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Investment Associations, etc. Act

Act no. 456 of 18 May 2011

We Margrethe the Second, by the grace of God Queen of Denmark hereby witness: Folketinget (the Danish Parliament) has adopted and We with Our consent hereby enact the following Act:

I

General provisions

Part 1

Scope

1.-(1) This Act shall apply to collective investment schemes, cf. subsections (2)-(5) and (8), which receive funds from a wide circle or the public, as well as to associations that do not receive funds from the public, cf. subsections (6) and (7).

(2) Parts 3-14 and parts 21-23 shall apply to investment associations, including

1) master UCITS,
2) feeder UCITS,
3) money-market associations, and
4) short-term money-market associations.

(3) Parts 3-12, part 15 and parts 21-23 shall apply to special-purpose associations, i.e.

1) placement associations,
2) money-market associations,
3) short-term money-market associations and
4) funds of funds.

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(4) Parts 3-12, part 16 and parts 21-23 shall apply to hedge associations.

(5) Part 4 shall apply to marketing carried out by foreign investment undertakings in Denmark, and to notification of marketing carried out by investment associations in another country within the European Union or in a country with which the Community has entered into an agreement for the financial area, in pursuance of Directive of the European Parliament and of the Council on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (investment undertakings) (UCITS) (the UCITS Directive). Furthermore, sections 196, 197, 202-206, 210, 212, 213, 216 and 217 shall apply to foreign investment undertakings.

(6) Parts 17 and 19, section 197 and sections 210-218, as well as parts 22 and 23 shall apply to professional associations.

(7) Parts 18, 19 and parts 21-23 shall apply to approved restricted associations.

(8) Parts 20 and sections 210, 212 and 221 shall apply to other collective investment schemes than those mentioned in subsections (2)-(5).

(9) Part 24 shall apply to registration of non-approved restricted associations by the Danish Commerce and Companies Agency.

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

1) Companies with share capital that are limited companies.
2) Companies with share capital that are limited liability companies.
3) Collective investment schemes that alone or with other investors invest in shares in order to acquire companies with share capital that are limited companies and limited liability companies 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 that the schemes mentioned in subsection (1), no. 4 shall be covered by section 1(2)-(4) or subsection (8).

Part 2

Definitions

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

1) "Financial instruments” shall mean:
   a) Securities.
   b) Money-market instruments.
   c) Units issued by other associations, compartments, or investment undertakings.
   d) Derivative financial instruments.
   e) Deposits with credit institutions.

2) "Securities” shall mean:
a) Shares and other securities equivalent to these.
b) Bonds and other standardised debt instruments (debt securities).
c) All other negotiable securities giving the right to acquire such securities by subscription or exchange.

3) "Money-market instruments" shall mean: Financial instruments, that are normally traded on the money market, that are liquid, and that have a value which can be measured at any time, cf. sections 120-121.
4) "Foreign investment undertaking" shall mean: Any foreign collective investment scheme, the activities of which correspond to the schemes mentioned in section 1(2)-(4) and (8).
5) "UCITS" shall mean: An investment undertaking which is authorised in accordance with the rules implementing the UCITS Directive, and which, pursuant to Article 1(3), may be established

a) according to agreement as an investment fund managed by management companies,
b) as trusts (unit trusts) or

c) according to articles of association as investment firms (in Denmark: investment associations).

6) "Home country of an EU investment undertaking (UCITS)" shall mean: The Member State in which the investment undertaking has obtained authorisation according to Article 5 of the UCITS Directive.
7) "Host country of an EU investment undertaking (UCITS)" shall mean: A Member State, which is not the home country of the investment undertaking, where the units in the investment undertaking are marketed.
8) "Investment management company" shall mean: A company that has been licensed as investment management company in pursuance of section 10 of the Financial Business Act.
9) "Management company" shall mean: A company, the regular business of which is management of UCITS.
10) "Management company’s home country" shall mean: The Member State in which the management company has its registered office according to its articles of association.
11) "Host country of a management company" shall mean: A Member State which is not the home country of a management company, and where the management company has a branch or provides services.
12) "Depositary" shall mean: A bank with registered office in Denmark or a corresponding foreign credit institution with a branch in Denmark with 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, as well as depositaries, cf. Article 2(1)(a) of the UCITS Directive, for UCITS with registered office in other EU or EEA countries, which have been entrusted with

a) all the financial assets of an association or UCITS and
b) the tasks mentioned in sections 106 and 107 of the Financial Business Act and in Chapters IV or V, section 3 of the UCITS Directive.

13) "Credit institution" shall mean: An undertaking whose business is to receive deposits or other repayable funds from the public and to grant credit for its own account.
14) "Parent undertaking" shall mean: An undertaking that has one or more subsidiary undertakings.
15) "Subsidiary undertaking" shall mean: An undertaking that is subject to controlling influence by a parent undertaking.
16) "Group" shall mean: A parent undertaking and its subsidiary undertakings, cf. sections 5a and 5b of the Financial Business Act.
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18) "Other 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 the MiFID Directive.

19) "OTC market" shall mean: A market in which to trade financial instruments that are not covered by the markets mentioned in nos. 17 and 18.

20) "Close links" shall mean:

a) direct or indirect links of the nature described in no. 16,
b) participating interests such that an undertaking is in direct or indirect ownership of 20 percent or more of the voting rights or capital of another undertaking, or
c) joint links with an undertaking of several undertakings or persons, cf. a), with an undertaking.

21) "Master UCITS" shall mean: A UCITS, cf. no. 5, including an investment association or a compartment thereof, which

a) has, among its members, at least one feeder UCITS cf. no. 22,
b) is not itself a feeder UCITS, and
c) does not invest in a feeder UCITS.

22) "Feeder UCITS" shall mean:

a) UCITS, cf. no. 5, or a compartment thereof, which, in its home country, is authorised to invest at least 85 percent of its funds in another UCITS, or
b) An investment association, or a compartment thereof, which is authorised pursuant to section 10(3), cf. section 5 and section 12(3), respectively.

23) "Master-feeder-structure" shall mean: A feeder UCITS and the master UCITS in which the feeder UCITS has invested.

24) "Competent authorities" shall mean: Authorities with which the individual Member States in the European Union or in a country with which the Community has entered into an agreement for the financial area, and which have been designated pursuant to Article 97 of Directive 2009/65/EC (the UCITS Directive) of the European Parliament and the Council.

25) "Professional investor" shall mean: An investor who possesses the experience, knowledge and expertise to make his own investment decisions and properly assess the risks that he incurs.

26) "Non-approved restricted associations" shall mean: Associations with few members which can be registered with the Danish Commerce and Companies Agency according to part 24, but which are not under supervision by the Danish FSA.

(2) The Danish FSA may lay down more detailed regulations on who is to be considered professional investors, cf. no. 25.

II

Authorisation for undertakings, approval of articles of association, delegation to an investment management company and a depositary, exclusive rights, areas of
activities for investment associations, master-feeder-structures, special-purpose associations and hedge associations, as well as compartments thereof

Part 3

Authorisation for investment associations, including feeder UCITS, special-purpose associations and hedge associations, as well as compartments thereof, and approval of articles of association, etc.

Investment associations and master UCITS

4.-(1) Undertakings shall be authorised by the Danish FSA as investment associations, cf. however section 5, in order to carry out a business activity which

1) involves

a) receiving, from a wide circle or from the public, funds which, in accordance with a principle of risk-spreading, are placed in financial instruments in accordance with the regulations in part 13, or
b) either receiving, as a master UCITS, cf. section 3, no. 21, funds from a wide circle or the public and having amongst its members a feeder UCITS, or having at least two feeder UCITS as members, and which

2) upon request from a member, redeeming said member’s share of the assets with funds derived therefrom.

(2) An investment association which receives funds as a master UCITS,

1) may not itself be a feeder UCITS,
2) shall within three business days notify the Danish FSA about the name of each of the feeder UCITS from which it is receiving funds, and
3) shall ensure that the feeder UCITS, its investment management company or management company, its depositary and the competent authorities at any time have access to all information required under legislation or other regulations issued with a view to implementing the UCITS Directive.

(3) Investment associations and the investment undertakings mentioned in section 18, shall have the exclusive right to approach a wide circle or the public for the purpose of receiving funds for the activities referred to in subsection (1).

(4) Investment associations may only carry out the activities mentioned in subsections (1) and (3) and section 17 and shall have exclusive right to use the word »investeringsforening« (investment association) in their name in letters and on other business papers, including electronic newsletters and on the website of such association, cf. however section 5(2).
Other undertakings may not use names or expressions that may create the impression that they are investment associations.

(5) Investment associations that exclusively invest in money-market instruments, shall add the word »pengemarkedsforening« (money-market association) after their name, and compartments that exclusively invest in money-market instruments shall add the word
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»pengemarkedsafdeling« (money-market compartment) after their name. If the investment association adds the words »kort pengemarkedsforening« (short-term money-market association), or a compartment which invests in money-market instruments adds the word »kort« (short-term) to its name, the association or compartment shall meet the conditions in the provisions issued by the Danish FSA according to section 127.

(6) An association seeking approval under subsection (1) shall have assets of at least DKK 10 mill. in each compartment. Intangible assets shall not be included in these assets.

Feeder UCITS

5.- (1) In addition to authorisation under section 4, investment associations shall be authorised by the Danish FSA as feeder UCITS before the individual compartments in such association may invest at least 85 percent of their assets in units in a compartment of another investment association or investment undertaking (master UCITS) covered by the UCITS Directive or a compartment thereof. Authorisation by the Danish FSA shall include authorisation for said investment association (the feeder UCITS) to invest more than 20 percent of its assets in the master UCITS concerned.

(2) Investment associations which are feeder UCITS may only carry out the activities mentioned in subsection (1) and section 17.

(3) The feeder UCITS, its investment management company or its management company shall be obliged to submit all necessary information from the master UCITS to the depositary of the feeder UCITS, in order for the depositary to comply with its obligations.

(4) If an investment association is included in a master-feeder-structure, the following written agreements shall be entered into in order to ensure investor protection:

1) The investment association or the board of directors of investment associations shall enter into an agreement where the master UCITS shall provide the feeder UCITS with all documents and information necessary for the latter to meet its requirements laid down under legislation and ensure that the master UCITS complies with the placement limits.
2) The depositary of the master UCITS and the depositary of the feeder UCITS shall, if the undertakings have different depositaries, enter into an information-sharing agreement in order to ensure fulfilment of the duties of both depositaries.
3) Elected external auditors of the master UCITS and the feeder UCITS shall, if the undertakings have different auditors, enter into an information-sharing agreement in order to ensure fulfilment of the duties of both auditors.

(5) If the master UCITS and the feeder UCITS have the same investment management company or management company, the board of directors of the two associations may decide that the contents of the agreements shall be specified instead in the procedures of the investment management company or the management company.

(6) The Danish FSA shall lay down more detailed regulations on the contents of the agreements mentioned in subsection (4), nos. 1-3 and the procedures mentioned in subsection (5).

Special-purpose associations

6.- (1) Undertakings shall be authorised by the Danish FSA as special-purpose associations in order to carry out activities that involve
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1) receiving, from a wide circle or the public, funds which, in accordance with a principle of risk-spreading, are placed in the financial instruments mentioned in part 15 of this Act, and

2) upon request from a member, redeeming a member’s share of the assets with funds derived therefrom according to provisions laid down in the articles of association.

(2) Special-purpose associations and the undertakings mentioned in section 19, shall have exclusive right to approach a wide circle or the public for the purpose of receiving funds for the activities referred to in subsection (1).

(3) Special-purpose associations may only carry out the activities mentioned in subsection (1) and section 17 and shall have exclusive right and duty to use the words »specialforening« (special-purpose association), »placeringsforening« (placement association) and »pengemarkedsforening« (money-market association), respectively, or the word »investeringsinstitutforening« (fund of funds) in their name in letters and on other business papers, including electronic newsletters and on the website of such association. Other undertakings may not use names or expressions for their activities that may create the impression that they are special-purpose associations. If a money-market association refers to itself as »kort pengemarkedsforening« (short-term money-market association), or a compartment that invests in money-market instruments is characterised as »kort« (short-term), such association or compartment shall meet the conditions in the provisions issued by the Danish FSA on the authority of section 127.

(4) An association seeking approval under subsection (1) shall have assets of at least DKK 10 mill. in each compartment. Intangible assets may not be included in these assets.

Hedge associations

7.- (1) Undertakings which are not authorised according to sections 4-6, shall be subject to approval by the Danish FSA as a hedge association in order to carry out activities, which involve

1) receiving funds from a wide circle or the public,

2) placing the funds in financial instruments, as mentioned in Annex 5 of the Financial Business Act, and in liquid funds, including currency, in accordance with the investment policy and risk profile of the articles of association of said association, and

3) upon request from a member, redeeming a member’s share of the assets with funds derived therefrom according to provisions laid down in the articles of association, however at least once a month.

(2) Hedge associations and the undertakings mentioned in section 19, shall have exclusive right to approach a wide circle or the public for the purpose of receiving funds for the activities referred to in subsection (1).

(3) Hedge associations may only carry out the activities mentioned in subsection (1) and section 17 and shall have exclusive right and duty to use the word »hedgeforening« (hedge association) in their name in letters and on other business papers, including electronic newsletters and on the website of such association. Other undertakings may not use names or expressions that may create the impression that they are hedge associations.

(4) An association seeking approval under subsection (1) shall have assets of at least DKK 25 mill. in each compartment. Intangible assets may not be included in these assets. Proceeds
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from loans raised by the association on behalf of a compartment, as well as intangible assets cannot be included in these assets.

Safekeeping of assets of investment associations, special-purpose associations and hedge associations in the depositary of the association

8. The financial assets of an association shall be managed and kept separately for compartments of said association by a depositary approved by the Danish FSA. The depositary shall be able to provide sufficient financial and professional security such that it is capable of performing its duties for the individual association.

Organisation of investment associations, special-purpose associations and hedge associations

9.- (1) Investment associations, special-purpose associations and hedge associations shall be self-governing associations. Members of the association shall be any owner of a share of the association's assets.

(2) Investment associations, special-purpose associations and hedge associations shall be divided into one or more compartments, each based on a particular part of the assets in accordance with the relevant provisions in the articles of association.

(3) Each compartment is only liable for its own obligations. Each compartment 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 compartment is unable to fulfil its obligations under the 2nd clause, the other compartments shall be jointly and severally liable for said compartment's share of the common costs.

(4) A compartment may be divided into unit classes according to the provisions in the articles of association to that effect.

(5) A member of an association shall only be liable for any units in the assets of the compartment owned by the member. Any unit in an association or compartment's assets shall confer equal rights on the members, cf. however section 13 on unit classes, section 14, no. 7 on units without dividend rights (ex coupon) and section 27 regarding voting rights.

Authorisation for investment associations, including feeder UCITS, special-purpose associations and hedge associations

10.- (1) The Danish FSA will permit an association to carry out activities, provided that

1) the foundation of the association is legal,
2) the requirements in sections 4, 5, 6 or 7 have been fulfilled,
3) the members of the board of directors and the board of management of the association meet the requirements of section 39, or, if the board of directors has not employed a board of management, when the Danish FSA has approved the association's delegation of the day-to-day management to an investment management company, or an investment association's delegation of the day-to-day management to a management company, cf. section 15,
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, cf. section 16,
6) the activity plan, organisation, risk management, procedures as well as administrative conditions of the association are appropriate,
7) there are no close links, cf. section 3, no. 20, between the applicant and other undertakings or persons that could complicate performance of the tasks of the Danish FSA,
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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 individual compartments, which are required to be no less than DKK 10 mill. for each compartment in investment associations and special-purpose associations, and DKK 25 mill. in hedge associations, are subscribed at the first general meeting and deposited in a blocked account in the depositary, or an unconditional guarantee is provided by a bank or insurance company for subscription of units in each compartment up to the minimum amount of no less than DKK 10 mill. and DKK 25 mill., respectively,

10) the association has its registered office in Denmark, and

11) the application for authorisation meets the requirements laid down in subsection (4).

(2) An investment association applying for authorisation to invest as a feeder UCITS or to invest in a new master UCITS, shall submit

1) its own articles of association, as well as those of the master UCITS,

2) its own prospectus and document with key investor information, as well as those of the master UCITS,

3) procedures of the investment management company or management company regarding management of the master-feeder-structure, cf. section 5(5) or the agreement between the feeder UCITS and the master UCITS if such are not required to be managed by the same company, cf. section 5(4), no. 1,

4) the information, cf. subsection (5), which shall be handed over to the members, if the feeder UCITS is already authorised as an investment association,

5) the information-sharing agreement entered into between the depositaries of the feeder UCITS and the master UCITS, cf. section 5(4), no. 2, if they do not have the same depositary,

6) the information-sharing agreement entered into between the auditors of the feeder UCITS and the master UCITS, cf. section 5(4), no. 3, if they do not have the same auditor, and

7) a statement in Danish, English, Norwegian or Swedish from the competent authorities in the home country of the master UCITS, if the association is not authorised in Denmark, stating that it is not a feeder UCITS nor does it own units in a feeder UCITS.

(3) The Danish FSA shall authorise feeder UCITS, cf. section 5, to carry out activities, including invest more than the 20 percent limit set in section 135, cf. section 124, if the association has submitted the documents and information mentioned in subsection (2) and the Danish FSA assesses that the feeder UCITS, its depositary and auditor, as well as the master UCITS fulfil the requirements in subsections (2) and (5) and section 5, including the regulations issued by the Danish FSA pursuant to subsection (6) and section 5(6). The Danish FSA shall make a decision no later than 15 business days after the Danish FSA has received a complete application.

(4) An application for approval under sections 4-7 shall include all information necessary for assessment by the Danish FSA of whether the conditions in subsections (1) and (2) have been met.

(5) An investment association which is already carrying out activities, and which is subsequently authorised as a feeder UCITS, or which has been authorised to invest in a new master UCITS, shall no later than 30 days prior to the date mentioned in no. 3 provide its members with the following:

1) A statement that the Danish FSA has authorised the investment of the investment association as feeder UCITS in the master UCITS.

2) The key investor information for the feeder UCITS and the master UCITS mentioned in section 84.
3) Information on the date when the investment association will begin investing as a feeder UCITS in the master UCITS, or if the investment association has already invested herein, information on the date its investments will exceed the limits set in section 135(1) and (2).

4) A statement that within 30 days the members will be entitled to demand redemption of their units without other costs than the costs incurred in connection with the redemption. This right to redemption shall take effect from the time when the feeder UCITS has provided the information referred to in this subsection.

(6) The Danish FSA shall lay down more detailed regulations on the format and the manner in which to provide the information and documents referred to in subsection (5).

(7) Upon approval of the association by the Danish FSA, cf. subsections (1) and (3), the association may commence its activities by investing the funds received from the members. An investment association which is authorised as a feeder UCITS may, however, not invest more than the limit set in section 135(1) until after the expiry of the 30-day period mentioned in subsection (5).

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

(9) In the event that the Danish FSA rejects an application for authorisation, the investment association, the special-purpose association or hedge association, cf. subsection (1), 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, the Danish FSA shall make a decision 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 authorisation, issued a statement regarding the application, the association may bring the matter before the courts.

(10) Rejection from the Danish FSA to an investment association of an application to become a feeder UCITS or invest in a new master UCITS, cf. subsection (2), shall be given no later than 15 business days after the Danish FSA has received a complete application.

Notifications of investment associations, special-purpose associations and hedge associations to the Danish Commerce and Companies Agency

11.- (1) Once the Danish FSA has authorised an investment association, special-purpose association or a hedge association, or has approved 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 with the Danish Commerce and Companies Agency, cf. subsection (1), and when applying for approval of amendments to its articles of association, an association shall submit a dated and signed copy of its articles of association with the full wording to the Danish FSA. Where the Danish FSA has authorised the association or has approved the amendments to the articles of association, the Danish FSA shall forward one copy of said articles of association including its stamp of approval to the Danish Commerce and Companies Agency and return the stamped articles of association to said association.

(3) Upon notification and registration pursuant to subsection (1), part 2 and section 371 of the Companies Act shall apply with the necessary changes. The Danish Commerce and Companies
Agency shall, however, receive notification no more than four weeks after the statutory decision to make the changes.

(4) Instead of sending a dated and signed copy of the articles of association together with the full wording to the Danish FSA, as stated in subsection (2), the association may send the articles of association to the Danish FSA using digital communication, cf. section 218.

Approval of amendments to the articles of association for investment associations, special-purpose associations and hedge associations, as well as authorisation of new compartments

12.- (1) The Danish FSA shall approve amendments of an association’s articles of association when the amendments have been legally adopted and are in compliance with this Act.

(2) The Danish FSA shall grant authorisation of new compartments in investment associations, special-purpose associations and hedge associations if

1) the foundation of the compartment is legal,
2) the Danish FSA has approved the provisions in the articles of association regarding the compartment,
3) compartments of investment associations and special-purpose associations own assets of at least DKK 10 mill., and compartments of hedge associations own assets of at least DKK 25 mill., and
4) the compartment’s minimum assets have either been subscribed to or deposited in a blocked account in the depositary, 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 mill. in compartments of investment associations and special-purpose associations and DKK 25 mill. in compartments of hedge associations, respectively.

(3) The Danish FSA shall authorise that new compartments in investment associations, cf. sections 4 and 5, invest as feeder UCITS, or that a compartment which invests as a feeder UCITS, invests in a new master UCITS if the Danish FSA assesses that the requirements in section 5(1) and section 10(2)-(5) have been fulfilled with the necessary changes. The Danish FSA shall make a decision no later than 15 business days after the Danish FSA has received a complete application, cf. section 10(3), 2nd clause and subsection (10).

Unit classes in investment associations, special-purpose associations and hedge associations

13.- (1) If an association’s articles of association include provisions on dividing the association’s compartments into unit classes, the board of directors may, pursuant to provisions in the articles of association on this, establish unit classes in a compartment. In an existing compartment, the establishment presupposes that the members of the compartment at a general meeting have made a decision that said compartment may be broken into unit classes. If the board of directors may establish unit classes in the compartment, this shall be apparent from the name of the compartment.

(2) A unit class in an investment association or a special-purpose association shall have assets of no less than DKK 10 mill. and a unit class in a hedge association shall have assets of no less DKK 25 mill. The assets of the unit class shall, no later than six months after the board of directors has reached a decision on establishment, either be subscribed or deposited in a blocked account in the depositary, or there shall be an unconditional guarantee from a bank,
an insurance company or a pension fund to subscribe for units for no less than DKK 10 mill. and DKK 25 mill. respectively.

(3) No later than eight business days after the board of directors has reached a decision on establishment of a unit class, notification shall be sent 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). The association shall also send a statement from the auditor of the association or the investment management company stating that the procedures, administrative systems, including registration systems, control environments and accounting practice of the association or investment management company are adequate in relation to administration of the types of unit classes that may be established according to the articles of association, or which the board of directors have decided to offer. The audit opinion may be submitted subsequently, but the association may not offer unit classes until the Danish FSA has informed the association that the Danish FSA has no comments.

(4) A unit class shall not have preferential right over any part of the assets of the compartment, including any class-specific assets. It shall only have a 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 compartment is divided into unit classes, the board of directors shall lay down principles for allocating costs between the unit classes such that each unit class only bears its own share of the common costs of the compartment as well as the particular costs connected to the specific characteristics of the unit class.

(6) The regulations in subsections (1)-(5) and section 91 shall not apply to 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.

**Articles of association for investment associations, special-purpose associations and hedge associations**

14. The articles of association of investment associations, special-purpose associations and hedge associations shall contain provisions regarding

1) the object of the association,
2) the category of investors from which the association receives funds,
3) the name of the association and any secondary names,
4) the municipality in Denmark where the association shall have its registered office (main office) or, if an association has delegated its day-to-day management to an investment management company, or if an investment association has delegated its day-to-day management to a management company, provisions regarding registered office and main office pursuant to section 15(2),
5) the association's division into compartments and the characteristics of each compartment, and whether the board of directors may establish new compartments,
6) whether the association's compartments may be divided into unit classes, and the board of directors' possibility 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 13(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) the regulations applicable for adoption of proposals at general meetings, including
amendments to the articles of association, the dissolution of the association and transfer of
compartments to another association,
13) board of directors, board of management, or the possibility of delegating tasks in
connection with the day-to-day management to an investment management company or a
management company as well as audit,
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 individual compartment is the issuer of certificates or account-holding or both,
due to the compartment being able to divide into unit classes,
16) the amount of the association’s units (nominal amount) and the design of any certificates,
17) whether the units are to be made out in someone’s name or may be made out to a bearer,
and whether the units are to be subject to any restrictions as regards negotiability,
18) issue and redemption of units, including whether special-purpose associations are subject
to any restrictions, and the possibilities of suspending the association’s redemption of units,
19) whether profit of the compartments is to be distributed, including whether interim
dividends shall be distributable several times annually, and whether the general meeting of
compartments paying dividends may decide that the amount distributed is to be carried
forward in full or in part for distribution in subsequent financial years,
20) how to measure the association's assets,
21) how to fix the issue and redemption price of the units,
22) which costs shall be chargeable to the individual compartments and the maximum amount
of costs allowed in proportion to the average asset amount during the financial year,
23) whether a compartment is to be allowed to pay a dividend from the assets in order to
secure a stable distribution percentage,
24) any annual contribution of no more than 2 percent of the total assets of a compartment to
humanitarian or charitable organisations, cf. section 17(2),
25) the extent to which the association may raise loans on behalf of its compartments, cf.
section 49,
26) the investment policy of the association and its compartments, as well as the general
regulations for the individual compartment's placement of its assets, including the markets in
which the association or the individual compartments may place their funds when the Danish
FSA has not approved the relevant market, and with regard to hedge associations, the
investment policy and risk profile of the individual compartment, and
27) the countries, public authorities or public international bodies issuing or guaranteeing the
securities in which the association intends to invest more than 35 percent of the assets of one
or more compartments.

Authorisation to delegate tasks in connection with the day-to-day management of investment
associations, special-purpose associations and hedge associations to an investment
management company or a management company

15.-1 The Danish FSA shall approve delegation by an association of the day-to-day
management to an investment management company, or delegation by an investment
association of tasks in connection with the day-to-day management to a management
company, cf. section 32(4) if

1) the board of directors of the association has decided to enter into an agreement about
delegation of day-to-day management to an investment management company or a
management company,
2) the board of directors has stated that the delegation results in more efficient administration
of the activities of the association,
3) the investment management company or the management company are authorised to manage this type of association,
4) the board of management of the investment management company or management company has declared that the company has sufficient resources and qualified employees to manage the association,
5) the investment management company or the management company is required to perform so many of the association’s duties that it does not merely function as an empty company with regard to the association in question,
6) the management company, the depositary and the investment association have entered into an agreement on regulation of the exchange of information necessary for the depositary to perform its duties pursuant to section 106 of the Financial Business Act, if the day-to-day management has been delegated to a management company, and
7) the Danish FSA does not have any remarks to the application.

(2) An association which has delegated day-to-day management to an investment management company shall have its main office where the investment management company has its main office. If an investment association has delegated its day-to-day management to a management company, the association shall have its main office where the management company has its address. The association shall enter into an agreement with a representative in Denmark and have its registered office in the municipality at the address of the representative. The representative shall represent the association in Denmark.

Approval of the choice of depositary by investment associations, special-purpose associations and hedge associations

16. The Danish FSA shall approve an association’s choice of depositary if

1) pursuant to provisions in the articles of association, the board of directors of the association or the general meeting has made a legal decision to enter into an agreement with the depositary, cf. section 14, no. 8,
2) the depositary complies with the conditions in section 3, no. 12,
3) the board of management of the depositary or the manager responsible for the depositary function has declared that the depositary is able to provide sufficient financial and professional security that it is capable of performing its duties,
4) the procedures of the depositary for the depositary function, cf. section 106(2) of the Financial Business Act, are adequate,
5) the depositary and an investment association, which has delegated its day-to-day management to a management company, together with the management company, has entered into an agreement on regulation of the exchange of information necessary for the depositary to perform its duties in accordance with section 106 of the Financial Business Act,
6) the depositary has entered into an agreement, cf. section 5(4), no. 2, if the investment association is a feeder UCITS which forms part of a master-feeder-structure where the master UCITS and the feeder UCITS have different depositaries, and
7) the Danish FSA does not have any remarks to the application.

Access of investment associations, special-purpose associations and hedge associations to own shares in an investment management company and to provide contributions for humanitarian or charitable organisations

17.- (1) An association may, alone or together with other investment associations, special-purpose associations and hedge associations, as well as professional associations and approved restricted associations, own an investment management company, which solely, and only on behalf of the association, carries out management, investment or marketing activities.
(2) Associations may, when permitted by the articles of association, grant an annual contribution of no more than 2 percent of their accounting assets to humanitarian or charitable organisations with which they have made an agreement hereon.

Part 4

Cross-border activities

Foreign investment undertakings covered by the UCITS Directive

18.- (1) Foreign investment undertakings, which have been approved by the competent authorities in another country within the European Union or a country with which the Community has entered into an agreement for the financial area to carry out the activities mentioned in section 4 pursuant to the regulations in the UCITS Directive, and which intend to market their units directly or indirectly in Denmark, may begin marketing its units when the Danish FSA has received notification hereof from the competent authorities in the home country of the undertaking.

(2) The Danish FSA shall lay down more detailed regulations on marketing of units by such foreign investment undertakings in Denmark.

Other foreign investment undertakings

19.- (1) The Danish FSA may approve direct or indirect marketing in Denmark of units issued by a foreign investment undertaking, which is authorised under the legislation of its home country, which is not covered by the provisions laid down in the UCITS Directive, and which is subject to supervision in its home country, if said undertaking complies with the provisions laid down by the Danish FSA pursuant to subsection (3). Marketing may not be commenced until approved by the Danish FSA.

(2) The Danish FSA may refuse to grant a license, if the legislation or lack of cooperation with the competent authorities in the country where the investment undertaking has been granted a license and is under supervision, will complicate the work of the Danish FSA.

(3) The Danish FSA shall lay down more detailed regulations regarding the terms on which foreign investment undertakings not covered by section 1(5) may market their units in Denmark, and the documentation to be sent to the Danish FSA together with the application.

Danish investment associations covered by the UCITS Directive

20.- (1) A Danish investment association intending to market its units in another country within the European Union or in a country with which the Community has entered into an agreement for the financial area, shall submit notification hereon to the Danish FSA. The notification shall comply with the requirements in Commission Regulation No. 584/2010 implementing Directive 2009/65/EC of the European Parliament and of the Council as regards the form and content of the standard notification letter and UCITS attestation, the use of electronic communication between competent authorities for the purpose of notification, and procedures for on-the-spot verifications and investigations and the exchange of information between competent authorities.

(2) A Danish investment association intending to market its units in a country which is not a member of the European Union or in a country with which the Community has not entered into
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an agreement for the financial area, shall submit notification hereon to the Danish FSA and to the competent authorities in said other country in accordance with the requirements applicable there.

(3) The Danish FSA shall lay down more detailed regulations on Danish associations’ marketing of units abroad.

Danish associations not covered by the UCITS Directive

21. A Danish association not approved under the regulations complying with provisions in the UCITS Directive that intends 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 applicable there.

III

Good business practice

Part 5

Good business practice

22.- (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 more detailed regulations on honest business principles and good practice for associations.

IV

General meetings and management, etc.

Part 6

General meetings of investment associations, special-purpose associations and hedge associations

23.- (1) The notice convening a general meeting of 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.

(2) The notice convening a general meeting shall be submitted to members who have requested notification.

24.- (1) If an association does not have a board of directors or if an association fails to convene a general meeting to be held according to law, the articles of association or a resolution passed by the general meeting, the general meeting shall be convened by the Danish FSA upon request from one member of the board of directors or board of management of the association, the auditor elected by the general meeting or a member. The Danish FSA may lay down the agenda of the general meeting.
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(2) A general meeting convened by the Danish FSA shall be chaired by a person whom the Danish FSA has authorised for the task, and the board of directors of the association or the board of management of the investment management company shall submit the minutes of the proceedings of the general meeting and the audit book. Expenses for the general meeting shall be paid in advance by the Danish FSA but ultimately paid by the association or the investment management company of said association.

25.- (1) 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 compartment at the general meeting in respect of

- approval of the annual report of the compartment,
- amendment of the regulations laid down in the articles of association concerning placement of the compartment's assets,
- the winding-up or merger of said compartment, and
- any other business that is exclusively relevant to the compartment.

(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 compartment with regard to

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

(5) Any member 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.

(6) 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.

26.- (1) Unless otherwise stipulated in the articles of association, the board of directors of the association may decide, as a supplement to physical presence at the general meeting, that members are given access to participate in the general meeting electronically, including voting electronically, without being physically present at the general meeting, this means that a partial electronic general meeting is held, cf. subsections (3) and (4).

(2) The general meeting may decide that the general meeting is to be held solely electronically without the possibility of physical participation, i.e. as a completely electronic general meeting, cf. subsections (3)-(5). The resolution shall include information about the use of electronic media in connection with participation in the general meeting. The resolution shall be recorded in the articles of association. Section 28 shall apply to the resolution and the changes herein.

(3) The board of directors of the association shall lay down further requirements for the electronic systems used in connection with partial or complete electronic general meetings. The notice convening a general meeting shall include information about the requirements, including information about how the members can register for electronic participation, and
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where they can find information about the procedures in connection with electronic participation in the general meeting.

(4) A prerequisite for convening a partial as well as a complete electronic general meeting is that the board of directors provide for adequate execution of the general meeting. The system used shall be organised such that the statutory requirements for holding the general meeting are complied with, including the possibility of members to participate, express opinions and vote at the general meeting. The system used shall also be able to determine reliably which members will be participating in the general meeting, the capital and voting rights they represent, and the result of votes.

(5) If the association has issued bearer units and not introduced a date of registration, in the notice convening the general meeting the association shall provide information about how the owners of such units are to document their identity in order to be able to participate in the electronic general meeting. This shall also be stated in the articles of association of the association.

27.- (1) Every 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 1 week.

28.- (1) The resolution on amending the articles of association shall only be valid if it is endorsed by no less than two-thirds of the votes cast as well as the amount of the assets represented at the general meeting. The resolution on amending the articles of association shall also comply with any extra provisions stipulated in the articles of association.

(2) Any amendment of the articles of association of associations may not enter into force before such amendment has been approved by the Danish FSA.

29. The general meeting may authorise the board of directors to set up compartments and unit classes.

30.- (1) A resolution regarding the sale by an association of shares in its investment management company, cf. however subsection (2), 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 members of the association registered at a central securities depository and in the books of the association 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.

31.- (1) The association shall record the minutes of the proceedings of the general meeting. This minute book shall be signed by the chairperson of the meeting.
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(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 provisions on management of investment associations, special-purpose associations and hedge associations, etc. (board of directors and board of management or investment management company)

32.- (1) Associations shall have a board of directors and a board of management. The board of directors shall be responsible for the overall management of the activities of the association. The board of directors and board of management shall be in charge of the affairs of the association. The board of directors and board of management shall act independently and solely in the interests of the association.

(2) The board of directors shall appoint a board of management to be in charge of the day-to-day management of the association. 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.

(3) 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 and to assess the tasks delegated by the board of directors. The association shall also make decisions about investments concerning the assets of the association. If the board of directors has entered into agreements on portfolio management, the association shall have staff who are able to assess the investments made as well as the results achieved.

(4) The board of directors may instead of employing a board of management, cf. subsection (2), delegate the day-to-day management of the association to an investment management company or to a management company. Such delegation shall be approved by the Danish FSA, cf. section 15 and be in compliance with sections 45-47.

(5) The board of directors shall consist of at least three 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, or with companies of a group in which such companies are members, cf. however subsections (6)-(8).

(6) Notwithstanding subsection (5), a minority of the members of the board of directors of the association may be a member of the board of directors in the investment management company or management company to which the board of directors has delegated day-to-day management of the association. A member of the board of directors may, however, not be chairman of the board of directors of the investment management company or the management company.
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(7) Notwithstanding subsection (5), members of the board of directors may be members of the board of directors of an investment management company or a management company to which the board of directors has delegated the day-to-day management, provided the association alone or with other investment associations, special-purpose associations, hedge associations, professional associations or approved restricted associations, owns the investment management company.

(8) An employee of an 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 (5), be a member of the board of directors of an association, provided that the association in question alone or with other associations owns the investment management company.

33.- (1) If the board of directors has delegated the day-to-day management, cf. section 32(4), the members of the board of management of the investment management company or management company shall carry out the duties otherwise incumbent on the members of board of management of the association.

(2) The board of directors may, in compliance with sections 45-47, delegate tasks that are part of the association’s administration to a company which is authorised to carry out the tasks in question.

(3) Notwithstanding subsection (2), the board of directors may not decide to delegate decisions on investment of the funds of the association or other core tasks, cf. subsection (9). The board of directors may, however, enter into agreements on portfolio management with undertakings that comply with the provisions in section 45(1), and which are not a depositary for the association or another company, cf. section 32(5), whose interests may conflict with those of the association.

(4) If the board of directors of an association makes a decision on delegation, cf. subsections (2) and (3) and section 32(4), the delegation shall include a more efficient operation of the association’s activities and comply with the provisions in sections 45-47.

(5) The obligations of the board of directors, any investment management company or the management company and the depositary shall not be affected by any delegation of tasks to a third party by the board of directors.

(6) The board of directors and the investment management company or management company shall ensure monitoring of the execution of the delegated tasks, cf. sections 45-47.

(7) The board of directors may not delegate so many of the administrative tasks that the investment management company or management company becomes an empty company with regards to tasks in connection with administration of the association.

(8) The board of directors of an investment association which invests as a feeder UCITS shall ensure that the association carries out efficient control of the activity of the master UCITS. The association may use information and documents received from the master UCITS or its investment management company or management company, depositary and auditor, unless the association has reason to doubt the accuracy of the information and documents from the master UCITS.

(9) The Danish FSA shall lay down more detailed regulations as to which tasks are core tasks, cf. subsection (3), and on how the association shall follow up on delegated tasks.
Tasks of the board of directors of investment associations, special-purpose associations and hedge associations

34.- (1) 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 association of the association. The board of directors shall ensure that the financial circumstances of the compartments are at all times adequate in view of the operations of the compartments and 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.

(2) By means of rules of procedure, the board of directors shall lay down more detailed provisions with regard to the performance of its tasks.

(3) The Danish FSA may lay down more detailed regulations on the contents of the rules of procedure.

35.- (1) The board of directors of an association shall

1) lay down an overall policy for the activities of the association,
2) if the association is an investment association or a special-purpose association, identify significant risks of the individual compartments and any unit classes, as well as establish their risk profile on the basis of the investment policy laid down in the articles of association,
3) if the association is a hedge association, identify significant risks of the individual compartments and any unit classes on the basis of the investment policy and risk profile laid down in the articles of association, and
4) lay down a policy on conflicts of interest and be able to demonstrate conflicts of interest which may be prejudicial to the interests of the association and its members, between the association and other associations, between the compartments and unit classes and between the association and its parties, as well as ensure that such conflicts of interest are limited as far as possible.

(2) On the basis of this Act and on the framework of the articles of association as well as a risk assessment by the board of directors, and any risk profile of the individual compartments and any unit classes, cf. subsection (1), nos. 2 and 3, the board of directors shall provide the board of management with written guidelines which shall, as a minimum, include

1) controllable framework for which and how much risk the board of management may impose on the individual compartments and any unit classes,
2) the principles for calculation of individual types of risk,
3) regulations on the transactions requiring decision-making by the board of directors and which transactions the board of management may make as part of its position, and
4) regulations on how and the extent to which the board of management shall report to the board of directors about the risk of compartments and any unit classes, including the utilisation of the limits of this Act and the guidelines for the board of management, as well as compliance with the restrictions laid down in this Act and the articles of association.

(3) The board of directors shall regularly consider whether the articles of association of the association and the risk profile of the compartments and of any unit classes as well as the guidelines for the board of management are adequate in relation to the organisation and resources of the association, the size of investments, liquidity and complexity, as well as the market conditions to which the association is subject.

(4) The board of directors shall regularly assess whether the board of management is performing its duties in line with the articles of association of the association and the risk
profile laid down for the compartments and any unit classes, as well as the guidelines for the board of management. The board of directors shall take appropriate steps if this is not the case. Furthermore, the board of directors shall regularly assess whether the tasks delegated by the board of directors are being carried out as agreed, and whether the delegation makes the activities of the association more efficient.

(5) The Danish FSA may lay down more detailed regulations regarding

1) the duties incumbent upon the board of directors and board of management of an association, pursuant to subsections (1)-(4), and
2) publication of information and calculation of risk by hedge associations.

Meetings of the board of directors, etc. in investment associations, special-purpose associations and hedge associations

36.- (1) The chairperson of 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.

(4) The board of directors of an association may decide that the board of directors shall hold joint meetings of the board of directors for several associations with the same board of directors. The minute book of the board of directors mentioned in subsection (3) shall then explicitly state which reports, proceedings and decisions pertain to the individual association.

(5) The board of directors of an association may, to the appropriate extent, decide that the association and other associations with the same board of directors may have the following joint documents:

1) rules of procedure of the board of directors, cf. section 34(2).
2) guidelines for the board of management on the activities of the association, cf. section 35(2).
3) management agreement.
4) depositary agreement.
5) agreements on investment advice.
6) marketing agreements.
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(6) If the board of directors makes a decision pursuant to subsection (5), the documents shall explicitly state which provisions are joint and which provisions relate to the individual association.

(7) The Danish FSA may lay down more detailed regulations on the conditions relating to associations with joint documents, cf. subsection (5).

Competence, etc. of the members of management of investment associations, special-purpose associations and hedge associations

37.-(1) Members of the management of an association, its depositary, and an investment management company or 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.

Duty of investment associations, special-purpose associations and restricted associations to provide information about special conditions to the Danish FSA

38.- (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 compartment.

(2) This shall also apply to the individual member of the board of directors and member of the board of management of an association, as well as a member of the board of directors and a member of the board of management in the investment management company or management company of the association, if any.

(3) If a member of an association’s board of directors or board of management, or the external auditors has cause to believe that a compartment does not meet the assets requirement, cf. sections 4-7, the Danish FSA shall be notified hereof immediately.

Requirements for individual members of management of investment associations, special-purpose associations and hedge associations

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

(2) A member of the board of directors or board of management shall not

1) have been or be held criminally liable for violation of the Criminal Code, or the financial legislation, if such violation entails a risk that the person in question may fail to carry out his duties and responsibilities adequately.

2) have filed for suspension of payments, have filed for bankruptcy or debt restructuring, or be under suspension of payments, bankruptcy proceedings or debt restructuring.
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3) because of his financial situation or via a company which the person in question owns, participates in the operation of, or has a significant influence on, have caused or cause losses or risks of losses for the association.

4) have behaved or behaves in such a manner that there is reason to assume that the person in question will not perform the duties and responsibilities of such position adequately. In the assessment of whether a member of the board of directors or board of management meets the requirements, emphasis shall be on maintaining confidence in the financial sector.

(3) Members of the board of directors or board of management of an association shall submit information to the Danish FSA on the circumstances mentioned in subsection (2) in connection with their appointment to the management of the association, and if the circumstances subsequently change.

40. A member of the board of directors shall not be a member of the board of management, chief internal auditor or deputy chief internal auditor of the association nor of its investment management company or management company, if any. 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 relevant person may not exercise voting rights in the bodies mentioned.

Prohibition against speculation and authorisation to participate in the management of another undertaking, etc. for the board of management and others of investment associations, special-purpose associations and hedge associations

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

1) take up loans or draw on previously established credits to be used for acquisitions of securities when the securities acquired are provided as collateral for said loan or 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 undertakings, 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) may not acquire equity investments 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 or investment companies, as well as units in investment associations, special-purpose associations, hedge associations and foreign investment undertakings.

(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 221 shall apply from the time when the employee in question has been informed hereof.

(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 reporting of investments and similar transactions.
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(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).

42.-(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 79(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 221 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 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 in pursuance of 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 statement in the audit book comments on the annual report stating whether the association owns securities issued by enterprises covered by subsections (1) and (2).

Disclosure of confidential information by investment associations, special-purpose associations and hedge associations
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43.- (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 or management company, if any, 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.

(3) Auditors of investment associations receiving funds as master UCITS, and auditors of investment associations investing as feeder UCITS, may, pursuant to subsection (1) exchange information according to an agreement under section 5(4), no. 3.

(4) Depositaries of investment associations receiving funds as master UCITS, and depositaries of investment associations investing as feeder UCITS, may, pursuant to section 5(4), no. 2 exchange information according to an agreement.

Organisation of investment associations, special-purpose associations and hedge associations

44.- (1) An association shall have effective forms of corporate management, including

1) a clear organisational structure with well defined, transparent and consistent division of responsibilities,
2) good administrative and accounting practices,
3) written procedures for all significant areas of activity,
4) effective procedures to identify, manage, monitor and report on the risks to which the association is or can be exposed,
5) the resources necessary for proper carrying out of its activities, and use these appropriately,
6) procedures with a view to separating functions in connection with management and prevention of conflicts of interest,
7) full internal control procedures, and
8) 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 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 may lay down more detailed regulations regarding

1) the conditions mentioned in subsection (1),
2) remuneration when the board of directors, board of management and personnel, or an investment management company or management company or investment advisors are remunerated or compensated in some other way than with a fixed amount.
3) how associations shall demonstrate and minimise conflicts of interest, and
4) transactions concluded between an association or its investment management company or management company and a company with which said association or its investment management company or management company has entered into significant agreements, or other companies in the same group as said company.

(4) Transactions carried out in contravention of the regulations laid down pursuant to subsection (3), no. 4 shall be invalid. Payments made by an association or its investment management company or management company in connection with transactions carried out in
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contravention of the regulations laid down pursuant to subsection (3) shall be returned with an annual interest corresponding to the interest rate stipulated pursuant to section 5(1) and (2) of the Act on Interest on Overdue Payments, etc.

Access of investment associations, special-purpose associations and hedge associations to delegate administrative tasks other than day-to-day management

45.-(1) An association shall ensure that the undertakings to which the association delegates tasks are qualified and capable of carrying out the relevant tasks. In cases where the delegation of tasks relates to investment management, only the board of directors may delegate said tasks to undertakings that are licensed for, or registered with a view to, asset management, cf. however section 33(3), and that are subject to supervision.

(2) The undertaking to which the association has delegated tasks, may only with authorisation in individual cases from the board of directors of the association further delegate the delegated tasks or part of the tasks to another undertaking, and only if such delegation results in more effective management of the association.

(3) The delegation of tasks by the association may not hinder the effectiveness of supervision of the association and may not hinder the management of the association from acting, or the association from being managed, in the best interests of its members.

(4) The association may only delegate tasks in connection with investment management to undertakings domiciled in a country outside the European Union or countries with which the Community has entered into an agreement for the financial area, if the Danish FSA may cooperate with the supervisory authorities in the relevant country.

46.-(1) When delegating tasks an association shall ensure that the delegation agreement, at all times provides the management of the association with a possibility of de facto monitoring activities carried out by the undertaking to which the task is delegated.

(2) The agreement regarding delegation may not hinder the 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.

47.- (1) An association shall, no later than eight business days after entering into an agreement on delegation, cf. section 33(2) and (3), and section 45(2), notify the Danish FSA about the contents and conditions of the agreement.

(2) The Danish FSA shall lay down more detailed regulations for agreements covered by the duty to notify and its form.

V

General provisions

Part 8

Granting and raising loans, etc.

48.-(1) An association may not grant loans or put up guarantees for a third party.

(2) An association may, however, accept the liability associated with the acquisition of shares not fully paid up. Such liabilities may not exceed 5 percent of the compartment’s total assets.
49.- (1) An investment association or special-purpose association may not take up loans.

(2) The Danish FSA may, however, on behalf of a compartment, permit that an investment association or special-purpose association

1) raise short-term loans of a maximum of 10 percent of a compartment’s 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 percent of the compartment’s assets for the acquisition of real property necessary for performance of the association’s activities.

(3) The loans mentioned in subsection (2), nos. 1 and 2, may together not exceed 15 percent of a compartment’s assets.

50. An investment association or special-purpose association shall not carry out uncovered sales of securities, money-market instruments, units in collective investment schemes, derivative financial instruments and other money-market instruments.

51. Instruments admitted to trading on a regulated market, or on another market, shall, if traded outside the regulated markets in countries within the European Union or in 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.

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

Issue of units

53. The board of directors of an association shall decide when a compartment shall issue units.

54.- (1) Units in a compartment may only be subscribed against concurrent payment of the issue price. Bonus units shall not be covered by the 1st clause.

(2) The Danish FSA may order an association to postpone issue of units in a compartment, if the postponement serves the best interest of the members or the public.

(3) The Danish FSA shall lay down regulations regarding calculation of the issue price, as well as the information which an association shall make available to the public.

Unit redemption

55.- (1) An investment association or special-purpose association shall regularly be willing to redeem units so that members can have their units redeemed upon request. In special-purpose associations, the articles of association of the association may, however, include restrictions in members’ access to have their units redeemed upon request.

(2) A hedge association shall, as a minimum, once every month, be willing to have its units redeemed.

(3) An association may postpone redeeming its units

1) if the association is unable to determine net asset value on account of market conditions, or
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2) if the association, for reasons of equal treatment of members, is not able to determine net asset value until the association has realised the assets necessary to redeem its units.

(4) A feeder UCITS may, in addition to the cases mentioned in subsection (3), postpone redeeming its units, if the master UCITS in which the association is investing, at its own initiative or according to orders given by the Danish FSA or another competent authority, has postponed redeeming its units.

(5) An association shall immediately after postponement of redemption notify the Danish FSA, including stating the reason for postponement.

(6) An investment association shall, immediately after such postponement, give notification regarding said postponement to the competent authorities in other countries within the European Union or in countries with which the Community has entered into an agreement for the financial area if the association markets its units there.

(7) The Danish FSA may order an association to postpone redeeming its units if this serves the interest of its members or the public.

(8) The Danish FSA shall lay down regulations regarding calculation of the redemption price as well as regarding the information an association shall make public in this respect.

56.- (1) If an association has made errors when calculating the issue or redemption price that have resulted in a deviation of 0.5 percent or more, the association shall ensure that affected members are informed of the error and publish information about the error. Within three business days after the error was discovered, the association 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 association intends to avoid similar errors in future.

(2) The Danish FSA may lay down more detailed regulations regarding the reporting obligations of associations for errors in calculations of issue and redemption prices of 0.5 percent or more.

57. When a compartment in an association invests in units in other compartments 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 compartment's investments in units in the other compartments or in foreign investment undertakings.

58. A master UCITS shall not

1) charge a subscription fee for investment by a feeder UCITS in units in the master UCITS, or
2) charge a redemption fee for redemption by a feeder UCITS of units in the master UCITS.

59. Where a distribution fee, commission or monetary benefit is received by the feeder UCITS, its investment management company or any person acting on behalf of the feeder UCITS, the fee, commission or monetary benefit shall be paid into the assets of the feeder UCITS.

Part 9

Investment certificates, etc.
60. If a compartment issues certificates, it shall issue one or more investment certificates to each individual member. If a compartment is account-holding, the association shall keep a register of members’ units and submit to said members a printout of said register as documentation of the members’ unit in the assets of the association.

61.- (1) If the units of a compartment, according to a decision by board of directors are issued through a central securities depository, all costs incurred shall be paid by the compartment. The association shall make an agreement with one or more account-holding undertakings stipulating that, on the compartment’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 compartment’s account carries out the tasks referred to in subsection (1), nos. 1 and 2 if the institution assumes the tasks at the same cost as the compartment would have paid an undertaking with which the association has made an agreement.

62.- (1) If an investment certificate is transferred in ownership or as security, section 14(1) and (2) of the “lov om gældsbreve” (Debt Instruments Act) shall apply correspondingly. This shall, however, not apply if, in accordance with a provision of the articles of association, an unambiguous and conspicuous reservation has been made in the investment certificate, to the effect that the certificate shall be a non-negotiable instrument. An investment certificate issued to bearer shall, even if endorsed by the 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” (Debt Instruments Act) shall apply correspondingly to dividend coupons.

(3) 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 four weeks in cases of cancellation of non-negotiable investment certificates.
2) no less than six months in cases of cancellation of other investment certificates.

(4) The provisions in subsection (3) 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 profit for the year

Part 10
Annual report and audit for investment associations, special-purpose associations and hedge associations

63.- (1) Associations shall prepare an annual report, which as a minimum shall comprise a management’s review and a statement by management for the association, as well as annual financial statements for each compartment comprising an income statement, a balance sheet
and notes, including a report on accounting policies. When the annual financial statements have been audited, the auditors’ report shall be included in the annual report.

(2) Disclosure of accounting policies may, however, notwithstanding subsection 1, be prepared as a joint statement for all compartments.

(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 76.

64.- (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 articles of associations or by agreement. Further, each individual member of management 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.

65.- (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 fair presentation of the association or compartments’ 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 compartments, as well as a description of the most significant risks and uncertainty factors that may influence the association or compartments 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 provides a true and fair report in accordance with generally accepted guidelines for such reports.

(3) Even if a member of the management disagrees with an annual report in full or in part or has objections to the annual report being approved with the contents decided upon, said member shall not be 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.

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

(2) If the application of the regulations of this Act or regulations issued pursuant to section 76 is not sufficient to give a fair presentation in accordance with in subsection (1), further disclosure shall be made in the annual financial statements.
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(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 76 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 as well as the financial position and the results of the association and individual compartments.

67.- (1) In order for the annual financial statements to give a fair presentation and for the management’s review to contain a true and fair report, cf. section 66, 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 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.

68.- (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 (accruals 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 76.

(3) The provisions in subsection (1), nos. 6-9 and subsection (2) may be derogated from in special cases. In such cases, section 66(3), 2nd clause shall apply correspondingly.

69.- (1) Assets and liabilities shall, unless otherwise provided for pursuant to section 76, 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 76.

(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.

70.- (1) Supplementary reports, for example reports on knowledge and know-how and employee conditions, environmental issues, the social responsibility of the association, and ethical objectives and follow-up to same of the association, 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 67(3) and the basic assumptions set out in section 68(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.

71.- (1) The financial 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 financial year as the association unless this is not possible due to circumstances beyond the control of the association and the subsidiary.

72. 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 76 stipulate that these amounts shall be stated in other foreign currencies relevant to the association, the individual compartments or the individual unit classes.

73. The annual report shall be audited by the external auditors of the association, cf. section 79. Such audit shall not apply to the management’s review and the supplementary reports included in the annual report, cf. section 70. The auditor shall, however, issue a statement on whether the information in the management’s review is in accordance with the annual financial statements.

74.- (1) The annual report shall, in the form presented to and approved by the board of directors, be submitted in a 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).
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75.- (1) The audited and approved annual report shall be submitted to the Danish FSA in two duplicates without undue delay after final approval. The annual report shall be received by the Danish FSA no later than four months after the end of the financial year.

(2) The annual report submitted shall as a minimum include the compulsory elements and the full auditors’ report. Where the undertaking wishes to publish supplementary reports as specified in section 70, 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 duplicates 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 interim report free of charge.

(5) A feeder UCITS with a foreign master UCITS shall submit the annual report and the interim report of the master UCITS to the Danish FSA.

76.- (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 drafting and publication of financial reports covering shorter periods than the annual report.

77.- (1) 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 76, the Danish FSA may

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

78.- (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. Submissions shall be sent to the Danish FSA in electronic form.

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

79.- (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 144-149 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 42(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 exceptional cases, the Danish FSA may grant exemptions from the 1st clause.

(9) The board of directors may not permit, cf. section 42(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 Danish Act on Approved Auditors and Audit Firms.

(10) The Danish FSA shall lay down provisions on audit proceedings in associations and in the subsidiaries of such associations. In so doing, the Danish FSA may lay down more detailed regulations regarding internal audits and system auditing in common data centres.

80.-(1) If investment associations that are part of a master-feeder-structure do not have the same auditor, the auditors shall enter into an information-sharing agreement, cf. section 5(4), no. 3 to ensure that the obligations of the auditors can be met, including the obligations stated in subsection (2).

(2) The auditor of the feeder UCITS shall, when writing his endorsement, take into account the endorsement or any preliminary statement, cf. 2nd clause, in the master UCITS and particularly in his endorsement disclose information regarding reservations or supplementary information stated in the auditors’ report and the preliminary statement, respectively, in the master UCITS, and provide a statement about the significance of such information for the feeder UCITS. If the master UCITS and the feeder UCITS have different financial years, the auditor of the master UCITS shall prepare a preliminary statement on the final date of the feeder UCITS’ financial year.

81.-(1) 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 compartment, 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 profit for the year for investment associations, special-purpose associations and hedge associations
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82.- (1) The profit (net income) of a compartment or a unit class 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 14(1), no. 24. The compartment or unit class 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 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 financial years.

VII

Prospectuses, key investor information and information about unit classes

Part 11

Information

Prospectus

83.- (1) When offering units for sale, an association shall make public a prospectus for the entire association or for each compartment or group of compartments in the same association.

(2) The association shall deliver the prospectus free of charge to the members or interested investors upon request.

(3) The association shall regularly keep essential elements of the prospectus up to date.

(4) Prospectuses and amendments hereto shall be submitted to the Danish FSA and be received by the Danish FSA no later than three days after publication.

(5) The Danish FSA shall lay down provisions regarding the information to be included in the prospectuses, how and when the prospectus shall be delivered, and regarding updating prospectuses.

Key investor information

84.- (1) When offering units for sale in an investment association, special-purpose association or hedge association, the association shall prepare a document with key investor information for each compartment or unit class. The key investor information shall be submitted to interested retail investors and shall include information about essential characteristics of the association, the compartment or the unit class so that a retail investor is able to understand the nature of, and the risks involved in, investing in the units offered for sale.

(2) The association shall keep essential elements of the key information up-to-date.

(3) The key investor information shall be made public on the website of the association.

(4) The document with key investor information and later amendments hereto shall be submitted to the Danish FSA and be received by the Danish FSA no later than three days after publication.
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(5) The Danish FSA shall lay down provisions regarding submission of the key investor information to the Danish FSA.

(6) The Minister for Economic and Business Affairs shall lay down more detailed regulations on the contents and form of the key investor information and submission hereof.

Obligations for master UCITS

85.- (1) An investment association that wants to become a master UCITS shall enter into an agreement in this respect with an investment association (feeder UCITS) that intends to invest the majority of its funds in the master UCITS. This agreement shall regulate compliance with subsection (2). The master UCITS shall enter into an agreement with each of the investment associations (feeder UCITS) for which it wishes to be a master UCITS.

(2) A master UCITS shall, in good time, provide each of the feeder UCITS that invests the majority of its funds in the master UCITS with all documents and information necessary for the feeder UCITS to meet its obligations as laid down in this Act.

(3) Upon request, the feeder UCITS shall submit the agreement as well as the annual report and the interim report free of charge to the members of the feeder UCITS or interested investors.

(4) The Danish FSA may lay down more detailed regulations regarding the contents of the agreement between the master UCITS and the feeder UCITS.

Publication of issue and redemption prices and other significant matters

86.- (1) Investment associations and special-purpose associations shall publish the issue price and the redemption price at least twice a month.

(2) The Danish FSA may permit publication to take place once a month only.

87.- (1) Hedge associations shall publish the net asset value of each compartment at least once every fortnight.

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

88. For every subscription or redemption of units in an association, the association or intermediaries shall provide information about the issue or redemption price.

Other information

89. An association, which has unit classes shall, on the website of the association, state which unit classes have been established in the association’s compartments, and the association shall also provide information regarding the characteristics applicable for each unit class and regarding the principles for allocating costs.

90. An association shall, within three business days, 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, etc.

Part 12

Winding-up of unit classes, withdrawal of authorisation, winding-up of associations and compartments, liquidation, simplified winding-up, bankruptcy, merger, demerger, transfer, change of status and conversion, as well as cessation of master-feeder-structure

Winding-up of unit classes

91.- (1) Decisions on winding-up a unit class shall be made by the members of the unit class at a general meeting, cf. however, subsections (2) and (3). 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 compartment redeems all the units which have been issued for the unit class.

(2) If a unit class has never admitted members, the board of directors may decide to wind up the unit class.

(3) If a new unit class fails to fulfil the requirements regarding minimum assets within six 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 for the unit class without a prior resolution by the general meeting. If an existing unit class fails to fulfil the minimum assets requirements 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 for 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.

(4) 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.

(5) 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.

(6) The Danish FSA may rescind the right to have unit classes from an association.

Withdrawal of authorisation

92.- (1) The Danish FSA may withdraw the authorisation of an association or compartment if:

1) the association so requests,
2) the compartment so requests,
3) the association or compartment no longer fulfils the conditions for obtaining authorisation,
4) the association or compartment do not commence activities within 12 months after notification of authorisation,
5) the association or compartment do not carry out activities for a period exceeding six months, or
6) the association or compartment commits gross or repeated violation of the regulations of this Act or of regulations issued pursuant to this Act.

(2) The Danish FSA may withdraw an association’s authorisation if all compartments of the association fail to fulfil the minimum assets requirement and if the compartments have not established the minimum assets within a time limit set by the Danish FSA.

(3) The Danish FSA may withdraw a compartment’s authorisation if the compartment fails to fulfil the minimum assets requirement and if the compartment has not established the minimum assets within a time limit set by the Danish FSA.

93. When the Danish FSA, under section 92, withdraws the authorisation of an association or compartment, the association or compartment shall be wound up.

Winding-up

94.-{(1) Decisions on winding-up of an association or a compartment shall be made by the general meeting, cf. however, section 98.

(2) Decisions at the general meeting on winding-up shall state whether winding-up is to take place by liquidation or by simplified winding-up. Decisions may not be made on simplified winding-up if the minimum assets requirement is not fulfilled.

(3) The Danish FSA may lay down a time limit for adoption of the decision mentioned in subsection (2). If the time limit is exceeded, the Danish FSA may decide to wind up an association or compartment by liquidation and appoint a liquidator.

(4) The Danish FSA may, if regards for the interests of members and creditors of the association so warrant, decide that winding-up of an association or compartment shall be by liquidation.

Liquidation

95.-{(1) Decisions at the general meeting on liquidation shall include a provision on the appointment of a liquidator. The liquidator shall replace the board of directors and the board of management.

(2) The Danish FSA may, if regard for the interests of the investors or creditors of the association so favours, appoint a liquidator who, together with the person or persons elected by the general meeting, shall carry out the liquidation.

(3) The liquidator may, at any time, be removed by the authority which has appointed the person concerned.

96.-{(1) The liquidator shall, within two weeks after the decision made by the general meeting on liquidation, notify the Danish FSA about this decision.

(2) An association or compartment under liquidation shall keep its name adding the words »i likvidation« (under liquidation).

(3) As soon as possible, and at no less than three months’ notice, the liquidator 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.

(4) If a liquidator cannot accept a notified claim, the liquidator shall notify the creditor by recommended letter indicating that if the creditor wishes to dispute the decision, said creditor must bring the matter before a court of law within four weeks after the letter is sent.

(5) The liquidator may not distribute the proceeds of liquidation and finalise the liquidation processing until the time limit fixed in the announcement mentioned in subsection (3) has expired and

1) possible disputes under subsection (4) have been settled and
2) all debt to creditors has been paid.

(6) The liquidator shall ensure that liquidation accounts are prepared to be audited by the auditor of the association and approved by the general meeting. Within two weeks after approval by the general meeting of the audited liquidation accounts, the liquidator shall notify the Danish FSA.

(7) When liquidating an association, the notification to the Danish FSA under subsection (6) shall include two copies of the liquidation accounts. The Danish FSA shall forward one of the copies to the Danish Commerce and Companies Agency.

(8) When liquidating a compartment, the notification under subsection (6) to the Danish FSA shall include one copy of the liquidation accounts.

**Simplified winding-up**

97.- (1) The Danish FSA may, upon application from an association, permit an association or compartment to be wound up by simplified winding-up if the Danish FSA decides that this is appropriate and in the interests of the members.

(2) The application shall include

1) a plan for how the association wishes to wind up the association, and
2) a statement from the depositary of the association or another bank that the bank will assume liability for debt due and not yet due as well as debt in dispute.

(3) When the Danish FSA has authorised simplified winding-up, the association or compartment shall add the words »under afvikling« (under liquidation) to its name.

(4) A simplified winding-up of an association or compartment shall not be valid until the Danish FSA has finally approved the winding-up.

(5) Before the Danish FSA may finally approve a simplified winding-up according to subsection (2), the management of the association shall submit a statement to the Danish FSA stating that all debt to creditors has been paid and that the investors have received distribution of the proceeds of the winding-up. If the wound up entity is liable to tax, the association shall also send a statement from SKAT (Danish tax authority) that no tax and duties claims concerning the wound up entity exist.

(6) The Danish FSA may grant exemptions from the requirements in subsection (2), no. 2 and subsection (5) if the Danish FSA assesses that this does not conflict with the interest of the members or creditors.
Winding-up of associations and compartments without members

98.- (1) If an association or compartment has never admitted members, the decision on winding-up shall be made by the board of directors.

(2) The board of directors shall notify the Danish FSA about the decision made under subsection (1). The notification shall include a statement from the board of directors stipulating that the association or compartment has no debt and has never had any members.

(3) Winding-up of an association or compartment which has never admitted members shall not be valid until the Danish FSA has approved the winding-up.

(4) The Danish FSA may fix a time limit for adoption of the decision mentioned in subsection (1). If the time limit is exceeded, the Danish FSA may decide to wind up an association or compartment by liquidation and appoint a liquidator.

99. 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 and compartments in the process of winding-up.

Bankruptcy

100.- (1) The regulations on bankruptcy that apply to limited companies shall, with the necessary modifications, apply correspondingly to investment associations, special-purpose associations and hedge associations.

(2) Sections 233, 234(1)-(3) and section 235 of the Financial Business Act on bankruptcy shall, with the necessary modifications, apply to associations and compartments.

Merger

101.- (1) An association or compartment may merge with another association or compartment. Prior to the merger, the merged units shall publish a merger plan.

(2) A merger of two or more associations or compartments shall not be valid until the Danish FSA has approved such merger.

(3) A merger shall be carried out by the expiring entity transferring its assets and liabilities as a whole to the receiving entity.

(4) In a merger, members of the expiring entity, shall exchange their units to units in the receiving entity. When exchanging units, members of the expiring entity shall become members of the receiving entity.

(5) Excess amounts arising from the exchange of units, shall be paid to the members of the expiring entity.

102.- (1) A decision on merger by the expiring entity shall be made at a general meeting.

(2) A decision on merger by the receiving entity shall be made by the board of directors.
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103. Merging entities shall be considered wound up when the Danish FSA has approved the merger and the merger has been completed.

104. The Danish FSA may lay down more detailed regulations regarding mergers.

Cross-border merger

105.- (1) The regulations on cross-border merger in section 106 shall apply to a merger of investment undertakings,

1) where at least two are established in different Member States, or
2) established in the same Member State whereby a formation of a newly constituted investment undertaking established in another Member State, or
3) established in the same Member State where at least one of the undertakings is notified to market its units in another Member State.

106.- (1) An investment association or a compartment hereof may merge cross-border with another UCITS or compartments hereof. Prior to the merger, the merging entities shall publish a merger plan.

(2) A cross-border merger where the expiring is authorised in Denmark shall not be valid until the Danish FSA has approved the merger.

(3) Expiring entities shall be considered wound up when the Danish FSA has approved the merger and the merger has been completed.

(4) A merger shall be completed by the merging expiring transferring its assets and liabilities as a whole to the receiving entity.

(5) In a merger, members of the expiring entity shall exchange their units to units in the receiving entity. When exchanging units, members of the expiring entity shall become members of the receiving entity.

(6) Excess amounts arising from exchange of units in the expiring entity with units in the receiving entity shall be paid to members of the expiring entity. Such amounts may not exceed 10 percent of the value of the units exchanged from the expiring entity.

(7) The Danish FSA may lay down more detailed regulations regarding cross-border mergers.

Demerger

107.- (1) An association or compartment may be demerged. Prior to the demerger, the association shall publish a demerger plan.

(2) A demerger of an association or compartment shall not be valid until the Danish FSA has approved the demerger.

(3) A demerger shall be carried out by transferring part of the assets and liabilities of an association or compartment to

1) one or more existing associations or compartments, or
2) one or more newly established associations or compartments.
(4) Demergers may take place without the consent of the creditors. If a creditor’s claims in the demerged association or compartment are not satisfied, all other participating units in the demerger shall be jointly and severally liable to obligations at the time of publication of the demerger plan. The other participating units shall, however, not be liable for more than an amount corresponding to the net value received in connection with the demerger.

(5) When demerging, members of the demerged unit shall have their units exchanged for units in the receiving entities. When exchanging units members of the demerged unit shall become members of one of the receiving entities.

(6) Any excess amounts arising from exchange of units shall be paid to the members of the demerged unit.

108.-(1) A resolution on the demerger of an association or compartment shall be passed by the general meeting.

(2) A decision on receiving part of the assets and liabilities of an association or compartment as part of a demerger shall be made in the receiving entity by the board of directors.

109. When the Danish FSA approves a demerger, the assets and liabilities transferred shall be considered transferred to the receiving entity at the time fixed in the demerger plan.

110. The Danish FSA may lay down more detailed regulations regarding demergers.

Transfer of a compartment

111.-(1) A compartment in an association may be transferred to another association.

(2) A transfer of a compartment shall not be valid until the Danish FSA has approved the transfer.

(3) In connection with a transfer, members of the transferred compartment shall become members of the association to which the compartment is transferred.

112.-(1) A decision on transfer of a compartment shall be made in the association from which the compartment is transferred at a general meeting.

(2) A decision on transfer of a compartment shall be made in the association to where the compartment is transferred, by the board of directors.

(3) A decision under subsections (1) and (2) on transfer of a compartment shall state the time and reason for the transfer.

113.-(1) The board of directors of the ceding association and the board of directors in the receiving association shall, after the transfer has been decided, send a request for approval of the transfer to the Danish FSA:

(2) The request shall include

1) documentation that a decision on transfer has been made, and
2) a statement from the board of directors of the ceding association that the compartment has paid its part of the common costs of the compartments of the ceding association.
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114. Where the Danish FSA approves a transfer of a compartment, the compartment shall be considered transferred at the time laid down in the decision to transfer.

115. The Danish FSA may lay down more detailed regulations regarding transfer of compartments.

Change of status and conversion

116.- (1) An investment association or compartment hereof may not change its status to another type of association or compartment not covered by the UCITS Directive.

(2) An investment association or compartment hereof may only be converted to another legal unit, if it takes place as part of a merger with a foreign UCITS.

Cessation of master-feeder-structure

117.- (1) A master UCITS may not enter into liquidation until at least three months after the undertaking has notified all its members, the Danish FSA and the competent authorities in the home countries of the undertaking’s feeder UCITS. The 1st clause shall not apply if the Danish FSA makes a decision on liquidation, cf. section 94(3).

(2) If the master UCITS of a feeder UCITS enters into liquidation, the feeder UCITS shall make a decision on

1) entering into liquidation,
2) investing at least 85 percent of the association’s assets in another master UCITS, or
3) converting to an investment association which is not a feeder UCITS.

(3) A decision under subsection (2) shall be made at the general meeting and approved by the Danish FSA.

118.- (1) If the master UCITS of a feeder UCITS merges with another investment undertaking or is demerged, the feeder UCITS shall make a decision on

1) continuing to invest in the master UCITS,
2) entering into liquidation,
3) investing at least 85 percent of the association’s assets in another master UCITS, or
4) converting to an investment association which is not a feeder UCITS.

(2) A decision under subsection (1) shall be made at the general meeting and approved by the Danish FSA.

119.- (1) A master UCITS shall make it possible for a feeder UCITS to redeem all units in the master UCITS before a merger or demerger of the master UCITS is carried out.

(2) The Danish FSA may lay down more detailed regulations regarding liquidation, merger and demerger of a master UCITS.

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

Part 13
Instrument regulations for investment associations
Securities and money-market instruments

120.-(1) A compartment of an investment association may invest in securities and money-market instruments which

1) have been admitted to trading or are traded on a regulated market, cf. section 3(1), no. 17, or
2) are traded on another market in a Member State, cf. section 3(1), no. 18.

(2) If a market mentioned in subsection (1) is located 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, this market 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 compartment to be permitted to invest in securities and money-market instruments traded on the market

(3) A compartment of an investment association may, notwithstanding subsections (1) and (2), invest in recently issued securities if

1) the terms of issue include a pledge that application will be made for admission to trading on the markets mentioned in subsections (1) or (2), and
2) authorisation for admission to trading is secured within a year of issue.

(4) A compartment of an investment association may invest up to 10 percent of its assets in other securities or money-market instruments than those mentioned in subsections (1)-(3) and section 121. The compartment shall, however, continue to invest within its investment policy.

121.-(1) A compartment of an investment association may invest in other money-market instruments than those traded on a regulated market, if the issue or issuer of such money-market instruments is itself regulated for the purpose of protecting investors and savings, provided that 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 a federation, their federal states,
3) issued or guaranteed by the European Central Bank, the European Investment Bank or a public international body in which one or several of the Member States participate,
4) issued or guaranteed by undertakings subject to supervision according to the criteria stipulated in the EU regulations, or subject to and following supervision regulations which the Danish FSA considers at least as strict as the EU regulations, if such undertakings are situated in a country with which the Community has entered into an agreement for the financial area, or in another country,
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 section 120(1) or (2).

Deposits

122.- (1) A compartment of an investment association may, as part of its investment policy, deposit funds in a credit institution with registered office in a country within the European
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Union, in a country with which the Community has entered into an agreement for the financial area, or in a country where credit institutions are subject to and follow supervision regulations which the Danish FSA considers as strict as the EU regulations. Such deposits shall

1) be made on terms of demand, or
2) be withdrawable or due after no more than 12 months.

(2) A compartment of an investment association may have ancillary liquid assets.

Derivative financial instruments

123.- (1) A compartment of an investment association may use derivative financial instruments, including similar cash-settled instruments, which are traded on the markets mentioned in section 120(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 shall be institutions subject to supervision and belonging to the categories approved by the Danish FSA,
2) the derivative financial instruments shall be measurable on a daily basis in a reliable and verifiable manner, and
3) the derivative financial instruments can be sold, liquidated or closed by an offsetting transaction at any time at their fair value at the initiative of the investment association or compartment.

(3) The Danish FSA shall lay down more detailed regulations regarding the access of compartments of an investment association to use derivative financial instruments and regarding instruments that may be underlying assets for the derivative financial instruments.

(4) Investment associations shall notify the Danish FSA about the types of derivative financial instruments in which the compartments of the associations have invested, underlying risks, quantitative restrictions and methods used by the associations to assess the risks connected with transactions in derivative financial instruments. The Danish FSA shall lay down more detailed regulations on how and how often investment associations shall notify the Danish FSA according to the 1st clause, and on the contents of such notifications.

Units in other associations, compartments or investment undertakings

124.- (1) A compartment of an investment association may invest in units in

1) Danish investment associations or compartments of such associations,
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 the UCITS Directive,
3) Danish special-purpose associations or the compartments of such associations, and
4) investment undertakings with their registered offices in an EU Member State, in a country with which the Community has entered into an agreement for the financial area, or in another country, 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 risk-spreading rules in parts 14 or 15 of this Act,
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b) whose units are to be redeemed directly or indirectly with funds deriving from the assets upon the request of any participant,
c) which provide their participants with protection corresponding to the protection of members of an investment association, and which meet the requirements of the provisions of the UCITS Directive pertaining to separate asset management, borrowing, lending and trading in securities and money-market instruments without cover, and
d) which publish an annual report as well as an interim report.

(2) A compartment of an investment association may only invest in units in the associations, compartments and investment associations mentioned in subsection (1) if these, according to their articles of association or fund regulations, may, as a maximum, place 10 percent of their assets in units in associations, compartments and investment undertakings.

Mortgages

125.- (1) A compartment of an investment association may invest in registered mortgages in Danish immovable property in so far as such mortgages, at any time, are either secured within 80 percent of the market value of the property or are secured by a guarantee set by a bank, insurance company or pension fund.

(2) A compartment of an investment association 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 immovable 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

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

(2) A compartment of an investment association may neither acquire precious metals nor certificates representing them.

127. The Danish FSA shall lay down more detailed regulations for placement of assets by investment associations, special-purpose association and compartments 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 compartment, and which measures the association shall implement before the association places funds in accordance with the composition of an index. Finally the Danish FSA shall also lay down regulations for the placement of funds by short-term money-market associations.

Part 14

Risk-spreading rules for investment associations

Securities and money-market instruments
128.- (1) A compartment of an investment association 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 percent of the assets of the compartment. This limit may, however, be increased to 10 percent, if the total value of investments exceeding 5 percent, does not exceed 40 percent of the assets of the compartment. When calculating the limit of 40 percent, securities and money-market instruments covered by nos. 2-4, shall not be calculated as investments exceeding 5 percent.

2) 25 percent of the assets of the compartment in bonds issued by KommuneKredit, bonds issued by Danmarks Skibskredit A/S, mortgage-credit bonds issued by Danish mortgage-credit institutions and similar mortgage-credit bonds issued by 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 a competent authority has notified the bonds issues and issuers to the Commission. If an association or compartment invests more than 5 percent 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 percent of the value of the assets of the association or the assets of the compartment.

3) 25 percent of the assets of the compartment in covered bonds (SDO) and covered mortgage-credit bonds (SDRO) issued by Danish banks, mortgage-credit institutions or Danmarks Skibskredit A/S or in corresponding covered bonds issued by similar credit institutions authorised in a country within the European Union or in a country with which the Community has entered into an agreement for the financial area, if a competent authority has notified the bonds issues and issuers to the Commission. If an association or compartment invests more than 5 percent 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 percent of the value of the assets of the association or the assets of the compartment.

4) 35 percent of the assets of the compartment in securities or money-market instruments issued or guaranteed by
   a) the Danish government,
   b) a country within the European Union, a country with which the Community has entered into an agreement for the financial area, or another country, or
   c) a public international body in which one or several of the Member States participate, provided that the securities or money-market instruments have been approved by the Danish FSA.

129.- (1) Notwithstanding the risk-spreading rule in section 128(1), no. 4, a compartment of an investment association may, however, invest up to 100 percent of the assets of the compartment in securities or money-market instruments covered by section 128(1), no. 4a-c provided that the holdings include securities or money-market instruments from at least six different issues, and the securities or money-market instruments from the same issue do not exceed 30 percent of the total assets of the compartment.

(2) If the option in subsection (1) is exercised, a compartment of an investment association may not invest in other financial instruments issued by the same issuer or by issuers in the same group.

130.- (1) Notwithstanding the risk-spreading limits set in section 128, a compartment of an investment association may invest up to 20 percent of the assets of the compartment in shares or bonds issued by the 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
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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 up to 35 percent of the assets of a compartment of an investment association when this is justified on the basis of unusual market conditions.
The Danish FSA may only authorise investments up to this limit for an issuer or issuers in a group.

(4) A compartment of an investment association shall, within one month following changes to the index replicated, adapt its portfolio of shares or bonds to said changes.
If the index replicated by the association or compartment 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 begin winding-up procedures for the compartment.

(5) In cases of investments under subsections (1) and (3), sections 138 and 139 shall apply.

Deposits

131.- (1) A compartment of an investment association may invest no more than 20 percent of its assets in one credit institution or in credit institutions in the same group. Recently established compartments may, however, exceed the limit in the 1st clause for up to 6 months from the date of approval.

(2) Section 137 shall apply with regard to deposits under subsection (1).

Derivative financial instruments

132.- (1) A compartment of an investment association may use derivative financial instruments which are traded on the markets mentioned in section 120(1) and (2), as well as derivative financial instruments traded OTC, if the exposure in the underlying assets and direct investments in the same assets, towards individual issuers or issuers in the same group, does not in total exceed the placement limits laid down in sections 128, 129 and 131.

(2) The risk-spreading limits mentioned in subsection (1) shall not apply when an investment association or compartment invests in derivative financial instruments based on an index approved in pursuance of section 130(2).

(3) In cases of investments under subsections (1) and (2), sections 138 and 139 shall apply correspondingly.
Furthermore, section 137 shall apply to investments under subsection (1).

133.- (1) If a compartment of an investment association uses derivative financial instruments traded OTC, the counterparty risk on the contract counterparty may not exceed

1) 10 percent of the assets of the association or compartment if the counterparty is a credit institution that meets the conditions laid down in section 122(1), or
2) 5 percent of the association or compartment's assets in other cases.

(2) In cases of investments under subsection (1), section 137 shall apply.
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134. The Danish FSA shall lay down more detailed regulations on risks in connection with derivative financial instruments.

Units in other associations, compartments or investment undertakings

135.-(1) A compartment of an investment association may invest no more than 20 percent of its assets in one association, compartment or investment undertaking mentioned in section 124.

(2) A compartment of an investment association may invest no more than 30 percent of its assets in associations, compartments or investment undertakings mentioned in section 124(1), nos. 3 and 4.

(3) In cases of investments under subsection (1), section 138 shall apply correspondingly.

136. When a compartment of an investment association invests in units in associations, compartments or investment undertakings mentioned in section 124, the portfolios of instruments of said associations, compartments or investment undertakings shall not be included in the calculation of the placement limits for the investment association or compartment's own portfolio of instruments.

General limitations

137.-(1) The investments by a compartment of an investment association under section 128(1) and sections 131-133 may not exceed a total of 35 percent of the total assets of said investment association or compartment, if the instruments have been issued by the issuer or by issuers in the same group. The investment association or compartment shall, however, always comply with the individual limits for investments as stipulated in section 128(1) and sections 131-133. However, investments pursuant to section 128(1), no. 1 and section 131-133 may still not exceed a total of 20 percent of the total assets of said investment association or compartment if these instruments are issued by the same issuer or issuers in the same group.

138.-(1) An investment association or compartment of an investment association 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, special-purpose associations, hedge associations, restricted associations or professional associations sharing the same board of directors or investment management company shall not be in a position to jointly exercise significant influence on a single limited company.

(3) An investment association or a compartment of an investment association may not acquire more than

1) 10 percent of the shares without voting rights from a single issuer,
2) 10 percent of the bonds from a single issuer,
3) 10 percent of the money-market instruments from a single issuer, or
4) 25 percent of the units from a single association, compartment or investment undertaking mentioned in section 124.

(4) The limits 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.
139.-{(1)} The limits stipulated in section 138 shall not apply to:

1) securities and money-market instruments issued or guaranteed by
   a) the Danish state or another country or
   b) a public international body in which one or several of the Member States participate.

2) 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, hedge associations, professional associations and approved restricted associations.

140.-{(1)} The limits mentioned in section 120(4) or in this part of this Act may be exceeded when such transgressions are due to reasons the investment association or compartment has no control over, or when the investment association or compartment uses subscription rights attached to instruments included in the assets of the investment association or compartment.

(2) If the limits mentioned in section 120(4) or in this part of this Act are exceeded for reasons mentioned in subsection (1), and if such transgressions are not reduced before eight 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.

Master-feeder structures

141.-{(1)} An investment association which is part of a master-feeder-structure as feeder UCITS shall invest at least 85 percent of its assets in units in another investment association or in an investment undertaking covered by the UCITS Directive or a compartment thereof and up to 15 percent of its assets in

1) ancillary liquid assets, cf. section 122(2),
2) derivative financial instruments which can only be used for hedging purposes, cf. section 123, or
3) moveable property or real property which is essential for the direct pursuit of the business of a feeder UCITS.

(2) The risk-spreading rules in section 4(1), no. 1, sections 128, 131, 135 and 136, and section 138(3), no. 4 shall not apply to feeder UCITS.

(3) When determining whether a feeder UCITS is in compliance with section 132, the feeder UCITS shall add direct exposures in derivative financial instruments of the feeder UCITS, cf. subsection (1), no. 2, to either

1) the indirect exposure of the feeder UCITS in the actual holding of derivative financial instruments of the master UCITS, or
2) the indirect exposure of the feeder UCITS in the potential maximum holding of derivative financial instruments of the master UCITS pursuant to the articles of association of the master UCITS or to fund rules.

X

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

Part 15

Placement associations
142.-(1) A compartment of a placement association may invest its funds in liquid funds, including currency, or in the instruments mentioned in Annex 5 of the Financial Business Act, according to the requirements set in part 13 for instruments and their issuers.

(2) A compartment of a placement association may invest a maximum of 10 percent of its assets in instruments issued by the same issuer or issuers in the same group.

(3) A compartment of a placement association may, without the restrictions laid down in subsection (2), invest its funds in bonds issued by

1) the Danish government,
2) another country, or
3) a public international body in which one or several of the Member States participate.

(4) A compartment of a placement association may, without the restrictions laid down in subsection (2), invest its funds in:

1) bonds issued by KommuneKredit, bonds issued by Danmarks Skibskredit A/S, mortgage-credit bonds issued by Danish mortgage-credit institutions and similar mortgage-credit bonds issued by 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 a competent authority has notified the bonds issues and issuers to the Commission.

2) covered mortgage-credit bonds and covered bonds issued by Danish banks, mortgage-credit institutions or Danmarks Skibskredit A/S 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 a competent authority has notified the bonds issues and issuers to the Commission.

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

Money-market associations

143.-(1) A compartment of a money-market association may only invest its funds in money-market instruments in accordance with the regulations laid down in sections 120 and 121. A compartment of a money-market association may also have ancillary liquid assets.

(2) A compartment of a money-market association may invest a maximum of 30 percent of its assets in money-market instruments issued by the same issuer or issuers in the same group.

(3) The limit mentioned in subsection (2) shall not apply to money-market instruments issued by the issuers mentioned in section 128(1), no. 4

 Funds of funds

144.-(1) A compartment of a fund of funds may invest the funds received in units in compartments of investment associations, money-market associations and placement associations.

Furthermore, it may place its funds in the foreign investment undertakings and compartments hereof mentioned in sections 18 and 19, when such undertakings make investments as the
associations mentioned in the 1st clause. A fund of funds or a compartment may also have ancillary liquid funds.

(2) A fund of funds or compartment shall not be entitled to invest more than 75 percent of its assets in a compartment of an association or a foreign investment undertaking.

Common regulations for special-purpose associations

145.- (1) The limits mentioned in section 142(2) and (5), section 143(2) and section 144(2) may be exceeded when such transgressions are due to reasons the special-purpose association or compartment has no control over, or when the special-purpose association or compartment exercises subscription rights attached to instruments included in the assets of the special-purpose association or compartment.

(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 eight 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.

Part 16

Hedge associations’ placement of funds and liquidity, etc.

146.- (1) A compartment of a hedge association shall invest its funds in liquid funds, including currency, or in the instruments mentioned in Annex 5 of the Financial Business Act, in compliance with the risk policy and risk profile stated in the articles of association of the association, and the frameworks set by the board of directors for the compartment.

(2) A compartment of a hedge association shall observe the frameworks specified for the association or for the compartment 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.

(3) Any transgressions by a compartment of a hedge association of the frameworks laid down in the articles of association or set by the board of directors of the association shall be reported to the Danish FSA immediately after they are ascertained. The report shall contain a report on the background for the transgression and a description of how the association intends to avoid similar transgressions in future.

(4) In the event that the framework is exceeded, the risk shall immediately be reduced to a level within the framework specified.

The Danish FSA may, in special cases, set a time limit for the reduction. If the risk is not reduced within such a time limit, the Danish FSA may withdraw the licence of the hedge association.

(5) The registered members of the compartment shall be informed of all cases of exceeding the framework specified in the articles of association or by the board of directors. The articles of association shall include provisions on how to give such information. Information shall be given no later than eight business days after the transgression was ascertained.
Professional associations, restricted associations and other collective investment schemes

Part 17

Professional associations

147.- (1) Associations which only aims 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 financial instruments mentioned in Annex 5 of the Financial Business Act, in liquid funds, including currency as well as in units in other professional associations in accordance with the association’s investment policy and risk profile, and
2) redeeming a member's share of the assets with funds derived therefrom.

(2) A professional association may, together with other professional associations, investment associations, special-purpose associations, approved restricted associations or hedge associations, own an investment management company, which exclusively, and on behalf of the relevant associations carries out management, investment or marketing activities.

(3) Professional associations shall have a duty and exclusive right to use the word »professionel forening« (professional association) in their name in letters and on other business papers, including electronic newsletters and on the website of such association. Other undertakings may not use names or characterisations which could give the impression that they are professional associations.

(4) The financial assets of a professional association shall be managed and kept separately for the association by a depositary approved by the Danish FSA. 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.

148.- (1) Units in professional associations may only be issued or sold to investors who are deemed to be professional investors. 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 shall be divided into compartments, each based on a particular part of the assets in accordance with the relevant provisions in the articles of association. Each compartment shall have assets of no less than DKK 25 mill. Intangible assets shall not be included in the assets.

(3) Each compartment shall be liable for its own obligations. Each compartment 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 compartment is unable to fulfil its obligations under the 2nd clause, the other compartments shall be jointly and severally liable for said compartment’s share of the common costs.

(4) Any unit in an association or compartment shall confer equal rights. The provision of the 1st clause shall, however, not prevent

1) establishment of unit classes in a compartment,
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August 2011, GlobalDenmark Translations

2) a compartment issuing units without dividend rights (ex coupon) or
3) the articles of association from providing that no member may vote for more than a certain percentage of the assets or for more than a certain amount.

(5) Professional associations shall immediately redeem units of the assets for an investor who does not comply with the conditions of section 3, no. 25 for being considered a professional investor. Professional associations themselves shall decide whether an investor complies with the conditions 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.

149.-(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 an association as a professional association when

1) the board of directors of the association declares that the minimum assets requirements of sections 147, 148 and 175 have been fulfilled,
2) members of the board of directors of the association meet the requirements of section 176,
3) the association has selected a depositary whose board of management or manager responsible for the depositary function has declared that the depositary is able to provide sufficient financial and professional assurance that it is capable of performing its duties,
4) the compartment of an association has paid up assets of at least DKK 25 mill., or there is an unconditional guarantee issued by a bank or an insurance company to subscribe for units for no less than DKK 25 mill., and
5) the association has its main office and registered office in Denmark.

(2) Professional associations shall no more than eight business days after the decision on winding up an association notify the Danish FSA.

(3) Professional associations shall no more than eight business days after the decision on establishment of an association notify the Danish FSA. The notification shall include a statement from the board of directors that the minimum assets requirement has been complied with.

150.- (1) A professional association shall lay down its investment policy and risk profile for each compartment in the articles of association. The articles of association of the association shall also contain information on issue and redemption of members’ units.

(2) The board of directors of a professional association shall lay down the risk frameworks for the compartments of the association on the basis of the provisions laid down in the articles of association regarding investment policy and risk profile. The prospectus of the association shall contain information on these risk frameworks.

(3) A professional association shall, no later than eight business days after the board of directors has decided upon changes in the risk frameworks of a compartment, notify all members of the compartment about the changes. The changes shall not take effect before the members of the compartment have had the opportunity to redeem their units.
151.- (1) A compartment of a professional association shall observe the risk frameworks specified 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 compartment of a professional association exceeds any of the provisions on investment policy and risk profile specified in the articles of association or any of the risk frameworks laid down by the board of directors, notice thereof shall immediately be submitted to the Danish FSA together with a report on the background for the transgression 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. The Danish FSA may, however, in special cases, set a time limit for the reduction. If 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 a compartment 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 include provisions on how to give such information. Information shall be given no later than eight business days after the transgression was ascertained.

152.- (1) The regulations in section 63, section 64(1) and (2), 1st and 2nd clauses, sections 65-73, section 75(4), section 76, section 79 as well as sections 81 and 82 shall, subject to necessary changes, apply correspondingly for professional associations, however, neither the Danish FSA nor the Danish Commerce and Companies Agency shall ensure that the professional association meets the provisions mentioned.

(2) The audited and approved annual report 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 financial year.

(3) Sections 150-152 and section 163(1) and (2) of the Financial Statements Act shall, with the necessary changes, apply to professional associations.

153. The Danish FSA shall delete a professional association or compartment from its register if the association so requests.

154.- (1) If a compartment does not fulfil the minimum assets requirements and it has not raised the required assets before a time limit stipulated by the Danish FSA, the Danish FSA may delete the compartment from its register.

(2) The Danish FSA may also delete an association or compartment from its register if

1) the association or compartment no longer fulfils the conditions for being registered,
2) the association commits gross or repeated violation of the regulations of this Act or of regulations issued pursuant to this Act,
3) the activities of a compartment are not commenced within 12 months after registration,
4) the activities of a compartment are not carried out for a period of more than six months, or
5) the prospectus of the association or compartment does not comply with the provisions laid down by the Danish FSA regarding the content of the prospectuses.

155. When the Danish FSA removes a professional association from its register, the association shall cease using the expression »professionel forening« (professional association).

156.- (1) Decisions on winding up a compartment of a professional association shall be made at the general meeting, cf. however, subsection (2). Decisions at the general meeting shall include provision the appointment of a liquidator.

(2) If a compartment of a professional association has never admitted members, the decision of winding up the compartment may be made by the board of directors. The board of directors or investment management company of the association shall notify the Danish FSA about such decision.

157.- (1) A decision on merging a compartment of a professional association shall be made in the expiring entity by the general meeting and in the receiving entity by the board of directors.

(2) A decision on demerging a compartment of a professional association shall be made by the general meeting.

(3) A decision on transferring a compartment of a professional association to another professional association shall be made in the association from which the compartment is transferred by the general meeting and in the association to which the compartment is transferred by the board of directors. The boards of directors of the two associations shall, when a decision regarding transfer has been made, notify the Danish FSA hereof.

158.- (1) The investment management company shall notify the Danish FSA that the general meeting has made a decision on merger, demerger or winding-up of a compartment, and, in the case of winding up, inform the Danish FSA about who has been appointed as responsible for the winding up. This notification shall be enclosed with the minutes of the general meeting at which the decision was made and a plan for winding-up, if any.

(2) When the winding up has been carried out, the investment management company shall submit a statement from the board of directors of the association and a member of the board of management of the investment management company to the Danish FSA stating that all debts have been paid. The Danish FSA shall then remove the compartment from its register.

159.- (1) When offering units for sale in compartments of an association, a professional association shall prepare a prospectus. The prospectus shall on request be delivered to potential and existing investors. A professional association may choose to prepare a prospectus for each compartment or a prospectus which covers all the compartments of the association.

(2) The most significant parts of the prospectus shall be kept up to date regularly.

(3) The Danish FSA shall lay down regulations regarding information to be included in the prospectus, and regarding updating of prospectuses.

160.- (1) A professional association shall be considered a commercial association which shall be registered with the Danish Commerce and Companies Agency pursuant to the Certain Commercial Undertakings Act, 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 the Danish FSA has registered an association as a professional association, the association shall notify the Danish Commerce and Companies Agency in order to have the Danish Commerce and Companies Agency carry out the necessary company law registrations.

(3) When an 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.

(4) If a previous professional association is not subject to the Certain Commercial Undertakings Act, cf. section 1(1) of the Act, and it has not expired according to sections 20 or 20a of the Certain Commercial Undertakings Act, this shall be notified pursuant to subsection (3). The association shall together with the notification submit a statement prepared by a state-authorised public accountant or a registered public accountant that the undertaking is unequivocally solvent. The Danish Commerce and Companies Agency shall remove the undertaking from the register once such a statement has been received.

Part 18

Restricted associations

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

1) from one or several members of the association, to receive funds which, in accordance with a principle of risk-spreading, are placed in financial instruments in accordance with the regulations in parts 13-15, cf. however subsection (2), 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 a fund of funds may also

1) place its funds in other approved restricted associations,
2) place up to 10 percent of its assets in other securities or money-market instruments than those mentioned in section 120(1)-(3) and section 121, and in units in limited partnerships and
3) place the funds in units in professional associations which, according to their articles of association, invest within the limits which apply for approved restricted associations.

(3) An approved restricted association may, alone or together with one or more investment associations, special-purpose associations, professional associations, approved restricted associations or hedge associations, own an investment management company, which exclusively, and on behalf of the relevant associations carries out management, investment or marketing activities.

(4) Approved restricted associations may only carry out the activities mentioned in subsections (1)-(3).

(5) The financial assets of an approved restricted association shall be managed and kept separately for the association by a depositary approved by the Danish FSA. The depositary shall be a credit institution 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.

162.-(1) The board of directors of an approved restricted association shall ensure that

1) the association fulfils the requirements in section 161,
2) members of the board of directors of the association meet the requirements of section 176,
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) all the compartments of the association have assets of no less than DKK 10 mill.

(2) Approved restricted associations shall notify the Danish FSA of establishment or expiration of compartments.

163.- (1) An approved restricted association may change its status to a professional association at a general meeting by deciding 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 17.

164.- (1) Members of the association shall be any owner of a unit in the association's assets. The members shall only be liable for their units.

(2) An approved restricted association shall be divided into compartments, each based on a particular part of the assets in accordance with the relevant provisions in the articles of association. Each compartment shall have assets of no less than DKK 10 mill. Intangible assets shall not be included in the assets.

(3) Each compartment shall be liable for its own obligations. Each compartment 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 compartment is unable to fulfil its obligations under the 2nd clause, the other compartments shall be jointly and severally liable for said compartment’s share of the common costs.

(4) Any unit in an association or compartment shall confer equal rights. The provision of the 1st clause shall, however, not prevent

1) establishment of unit classes in a compartment,
2) a compartment issuing units without dividend rights (ex coupon) or
3) the articles of association from providing that no member may vote for more than a certain percentage of the assets or for more than a certain amount.

165. The regulations in part 10 shall apply correspondingly to restricted associations.

166.- (1) The Danish FSA may withdraw the authorisation of a restricted association if

1) the association so requests,
2) one or several of the compartments of the association do not fulfil the minimum assets requirements and have not raised the required assets before a time limit stipulated by the Danish FSA,
3) the association no longer fulfils the conditions for being authorised,
4) the activities of the association or one of the compartments are not carried out for a period of more than six months, or
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5) the association or one of the compartments commit gross or repeated violation of the regulations of this Act or of regulations issued pursuant to this Act.

(2) Where the Danish FSA revokes an association’s authorisation, the association shall be wound up. The Danish FSA may stipulate a time limit for making a decision on such winding up, cf. section 167. If the time limit is exceeded, the Danish FSA may decide that the association is to be wound up.

167.- (1) Decisions on winding up of a restricted association or compartment thereof shall be made at the general meeting, cf. however, subsection (2). Decisions at the general meeting shall include provision on the appointment of a liquidator.

(2) If a compartment of a restricted association has never admitted members, the decision on winding up the compartment may be made by the board of directors. The board of directors of the association or investment management company shall notify the Danish FSA about such decision.

(3) A decision on transferring a compartment of a restricted association to another restricted association shall be made in the association from which the compartment is transferred at the general meeting and in the association to which the compartment is transferred, by the board of directors.

168.- (1) A decision on merging a restricted association or compartment thereof shall be made in the expiring entity by the general meeting and in the receiving entity by the board of directors.

(2) A decision on demerging a restricted association or compartment thereof shall be made by the general meeting.

169.- (1) The investment management company shall notify the Danish FSA that the general meeting has made a decision on merger, demerger or winding up, and who has been appointed to carry out winding up. The notification shall be enclosed with the minutes of the general meeting where the decision was made together with any winding-up scheme for the information of the Danish FSA.

(2) When an association has been wound up, the investment management company shall submit two copies of the financial statements of the winding up to the Danish FSA, audited by the auditors of the association, and a statement from the board of directors of the association and a member of the board of management of the investment management company that all debts have been paid. The Danish FSA shall forward one of the copies of the financial statements of the winding up to the Danish Commerce and Companies Agency.

(3) When a compartment has been wound up, the investment management company shall submit a statement to the Danish FSA from the board of directors of the association and a member of the board of management of the investment management company that all debts have been paid.

170.- (1) The provisions of this Act regarding the powers of the Danish FSA, and regarding the obligations of associations towards the Danish FSA shall apply correspondingly to associations in the process of winding up.

171.- (1) When offering units for sale in an association or compartment, a restricted association shall prepare a prospectus. The restricted association shall on request deliver the prospectus to potential and existing investors.
(2) The most significant parts of the prospectus shall be kept up to date regularly.

(3) A prospectus and changes hereto shall be received by the Danish FSA immediately after having been drawn up.

(4) The Danish FSA shall lay down regulations regarding information to be included in a prospectus, and regarding updating of prospectuses.

Part 19

Common rules for professional associations and restricted associations

Unit classes

172.- (1) If an association’s articles of association include provisions on dividing the association’s compartments into unit classes, the board of directors may, pursuant to provisions in the articles of association on this, establish unit classes in a compartment. In an existing compartment, the establishment presupposes that the members of the compartment at a general meeting have made a decision that said compartment may be divided into unit classes. If the board of directors may establish unit classes in the compartment, this shall be apparent from the name of the compartment.

(2) A unit class in a restricted association shall have assets of at least DKK 10 mill. A unit class in a professional association shall have assets of at least DKK 25 mill. The assets of the unit class shall, no later than six months after the board of directors has reached a decision about establishment, either be subscribed or there shall be an unconditional guarantee from a bank, an insurance company or a pension fund to subscribe for units for no less than DKK 10 mill. and no less than DKK 25 mill. respectively.

(3) No later than eight business days after the board of directors of a restricted association 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). The association shall also send a statement from the auditor of the investment management company stating that the procedures, administrative systems and accounting practice of the investment management company are adequate in relation to administration of the types of unit classes that may be established in accordance with the articles of association, or which the board of directors have decided to offer. The audit opinion may be submitted subsequently, but the association may not offer unit classes until the Danish FSA has informed the association that the Danish FSA has no comments.

(4) A unit class shall not have preferential right over any part of the assets of the compartment, 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 compartment is divided into unit classes, the board of directors shall lay down principles for allocating cost between the unit classes such that each unit class only bears its own share of the common costs of the compartment as well as the particular costs connected to the specific characteristics of the unit class.

(6) The regulations in subsections (1)-(5) and section 91 shall not apply to ex-coupon unit classes.
The Danish FSA may lay down further provisions on unit classes, including that certain types of unit class may not be established.

Winding-up of unit classes

173.- (1) Decisions on winding-up 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 compartment redeems all the units which have been issued for the unit class.

(2) If a unit class has never admitted members, the board of directors may make a decision on winding up the unit class.

(3) If a unit class fails to fulfil the minimum assets requirement within six months after the board of directors decided to establish the class, the association shall wind up the unit class by compulsory redemption of all units which have been issued by the unit class without a prior resolution by the general meeting. If a unit class fails to fulfil the minimum assets requirements 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 in 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.

(4) 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.

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

(6) The Danish FSA may rescind the right to have unit classes from an association.

Management

174.- (1) The board of directors and board of management of the investment management company shall immediately notify the Danish FSA of matters which are of material significance to the continued operation of the association or a compartment.

(2) If a member of an association’s board of directors or a member of the board of management of the investment management company, or the external auditors suspect that an association or a compartment do not meet the assets requirement, the Danish FSA shall be notified hereof immediately.

175. The board of directors of an association shall elect an investment management company with registered office in Denmark to carry out day-to-day management of the association.

176.- (1) A member of the board of directors of an association shall be competent and have adequate experience in carrying out the duties and responsibilities of his position in said association.

(2) A member of the board of directors shall not:
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1) have been or in the future, be held criminally liable for violation of the Criminal Code, or other relevant legislation, if such violation entails a risk that the person in question may fail to carry out the duties and responsibilities of his position adequately.
2) have filed for suspension of payments, bankruptcy or debt restructuring.
3) because of his financial situation or via a company which the person in question owns, participates in the operation of, or has a significant influence on, have caused or cause losses or risks of losses for the association.
4) have behaved or behave in such a manner that there is reason to assume that the person in question will not perform the duties and responsibilities adequately. In the assessment of whether a member of the board of directors has behaved so there is reason to assume that the person in question will not perform the duties and responsibilities adequately, emphasis will be placed on maintaining confidence in the financial sector.

(3) Members of the board of directors of an association shall submit information to the Danish FSA on the circumstances mentioned in subsection (2) in connection with their appointment to the management of the association, and if the circumstances subsequently change.

Access to delegating tasks

177.-(1) The board of directors may delegate tasks that are part of the association’s administration, to a company which is authorised to carry out the tasks in question.

(2) Notwithstanding subsection (1), the board of directors shall not decide to delegate decisions on core tasks. The board of directors may, however, enter into agreements on portfolio management with undertakings that comply with the provisions in section 178(1), and whose interests may not conflict with those of the association.

(3) If the board of directors of an association makes a decision on delegation, cf. subsections (1) and (2), the delegation shall result in more efficient operation of the association and comply with the provisions of sections 178-180.

(4) The obligations of the board of directors, the investment management company and the depositary, including the obligations laid down in sections 106 and 107 of the Financial Business Act shall not be affected by any delegation of tasks by the board of directors to a third party.

(5) The board of directors and the board of management of the investment management company shall ensure monitoring of the execution of the delegated tasks.

(6) The board of directors may not delegate so many of its administrative tasks that the investment management company becomes an empty company with regards to tasks in connection with administration of the association.

(7) The Danish FSA shall lay down more detailed regulations as to which tasks are core tasks, cf. subsection (2) and on how the association shall follow up on delegated tasks.

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

(2) The undertaking to which the association has delegated tasks, may only with authorisation in individual cases from the board of directors of the association further delegate the delegated
tasks or part of the tasks to another undertaking, and only if such delegation results in more effective management of the association.

(3) The delegation of tasks by the association may not hinder the effectiveness of supervision of the association and may especially not hinder the administration of the association from functioning properly or prevent the association from being managed, in the best interests of its members.

179.- (1) When delegating tasks, an association shall ensure that the agreement regarding delegation allows the management of the association to monitor at all times the activities of the undertaking to which the tasks have been delegated.

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

180.- (1) A restricted association shall notify the Danish FSA no later than eight business days after the agreement regarding delegation has been made about the content and conditions of said agreement.

(2) The Danish FSA shall lay down more detailed regulations for agreements covered by the duty to notify.

Granting and raising loans, etc.

181.- (1) An association may not grant loans or put up guarantees for a third party.

(2) An association may, however, accept the liability associated with the acquisition of shares not fully paid up. Such liabilities may not exceed 5 percent of the compartment’s total assets.

182. An association shall not be entitled to raise loans.

183.- (1) Notwithstanding the provision in section 182, the Danish FSA may, however, on behalf of a compartment, permit an association to

1) raise short-term loans of a maximum of 10 percent of a compartment’s 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 percent of the compartment’s assets for the acquisition of real property necessary for performance of the association’s activities.

(2) The loans mentioned in subsection (1) may together not exceed 15 percent of an association’s assets.

184. Financial Instruments admitted to trading on a regulated market, or on another market, shall, if traded outside the regulated markets in countries within the European Union or in 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.

185. An association may acquire the movable property and real property necessary for pursuit of its business.

Issue of units
186. The board of directors of an association shall decide when a compartment shall issue units.

187.- (1) Units in a compartment shall only be subscribed against simultaneous payment of the issue price. Bonus units shall not be covered by the 1st clause.

(2) The Danish FSA may order an association to postpone issue of units in a compartment, if the postponement serves the best interest of the members or the public.

(3) The Danish FSA shall lay down regulations regarding calculation of the issue price, as well as the information which an association shall make available to the public.

 Unit redemption

188.- (1) An association shall regularly be willing to redeem units so that members may redeem their units upon request.

(2) An association may postpone redeeming its units

1) if the association is unable to determine net asset value on account of market conditions, or
2) if the association, for reasons of equal treatment of members, is not able to determine net asset value until the association has realised the assets necessary to redeem its units.

(3) An association shall immediately after postponement of redemption notify the Danish FSA, including stating the reason for postponement.

(4) The Danish FSA may order an association to postpone redeeming its units if this serves the interest of its members or the public.

(5) The Danish FSA shall lay down regulations regarding calculation of the redemption price as well as regarding the information an association shall make public in this respect.

189.- (1) If an association has made an error when calculating the issue or redemption price that have resulted in a deviation of 0.5 percent or more, the association shall ensure that members affected are informed of the error. Within three business days after the error was discovered, the association shall commence correcting the error and notify the matter to the Danish FSA. The notification to the Danish FSA shall contain a report of the background for the error and a description of how the association intends to avoid similar errors in future.

(2) The Danish FSA may lay down more detailed regulations regarding the reporting obligations of associations for errors in calculations of issue and redemption prices of 0.5 percent or more.

190.- (1) When a compartment in an association invests in units in other compartments 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 compartment's investments in units in the other compartments.

Investment certificates, etc.
191.- (1) If a compartment issues certificates, it shall issue one or more investment certificates to each individual member. The certificates in professional associations shall be registered by name.

(2) If a compartment is account-holding, the association shall keep a register of members' units and submit to said members a printout of said register as documentation of the member's units in the assets of the association.

192.- (1) If the units of an association, according to a decision of board of directors are issued through a central securities depository, all costs incurred shall be paid by the association. The association shall make an agreement with one or more account-holding undertaking(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), provided 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.

193.- (1) If an investment certificate is transferred in ownership or as security, section 14(1) and (2) of the “lov om gældsbreve” (Debt Instruments 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. 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” (Debt Instruments Act) shall apply correspondingly to dividend coupons.

194.- (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 four weeks in cases of cancellation of non-negotiable investment certificates.
2) no less than six 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.

Part 20

Other collective investment schemes

195.- (1) Another collective investment scheme shall be defined as an investment scheme receiving funds from a wide circle or from the general public where the investors bear the market risk, and directly or indirectly invest no less than 80 percent of their funds in the instruments mentioned in Annex 5 of the Financial Business Act or in liquid funds without being an investment association, special-purpose association or hedge association.
(2) Another collective investment scheme shall be managed by an investment management company or a bank which shall be responsible for offers for sale of units in the collective investment scheme to investors and which shall issue documentation to investors for their units in the collective investment scheme and keep a register of the investors participating in the scheme.

(3) An investment management company or bank shall notify the Danish FSA about which investment schemes covered by subsection (1) that they are managing.

(4) Another collective investment scheme shall be described in a set of guidelines containing information on

1) the collective investment scheme:
   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) investors’ rights and
   h) regulations applying to issue and redemption and to sale of units,

2) the assets that the funds are placed in and the principles for calculation and measurement of the assets and liabilities of the investment scheme,

3) the principles for calculation of the net asset value of the units and of the costs of entering and leaving the scheme,

4) presentation and audit of accounts,

5) reporting to the investors,

6) winding-up scheme for the collective investment scheme, if any, and

7) how and with what notice the investors will be informed of changes to the terms mentioned in nos. 1-6.

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

(6) The Danish FSA shall lay down more detailed regulations on the regulations mentioned in subsection (4) and the document on offer for sale mentioned in subsection (5).

(7) If the company which manages another collective investment scheme, has made errors in its calculation of the issue or redemption price which have led to a deviation of 0.5 percent or more, said company shall ensure that the investors affected be notified of the error, and publish information about the error. Within three business days after the error was discovered, the company shall commence correcting the error and notify the matter to the Danish FSA. The notification to the Danish FSA shall contain a report on 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 issue and redemption prices.

(9) The Danish FSA may order that an investment scheme mentioned in subsection (1) which mainly invests its funds in the financial instruments mentioned in part 13 of this Act
1) be converted into an investment association or special-purpose association, if the scheme is operating in the form of an association, or
2) be wound up if the scheme is not operating in the form of an association.

XII

Supervision and fees, etc.

Part 21

Supervision and fees, etc.

General regulations regarding supervision

196.- (1) The Danish FSA shall supervise compliance with this Act and regulations laid down pursuant to this Act except for section 41(1) and (2). The Danish FSA shall also supervise compliance with the articles of association of associations, once the Danish FSA has approved said articles of association. The Danish FSA shall also ensure compliance with the regulations issued pursuant to section 31(8) of the Authorised Auditors and Audit Firms Act. The Danish Commerce and Companies Agency shall, however, supervise compliance with section 11(1) and (3) and section 224(1) and (2), subsection (3), 2nd and 3rd clauses, and subsection (4). 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 63-73 and in regulations laid down in pursuance of section 76 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 authorities laid down in section 77.

(2) In its supervision activities, the Danish FSA shall examine in particular the viability of the business model of the individual association. Organisation of supervision activities shall take materiality into consideration so that the supervision effort is proportionate to the potential risks or damage.

(3) The Minister for Economic and Business Affairs may, for the purpose of implementing Community law, lay down more detailed regulations for the procedures of the Danish FSA.

197. 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 corresponding powers vested in the Danish Financial Business Council pursuant to section 345 of the Financial Business Act.

198.- (1) The Danish FSA shall examine the circumstances of associations, including reviews of regular reports and inspections of individual associations.

(2) Following an inspection of an association, the Danish FSA shall hold a meeting including as participants the association's board of directors, board of management or investment management company, management company, if any, 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 inspection.

(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.

199.-(1) Associations shall submit such information to the Danish FSA as is necessary for its activities. In accordance with the provisions laid down in Directives, this shall apply correspondingly to foreign investment undertakings that carry out activities in Denmark when offering units.

(2) The Danish FSA may, at any time, and on presentation of appropriate identification, and without a court order, be entitled to access to the association with a view to making inspections and gathering information.

(3) To the extent required to assess the financial position of an association, the Danish FSA shall be entitled to obtain information and at any time, on proof of identity and without a court order, have access to undertakings with which said association has special direct or indirect links.

(4) 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.

(5) The Danish FSA may, at any time, on presentation of appropriate identification, and without a court order, be entitled to access to a supplier or a sub-supplier with a view to gathering information about outsourced activities.

(6) The Danish FSA may collect information pursuant to subsections (1)-(4) for use by the authorities mentioned in section 210(6), nos. 14 and 18.

200. The Minister for Economic and Business Affairs may lay down more detailed regulations regarding the duty of associations to make public information about the Danish FSA’s assessment of the association.

201.- (1) The Danish FSA may order an association to pay the costs of holding an impartial investigation of one or more aspects of the association, if Danish FSA deems that this is significant for supervision of the association and the investigation is not a matter of routine for the Danish FSA.

(2) The impartial investigation shall be carried out by one or more experts. The Danish FSA shall request the association to recommend one or more experts to manage the impartial investigation. If the expert recommended is not deemed appropriate and impartial, the Danish FSA may appoint other experts. The costs of the expert(s) may initially be paid by the Danish FSA, but final liability for the costs shall be with the association. The Danish FSA may demand advance payment or regular instalments or collateralisation.

(3) The association shall provide the experts with such information as is necessary for the performance of the impartial investigation.

(4) The results of the impartial investigation shall be issued in a written report to the Danish FSA, at the same time as a copy of the report is sent to the association.
(5) The experts shall immediately provide the Danish FSA with information about conditions they observe during the impartial investigation, if there is a not insignificant risk that these conditions could develop such that the association will lose its license.

(6) The Financial Business Council shall make decisions in cases on orders pursuant to subsection (1).

202. The Danish FSA may cooperate with other Danish authorities to ensure compliance with this Act and the regulations issued pursuant to this Act. The Danish FSA may delegate tasks to other Danish authorities, as well as bodies or persons.

203.- (1) The Danish FSA may request the competent authorities in another EU Member State or in a country with which the Community has entered into an agreement for the financial area to help supervise compliance with this Act, as well as the regulations issued pursuant to this Act through supervision activities, on-the-spot checks or inspections in the territory of another Member State.

(2) If a foreign investment undertaking performs or has performed activities in Denmark which contravene other provisions not harmonised pursuant to the UCITS Directive, the Danish FSA may take action against the investment undertaking in accordance with existing regulations.

(3) If the competent authorities in another EU Member State or in a country with which the Community has entered into an agreement for the financial area, and which is the home country of a foreign investment undertaking, fail to take action or fail to react within a reasonable time and the investment undertaking persists in acting in a manner that is prejudicial to the investors in Denmark, the Danish FSA may

1) after informing the competent authorities in the Member State of the investment undertaking take all appropriate measures needed to protect the investors, and the Danish FSA may, in this connection, prevent the investment undertaking concerned from carrying out any further marketing of units in Denmark, or
2) bring the matter to the attention of the Committee of European Securities Regulators.

(4) Where the Danish FSA has good reason to suspect that acts contrary to the provisions of the UCITS Directive, are being or have been carried out by foreign investment undertakings, the Danish FSA shall notify the competent authorities of the other Member State thereof in as specific a manner as possible.

204.- (1) The Danish FSA shall cooperate with the competent authorities of other EU Member States or of countries with which the Community has entered into an agreement for the financial area regarding supervision activities, on-the-spot checks or inspections in Denmark in the case of foreign UCITS or investment associations subject to Danish supervision but which have activities in other Member States.

(2) If a competent authority in another EU Member State or in a country with which the Community has entered into an agreement for the financial area, requests the Danish FSA to assist in verification or investigation of a foreign UCITS or a Danish investment association, cf. subsection (1), the Danish FSA may

1) carry out the verification or investigation itself,
2) allow the requesting authority to carry out the verification or investigation, or
3) allow an auditor or other expert to carry out the verification or investigation.
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(3) If a Danish investment management company opposes the investigation made by a competent foreign authority, cf. subsection (2), the investigation may only proceed with the participation of the Danish FSA.

(4) The Danish FSA may lay down regulations on cooperating with the competent authorities in other EU Member States or in countries with which the Community has entered into an agreement for the financial area.

205.- (1) The Consumer Ombudsman may institute legal proceedings regarding actions contrary to honest business principles and good practice, cf. section 22, 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 group representative in group actions, cf. Part 23a of the Administration of Justice Act.

(2) The Danish FSA may order correction of matters which are contrary to section 22. In this connection, the Danish FSA may carry out inspection visits of branches of management companies and investment undertakings.

206.- (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 22.

(2) Notwithstanding section 210, the Consumer Ombudsman shall have access to all the information in Danish FSA cases covered by subsection (1).

207.- (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 39(2), said person may not occupy the position.

(2) The Danish FSA may order a member of the board of directors of an association to resign his position within a time limit specified by the Danish FSA, if, pursuant to section 39(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, 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 39(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 39(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 request shall be submitted to the Danish FSA within four weeks from the date on which the order was issued to the person. A request to bring the matter before the courts shall not act as stay of proceedings for the order, but the court may, by court order, decide that the relevant member of the board of
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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 of receiving a request. The case shall be brought through civil proceedings.

(6) The Danish FSA may, at its own initiative or on application, withdraw an order notified pursuant to subsection (2) and subsection (3), 3rd clause. If the Danish FSA refuses an application for withdrawal, the applicant may demand that the refusal be brought before the courts. Such request shall be submitted to the Danish FSA within four weeks from the date on which the refusal was notified to the person. Requests for judicial review may, however, only be submitted if the order has no time limit, and no less than five years have elapsed from the date of issue of the order, or no less than two years after the refusal of withdrawal by the Danish FSA was affirmed by judgement.

(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 92(2). The Danish FSA may also withdraw the licence of the association, cf. section 92(2), if a member of board of directors does not comply with an order issued pursuant to subsections (2) and (4).

208. 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.

209.- (1) In cases where an association or compartment has gone bankrupt, or the main part of the association or compartment’s activities has ceased or been transferred, the Danish FSA shall prepare a report on the reasons for this if the state, in connection with or in a shorter period prior to this, has provided a guarantee or made funds available to the association or compartment, its creditors or an acquirer of the whole or parts of the association or compartment.

(2) The Danish FSA shall publish the report according to subsection (1). Section 210 shall not apply in connection with publication, unless the information relates to client relationships or third parties who are or have been involved in attempts to save the association or compartment.

(3) The report according to subsection (1) shall describe the role of the Danish FSA during the period up to the bankruptcy etc.

210.- (1) By virtue of sections 152 to 152e of the Criminal Code, employees of the Danish FSA shall be obliged to keep secret any confidential 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. The 1st and 3rd clauses of this subsection shall also apply to employees of the Danish Commerce and Companies Agency as part of their performance of the secretariat function for the Danish Securities Council.

(2) Consent from the individual whom 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 22, and the executive orders issued in pursuance of section 22(2),
2) decisions pertaining to amendments to articles of association, cf. section 28(2),
3) decisions pertaining to associations’ administrative and accounting practices, business
procedures and control procedures, cf. section 44.
4) bans on double-charging fees, cf. sections 57-59.
5) the duty to report errors in calculations, cf. sections 56 and 189.
6) payment of costs in connection with issuing units through a central securities depositary, cf.
sections 61 and 92.
7) prospectuses and announcements of prospectuses, cf. sections 83-159 and section 171.
8) publication of issue and redemption prices, cf. sections 86-88.
9) withdrawal of the licence of investment associations, special-purpose associations and
hedge associations, cf. section 92(1), and
withdrawal of the licence of restricted associations, cf. section 166.
10) placing of funds by associations, cf. parts 13, 14, 15 and 16, section 161 and section
147(1), no. 1.
11) exceeding the risk profile, risk policy and risk framework, cf. section 146 and section 151.
12) the duty to publish the net asset value of the hedge association or compartment, cf.
section 87(1).
13) the duty to notify registered members, cf. section 87(2) and section 150(3).
14) the duty to report exceeding the risk framework, cf. section 146(3) and section 151(2).
15) the duty to notify members when exceeding the risk framework, cf. section 146(5) and
section 151(4).
16) the duty to describe collective investment schemes in a set of regulations, cf. section
195(4),
17) the document on the offer for sale, cf. section 195(5),

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

(5) Confidential information may be disclosed during civil legal proceedings, where an
association or compartment 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 compartment.

(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 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 compartment 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) The Public Accounts Committee and the National Audit Office of Denmark.
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10) Interested parties, including authorities, involved in attempts to save an ailing association or compartment, 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 and the European Central Bank in their capacity as monetary-policy authorities, provided that the information is necessary for said banks to meet their statutory obligations, including performance of monetary policy, monitoring of payment and securities management systems as well as safeguarding 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 or 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 or in 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 European Systemic Risk Board, the European Securities and Markets Authority as well as bodies established by the European Securities and Markets Authority, 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 procedures, 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-authorised public accountants and registered public accountants) for the performance of 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 pursuant to subsection (6), no. 17, may, notwithstanding the duty of confidentiality, directly be exchanged between the European Securities and Markets Authority and bodies established by said authority on the one hand and the European Systemic Risk Board on the other hand.
(9) Confidential information received by the Danish FSA shall only be used in the course of its supervisory duties, to impose sanctions, or where appeals are made against a decision by the Danish FSA to a higher administrative authority or where such a decision is brought before the courts of law.

(10) 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.

(11) 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.

(12) 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.

211.(1) Decisions made pursuant to section 196(1), 5th clause and section 197, cf. section 345(2), no. 1 of the Financial Business 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. The 1st to 3rd clauses shall also apply for decisions to turn cases over to police investigation which is to be carried out by the Danish FSA after delegation from the Danish Securities Council or the Financial Business Council.

(2) Publication pursuant to subsection (1) may not, however, take place if it will mean disproportionate damage for the association, or if issues relating to investigations make publication inadvisable. Publication may not contain confidential information on client relationships or information covered by the provisions of the Access to Public Administration Files Act on exemption of information on private relationships and operating or business relationships, etc. 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 permission.

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

212.(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 22, and the executive orders issued in pursuance of section 22(2),
2) decisions pertaining to amendments to articles of association, cf. section 28(2),
3) decisions pertaining to associations’ administrative and accounting practices, business procedures and control procedures, cf. section 44.
4) bans on double-charging fees, cf. sections 57-59.
5) the duty to report errors in calculations, cf. sections 56 and 189.
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6) payment of costs in connection with issuing units through a central securities depository, cf. section 61(1) and (2), and section 92.
7) prospectuses and announcements of prospectuses, cf. section 83, section 159 and section 171.
8) publication of issue and redemption prices, cf. sections 86-88.
9) withdrawal of the licence of investment associations, special-purpose associations and hedge associations, cf. section 92(1), and withdrawal of the licence of restricted associations, cf. section 166.
10) placing of funds by associations, cf. parts 13, 14, 15 and 16, section 161 and section 147(1), no. 1.
11) exceeding the risk profile, risk policy and risk framework, cf. section 146 and section 151.
12) the duty to publish the net asset value of the hedge association or compartment, cf. section 87(1).
13) the duty to notify registered members, cf. section 87(2) and section 150(3).
14) the duty to report transgression of the risk framework, cf. section 146(3) and section 151(2).
15) the duty to notify members when exceeding the risk framework, cf. section 146(5) and section 151(4).
16) the duty to describe collective investment schemes in a set of regulations, cf. section 195(4),
17) the document on the offer for sale, cf. section 195(5),

(2) The Danish FSA shall also inform the general public of the name of an association which contravenes 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 6, or the ban on carrying out hedge association activities without a licence, cf. section 7.

213.- (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) Any person contravening the prohibitions in this Act against operating as an investment association or special-purpose association, cf. section 4(1) and (4), and section 6(1) and (3).
2) An association applying for approval, cf. section 10.
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 10(9), cf. 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 79(4) 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 81.
5) Any person from whom the Danish FSA obtains information to determine whether said person falls within the scope of the provisions of this Act, cf. section 199(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, management company or a foreign investment undertaking shall also be considered a party where decisions made by the Danish FSA are directed specifically at said person.
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(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 43, status as a party and assigned authorities as party shall be limited to matters where the decision by the Danish FSA is made after 1 February 2004.

214. In cooperation with the Danish Competition and Consumer Authority, 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 22(2).

215. 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.

Fees

216. Investment associations, special-purpose associations, hedge associations, restricted associations and professional associations subject to supervision or registration under this Act as well as foreign investment undertakings, cf. sections 18 and 19, shall pay a fee to the Danish FSA. The fee shall be set pursuant to part 22 of the Financial Business Act.

Time limits

217.- (1) The time limits fixed in or pursuant to this Act shall take effect from the day when the event triggering the time limit occurred. This shall apply to the 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 business day.

Digital communication

218. 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 22

Provisions concerning delegation and appeals
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219. 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.

220. 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 four weeks after the person concerned has been notified about the decision.

XIII
Entry into force and transitional provisions, etc.

Part 23
Penalties, etc.

221.(1) Any person violating section 4(1)-(5), section 5(1)-(4), section 6(1)-(3), section 7(1) and (2), section 8, section 10(5), section 13(3)-(5), section 20(1) and (2), section 21, section 30(1), 1st clause, section 32(1)-(3), section 33(1), subsection (3), 1st clause, and subsections (6) and (7), section 34(1) and (2), section 35(1)-(4), section 36(1), 1st clause and subsection (3), section 37, section 39(3), cf. subsection (2), nos. 1 and 2, section 43(1) and (2), section 45(1), (2) and (4), section 46, section 47(1), section 48(1), section 49(1), section 50, section 54(1), section 55(1), (2) and (5), section 56(1), sections 57-59, section 63(1), 1st clause, section 64(1), section 65(1) and (2) and subsection (3), 1st clause, section 66, section 67(1) and (2), section 68(1), subsection (2), 1st clause, and subsection (3), 2nd clause, sections 69-71, section 72, 1st clause, section 73, 1st clause, section 74, section 75(1) and (5), section 78(1), 1st clause, section 79(1), 1st clause, and (2) and (4), sections 80 and 81, section 83(1), (3) and (4), section 84(1), section 85(1), section 86(1), section 87(1) and (2), sections 89 and 90, section 91(3) and (5), section 96(1) and (5) and subsection (6), 2nd clause, section 98(2), section 113(1), sections 120-122, section 123(1) and (2) and subsection (4), 1st clause, section 124, section 125(1) and subsection (2), 2nd clause, sections 126, 128 and 129, section 130(1), (4) and (5), section 131, section 132(1) and (3), sections 133, 135 and 137, section 138(1)-(3), section 140(2), 1st clause, section 141(1), section 142, section 143(1) and (2), section 144, section 145(2), 1st clause, section 146(1)-(3), subsection (4), 1st clause, and subsection (5), 1st and 3rd clauses, section 147(1), (3) and (4), section 148(1) and (5), section 150(1)-(3), section 151(1) and (2), subsection (3), 1st clause and subsection (4), sections 152, 155 and 158, section 159(1) and (2), section 161(5), section 162(2), section 165, section 169(1), subsection (2), 1st clause, and (3), section 171(1)-(3), section 172(3)-(5), section 173(3), 1st and 2nd clauses, sections 174 and 175, section 176(3), cf. subsection (2), nos. 1 and 2, section 177(5) and (6), sections 178 and 179, section 180(1), section 181, section 182, section 187(1), section 188(1) and (3), section 189(1), sections 190 and 191 and section 195(2)-(5) and (7) shall be liable to fines or imprisonment of no more than four months unless more severe punishment is incurred under other legislation.

Any person violating section 31, section 40, 1st clause, section 41(1), subsection (2), 1st clause, and subsection (3), 1st and 2nd clauses, section 42(1), subsection (2), 1st clause, and subsections (4) and (6) and section 44(1) and (2), shall be liable to a fine.

(2) Any person who fails to comply with an order issued pursuant to section 195(9) and section 205(2), 1st clause shall be liable to a fine. Furthermore, any member of the board of directors who fails to comply with an order issued pursuant to section 207(2) and subsection (3), 3rd clause shall be liable to a fine.
(3) Regulations issued pursuant to this Act may stipulate fines for violation of the provisions of the regulations.

(4) If a member of the board of directors and board of management of an association, or a member of the board of directors and board of management of the investment management company or management company 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 four 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 association 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 four months unless more severe penalty is incurred under other legislation.

(6) The period of limitation for criminal liability for violation of the provisions of this Act or regulations issued pursuant to this Act shall be 5 years.

222.- (1) Where the board of directors, board of management, auditor, investment management company or management company, depositary or liquidator of an 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) 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 196(1), 5th clause.

223.- (1) If an association which has issued units which are admitted to trading on a regulated market fails to meet its obligations under the provisions of sections 63-73 or provisions laid down in pursuance of section 76, 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 or the order, or suspend or remove the units involved from trading on a regulated market.

(2) 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.

Part 24

Registration and regulation of non-approved restricted associations

224.- (1) The Danish Commerce and Companies Agency may register non-approved restricted associations which receive funds from one or more members who may vote and receive dividends in proportion to their share of the assets of the association, and which are managed by an investment management company with a licence to carry out portfolio management based on estimates pursuant to section 10(2), cf. section 9(1) of the Financial Business Act. The association itself shall not be supervised by the Danish FSA. Parts 3, 4 and 6 of the Certain
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Commercial Undertakings Act shall apply with the necessary changes taking into account the special nature of the association.

(2) The name of a non-approved restricted association shall clearly differentiate itself from the name of other undertakings registered with the Danish Commerce and Companies Agency.

(3) The non-approved restricted associations mentioned in subsection (1) shall present their annual report pursuant to section 63, section 64(1) and (2), 1st and 2nd clauses, section 65-73, section 75(4), section 76, section 79 and sections 81 and 82, which, subject to necessary changes, shall apply correspondingly, however, neither the Danish FSA nor the Danish Commerce and Companies Agency shall ensure that the non-approved restricted association meets the provisions mentioned. The audited and approved annual report 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 financial year. Sections 150-152 and section 163(1) and (2) of the annual financial statements shall apply correspondingly to non-approved restricted associations.

(4) The members shall only be liable for their units. If a non-approved restricted associations is divided into compartments, each compartment shall only be liable for its own liabilities. Each compartment 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 compartment is unable to fulfil its obligations under the 2nd clause, the other compartments shall be jointly and severally liable for said compartment’s share of the common costs.

Part 25

Entry into force, transitional provisions, amendments to other legislation, the Faeroe Islands and Greenland

Entry into force

225.- (1) This Act shall enter into force on 1 July 2011.

(2) At the same time, the Investment Associations and Special-Purpose Associations as well as other Collective Investment Schemes etc. Act, cf. Consolidating Act no. 904 of 5 July 2010, shall be repealed.

(3) Executive Orders issued pursuant to the Investment Associations and Special-Purpose Associations as well as other Collective Investment Schemes etc. Act, cf. Consolidating Act no. 904 of 5 July 2010, shall remain in force until they are repealed by executive orders issued pursuant to this Act.

(4) Sections 63-82 on annual report, auditing and appropriation of the profit for the year shall apply for the first time for annual reports and statements of assets for accounting periods commencing on 1 January 2012 or later. The regulations of the Investment Associations and Special-Purpose Associations as well as other Collective Investment Schemes etc. Act shall apply to annual reports and statements of funds covering periods up to and including 31 December 2011.

Transitional provisions
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226. Investment associations, special-purpose associations and hedge associations approved pursuant to the Investment Associations and Special-Purpose Associations as well as other Collective Investment Schemes etc. Act, cf. Consolidating Act no. 904 of 5 July 2010, shall, before 1 July 2012, ensure that their articles of association comply with the regulations of this Act.

227.-(1) Investment associations, special-purpose associations and hedge associations that are approved under the Investment Associations and Special-Purpose Associations as well as other Collective Investment Schemes etc. Act, cf. Consolidating Act no. 904 of 5 July 2010, shall, before 1 July 2012, draw up key investor information pursuant to the regulations of section 84 of this Act.

(2) With regard to winding-up, merger, demerger and transfer commenced before 1 July 2011, the regulations hitherto in force shall apply.

228. Existing non-approved restricted associations wishing to present their annual report under the provisions mentioned in section 224(3), shall, no later than at the next general meeting after entry into force of this Act, however, no later than 31 December 2012, make a decision to comply with the provisions in section 224.

Amendments to other legislation

229. The following amendment shall be made to the Danish Financial Business Act, cf. Consolidating Act no. 1125 of 23 September 2010, as most recently amended by section 1 of Act no. 1556 of 21 December 2010:

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2. Section 5(1), no. 5, shall be worded as follows: "Management company" shall mean: A company, the regular business of which is management of UCITS, cf. no. 26.«

3. In section 5(1) the following shall be inserted as no. 26: "26) UCITS: An investment undertaking which is authorised in accordance with rules implementing the UCITS Directive, and which pursuant to Article 1(3) may be established
   a) according to agreement as an investment fund managed by management companies,
   b) as trusts (unit trusts) or
   c) according to articles of association as investment firms (in Denmark: investment associations).«

4. Section 10(3) and (4) shall be repealed and the following shall be inserted instead:
   "(3) Management companies, including investment management companies shall have exclusive right to manage UCITS, including investment associations. Furthermore, investment management companies shall have exclusive right to manage special-purpose associations, hedge associations, professional associations and restricted associations which have been approved or registered pursuant to the Investment Associations, etc. Act.«
   Subsection (5) shall hereafter become subsection (4).

5. In section 28 the following shall be inserted after »are investment management companies«: »or management companies.«

6. In section 30(3) the following shall be inserted before no. 1 as a new number:
   »1) manage UCITS, including investment associations pursuant to delegation by the board of directors,«
   Nos. 1 and 2 shall become nos. 2 and 3.

7. In section 30(6), the following shall be inserted as the 2nd clause:
   »When a management company wishes to offer management in Denmark, cf. Annex 6, no. 7, the Danish FSA shall receive confirmation from the competent authority of the home country that said company has been approved according to the UCITS Directive, a description of the extent of the company’s licence to manage, as well as a description of the company’s risk management process and procedures for processing complaints from investors.«

8. In section 31(1), the following shall be inserted as the 5th clause:
   »When a management company wishes to offer management in Denmark, cf. Annex 6, no. 7, the Danish FSA shall receive confirmation from the competent authority of the home country that said company has been approved according to the UCITS Directive, a description of the extent of the company’s licence to manage, as well as a description of the company’s risk management process and procedures for processing complaints from investors.«

9. In section 31(3) the following shall be inserted before no. 1 as a new number:
   »1) manage UCITS, including investment associations pursuant to delegation by the board of directors,«
   Nos. 1 and 2 shall become nos. 2 and 3.

10. After section 39, the following shall be inserted:
   »The management of investment management companies by investment undertakings which are UCITS, from a branch or as a cross-border service

39a-(1) An investment management company wishing to manage UCITS from a branch in another country within the European Union or in a country with which the Community has entered into an agreement for the financial area, or as cross-border services, shall in addition
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to submitting the information stated in sections 38 and 39 to the Danish FSA, submit a description of the company’s risk management process and procedures for processing complaints from investors. When the Danish FSA forwards the information mentioned in the 1st clause to the supervisory authorities in the host country, the Danish FSA shall also send confirmation that the company has been approved according to the UCITS Directive, as well as a description of the extent of the company’s licence and any restrictions as to which UCITS the company is authorised to manage.

(2) An investment management company managing UCITS as mentioned in subsection (1) shall comply with the regulations of this Act concerning the activities of investment management companies, including sections 70 and 71 on organisation, procedures for risk management and internal reporting, as well as sections 102-105 on delegation.

(3) An investment management company managing UCITS as mentioned in subsection (1) shall comply with the regulations established by the home country of a UCITS on the establishment and operation of UCITS, including regulations applicable for

1) establishment and authorisation of UCITS,
2) issuance and redemption of units and shares,
3) investment policy and investment boundaries, including calculating overall risk exposure and gearing,
4) restrictions on borrowing, lending and uncovered sales,
5) valuation of the assets and accounting of a UCITS,
6) calculation of the issue or redemption price and errors in calculating the net asset value, as well as compensation for investors in this connection,
7) distribution or reinvestment of the income,
8) requirements of reporting and publication, including of the prospectus, the key investor information and periodical reports which the UCITS concerned shall comply with,
9) measures regarding marketing,
10) participants aspects,
11) merger and restructuring of a UCITS,
12) dissolution and liquidation of a UCITS,
13) contents and form of any participant’s register,
14) fees for authorisation and inspection of a UCITS,
15) exercising voting rights of members and other participant’s rights pursuant to nos. 1-13.

(4) The investment management company shall comply with the liabilities laid down in the fund rules or articles of association of a UCITS and in the prospectus which shall comply with the regulations laid down by the home country, cf. subsection (3).

(5) The competent authorities of the UCITS home country shall be responsible for supervising compliance with subsections (3) and (4).

(6) The board of directors of the investment management company shall make a decision on and shall be responsible for adopting and implementing the measures and organisational decisions necessary for the investment management company to comply with the regulations for establishment and operation of a UCITS, cf. subsection (3), as well as the obligations laid down in the fund rules or in the articles of association, and the obligations laid down in the prospectus.

(7) The Danish FSA shall be responsible for supervising that the measures and organisation of the investment management company are sufficient for the investment management company to comply with the obligations and regulations relating to establishment and operation of the UCITS that it manages.
An investment management company managing a UCITS with 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 shall enter into a written agreement with the depositary on exchange of information necessary for the depositary to carry out its duties.

39b-(1) An investment management company which intends to manage a UCITS established in another country within the European Union or in a country with which the Community has entered into an agreement for the financial area shall submit the following documentation to the competent authorities in the UCITS home country concerned:

1) The written agreement with the depositary mentioned in section 39a(8).
2) Information on delegation of tasks within investment management and management as mentioned in Annex II to the UCITS Directive.

(2) If an investment management company is already managing other UCITS of the same type in the UCITS home country concerned, reference to the documentation, cf. subsection (1) already sent to the competent authorities will suffice.

(3) The investment management company shall inform the competent authorities in the home country of the UCITS being managed about any subsequent significant changes to the documentation mentioned in subsection (1).

**Subsidiary undertakings of Danish financial undertakings abroad**

11. In section 43, the following shall be inserted as subsection (5): «(5)»
The Minister for Economic and Business Affairs shall lay down more detailed regulations regarding communication of key investor information to retail investors in connection with the mediation by financial undertakings of units in investment associations, special-purpose associations and hedge associations«

12. In section 52, the following shall be inserted after »special-purpose association«: »hedge association, professional association«.

13. In section 54(1) the following shall be inserted after »portfolio management for«: »UCITS, including«.

14. In section 54(2) the following shall be inserted after »units in«: »UCITS, including«.

15. In section 77(1), no. 3 and (2), section 162(1), no. 8a, section 343a(2), no. 2, and Annex 5, no. 3 »the Investment Associations and Special-Purpose Associations as well as other Collective Investment Schemes etc. Act« shall be changed to: »the Investment Associations, etc. Act«.

16. In section 99(2), the following shall be inserted as the 2nd clause:
»The board of directors or board of management may, however, authorise the persons concerned to be a member of the board of directors of the subsidiary undertakings of the investment management company or of consolidated companies that could be subsidiary undertakings, cf. section 28«.

17. Section 100 shall be worded as follows:
»100. An investment management company shall have sufficient qualified staffing and the required technical expertise to
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1) manage this type of UCITS, including investment associations and other associations which are managed by the investment management company,
2) assess the performance of tasks delegated by the investment management company, cf. sections 102-105,
3) make decisions about investments for the associations and UCITS being managed, and
4) assess the investments made and results achieved when the board of directors of an association or the board of directors of an investment management company has entered into an agreement on portfolio management relating to the assets of an association or a UCITS«.

18. In section 101(1) the following shall be inserted after »of«: »UCITS, including« and after »exclusively in«: »the UCITS concerned or«.

19. In section 101(2) the following shall be inserted after »or the«: »UCITS and«.

20. Section 101(3) shall be worded as follows:
   »(3) The board of directors of investment management companies shall

   1) lay down a policy concerning conflicts of interest between UCITS, associations, compartments and unit classes and the investment management company and between other companies with which they are in a group and other parties as well as the other customers of the investment management company, respectively,
2) be able to demonstrate conflicts of interest which may be detrimental to a UCITS and the interests of its participants or to an association and its members,
3) restrict conflicts of interest as much as possible, and
4) where there is a risk that the interests of customers in the managed units could be damaged, in the specific case inform the UCITS concerned, the association or the customer of the general content of the conflict of interest before entering into an agreement, or if an agreement has been concluded, when the conflict of interest is ascertained.«

21. In section 101(4) the following shall be inserted after »and management of associations«: »and UCITS« and after »powers of direction«: »and in relation to matters regarding UCITS, the powers of direction of the board of directors of the company unless otherwise stipulated in the regulations of the relevant UCITS’ home country«.

22. Section 101(5) shall be worded as follows:
   »(5) The Danish FSA may lay down more detailed regulations regarding how investment management companies shall demonstrate and minimise conflicts of interest.«

23. The heading before section 102 shall be worded as follows:
   »Access of investment management companies to delegate tasks concerning management of foreign UCITS«

24. Sections 102-105 shall be worded as follows:

102.- (1) The board of directors of an investment management company may delegate tasks that represent part of the management of a foreign UCITS, to an undertaking which is licensed to perform the tasks concerned.
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(2) Notwithstanding subsection (1), the board of directors may not decide to delegate decisions on investment of the funds of a foreign UCITS or other core tasks, cf. subsection (7). The board of directors may, however, enter into agreements on portfolio management with an undertaking that complies with the provisions in section 103(1), and which is not a depositary for the foreign UCITS or another company, cf. section 98, whose interests may conflict with those of the UCITS concerned and the interests of its members.

(3) Where the board of directors of the investment management company decides on delegation, cf. subsections (1) and (2), the delegation shall entail more effective operation of the activities of the investment management company and more effective management of the foreign UCITS to which the delegation relates, and comply with the conditions laid down in sections 103-105.

(4) The obligations of the investment management company and the depositary, cf. sections 106 and 107 shall not be affected by any delegation of tasks to a third party by the board of directors.

(5) The board of directors shall ensure monitoring of the execution of the delegated tasks, cf. sections 103-105.

(6) The board of directors may not delegate so many of its administrative tasks that the investment management company becomes an empty company with regards to tasks in connection with management of a foreign UCITS.

(7) The Danish FSA shall lay down more detailed regulations as to which tasks are core tasks, cf. subsection (2) and on how the association shall follow up on delegated tasks.

103.- (1) An investment management company shall ensure that the undertakings to which said company delegates tasks are qualified and capable of carrying out the relevant tasks. In cases where the delegation of tasks relates to investment management, only the board of directors may delegate said tasks to undertakings that are licensed for, or registered with a view to, asset management, cf. however section 102(2), and that are subject to supervision.

(2) The undertaking to which the investment management company has delegated tasks, may only with permission in individual cases from the board of directors of the investment management company further delegate the delegated tasks or part of the tasks to another undertaking, and only if such delegation entails more effective management of the managed UCITS.

(3) Delegation of tasks by the board of directors may not prevent effective supervision of the investment management company and the UCITS being managed nor may it prevent the investment management company from operating or prevent the foreign UCITS from being managed in the interests of its members.

104.- (1) When delegating tasks, an investment management company shall ensure that the agreement regarding delegation allows the management of the investment management company 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 management company 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 interests of the UCITS being managed.
The investment management company shall, no later than eight business days after entering into an agreement on delegation, cf. section 102(1) and (2) and section 103(2) notify the Danish FSA about the contents and conditions of said agreement.

The Danish FSA shall lay down more detailed regulations for agreements covered by the reporting obligation and its form.

The heading before section 106 shall be worded as follows:

»Special regulations for depositaries for investment associations, special-purpose associations, hedge associations, professional associations and restricted associations«

Section 106(1) shall be worded as follows:

A depositary shall manage and keep separate the financial assets (funds) of the compartments of an association. The depositary shall be able to provide sufficient financial and professional security that it is capable of performing its duties for the individual association.

Section 106(2), no. 1 shall be worded as follows:

1) the issue and redemption by an association as well as cancellation of its members' units shall be carried out in compliance with the regulations in the Investment Associations, etc. Act and with the articles of association,

Section 106(2), no. 7 »section 46 of the Investment Associations and Special-Purpose Associations as well as other Collective Investment Schemes etc. Act« shall be changed to:

»section 51 of the Investment Associations, etc. Act.«

In section 106 the following shall be inserted as subsections (3)-(6):

(3) Where the depositary is a depositary for an investment association, the board of directors of which has delegated its day-to-day management to a management company with registered office in a country within the European Union or in a country with which the Community has entered into an agreement for the financial area, the depositary, the board of directors of the investment association and the management company shall enter into a written agreement on exchange of information necessary for the depositary to carry out its duties according to this Act, the Investment Associations, etc. Act and the regulations issued pursuant to these acts.

(4) Where the depositary is a depositary for an investment association which is master UCITS or feeder UCITS but not depositary for both associations or undertakings (UCITS) in the master-feeder-structure, said depositary shall, cf. section 5(4), no. 2 of the Investment Associations, etc. Act enter into an agreement with the other depositary on exchanges of information to ensure that both depositaries are able to carry out their duties.

(5) The depositary for an investment association which is a master UCITS shall immediately notify the Danish FSA if it comes to knowledge about irregularities in relation to the master UCITS. If the irregularities, cf. the 1st clause, are deemed to have a negative impact on the feeder UCITS, the depositary shall also notify the feeder UCITS or its investment management company or management company and its depositary.

(6) Danish FSA may lay down more detailed regulations on

1) the duties of the depositary to the associations for which it is a depositary,
2) the duties of the depositary to an investment association which has delegated day-to-day management to a management company with registered office in a country within the
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European Union or in a country with which the Community has entered into an agreement for the financial area,
3) the duty of the depositary to notify a feeder UCITS and its depositary, cf. subsection (5),
4) the duty of the depositary to notify the Danish FSA on matters concerning associations for which it is a depositary, and on
5) the contents of the agreement mentioned in subsection (3).«

30. In section 121(2) the following shall be inserted after »special-purpose associations«:
»professional associations«.

31. In section 141(1) the following shall be inserted after »associations«:
»as well as foreign UCITS«.

32. In section 157, »notwithstanding SME associations, cf. section 109 of the Investment Associations and Special-Purpose Associations as well as other Collective Investment Schemes etc. Act« shall be changed to: »as well as investment undertakings that are UCITS«.

33. In section 162(1), no. 8b and c »section 106(3) and (4) of the Investment Associations and Special-Purpose Associations as well as other Collective Investment Schemes etc. Act« shall be changed to »section 142(3) and (4) of the Investment Associations, etc. Act«.

34. The following shall be inserted after section 346:
»346a. The Danish FSA may cooperate with other Danish authorities on ensuring compliance with this Act and with regulations issued pursuant to this Act concerning the management of investment management companies of associations approved by the Danish FSA and of UCITS with registered office in other countries within European Union or in countries with which the Community has entered into an agreement for the financial area, as well as the depositary function for the mentioned associations. The Danish FSA may delegate tasks to other Danish authorities, as well as bodies or persons.

346b. The Danish FSA may request the competent authorities in another EU Member State within the European Union or in a country with which the Community has entered into an agreement for the financial area to help supervise compliance with this Act, as well as the regulations issued pursuant to this Act concerning management of investment management companies of UCITS with registered office in countries within the European Union or countries with which the Community has entered into an agreement through supervision activities, on-the-spot checks or inspections in the territory of another Member State.

346c-(1) The Danish FSA shall cooperate with the competent authorities in other countries within the European Union or in countries with which the Community has entered into an agreement for the financial area on contributing to supervision activities, on-the-spot checks or inspections in Denmark with regard to investment management companies managing UCITS subject to supervision in a country within the European Union or countries with which the Community has entered into an agreement for the financial area, or an investment association subject to Danish supervision but operating in other Member States.

(2) If a competent authority in another EU Member State or in a country with which the Community has entered into an agreement for the financial area, requests the Danish FSA to assist in verification or investigation of a foreign UCITS subject to supervision by the competent authority concerned, cf. subsection (1), but managed by a Danish investment management company or a Danish investment association, cf. subsection (1), the Danish FSA may

1) carry out the verification or investigation itself,
2) allow the requesting authority to carry out the verification or investigation, or
3) allow an auditor or other expert to carry out the verification or investigation.

(3) If a Danish investment management company opposes the investigation made by a competent foreign authority, cf. subsection (2), only the Danish FSA may carry out the investigation.

(4) The Danish FSA may lay down more detailed regulations regarding cooperation with 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.«

35. In section 355(2), no. 14 »investment associations« shall be changed to: »investment undertakings that are UCITS, including investment associations«.

36. In section 361(1), the following shall be inserted as nos. 29 and 30:
›29) Foreign investment undertakings covered by sections 18 and 19 of the Investment Associations, etc. Act shall pay DKK 8,000 annually.
30) For every notification or application on cross-border marketing of units in investment undertakings, cf. sections 18-21 of the Investment Associations, etc. Act, an amount of DKK 2,500 shall be paid.«

37. Annex 6 shall be worded as follows:
»Investment management activities

1) Investment management, management and marketing of investment associations authorised according to the Investment Associations, etc. Act
2) Investment management, management and marketing of special-purpose associations authorised according to the Investment Associations, etc. Act
3) Investment management, management and marketing of professional associations registered under the Investment Associations, etc. Act
4) Investment management, management and marketing of restricted associations authorised under the Investment Associations, etc. Act
5) Investment management, management and marketing of hedge associations authorised under the Investment Associations, etc. Act
6) Investment management, management and marketing of other collective investment schemes covered by the Investment Associations, etc. Act

7) Investment management, management and marketing of UCITS.«

230. The Securities Trading, etc. Act, cf. Consolidating Act no.298 of 8 April 2011, shall be amended as follows:

1. Throughout this Act »the Investment Associations and Special-Purpose Associations as well as other Collective Investment Schemes etc. Act« shall be changed to: »the Investment Associations, etc. Act«.

(2) Section 83(2) shall be worded as follows:

›(2) The Danish Securities Council shall, for issuers of securities admitted to trading on a regulated market, verify that regulations regarding financial information in annual reports and interim financial statements in sections 183-193 of the Financial Business Act and sections 63 and 64 of the Investment Associations, etc. Act as well as the Financial Statements Act are complied with. The Danish Securities Council shall also verify that regulations laid down in pursuance of section 196 of the Financial Business Act and section 76 of the Investment
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Associations, etc. Act as well as the Financial Statements Act are complied with, and the Danish Securities Council shall verify compliance with the provisions laid down in the Regulation of the European Parliament and the Council on application of international accounting standards. The Danish Securities Council shall exercise the powers that have been assigned to the Danish FSA pursuant to section 197 of the Financial Business Act and section 77 of the Investment Associations, etc. Act, as well as the powers that have been assigned to the Danish Securities Council pursuant to section 159a of the Financial Statements Act. The Danish FSA and the Danish Commerce and Companies Agency shall function as secretariat for the Danish Securities Council and shall act on its behalf in this connection.«

231. The Supervision of Company Pension Funds Act, cf. Consolidating Act no. 1561 of 19 December 2007 as amended by e.g. section 3 of Act no. 515 of 17 June 2008, section 5 of Act no. 133 of 24 February 2009 and section 28 of Act no. 718 of 25 June 2010 and most recently, section 7 of Act no. 1556 of 21 December 2010, shall be amended as follows:

1. In section 46d(1), no. 7a» the Investment Associations and Special-Purpose Associations as well as other Collective Investment Schemes etc. Act« shall be changed to »the Investment Associations, etc. Act.«

2. In section 46d(1), no. 7b and c »section 106(3) and (4) of the Investment Associations and Special-Purpose Associations as well as other Collective Investment Schemes etc. Act« shall be changed to »section 142(3) and (4) of the Investment Associations, etc. Act.«

232. The Workers' Compensation Act, cf. Consolidating Act no. 848 of 7 September 2009, as amended by e.g. section 3 of Act no. 1272 of 16 December 2009, section 12 of Act no. 579 of 1 June 2010, section 1 of Act no. 700 of 25 June 2010 and section 18 of Act no. 718 of 15 June 2010 and most recently by section 9 of Act no. 1556 of 21 December 2010, shall be amended as follows:

1. In section 69(1), no. 7a »the Investment Associations and Special-Purpose Associations as well as other Collective Investment Schemes etc. Act« shall be changed to: »the Investment Associations, etc. Act.«

2. In section 69(1), no. 7b and c »section 106(3) and (4) of the Investment Associations and Special-Purpose Associations as well as other Collective Investment Schemes etc. Act« shall be changed to »section 142(3) and (4) of the Investment Associations, etc. Act.«

233. The Arbejdsmarkedets Tillægspension Act, cf. Consolidating Act no. 942 of 2 October 2009, as amended by e.g. section 10 of Act no. 579 of 1 June 2010 and section 16 of Act no. 718 of 25 June 2010 and most recently by section 8 of Act no. 1556 of 21 December 2010, shall be amended as follows:

1. In section 24b(1), no. 3 and (2), and section 26b(1), no. 7a »the Investment Associations and Special-Purpose Associations as well as other Collective Investment Schemes etc. Act« shall be changed to »the Investment Associations, etc. Act.«

2. In section 26b(1), no. 7b and c »section 106(3) and (4) of the Investment Associations and Special-Purpose Associations as well as other Collective Investment Schemes etc. Act« shall be changed to »section 142(3) and (4) of the Investment Associations, etc. Act.«
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234. The Lønmodtagernes Dyrtidsfond (LD) Act, cf. Consolidating Act no. 1156 of 3 October 2007 as amended by e.g. section 8 of Act no. 515 of 17 June 2008, section 11 of Act no. 579 of 1 June 2010 and section 17 of Act no. 718 of 25 June 2010 and most recently by section 10 of Act no. 1556 of 21 December 2010 shall be amended as follows:

1. In section 5a(1), no. 3 and (2), and section 6b(1), no. 7a »the Investment Associations and Special-Purpose Associations as well as other Collective Investment Schemes etc. Act« shall be changed to »the Investment Associations, etc. Act.«

2. In section 6b(1), no. 7b and c »section 106(3) and (4) of the Investment Associations and Special-Purpose Associations as well as other Collective Investment Schemes etc. Act« shall be changed to »section 142(3) and (4) of the Investment Associations, etc. Act.«

The Faeroe Islands and Greenland

235. This Act shall not extend to the Faeroe Islands and Greenland, but may be brought into force in full or in part by Royal Request for the Faeroe Islands and Greenland subject to any amendments in its operation necessitated by the conditions prevailing in the Faeroe Islands and Greenland.

Christiansborg Slot
MARGRETHE R.

Brian Mikkelsen

/Jens Vibjerg