which the order was issued to the relevant person. The request shall not act as stay of proceedings for the order, but the court may, by warrant, decide that the relevant member of the board of management or the relevant member of the board of directors may retain his position during the legal proceedings. The Danish FSA shall bring the case before the courts within four weeks. The case shall be brought through civil procedure.

(6) The Danish FSA may at its own initiative, or on application, revoke an order pursuant to subsection (2) and subsection (3), 3rd clause. If the Danish FSA refuses a request to revoke, the applicant may request that the refusal be brought before the courts. Such a request shall be submitted to the Danish FSA within four weeks from the date on which the refusal was issued to the relevant person. A request for a judicial review may, however, only be submitted provided the order is not for a fixed term and provided no less than five years have passed from the date the order was issued, or no less than two years after refusal by the Danish FSA of revocation has been confirmed by judgment.

(7) If the association does not remove the member of the board of management before expiry of the time limit, the Danish FSA may withdraw the license of the undertaking, cf. section 81(2), no. 2. The Danish FSA may also withdraw the undertaking's licence, cf. section 81(2), no. 2, if a member of board of directors does not comply with an order issued pursuant to subsections (2) and (3).

122. The Danish FSA may independently or in collaboration with other authorities carry out such investigations as are appropriate to promote transparency of associations and publish the results of such investigations.

122a.-(1) When an association or division is declared bankrupt and the government has granted a guarantee or made funds available, the Danish FSA shall prepare a report on the course of events up to the bankruptcy. The report shall include a description of the role of the Danish FSA during this course of events.

(2) The Danish FSA shall make the report mentioned in subsection (1) public. Section 123 shall not apply in connection with publication, unless the information relates to membership relationships or third parties who are or have been involved in attempts to save the association or division.

123.-(1) Employees of the Danish FSA shall be subject to liability under sections 152-152e of the Criminal Code to keep secret any information they receive in the course of their supervisory duties. The same shall apply to persons performing services as part of the operations of the Danish FSA, and experts acting on behalf of the Danish FSA. This shall also apply after the termination of the employment contract or any other contract.

(2) Consent from the individual who the duty of confidentiality aims to protect shall not entitle the persons mentioned in subsection (1) to divulge confidential information.

(3) Subsection (1) shall not apply to information in cases regarding

- 1) good business practice, cf. section 18, and the executive orders issued in pursuance of section 18(2),
- 2) decisions pertaining to amendments to articles of association, cf. section 23(2),
- 3) decisions pertaining to associations' administrative and accounting practices, business procedures and control procedures, cf. section 37,
- 4) bans on double-charging fees, cf. section 49,
- 5) the duty to report mistakes in calculations, cf. section 48(6),
- 6) payment of costs in connection with issuing units through a central securities depository, cf. section 51(1) and (2),
- 7) prospectuses and announcements of prospectuses, cf. section 74,
- 8) publication of issue and redemption prices, cf. section 77,
- 9) withdrawal of the licence of investment associations, special-purpose associations and hedge associations, cf. section 81(2),
- 10) placing of funds by associations, cf. parts 13, 14 and 15,
- 11) exceeding the risk profile, risk policy and risk framework, cf. section 114d(1) and (2),
- 12) the duty to publish the net asset value of the hedge association or division, cf. section 114d(3),
- 13) the duty to notify registered members, cf. section 114d(4),
- 14) the duty to report exceeding the risk framework, cf. section 114e(2),
- 15) the duty to notify members when exceeding the risk framework, cf. section 114e(4),
- 16) the duty to describe collective investment schemes in a set of regulations, cf. section 115(3),
- 17) the document on the offer for sale, section 115(4),
- 18) other collective investment schemes' documents, cf. section 115(6), and
- 19) the duty to report errors in calculations, cf. section 115(7).

(4) The provision stipulated in subsection (1) shall not prevent the Danish FSA from divulging, on its own initiative, confidential information in the form of summaries, insofar as neither the individual association nor its members are identifiable.

(5) Confidential information may be disclosed during civil legal proceedings, where an association or division has been declared bankrupt, and provided such information does not concern member relationships or third parties where said members or third parties are or have been involved in attempts to save the association or division.

(6) The provision of subsection (1) shall not prevent confidential information from being divulged to:

- 1) The Danish Securities Council and the Danish FSA respectively, as well as the Financial Business Council.
- 2) Other public authorities, including the prosecution and the police, in connection with the investigations and legal prosecution of for criminal offences covered by the Criminal Code or the supervision legislation.
- 3) The Minister concerned as part of his superior supervision.
- 4) Administrative authorities and courts hearing decisions made by the Danish FSA.
- 5) The Ombudsman of the Danish Parliament.
- 6) A parliamentary commission set up by the Danish Parliament.
- 7) Courts of inquiry set up by law or in accordance with the "lov om undersøgelseskommissioner" (courts of inquiry act).
- 8) The standing committee of the Danish Parliament regarding the general financial circumstances of an association or division with respect to crisis management of associations when decisions on whether government guarantees or funds are to be granted or funds are to be made available. The same shall apply correspondingly in connection with parliamentary supervision in cases covered by the 1st clause.
- 9) Members of the Public Accounts Committee and the National Audit Office of Denmark.
- 10) Interested parties, including authorities, involved in attempts to save an ailing association or division, provided that the recipient of information has a need for this.
- 11) The bankruptcy court and other authorities participating in liquidation, bankruptcy proceeding or similar procedures regarding the association, as well as persons responsible for the statutory audit of the accounts of an association, provided that such recipients of information need said information to perform their duties.
- 12) Danmarks Nationalbank (Denmark's central bank), foreign central banks, the European System of Central Banks as well as the European Central Bank in their capacity as monetary-policy authorities, provided that such information is required by said banks to carry out their statutory tasks, including carrying out monetary policy, monitoring payment and securities management systems, as well as securing the stability of the financial system.
- 13) An institution which carries out clearing proceedings for securities or money, provided that such information is required to ensure that said institution reacts duly to non-compliance potential non-compliance within the market where said institution is responsible for clearing proceedings.
- 14) Financial supervisory authorities in other countries within the European Union and countries with which the Community has entered into an agreement for the financial area which are responsible for the supervision of investment undertakings, financial undertakings, finance institutions, or of the capital markets and bodies involved in the liquidation and bankruptcy proceedings of financial undertakings and investment undertakings or in other similar procedures, and persons responsible for carrying out statutory audits of the accounts of the investment undertaking provided that these recipients of information need it to perform their duties.
- 15) Bodies in other countries within the European Union or in countries with which the Community has entered into an agreement for the financial area, which are responsible for supervising compliance with the regulations for financial information from issuers of securities which are admitted to trading on a regulated market.

- 16) Ministers with responsibility for the financial legislation in countries within the European Union or in countries with which the Community has entered into an agreement for the financial area, in connection with crisis management of an association.
- 17) The Committee of European Securities Regulators (CESR) as well as bodies established by this committee, provided that recipients of information need said information to perform their duties.
- 18) Financial supervisory authorities in countries outside the European Union or countries with which the Community has not entered into an agreement for the financial area which are responsible for the supervision of foreign investment undertakings, financial undertakings, finance institutions, or of the capital markets and bodies involved in the liquidation and bankruptcy proceedings of financial undertakings and investment undertakings or in other similar procedure, and persons responsible for carrying out statutory audits of the financial statements of the investment undertaking, cf. however subsections (10) and (11).
- 19) The Supervisory Authority on Auditing and the "Revisornævnet" (the disciplinary board for state-authorized public accountants and registered public accountants) for use in their duties.

(7) All those receiving confidential information from the Danish FSA under subsections (5) and (6) shall fall under the duty of confidentiality mentioned in subsection (1) with regard to said information.

(8) Confidential information received by the Danish FSA may only be used in the course of its supervisory duties, to impose sanctions, or where appeals are made against the decision of the Danish FSA to a higher administrative authority or where such a decision is brought before the courts of law.

(9) Access to issue confidential information to the standing committee of the Danish Parliament under subsection (6), no. 8 shall be limited to documents in cases which have been established in the Danish FSA after 16 September 1995.

(10) Information may only be divulged pursuant to subsection (6), no. 18

- 1) on the basis of an international co-operation agreement, and
- 2) provided that the recipients of said information are, at a minimum, subject to a statutory duty of confidentiality corresponding to the duty of confidentiality pursuant to subsection (1) and that said recipients require said information to perform their duties.

(11) Confidential information from countries within the European Union or countries with which the Community has entered into an agreement for the financial area shall only be divulged pursuant to subsection (6), no. 18 where the authorities submitting said information have granted express permission to do so, and said information shall only be used for the purposes specified by said permission.

123a.-(1) Decisions made pursuant to section 116(1), 3rd clause of this Act and section 345(2), no. 1 of the Financial Business Act, cf. section 117 of this Act, shall be made public. The 1st clause shall also apply for decisions to turn cases over to police investigation, cf. however, subsection (2). Publication shall include the name of the association.

(2) Publication pursuant to subsection (1) may not, however, take place if it will mean disproportionately large damage for the association, or issues relating to investigations make publication inadvisable. Publication may not contain confidential information on customer

relationships or information subject to section 12(1) of the Access to Public Administration Files Act. Publication may not contain confidential information which originates from financial supervisory authorities in other countries within or outside the European Union, unless the authorities which have issued the information have given their express consent.

(3) If publication is omitted pursuant to subsection (2), 1st clause, publication pursuant to subsection (1) shall be effected when the issues necessitating omission no longer apply. This shall only apply, however, for up to two years after the relevant decision was made.

123b.-(1) The Danish FSA shall inform the public about cases dealt with by the Danish FSA, the prosecution service or the courts, and which are of public interest or of significance for interpretation of the following provisions:

- 1) good business practice, cf. section 18, and executive orders issued in pursuance of section 18(2),
- 2) decisions pertaining to amendments to articles of association, cf. section 23(2),
- 3) decisions pertaining to associations' administrative and accounting practices, business procedures and control procedures, cf. section 37,
- 4) bans on double-charging fees, cf. section 49,
- 5) the duty to report mistakes in calculations, cf. section 48(6),
- 6) payment of costs in connection with issuing units through a central securities depository, cf. section 51(1) and (2),
- 7) prospectuses and announcements of prospectuses, cf. section 74,
- 8) publication of issue and redemption prices, cf. section 77,
- 9) withdrawal of the licence of investment associations, special-purpose associations and hedge associations, cf. section 81(2),
- 10) placing of funds by associations, cf. parts 13, 14 and 15,
- 11) exceeding the risk profile, risk policy and risk framework, cf. section 114d(1) and (2),
- 12) the duty to publish the net asset value of the hedge association or division, cf. section 114d(3),
- 13) the duty to notify registered members, cf. section 114d(4),
- 14) the duty to report exceeding the risk framework, cf. section 114e(2),
- 15) the duty to notify members when exceeding the risk framework, cf. section 114e(4),
- 16) the duty to describe collective investment schemes in a set of regulations, cf. section 115(3),
- 17) the document on the offer for sale, cf. section 115(4),
- 18) other collective investment schemes' documents, cf. section 115(6), and
- 19) the duty to report errors in calculations, cf. section 115(7).

(2) The Danish FSA shall also inform the public of the name of an association which violates the ban on carrying out investment association activities without a licence, cf. section 4 the ban on carrying out special-purpose association activities without a licence, cf. section 5, or the ban on carrying out hedge association activities without a licence, cf. section 114a.

124.-(1) Only the association or foreign investment undertaking against which a decision has been made by the Danish FSA under this Act or regulations laid down in pursuance of this Act shall be considered a party in relation to the Danish FSA, cf. however subsections (2) and (3).

(2) In the instances specified below, persons natural and legal other than the association shall also be considered a party to the decision made by the Danish FSA as regards the parts of the case which concern said person:

- 1) Anyone contravening the prohibition in this Act against operating as an investment association or special-purpose association, cf. section 4(1) and (4), and section 5(1) and (4).
- 2) An association applying for approval as an investment association or a special-purpose association, cf. section 7.
- 3) A member of an association's board of directors or board of management when the Danish FSA refuses to grant a license to the association or withdraws such license, cf. section 7(3) and subsection (1).
- 4) An auditor of an association where the Danish FSA removes said auditor or orders said auditor to provide information on the status and circumstances of the association, cf. section 71(3) and (5), as well as in cases where the external auditors have not met their obligation to provide information to the Danish FSA, cf. section 72.
- 5) Anyone from whom the Danish FSA obtains information in order to decide whether such person shall be covered by the provisions of this Act, cf. section 119(3).

(3) A member of the board of directors, an auditor, a member of the board of management, or other senior employees of an association or a foreign investment undertaking shall also be considered a party where decisions made by the Danish FSA are aimed specifically at said person.

(4)

Status as party and authorities as party according to subsections (2) and (3) shall be limited to matters where the Danish FSA makes decisions after 8 October 1998. With regard to disclosure of confidential information, cf. section 36, status as a party and assigned authorities as party shall be limited to matters where the decision of the Danish FSA is made after 1 February 2004.

125. In cooperation with the National Consumer Agency of Denmark, the Danish FSA shall submit an annual report on the status regarding issue of regulations on good practice and regarding experience with application of such regulations to the Minister for Economic and Business Affairs, cf. section 18(2).

126. Section 356 of the Financial Business Act shall apply correspondingly to the employees of the Danish FSA in respect of its activities according to this Act.

127. Investment associations, special-purpose associations, restricted associations, professional associations and hedge associations subject to supervision under this Act shall pay a fee to the Danish FSA. The fee shall be set pursuant to part 22 of the Financial Business Act.

128.-(1) The time limits fixed in or pursuant to this Act shall take effect from the day following the day when the event triggering the time limit occurred. This shall apply to calculation of time limits involving days, weeks, months and years.

(2) Where the time limit is indicated in weeks, said time limit shall expire on the day in the week when the event occasioning the time limit occurred, cf. subsection (1).

(3) If the time limit is indicated in months it shall expire on the day in the month when the event triggering the time limit occurred, cf. subsection (1). If the day when the event triggering the time limit occurred is the last day of a month, or if the time limit expires on a date which does not exist, the time limit shall always expire on the last day of the month, irrespective of its length.

(4) Where the time limit is indicated in years, said time limit shall expire on the day in the year when the event occasioning the time limit occurred, cf. subsection (1).

(5) If a time limit expires during a weekend, on a holiday, 5 June, 24 December or on 31 December, the time limit shall be extended to the next weekday.

129. The Minister for Economic and Business Affairs shall lay down more detailed regulations on the use of digital communication, including electronic signatures, when exchanging information in accordance with this Act between citizens and undertakings on the one hand and the public administration on the other hand, as well as storage of information.

Part 19

Provisions concerning delegation and appeals

130. If the Minister for Economic and Business Affairs delegates his powers under this Act to the Danish FSA, the Minister may lay down regulations concerning the right of appeal, including regulations to the effect that appeals cannot be made to another administrative authority.

131. Decisions made by the Danish FSA or the Danish Commerce and Companies Agency under this Act or regulations issued pursuant to this Act may be brought before the Company Appeals Board by the person against whom said decision is directed no later than 4 weeks after the person concerned has been notified about the decision.

Part 20

Penalties

132.-(1)¹³ Any person violating the provisions in section 4(1), (4)-(6) and (8); section 5(1), (4)-(6) and (8); section 6(1); section 9a(3)-(5); sections 17, 19 and 24; section 26(1) and (6)-(8); section 27; section 28(1) and (3); sections 29 and 30; section 31(3), cf. subsection (2), nos. 1 and 2; section 36; sections 39-42; section 43(1); sections 44 and 45; section 48(1), (2) and (6); section 49; section 55(1), 1st clause and (2); section 56(1); section 57(1) and (2) and (3), 1st clause; sections 58 and 59; section 60(1), (2), 1st clause and (3), 2nd clause; sections 61-63; section 64, 1st clause; section 65, 1st clause; section 66; section 67(1) and (2); section 70(1), 1st clause; section 71(1), 1st clause and (2) and (4); section 72; section 74(1), (3) and (4); section 77(1); section 77a; section 86a(2) and (4); sections 87 and 88; section 89(1) and (2); section 90; section 91(1) and (2); sections 92-94; section 95(1), (4) and (5); sections 96-98; sections 100-104; section 105(2); section 106; section 107(1) and (2); section 108(2); section 109(2), (3), 2nd clause, (4), (5), 2nd clause, and (7); section 109a, 2nd clause; section 110(2); section 110a(1), (3), (4) and (5); section 110b(1) and (5); section 110c; section 110e(1)-(3); section 110f(1) and (2), (3), 1st clause and (4); section 110g(2) and (3); section 110h(1) and (3); section 110k; section 111(6) and (7); section 112(2); section 114(2) and (3); section 114a(1), (4), (5) and (7); section 114b, 1st clause; section 114d (1)-(4); section 114e (1) and (2), and (3) 1st clause, and (4); section 115(2)-(4) and (7), shall be liable to fines or imprisonment of no more than 4 months unless more severe punishment is incurred under other legislation. Any person violating the provisions in sections 12, 14 and 15; section 16(1), 2nd clause; section 25; section 33, 1st clause; section 34; section 35(1), (2), 1st clause, and (4) and (6); section 37(1), nos. 1-9; and section 50 shall be liable to a fine.

(2) Members of the board of directors of an association who do not comply with an order issued in pursuance of section 120(2), 1st clause shall be liable to a fine. Furthermore, a

member of board of directors who does not comply with an order issued in pursuance of section 121(2) and (3), 3rd clause shall be liable to a fine.

(3) In regulations issued pursuant to this Act, fines may be stipulated for any violation of the provisions of said regulations.

(4) If a member of the board of directors or board of management of an association omits to take the steps necessary in the event of losses or imminent danger of material losses, such member shall be liable to a fine or imprisonment for up to 4 months unless more severe penalty is incurred under other legislation.

(5) Persons who are connected to an association and who submit incorrect or misleading information on matters pertaining to the undertaking to public authorities, the general public, any company organ, or to investors in said association, or who are guilty of gross or frequent negligence or carelessness which may entail losses for the association shall be liable to a fine or imprisonment for up to 4 months unless more severe penalty is incurred under other legislation.

(6) The period of limitation for non-compliance with the regulations in this Act or regulations issued pursuant to this Act shall be 5 years.

133.-(1) Where the board of directors, board of management, auditor, investment management company, depositary or liquidator of an association, or the association itself, fails to comply within the proper time with the duties and obligations imposed on them under this Act or regulations laid down pursuant to this Act towards the Danish FSA or the Danish Commerce and Companies Agency, the Danish FSA or the Danish Commerce and Companies Agency, respectively, may impose daily or weekly fines on the persons concerned.

(2) If an association which has issued units which are traded on a regulated market does not meet its obligations under the provisions of sections 55-65 or provisions laid down in pursuance of section 68, the Danish Securities Council may order the relevant association to rectify the matter and to make public amended or supplementary information. If deemed appropriate, the Danish Securities Council itself may make public the relevant information, the order or suspend or remove the securities involved from the listing on a stock exchange or from the admission for trading on an authorised market place.

(3) Any association not complying with an order from the Danish Securities Council or giving incorrect or misleading information to the Danish Securities Council shall be liable to a fine, unless more severe penalty is incurred under other legislation.

(4) The provision of subsection (1) shall apply correspondingly to the Danish Securities Council with regard to the checks by the Danish Securities Council under section 116(1), 3rd clause.

Part 21

Entry into force and transitional provisions

134.-(1) This Act shall enter into force on 1 January 2004.

(2) Sections 55-69 regarding annual reports shall apply for the first time for annual reports and statements of assets covering periods starting on or after 1 January 2005. Annual reports

and statements of assets for periods up to and including 31 December 2004 shall be submitted according to the regulations hitherto in force.

(3) At the same time, the Investment Associations and Special-Purpose Associations Act, cf. Consolidated Act no. 658 of 7 August 2002, shall be repealed.

(4) Notwithstanding subsection (3) and section 71(1), the requirement that associations, the certificates of which are listed on a stock exchange, shall have no less than two auditors, cf. section 40(1) of the Investment Associations and Special-Purpose Associations Act, cf. Consolidated Act no. 658 of 7 August 2002, shall remain in force for the accounting year commencing 1 January 2004.

(5) The "bekendtgørelse om investeringsforeningers placering af formuen i realkreditobligationer, statsobligationer m.m." (executive order no. 1051 of 17 December 1997 on investment association's placement of funds in mortgage-credit bonds, government bonds, etc.) shall be repealed at the time of entry into force of this Act, cf. subsection (1). The executive orders issued in pursuance of the Investment Associations and Special-Purpose Associations Act, cf. Consolidated Act no. 658 of 7 August 2002 shall remain in force until they are replaced.

135.-(1) The investment associations and special-purpose associations existing at the time of entry into force of this Act shall, no later than 1 January 2005, bring their articles of association up to date with the requirements of this Act.

(2) Amendments to the articles of association, which are necessary in order to bring said articles of association up to date with the regulations of this Act, but which have not been adopted at a general meeting, shall be regarded as legally adopted by the general meeting if the amount of votes cast against said amendments is smaller than that required for a resolution on the dissolution of the association.

(3) Investment associations and divisions hereof, which have been approved before entry into force of this Act and which do not aim at a wide circle or the general public, may, notwithstanding section 79, at a general meeting make resolutions to convert the association into a restricted association. The resolution shall be unanimous.

136.-(1) Other collective investment schemes, cf. section 115, managed by others than investment companies and banks, and which are authorised as securities dealers, cf. section 9 of the Financial Business Act may continue their activities as before provided the Danish FSA is notified before 1 June 2004.

(2) The Danish FSA may lay down regulations regarding the information to be contained in the notification mentioned in subsection (1).

137.-(1) Foreign investment undertakings which, at the entry into force of this Act marketed units directly or indirectly as mentioned in sections 11(1) and 16(1) without a marketing authorisation in accordance with section 71 of the Investment Associations and Special-Purpose Associations Act may continue such marketing as before provided that the Danish FSA is notified before 1 June 2004 of which investment undertakings and units have been marketed.

(2) The Danish FSA may lay down regulations regarding the information to be contained in the notification mentioned in subsection (1).

138. The members of the board of directors who, at the time of entry into force of this Act, have other duties or employments than those permitted under section 26(2) may continue as members of the board of directors until expiry of the period for which they are elected. After such expiry, they shall not be re-electable if they still do not meet the requirements of section 26(2).

139. Notwithstanding the provisions in sections 97-99, an investment association may only use derivative financial instruments according to Executive Order no. 959 of 1 November 2001 on the Use of Derivative Financial Instruments by Investment Associations, Special-Purpose Associations and Innovation Associations until a new executive order is issued in pursuance of section 89(3) of this Act.

140. Investment advisers who, at the time of entry into force of this Act, work as investment advisers to one or more investment associations or special-purpose associations and who are not authorised for or registered with a view to asset management and are not subject to supervision shall, no later than 1 June 2004, either terminate the agreement with the association or submit an application for approval with a view to asset management.

141. This Act shall not apply to the Faeroe Islands and Greenland, but may be brought into force by Royal Decree for these parts of the Realm subject to any variations in their operation necessitated by the specific conditions prevailing in the Faeroe Islands and Greenland respectively.

Act no. 491 of 9 June 2004 contains the following entry into force and transitional provisions:

6.-(1) This Act shall enter into force on 1 January 2005, cf. however subsections (2) and (3).

(2) (Omitted).

(3) Section 1, nos. 4, 7-10, 13, 30, 34, 37 and 41; section 2, nos. 1-3, 12 and 13; section 3, nos. 1 and 2; section 4, no. 5; and section 5 shall enter into force on 1 July 2004.

(4) This Act shall not extend to the Faeroe Islands and Greenland, but may be brought into force by Royal Decree for these parts of the realm subject to any variations in their operation necessitated by the specific conditions prevailing in the Faeroe Islands and Greenland respectively.

Act no. 1383 of 20 December 2004 contains the following entry into force and transitional provisions:

17.-(1) This Act shall enter into force on 1 January 2005, cf. however subsections (2)-(4).

(2)-(3) (Omitted).

(4) Section 3, no. 6 shall be effective from 1 December 2004.

18.-(1) This Act shall not apply to the Faeroe Islands and Greenland, cf. however subsections (2) and (3).

(2) Sections 1, 3 and 4 may, however, be brought fully or partially into force for Greenland and the Faeroe Island by Royal Decree for these parts of the realm subject to any variations in

their operation necessitated by the specific conditions prevailing in Greenland and the Faeroe Islands respectively.

(3) (Omitted).

Act no. 411 of 1 June 2005 contains the following entry into force and transitional provisions:

6.-(1) This Act shall enter into force on 1 July 2005.

(2) Legal entities and other collective investment schemes, cf. section 115 of the Investment Associations and Special-Purpose Associations as well as other Collective Investment Schemes etc. Act, carrying out activities covered by section 114a(1), of the Investment Associations and Special-Purpose Associations as well as other Collective Investment Schemes etc. Act, shall no later than 1 January 2006 submit application for approval as hedge association to the Danish FSA. The legal entity concerned may then continue its activities in Denmark without a license until the Danish FSA has made a decision regarding the application.

(3) The Danish FSA may, in connection with the approval of legal entities and other collective investment schemes, which - before 23 February 2005 - were carrying out activities covered by section 114a(1) of the Investment Associations and Special-Purpose Associations as well as other Collective Investment Schemes etc. Act, and which have filed an application under subsection (2), in special cases grant exemptions from the requirement that the funds of the hedge association is not to total less than DKK 25 million, cf. section 114a(6) and section 114c(1) no. 9 of the Investment Associations and Special-Purpose Associations as well as other Collective Investment Schemes etc. Act.

(4) (Omitted)

7. This Act shall not extend to the Faeroe Islands and Greenland, but may be brought into force by Royal Decree for these parts of the Realm subject to any variations in their operation necessitated by the specific conditions prevailing in the Faeroe Islands and Greenland respectively.

Act no. 1428 of 21 December 2005 contains the following entry into force and transitional provisions:

6. This Act shall enter into force on 1 January 2006.

7. Funds of funds which, before 1 January 2006, have placed funds in units in the foreign investment undertakings and divisions thereof mentioned in sections 11 and 16 in Investment Associations and Special-Purpose Associations as well as other Collective Investment Schemes etc. Act., cf. Consolidated Act no. 768 of 19 July 2005, which do not invest as the associations mentioned in section 108(1), 1st clause in Investment Associations and Special-Purpose Associations as well as other Collective Investment Schemes etc. Act as worded in section 1, no. 15 of this Act may keep such investments, provided the funds of funds report these investments to the Danish FSA no later than 31 March 2006.

8. (Omitted).

9. (Omitted).

10. This Act shall not extend to the Faeroe Islands and Greenland, but sections 1, 3 and 4 may be brought into force by Royal Decree for these parts of the Realm subject to any variations in their operation necessitated by the specific conditions prevailing in the Faeroe Islands and Greenland respectively.

Act no. 108 of 7 February 2007 contains the following entry into force and transitional provisions:

21.-(1) This Act shall enter into force on 1 November 2007, cf. however subsections (3)-(7).

(2) (Omitted).

(3) Section 1, no. 88; section 3, nos. 1, 3, 11, 24, 27, 30, 40-43, 58, 61, 62, 68, 69, 76, 81, 83, 85 and 86; section 6, nos. 1-9; section 7; section 8, nos. 3, 8 and 9; section 9, nos. 6 and 7; section 10, no. 6 and sections 11-15 shall enter into force on 15 February 2007.

(4) (Omitted).

(5) (Omitted).

(6) Section 1, no. 88; section 3, no. 62; section 11, no. 1; section 12, no. 12, and section 13, no. 2 shall be effective from 1 January 2006.

(7) (Omitted).

22. (Omitted).

23.-(1) This Act shall not extend to the Faeroe Islands and Greenland, cf. however subsections (2) and (3).

(2) Sections 1-6, 13 and 14 may be brought fully or partially into force for the Faeroe Islands and Greenland by Royal Decree with any variations necessitated by the specific conditions prevailing in the Faeroe Islands and Greenland.

(3) (Omitted).

(4) (Omitted).

Act no. 181 of 28 February 2007 contains the following entry into force and transitional provisions:

8.-(1) This Act shall enter into force on 1 January 2008.

(2) (Omitted).

(3) (Omitted).

9.-(1) This Act shall not extend to the Faeroe Islands and Greenland.

(2) (Omitted).

(3) Sections 5-7 may be brought fully or partially into force for the Faeroe Islands and Greenland by Royal Decree with any variations necessitated by the specific conditions prevailing in the Faeroe Islands and Greenland.

Act no. 397 of 30 April 2007 contains the following entry into force and transitional provisions:

6.-(1) This Act shall enter into force on 1 July 2007, cf. however subsection (2).

(2) Section 1, nos. 4, 5, 16, 19, 27-30, 35, 36, 40, 41, 50 and 51 shall enter into force on 1 November 2007.

7.-(1) Approved restricted associations on the date of entry into force of this Act may, at a general meeting and no later than 30 June 2008, resolve to convert the restricted association to a professional association established in advance. A resolution to convert shall be passed by the majority required for a change in the articles of association.

(2) On conversion, the assets and liabilities of the restricted association in total shall be transferred to the professional association. The transfer may be completed without the consent of the creditors.

(3) Sections 134-134i of the Companies Act shall, with the necessary adjustments, apply correspondingly to restricted associations when the general meeting has resolved to convert to a professional association.

(4) Conversion shall be deemed to have taken place when the articles of association have been changed and the conversion has been registered and approved in the Danish Commerce and Companies Agency's computer-information system.

8.-(1) This Act shall not extend to the Faeroe Islands and Greenland, cf. however subsections (2) and (3).

(2) Sections 1 and 2 may be brought fully or partially into force for the Faeroe Islands and Greenland by Royal Decree with any variations necessitated by the specific conditions prevailing in the Faeroe Islands and Greenland.

(3) (Omitted).

Act no. 576 of 6 June 2007 contains the following entry into force and transitional provisions:

12.-(1) This Act shall enter into force on 1 July 2007, cf. however subsections (2) and (3).

(2) (Omitted).

(3) (Omitted).

(4) (Omitted).

13. (Omitted)

14.-(1) This Act shall not extend to the Faeroe Islands and Greenland, cf. however subsections (2) and (3).

(2) Sections 1-4 may be brought fully or partially into force for the Faeroe Islands and Greenland by Royal Decree with any variations necessitated by the specific conditions prevailing in the Faeroe Islands and Greenland.

(3) (Omitted).

Act no. 577 of 6 June 2007 contains the following entry into force and transitional provisions:

12.-(1) This Act shall enter into force on 1 July 2007, cf. however subsections (2)-(4).

(2) (Omitted).

(3) (Omitted).

(4) (Omitted).

13. (Omitted).

14. (Omitted).

15. (Omitted).

16. (Omitted).

17. (Omitted).

18.-(1) Sections 1 and 3-11 of this Act shall not extend to the Faeroe Islands and Greenland, cf. however subsections (3) and (4).

(2) (Omitted).

(3) Sections 1, 3, 4 and 8 may be brought fully or partially into force for the Faeroe Islands and Greenland by Royal Decree with any variations necessitated by the specific conditions prevailing in the Faeroe Islands and Greenland.

(4) (Omitted).

Act no. 515 of 17 June 2008 contains the following entry into force and transitional provisions:

10.-(1) This Act shall enter into force on 1 July 2008, cf. however subsection (2).

(2) (Omitted).

11.-(1) Sections 1-5 and 7-9 of this Act shall not extend to the Faeroe Islands and Greenland, cf. however, subsections (2)-(4).

(2) (Omitted).

(3) Sections 1, 2 and 4 may be brought fully or partially into force for the Faeroe Islands with any variations necessitated by the specific conditions prevailing in the Faeroe Islands.

(4) Sections 1-5 and 9 may be brought fully or partially into force for Greenland with any variations necessitated by the specific conditions prevailing in Greenland.

Act no. 517 of 17 June 2008 contains the following entry into force and transitional provisions:

13.-(1) This Act shall enter into force on 1 July 2008, cf. however subsections (2)-(5).

(2) Section 11 shall enter into force on 15 August 2008.

(3) Section 1, nos. 17 and 20-30, section 4, nos. 3-12, section 6, nos. 6-14, section 7 nos. 3-11, section 8, nos. 3-11, and section 9, nos. 3-11 shall take effect for accounting years commencing on 1 January 2009 or later.

(4) (Omitted).

(5) (Omitted).

14.-(1) Sections 1, 2 and 4-12 shall not extend to the Faeroe Islands and Greenland, cf. however, subsections (3) and (4).

(2) Section 3 shall not extend to the Faeroe Islands.

(3) Sections 1, 2, 6 and 10 may by Royal Decree be extended fully or partly to the Faeroe Islands and Greenland with any variations necessitated by circumstances peculiar to the Faeroe Islands or Greenland may require.

(4) Sections 4, 5 and 9 may by Royal Decree be extended fully or partially to Greenland with any variations by circumstances peculiar to Greenland.

Act no. 67 of 3 February 2009 contains the following entry into force and transitional provisions:

14.-(1) This Act shall enter into force on 4 February 2009.

(2) The Bill may be ratified immediately after adoption.

(3) (Omitted).

15.-(1) Sections 16-18 of this Act shall not extend to the Faeroe Islands and Greenland but section 16, nos. 1-14 and 17-19 may by Royal Decree be extended in full or in part the Faeroe Islands and Greenland subject to any variations as circumstances peculiar to the Faeroe Islands and Greenland may require.

(2) The provisions of this Act for mortgage-credit institutions shall not extend to the Faeroe Islands.

Act no. 133 of 24 February 2009 contains the following entry into force and transitional provisions:

7.-(1) This Act shall enter into force on 1 March 2009, cf. however subsections (2) and (3).

(2) (Omitted).

(3) (Omitted).

8.-(1) This Act shall not extend to the Faeroe Islands and Greenland, cf. however, subsections (2) and (3).

(2) Sections 1, 3 and 4 of this Act may be extended fully or partly to the Faeroe Islands and Greenland with any variations necessitated by circumstances peculiar to the Faeroe Islands or Greenland.

(3) (Omitted).

Act no. 392 of 25 May 2009 contains the following entry into force and transitional provisions:

15.-(1) This Act shall enter into force on 1 July 2009, cf. however, subsections (2)-(7).

(2) (Omitted).

(3) Section 4, nos. 4-6, 9, 11-13, 21, 27, 33, 42, 43, 45, 46 and 50, and sections 5-7 of this Act shall enter into force on 1 January 2010, cf. however, subsection (4).

(4) For divisions established in the period from 1 July 2009 to 31 December 2009, or existing divisions which are taxed in accordance with section 19 of the Capital Gains Tax Act, the provisions mentioned in subsection (3) shall enter into force on 1 July 2009.

(5) Investment companies, which on the date of entry into force of this Act manage one or more collective investment schemes, cf. section 115 of the Investment Associations and Special-Purpose Associations as well as other Collective Investment Schemes etc. Act, may continue to manage these collective investment schemes, provided the collective investment schemes under management are notified to the Danish FSA before 1 September 2009.

(6) (Omitted).

(7) The amendment to section 120(2) of the Investment Associations and Special-Purpose Associations as well as other Collective Investment Schemes etc. Act, cf. section 4, no. 49, shall enter into force on day following publication in Danish Legal Gazette.¹⁴

16.-(1) Sections 1-7 and 9-13 of this Act shall not extend to the Faeroe Islands and Greenland, cf. however, subsections (3) and (4).

(2) (Omitted).

(3) Sections 1-4, 9, 10 and 13 may be brought fully or partially into force for Greenland by Royal Decree subject to any variations in their operation necessitated by specific conditions prevailing in Greenland.

(4) Sections 1-4 may be brought fully or partially into force for the Faeroe Islands by Royal Decree subject to any variations in their operation necessitated by specific conditions prevailing in the Faeroe Islands.

Ministry of Economic and Business Affairs, 21 August 2009

Lene Espersen

/ Ulrik Nødgaard

Official notes

¹ This Act contains provisions implementing Council Directive 85/611/EEC of 20 December 1985 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS), (Official Journal L 375, p. 3), as partially amended by Directive 2001/107/EC of the European Parliament and of the Council of 21 January 2002 with a view to regulating management companies and simplified prospectuses, (Official Journal L 41, p. 20), and Directive 2001/108/EC of the European Parliament and of the Council of 21 January 2002 with regard to investments of UCITS (Official Journal L 41, p. 35), Council Directive 88/220/EEC of 22 March 1988 (Official Journal L 100, p. 31) (amended investment policies), and Directive 95/26/EC of the European Parliament and of the Council of 29 June 1995, (Official Journal L 168, p. 7) (reinforcing prudential supervision - the "post-BCCI" Directive), and Commission Directive 2007/16/EC implementing Council Directive 85/611/EEC on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) as regards the clarification of certain definitions (Official Journal 2007 L 79, p. 11).

² For divisions established in the period from 1 July 2009 to 31 December 2009, or existing divisions which are taxed in accordance with section 19 of the Capital Gains Tax Act, the amendment regarding unit classes entered into force on 1 July 2009. Otherwise the amendment shall enter into force on 1 January 2010, cf. the introduction to this Consolidating Act.

³ For divisions established in the period from 1 July 2009 to 31 December 2009, or existing divisions which are taxed in accordance with section 19 of the Capital Gains Tax Act, the amendment regarding unit classes entered into force on 1 July 2009. Otherwise the amendment shall enter into force on 1 January 2010, cf. the introduction to this Consolidating Act.

⁴ For divisions established in the period from 1 July 2009 to 31 December 2009, or existing divisions which are taxed in accordance with section 19 of the Capital Gains Tax Act, the amendment regarding unit classes entered into force on 1 July 2009. Otherwise the amendment shall enter into force on 1 January 2010, cf. the introduction to this Consolidating Act.

⁵ For divisions established in the period from 1 July 2009 to 31 December 2009, or existing divisions which are taxed in accordance with section 19 of the Capital Gains Tax Act, the amendment regarding unit classes entered into force on 1 July 2009. Otherwise the amendment shall enter into force on 1 January 2010, cf. the introduction to this Consolidating Act.

⁶ For divisions established in the period from 1 July 2009 to 31 December 2009, or existing divisions which are taxed in accordance with section 19 of the Capital Gains Tax Act, the amendment regarding unit classes entered into force on 1 July 2009. Otherwise the amendment shall enter into force on 1 January 2010, cf. the introduction to this Consolidating Act.

⁷ For divisions established in the period from 1 July 2009 to 31 December 2009, or existing divisions which are taxed in accordance with section 19 of the Capital Gains Tax Act, the amendment regarding unit classes entered into force on 1 July 2009. Otherwise the amendment shall enter into force on 1 January 2010, cf. the introduction to this Consolidating Act.

⁸ For divisions established in the period from 1 July 2009 to 31 December 2009, or existing divisions which are taxed in accordance with section 19 of the Capital Gains Tax Act, the amendment regarding unit classes entered into force on 1 July 2009. Otherwise the amendment shall enter into force on 1 January 2010, cf. the introduction to this Consolidating Act.

⁹ For divisions established in the period from 1 July 2009 to 31 December 2009, or existing divisions which are taxed in accordance with section 19 of the Capital Gains Tax Act, the amendment regarding unit classes entered into force on 1 July 2009. Otherwise the amendment shall enter into force on 1 January 2010, cf. the introduction to this Consolidating Act.

¹⁰ For divisions established in the period from 1 July 2009 to 31 December 2009, or existing divisions which are taxed in accordance with section 19 of the Capital Gains Tax Act, the amendment regarding unit classes entered into force on 1 July 2009. Otherwise the amendment shall enter into force on 1 January 2010, cf. the introduction to this Consolidating Act.

While this translation was carried out by a professional translation agency, the text is to be regarded as an unofficial translation based on the latest official Consolidating Act no. 807 of 21 August 2009. Only the Danish document has legal validity.

February 2010, GlobalDenmark Translations a/s

¹¹ For divisions established in the period from 1 July 2009 to 31 December 2009, or existing divisions which are taxed in accordance with section 19 of the Capital Gains Tax Act, the amendment regarding unit classes entered into force on 1 July 2009. Otherwise the amendment shall enter into force on 1 January 2010, cf. the introduction to this Consolidating Act.

¹² For divisions established in the period from 1 July 2009 to 31 December 2009, or existing divisions which are taxed in accordance with section 19 of the Capital Gains Tax Act, the amendment regarding unit classes entered into force on 1 July 2009. Otherwise the amendment shall enter into force on 1 January 2010, cf. the introduction to this Consolidating Act.

¹³ For divisions established in the period from 1 July 2009 to 31 December 2009, or existing divisions which are taxed in accordance with section 19 of the Capital Gains Tax Act, the amendment regarding unit classes entered into force on 1 July 2009. Otherwise the amendment shall enter into force on 1 January 2010, cf. the introduction to this Consolidating Act.

¹⁴ The Act was published in the Danish Legal Gazette A on 26 May 2009.