



Funds-Axis

UCITS- Core (all jurisdictions)

Rule UCITS06 Review and Testing

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## Testing Approach

1. Activate Dummy Sandbox Schemes in FundWare for testing purposes; SB0 – SB7
2. Upload test data to these schemes
3. Funds-Axis to apply UCITS regulatory rules to these test schemes;
  - a. Generate a minimum of 1 breach and 1 pass result per UCITS rule
  - b. To validate a minimum of 1 breach and 1 pass result per UCITS rule
4. Funds Axis will provide documentation providing explanation of regulatory rule results

## UCITS06: Deposits must be made with Acceptable Credit Institutions

### Rule Setup Details

Rule Summary		
<b>Rule Category</b>	Rule Category	UCITS – CORE (ALL Jurisdictions)
<b>Rule Sub-Category</b>	Rule Sub-Category	1. Eligible Assets
<b>Asset Selection</b>	Asset Category	All Assets
<b>Asset Selection</b>	Asset Type Group	N/A
<b>Asset Selection</b>	Asset Type	N/A

Static Fields		
<b>Static Field Conditions</b>	Acceptable Deposit Taker	No

Rule Custom Attributes		
<b>RCA. Conditions</b>	UCITS Asset Types	Custody_Settled_Cash_Capital Deposits FundAcc_Cash_Capital FundAcc_Cash_Income Margin Collateral Margin Collateral RiskFree

Rule Conditions		
<b>Rule Conditions</b>	Holding Level	Issuer
<b>Rule Conditions</b>	Rule Level	In Scheme
<b>Rule Conditions</b>	Aggregator (Base Value in FW Rules Wizard)	Market Value*
<b>Rule Conditions</b>	Breach Condition	> 0
<b>Rule Conditions</b>	Pass Condition	<= 0
<b>Rule Conditions</b>	Denominator	No. of Securities in Scheme
<b>Where Conditions</b>	Pass Condition	N/A
<b>Where Conditions</b>	Breach Condition	N/A
<b>Where Conditions</b>	Denominator	N/A

*\*The selection of denominator of “No. of Securities in Scheme” has the impact of causing the aggregator to be a “Count” of the instruments in the scheme, notwithstanding that the “Market Value” is in fact selected in the rules wizard.*

UCITS06: Rule Results

**Results:**

7 of 8 sandbox schemes are passing UCITS06

**Cause:**

This rule considers the eligibility of deposits. Deposits must be made with an acceptable deposit taker in order for them to be considered an eligible asset for UCITS purposes.

This attribute of “Acceptable” or “Not Acceptable” is located in the Company Master in FundWare; and is applicable to each individual issuer setup in the system.

Current default: “Acceptable Deposit Taker = No”

Testing

Example 1: Breach Result

**Test Example 1:** Scheme: SB1 – Sandbox Equity Long Short Fund

**Rule Result:** Failed

**Test Result:** Success

**FundWare Investment Compliance Result:**

**SB1 - Sandbox Equity Long Short Fund**

Date: 01 June 2018

Valuation Date: -

Scheme NAV in Base Currency: 207,842,337.06

[Click on rule to view rule details](#)

Breach ID	Rule	Status	Breach Days	Exposure
	UCITS - Core (All Jurisdictions) : 1. Eligible Assets			
<input type="checkbox"/> 10045-C ↑	UCITS06: Deposits must be made with Acceptable Credit Institutions	Failed	1	3.0000
	BBG001FN1V19 - GCA Corp			3 Securities

**FundWare Holding Export Report:**

The Rule Result shown above matches the below extract taken from FundWare:

“GCA Corp” has been marked as NOT being an acceptable deposit taker. All three cash lines below share this same issuer, therefore the rule result is showing ‘3 securities’ in breach.

Instrument Security Code	Security	RCA.UCITS Asset Types	Issuer	Issuer Is Acceptable Deposit Taker
1736204100GBP	CAPITAL CASH	FundAcc_Cash_Capital	GCA Corp	FALSE
1736204100JPY	CAPITAL CASH	FundAcc_Cash_Capital	GCA Corp	FALSE
1736204125JPY	REVENUE CASH	FundAcc_Cash_Capital	GCA Corp	FALSE

**High Level Holdings Overview:**

The fund is made up of:

Rule Custom Attribute.UCITS Asset Types	Sum of Percentage Of Assets
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Security - Standard Security	71.78
Real Estate	14.7314
Security - Closed End Fund	6.8045
Derivative on a Security	5.1756
FundAcc_Cash_Capital	1.0273
Gold	0.4811
<b>Grand Total</b>	<b>99.9999</b>

Example 2: Pass Result

**Test Example 2:** Scheme: SB2 – Sandbox CDS Fund

**Rule Result:** Pass

**Test Result:** Success

**FundWare Investment Compliance Result:**

**SB2 - Sandbox CDS Fund**

Date: 01 June 2018

Valuation Date: -

Scheme NAV in Base Currency: 34,087,657.79

[Click on rule to view rule details](#)

Breach ID	Rule	Status	Breach Days	Exposure
	UCITS - Core (All Jurisdictions) : 1. Eligible Assets			
⊕	UCITS06: Deposits must be made with Acceptable Credit Institutions	Passed		0.0000

**FundWare Holding Export Report:**

The Rule Result shown above does not show any assets as the fund does not contain any assets that would cause the rule to breach.

The issuer “Northern Trust Company” has been set as ‘Acceptable’.

Instrument Security Code	Security	Rule Custom Attribute.UCITS Asset Types	Issuer	Issuer Is Acceptable Deposit Taker
1740960AUD06701AUD	JP Morgan CCP AUD BROKER ACCOUNT	FundAcc_Cash_Capital	Northern Trust Company	TRUE
1740960CAD00CAD	CANADIAN DOLLAR	FundAcc_Cash_Capital	Northern Trust Company	TRUE
1740960CASH01GBP	PRINCIPAL CASH	FundAcc_Cash_Capital	Northern Trust Company	TRUE
1740960CASH02GBP	INCOME CASH	FundAcc_Cash_Capital	Northern Trust Company	TRUE
1740960EUR00EUR	EURO CURRENCY	FundAcc_Cash_Capital	Northern Trust Company	TRUE
1740960EUR06701EUR	JP Morgan CCP EUR BROKER ACCOUNT	FundAcc_Cash_Capital	Northern Trust Company	TRUE
1740960GBP06701GBP	JP Morgan CCP GBP BROKER ACCOUNT	FundAcc_Cash_Capital	Northern Trust Company	TRUE
1740960JPY00JPY	JAPANESE YEN	FundAcc_Cash_Capital	Northern Trust Company	TRUE
1740960NZD00NZD	NEW ZEALAND \$	FundAcc_Cash_Capital	Northern Trust Company	TRUE
1740960SEK00SEK	SWEDISH KRONER	FundAcc_Cash_Capital	Northern Trust Company	TRUE
1740960USD00USD	UNITED STATES DOLLAR	FundAcc_Cash_Capital	Northern Trust Company	TRUE
1740960USD06701USD	JP Morgan CCP USD BROKER ACCOUNT	FundAcc_Cash_Capital	Northern Trust Company	TRUE
1747320BNT4QUSW500USD	AUSTRALIA AND NEW ZEALAND BANKING	Deposits	Northern Trust Company	TRUE

**High Level Holdings Overview:**

The fund is made up of:

Rule Custom Attribute.UCITS Asset Types	Sum of Percentage Of Assets
Security - Standard Security	72.9148

FundAcc_Cash_Capital	20.3569
Derivative Diversified Index Eligible Assets	10.1007
Derivative on Currency	0.1878
Derivative Index not diversified eligible assets	0.1477
Derivative on a Security	0.0995
Derivatives on Inflation rates	0.0653
Derivatives on Interest rates	0.0037
Payable Receivables	-0.2522
Forward FX	-0.8199
<b>Grand Total</b>	<b>102.8043</b>

UCITS06: Overview of Rule Results

**SB0 - Sandbox Equity Mutli Income Fund**

Date: 01 June 2018

Valuation Date: -

Scheme NAV in Base Currency: 82,368,872.99

[Click on rule to view rule details](#)

Breach ID	Rule	Status	Breach Days	Exposure
	UCITS - Core (All Jurisdictions) : 1. Eligible Assets			
⊕	UCITS06: Deposits must be made with Acceptable Credit Institutions	Passed		0.0000

**SB1 - Sandbox Equity Long Short Fund**

Date: 01 June 2018

Valuation Date: -

Scheme NAV in Base Currency: 207,842,337.06

[Click on rule to view rule details](#)

Breach ID	Rule	Status	Breach Days	Exposure
	UCITS - Core (All Jurisdictions) : 1. Eligible Assets			
⊕ 10045-C ↑	UCITS06: Deposits must be made with Acceptable Credit Institutions	Failed	1	3.0000

**SB2 - Sandbox CDS Fund**

Date: 01 June 2018

Valuation Date: -

Scheme NAV in Base Currency: 34,087,657.79

[Click on rule to view rule details](#)

Breach ID	Rule	Status	Breach Days	Exposure
	UCITS - Core (All Jurisdictions) : 1. Eligible Assets			
⊕	UCITS06: Deposits must be made with Acceptable Credit Institutions	Passed		0.0000

**SB3 - Sandbox Fund of Fund**

Date: 01 June 2018

Valuation Date: -

Scheme NAV in Base Currency: 74,086,960.18

[Click on rule to view rule details](#)

Breach ID	Rule	Status	Breach Days	Exposure
	UCITS - Core (All Jurisdictions) : 1. Eligible Assets			
⊕	UCITS06: Deposits must be made with Acceptable Credit Institutions	Passed		0.0000

**SB4 - Sandbox Futures and Options fund**

Date: 01 June 2018

Valuation Date: -

Scheme NAV in Base Currency: 22,216,808.24

[Click on rule to view rule details](#)

Breach ID	Rule	Status	Breach Days	Exposure
	UCITS - Core (All Jurisdictions) : 1. Eligible Assets			
⊕	UCITS06: Deposits must be made with Acceptable Credit Institutions	Passed		0.0000

**SB5 - Sandbox MMI Fund**

Date: 01 June 2018

Valuation Date: -

Scheme NAV in Base Currency: 11,137,506,461.12

[Click on rule to view rule details](#)

Breach ID	Rule	Status	Breach Days	Exposure
	UCITS - Core (All Jurisdictions) : 1. Eligible Assets			
⊕	UCITS06: Deposits must be made with Acceptable Credit Institutions	Passed		0.0000

**SB6 - Sandbox Fixed Income Fund**

Date: 01 June 2018

Valuation Date: -

Scheme NAV in Base Currency: 232,189,721.95

[Click on rule to view rule details](#)

Breach ID	Rule	Status	Breach Days	Exposure
	UCITS - Core (All Jurisdictions) : 1. Eligible Assets			
⊕	UCITS06: Deposits must be made with Acceptable Credit Institutions	Passed		0.0000

**SB7 - Sandbox Feeder Fund**

Date: 01 June 2018

Valuation Date: -

Scheme NAV in Base Currency: 140,560,227.95

[Click on rule to view rule details](#)

Breach ID	Rule	Status	Breach Days	Exposure
	UCITS - Core (All Jurisdictions) : 1. Eligible Assets			
⊕	UCITS06: Deposits must be made with Acceptable Credit Institutions	Passed		0.0000



## Appendix A: Rule Construction in FundWare

### UCITS06: Deposits must be made with Acceptable Credit Institutions

<b>Rule Name *</b> (Max 100 Chars)	UCITS06: Deposits must be made with Acceptable Credit Inst	<b>Rule Category</b>	UCITS - Core (All Jurisdictions)
<b>Rule Reference No *</b> (Max 50 Chars)	UCITS06	<b>Rule Type *</b>	1. Eligible Assets
<b>Rule Short Name *</b> (Max 100 Chars)	UCITS06: Deposits must be made with Acceptable Credit Inst	<b>Rule Action Type *</b>	Others
<b>Rule Commentary *</b> (Max 5000 Chars)	UCITS06: Deposits must be made with Acceptable Credit Institutions		
<b>Resolution / Tips *</b> (Max 255 Chars)			
<b>Resource</b> (Max 1000 Chars)			
<b>Rule Validation Level *</b>	<input type="radio"/> Asset Type <input type="radio"/> Company / Issuer <input checked="" type="radio"/> Instrument / Security <input type="radio"/> Counterparty <input type="radio"/> Issuer Group <input type="radio"/> Sector <input type="radio"/> Country <input type="radio"/> Instrument Location <input type="radio"/> UL Issuer <input type="radio"/> UL Issuer Group <input type="radio"/> Currency <input type="radio"/> UL Instrument / Security <input type="radio"/> None <input type="radio"/> Counterparty Group <input type="radio"/> Ultimate Issuer Group		
<b>Asset Category</b>	Derivatives Derivatives with Counterparties Securities Warrants		All Assets
<b>Asset Type Group</b>	Asset Backed Securities Borrowing Cash Commodities CPProxyHolding CPProxyHoldingOffset Currency Custody Cash Depository Receipt		
<b>Asset Type</b>	1940Act ABS Auto ABS Card ABS Other Accrued Capital Expense Accrued charges Accrued Expense Accrued Interest ADR		

LIST OF RULE CONDITIONS	ACTIVE
If holding for "Issuer" in "Scheme" (considering "Market Value") (considering Acceptable Deposit Taker is 'No') ( UCITS Asset Types includes 'Custody_Settled_Cash_Capital, Deposits, FundAcc_Cash_Capital, FundAcc_Cash_Income, Margin Collateral, MarginCollateral RiskFree') is > 0.0000 of "No. of Securities in Scheme" <b>THEN Breach.</b>	<div style="text-align: right;"> <span>⚡</span> <span>✎</span> </div>
If holding for "Issuer" in "Scheme" (considering "Market Value") (considering Acceptable Deposit Taker is 'No') ( UCITS Asset Types includes 'Custody_Settled_Cash_Capital, Deposits, FundAcc_Cash_Capital, FundAcc_Cash_Income, Margin Collateral, MarginCollateral RiskFree') is <= 0.0000 of "No. of Securities in Scheme" <b>THEN (Pass).</b>	<div style="text-align: right;"> <span>⚡</span> <span>✎</span> </div>

**END**