

BNY MELLON LIQUIDITY FUNDS

INVESTMENT AND BORROWING RESTRICTIONS

Investment of the assets of the relevant Sub-Fund must comply with the UCITS Regulations. The UCITS Regulations provide:

1	Permitted Investments
1.1	Transferable securities and money market instrument, as prescribed in the UCITS Notices, which are either admitted to official listing on a stock exchange in a Member State or non-Member State or which are dealt on a market which is regulated, operates regularly, is recognised and open to the public in a Member State or non-Member State.
1.2	Recently issued transferable securities will be admitted to official listing on a stock exchange or other market (as described above) within a year.
1.3	Money market instruments, as defined in the UCITS Notices, other than those dealt on a regulated market.
1.4	Unit of UCITS.
1.5	<u>Units of Non UCITS as set out in the Financial Regulators Guidance Note 2/03</u>
1.6	Deposit with credit institution as prescribed in the Notices.
1.7	Financial Derivative instrument as prescribed in the Notices.
2	Investment Restrictions
2.1	Each Sub-Fund may invest no more than 10% of net assets in transferable securities and money market instruments other than those referred to in paragraph 1.
2.2	Each Sub-Fund may invest no more than 10% of net assets in recently issued transferable securities which will be admitted to official listing on a stock exchange or other market (as described in paragraph 1.1) within a year. This restriction will not apply in relation to investment by a Sub-Fund in certain US securities known as Rule 144A securities provided that: <ul style="list-style-type: none"> - the securities are issued with an undertaking to register with the US Securities and Exchanges Commission within one year of issue; and - the securities are not illiquid securities i.e. they may be realised by the UCITS within seven days at the price, or approximately at the price, at which they are valued by the Sub Fund
2.3	Each Sub-Fund may invest no more than 10% of net assets in transferable securities or money market instruments issued by the same body provided that the total value of transferable securities and money market instruments held in the issuing bodies in each of which it invests more than 5% is less than 40%.

2.4	The limit of 10% (in 2.3) is raised to 25% in the case of bonds that are issued by a credit institution which has its registered office in a Member State and is subject by law to special public supervision designed to protect bond-holders. If a Sub-Fund invests more than 5% of its net assets in these bonds issued by one issuer, the total value of these investments may not exceed 80% of the net asset value of the Sub-Fund. Prior approval will be obtained from the Financial Regulator before the Company avails of the provisions of this restriction.
2.5	The limit of 10% (in 2.3) is raised to 35% if the transferable securities or money market instruments are issued or guaranteed by a Member State or its local authorities or by a non-Member State or public international body of which one or more Member States are members.
2.6	The transferable securities and money market instruments referred to in 2.4 and 2.5 shall not be taken into account for the purpose of applying the limit of 40% referred to in 2.3.
2.7	<p>Each Sub-Fund may not invest more than 20% of net assets in deposits made with the same credit institution.</p> <p>Deposits with any one credit institution, other than credit institutions authorised in the EEA or credit institutions authorised within a signatory state (other than an EEA Member State) to the Basle Capital Convergence Agreement of July 1988 or a credit institution authorised in Jersey, Guernsey, the Isle of Man, Australia or New Zealand, held as ancillary liquidity, must not exceed 10% of net assets.</p> <p>This limit may be raised to 20% in the case of deposits made with the trustee/custodian.</p>
2.8	<p>The risk exposure of a Sub-Fund to a counterparty to an OTC derivative may not exceed 5% of net assets.</p> <p>This limit is raised to 10% in the case of credit institutions authorised in the EEA or credit institutions authorised within a signatory state (other than an EEA Member State) to the Basle Capital Convergence Agreement of July 1988 or a credit institution authorised in Jersey, Guernsey, the Isle of Man, Australia or New Zealand.</p>
2.9	<p>Notwithstanding paragraphs 2.3, 2.7 and 2.8 above, a combination of two or more of the following issued by, or made or undertaken with, the same body may not exceed 20% of net assets:</p> <ul style="list-style-type: none"> - investments in transferable securities or money market instruments; - deposits, and/or - counterparty risk exposures arising from OTC derivatives transactions.
2.10	The limits referred to in 2.3, 2.4, 2.5, 2.7, 2.8 and 2.9 above may not be combined, so that exposure to a single body shall not exceed 35% of net assets.
2.11	Group companies are regarded as a single issuer for the purposes of 2.3, 2.4, 2.5, 2.7, 2.8 and 2.9. However, a limit of 20% of net assets may be applied to investment in transferable securities and money market instruments within the same group.

2.12	<p>Each Sub-Fund may invest up to 100% of net assets in different transferable securities and money market instruments issued or guaranteed by any Member State, its local authorities, non-Member States or public international body of which one or more Member States are members.</p> <p>The individual issuers must be listed in the prospectus and may be drawn from the following list:</p> <p>OECD Governments (provided the relevant issues are investment grade), European Investment Bank, European Bank for Reconstruction and Development, International Finance Corporation, International Monetary Fund, Euratom, The Asian Development Bank, European Central Bank, Council of Europe, Eurofima, African Development Bank, International Bank for Reconstruction and Development (The World Bank), The Inter American Development Bank, European Union, Federal National Mortgage Association (Fannie Mae), Federal Home Loan Mortgage Corporation (Freddie Mac), Government National Mortgage Association (Ginnie Mae), Student Loan Marketing Association (Sallie Mae), Federal Home Loan Bank, Federal Farm Credit Bank and Tennessee Valley Authority.</p> <p>Each Sub-Fund must hold securities from at least 6 different issues, with securities from any one issue not exceeding 30% of net assets.</p>
3.	Investment in Collective Investment Schemes (“CIS”)
3.1	Investments made by a Sub-Fund in units other CIS may not exceed, in aggregate, 10% of the Net Asset Value of the Sub-Fund.
3.2	<p>Notwithstanding the provisions of section 3.1, where the investment policy of a Sub-Fund states that it may invest more than 10% of its assets in other CIS the following restrictions shall apply instead of the restrictions set out at Section 3.1 above:</p> <p>(a) Each Sub-Fund may not invest more than 20% of its Net Asset Value in any one CIS. (b) Investments in non-UCITS CIS may not, in aggregate, exceed 30% of its Net Asset Value.</p>
3.3	The CIS are prohibited from investing more than 10% net assets in other open-ended CIS.
3.4	When a Sub-Fund invests in the units of other CIS that are managed, directly or by delegation, by the Manager or by any other company with which the Sub-Fund’s management company is linked by common management or control, or by a substantial direct or indirect holding, that management company or other company may not charge subscription, conversion or redemption fees on account of the Sub-Fund’s investment in the units of such other CIS.
3.5	Where a commission (including a rebated commission) is received by the Sub-Fund’s manager/investment manager/investment advisers by virtue of an investment in the units of another CIS, this commission must be paid into the property of the Sub-Fund.
4	Index Tracking UCITS
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5	General Provisions
5.1	An investment company, or management company acting in connection with all of the Sub-Funds it manages, may not acquire any shares carrying voting rights which would enable it to exercise significant influence over the management of an issuing body.
5.2	<p>A Sub-Fund may acquire no more than:</p> <ul style="list-style-type: none"> (i) 10% of the non-voting shares of any single issuing body; (ii) 10% of the debt securities of any single issuing body; (iii) 25% of the units of any single CIS; (iv) 10% of the money market instruments of any single issuing body.
5.3	<p>NOTE: The limits laid down in (ii), (iii) and (iv) above may be disregarded at the time of acquisition if at that time the gross amount of the debt securities or of the money market instruments, or the net amount of the securities in issue cannot be calculated.</p> <p>5.1 and 5.2 shall not be applicable to:</p> <ul style="list-style-type: none"> (i) transferable securities and money market instruments issued or guaranteed by a Member State or its local authorities; (ii) transferable securities and money market instruments issued or guaranteed by a non-Member State; (iii) transferable securities and money market instruments issued by public international bodies of which one or more Member States are members; (iv) shares held by a Sub-Fund in the capital of a company incorporated in a non-member State which invests its assets mainly in the securities of issuing bodies having their registered offices in that State, where under the legislation of that State such a holding represents the only way in which the Sub-Fund can invest in the securities of issuing bodies of that State. This waiver is applicable only if in its investment policies the company from the non-Member State complies with the limits laid down in 2.3 to 2.11, 3.1, 3.2, 5.1, 5.2, 5.4, 5.5 and 5.6, and provided that where these limits are exceeded, paragraphs 5.5 and 5.6 below are observed. (v) Shares held by an investment company or investment companies in the capital of subsidiary companies carrying on only the business of management, advice or marketing in the country where the subsidiary is located, in regard to the repurchase of units at unit-holders' request exclusively on their behalf.
5.4	A Sub-Fund need not comply with the investment restrictions herein when exercising subscription rights attaching to transferable securities or money market instruments which form part of their assets.
5.5	The Financial Regulator may allow recently authorised Sub-Funds to derogate from the provisions of 2.3 to 2.12, 3.1, 3.2, 4.1 and 4.2 for six months following the date of their authorisation, provided they observe the principle of risk spreading.
5.6	If the limits laid down herein are exceeded for reasons beyond the control of a Sub-Fund, or as a result of the exercise of subscription rights, the Sub-Fund must adopt as a priority objective for its sales transactions the remedying of that situation, taking due account of the interests of its shareholders.
5.7	Neither an investment company, nor a management company or a trustee acting on behalf of a unit trust or a management company of a common contractual Sub-Fund, may carry out uncovered sales of:

	<ul style="list-style-type: none"> - transferable securities; - money market instruments;¹ - units of CIS; or - financial derivative instruments.
5.8	A Sub Fund may hold ancillary liquid assets.
6	Financial Derivative Instruments (“FDIs”)
6.1	Any Sub-Fund’s global exposure (as prescribed in the UCITS Notices) relating to FDI must not exceed its total Net Asset Value.
6.2	Position exposure to the underlying assets of FDI, including embedded FDI in transferable securities or money market instruments, when combined where relevant with positions resulting from direct investments, may not exceed the investment limits set out in the UCITS Notices. (This provision does not apply in the case of index based FDI provided the underlying index is one which meets with the criteria set out in the UCITS Notices.)
6.3	Any Sub-Fund may invest in FDIs dealt in over-the-counter (OTC) provided that <ul style="list-style-type: none"> - The counterparties to over-the-counter transactions (OTCs) are institutions subject to prudential supervision and belonging to categories approved by the Financial Regulator.
6.4	Investment in FDIs are subject to the conditions and limits laid down by the Financial Regulator.

Borrowing Restrictions

The UCITS Regulations provide that the Company in respect of each Sub-Fund:

(a) may not borrow, other than borrowings which in the aggregate do not exceed 10% of the Net Asset Value of the Sub-Fund and provided that this borrowing is on a temporary basis. Borrowing may be secured on the assets of the Sub-Fund. Credit balances (e.g. cash) may not be offset against borrowings when determining the percentage of borrowings outstanding;

(b) may acquire foreign currency by means of a back-to-back loan. Foreign currency obtained in this manner is not classed as borrowings for the purpose of the borrowing restriction in paragraph (a), provided that the offsetting deposit: (i) is denominated in the base currency of the Sub-Fund and (ii) equals or exceeds the value of the foreign currency loan outstanding. However, where foreign currency borrowings exceed the value of the back-to-back deposit, any excess is regarded as borrowing for the purposes of paragraph (a) above.

¹ Any short selling of money market instruments by UCITS is prohibited.

BNP PARIBAS INSTICASH – GLOBAL LIQUIDITY FUND

INVESTMENT RESTRICTIONS, FINANCIAL TECHNIQUES AND INSTRUMENTS, SPECIAL INVESTMENT RULES

A-1 INVESTMENT RESTRICTIONS

Based upon the principle of risk diversification, the Board of Directors has the authority to determine the Company's

investment policy for each sub-fund, the reference currency and the Company's management strategy. Unless otherwise stipulated for a sub-fund in the relevant supplement, the investment policy must comply with the rules and restrictions set out below.

To make it easier to understand this Section, the following concepts have been defined:

Group of Companies:	companies belonging to the same group when, pursuant to Council Directive 83/349/EEC of 13 June 1983 with regard to consolidated accounts or pursuant to internationally accepted accounting rules, they are required to prepare consolidated financial statements.
Money Market Instruments:	instruments normally traded on the money market, if they are liquid and can be valued accurately at all times.
Regulated Market:	a market whose key characteristic is a clearing system, which implies the existence of a central market organisation for executing orders, and which is further distinguished by a general system for matching buy and sell orders permitting a single price, transparency and a neutral organiser.
Transferable Securities:	<ul style="list-style-type: none">- equities and equivalent securities,- bonds and other debt instruments,- all other negotiable securities giving their holders the right to buy such transferable securities by means of subscription or exchange.

A. The Company may invest in:

- (1) Transferable Securities and Money Market Instruments listed or traded on a Regulated Market.
- (2) Transferable Securities and Money Market Instruments traded on another regulated market that operates regularly and is recognised and open to the public in a Member State of the European Union (hereafter referred to as the "EU").
- (3) Transferable Securities and Money Market Instruments admitted to official listing on a stock exchange of a non-Member State of the EU or traded on another regulated market in a non-Member State of the EU that operates regularly and is recognised and open to the public.
- (4) Recently issued Transferable Securities and Money Market Instruments, provided that:
 - the terms of issue include an undertaking that application shall be made for admission to official listing on an official stock exchange or on any other recognised, functionally operational, regulated market that is open to the public;
 - such admission is secured within one year of the first issue.
- (5) Units in UCITS and/or other UCIs within the meaning Article 1(2), first and second indents, of the Directive 85/611/EEC, whether or not they are based in an EU Member State, provided that:

- these other UCIs have been approved in accordance with a law stipulating that such undertakings are subject to supervision that the CSSF considers equivalent to the supervision provided for under Community legislation, and cooperation between the authorities is adequately guaranteed;

- the level of protection guaranteed to the holders of units in such other UCIs is equivalent to that provided for the holders of units in UCITS and, particularly, the rules on division of assets, borrowings, loans and short

sales of Transferable Securities and Money Market Instruments comply with the requirements of Directive 85/611/EEC;

- the activities of such other UCIs are reported in semi-annual and annual reports permitting valuation of the assets and liabilities, profits and transactions during the period under review;

- the aggregate proportion of assets of UCITS or other UCIs whose acquisition is contemplated that may be invested in the units of other UCITS or UCIs, in accordance with their Articles of Association, does not exceed 10%.

(6) Demand deposits with a credit institution and time deposits which can be withdrawn and have a maturity of no more than twelve months, provided such credit institution has its registered office in an EU Member State or, if its registered office is located in a third country, provided it is subject to prudential rules the CSSF considers equivalent to the rules of Community legislation.

(7) Derivatives, including fungible instruments settled in cash, traded on a regulated market of the type referred to under the points (1), (2) and (3) above, and/or derivatives traded over the counter ("OTC derivatives") provided:

- (i) - the underlying assets consist of instruments covered by the present section A, of financial indices, of interest rates, foreign exchange rates or currencies, in which the Company can invest in accordance with its investment objectives;

- the counterparties for OTC derivatives transactions are credit institutions subject to prudential supervision and belonging to categories approved by the CSSF; and

- the OTC derivatives are subject to reliable, verifiable daily valuation and can, at the Company's initiative, at any time be sold, liquidated or closed at fair value by means of an offsetting transaction;

- (ii) such transactions never cause the Company to diverge from its investment objectives.

The Company may *inter alia* carry out transactions involving options, financial futures and options on financial futures.

(8) Money Market Instruments other than those traded on a Regulated Market, provided the issue or the issuer of such instruments is itself governed by regulations intended to protect investors and savings and such instruments are:

- issued or guaranteed by a central, regional or local authority, by the central bank of an EU Member State, by the European Central Bank, by the EU or by the European Investment Bank, by a third country or, in the case of a federal state, by one of the members of the federation or by an international public organisation of which one or more EU Member States are a member; or

- issued by a company whose securities are traded on the regulated markets referred to under the points (1), (2) and (3) above; or

- issued or guaranteed by an institution subject to prudential supervision according to the criteria of Community law or by an institution subject to and in compliance with prudential rules the CSSF considers at least equivalent to the rules of Community legislation; or

- issued by other entities belonging to categories approved by the CSSF provided investment in such instruments is subject to investor protection rules which are equivalent to those provided for in the first, second and third indents and the issuer is a company whose capital and reserves amount to at least ten million euros (EUR 10,000,000) and it presents and releases its annual financial statements in accordance with Directive 78/660/EEC, or an entity which, within a Group of Companies including one or more listed companies, specialises in financing the Group, or an entity specialised in financing securitisation vehicles benefiting from a bank facility.

B. Moreover, in each sub-fund the Company may:

- (1) Invest up to 10% of the net assets of the sub-fund in Transferable Securities and Money Market Instruments other than those referred to in section A, points (1) to (4) and (8).
- (2) Hold, on an ancillary basis, cash and other cash-equivalent instruments.
- (3) Borrow up to 10% of the sub-fund's net assets provided these are temporary borrowings. Commitments in connection with options and the purchase and sale of futures are not taken into consideration when calculating the investment limit.
- (4) Buy currencies by means of a matching loan.

C. As regards issuers of the net assets held by each sub-fund, the Company shall moreover comply with the following investment restrictions:

(a) Risk diversification rules

(b)

For the purpose of calculating the restrictions described under the points (1) to (5) and (8) below, the companies included in the same Group of Companies shall be considered a single issuer.

Insofar as an issuer is a legal entity with several sub-funds where the assets of a given sub-fund are exclusively subject to the rights of investors in such sub-fund and creditors with a claim arising from the creation, operation or liquidation of said sub-fund, each sub-fund must be considered a separate issuer for the application of the risk diversification rules.

• Transferable Securities and Money Market Instruments

(1) A sub-fund may not buy additional Transferable Securities and Money Market Instruments from one and the same issuer if, after their purchase:

(i) More than 10% of its net assets are Transferable Securities or Money Market Instruments issued by said entity.

(ii) The total value of the Transferable Securities and Money Market Instruments from issuers in each of which it invests more than 5% exceeds 40% of its net asset value. This limit does not apply to deposits with financial institutions subject to prudential supervision or to transactions with such institutions involving OTC derivatives.

(2) The limit of 10% stipulated in point (1)(i) is raised to 20% if the Transferable Securities and Money Market Instruments are issued by the same Group of Companies.

(3) The limit of 10% stipulated in point (1)(i) is raised to 35% if the Transferable Securities and Money Market Instruments are issued or guaranteed by an EU Member State, by its regional authorities, by a third State or by international public organisations of which one or several EU Member States are a member.

(4) The limit of 10% stipulated in point (1)(i) is raised to 25% for certain bonds when issued by a credit institution whose registered office is situated in an EU Member State and which is subject to special supervision by the authorities intended to protect the holders of such bonds. In particular, the amounts resulting from the issue of such bonds must be invested, in accordance with the law, in assets which, for the duration of validity of such bonds, can cover the liabilities arising from said bonds and which, should the issuer go bankrupt, would be used first to repay the principal and to pay accrued interest. Insofar as a subfund invests more than 5% of its assets in such bonds issued by any one issuer, the total value of such investments may not exceed 80% of the value of the net assets of such sub-fund.

(5) The values mentioned under points (3) and (4) above are not taken into consideration when calculating the limit of 40% stipulated under point (1)(ii).

(6) Notwithstanding the above limits, each sub-fund is authorised to invest, according to the principle of risk diversification, up to 100% of its net assets in Transferable Securities and Money Market Instruments issued or guaranteed by an EU Member State, by its regional authorities, by a Member State of the Organization for Economic Cooperation and Development (OECD), such as the United States, or by a public international organisation of which one or more EU Member States are members, provided that (i) such securities are from at least six different issues, and (ii) the securities from any one issue do not account for more than 30% of the sub-fund's total net assets.

(7) Without prejudice to the limits stipulated in section (b) below, the limits set out under point (1) are raised to 20% maximum for investments in equities and/or bonds issued by any one entity if the purpose of the Company's investment policy is to reproduce the composition of a given stock or bond index which is recognised by the CSSF, based upon the following principles:

- the composition of the index is adequately diversified,
- the index provides a representative sample of its benchmark market,
- it is published in an appropriate way.

The limit of 20% is raised to 35% when justified by exceptional market conditions, particularly on regulated markets dominated by certain Transferable Securities or certain Money Market Instruments. Investment up to this limit is limited to one issuer only.

• Bank deposits

(8) The Company may not invest more than 20% of the net assets of each sub-fund in deposits placed with the same entity.

• Derivatives

(9) The counterparty risk connected with OTC derivatives transactions may not exceed 10% of the net assets of a sub-fund when the counterparty is one of the credit institutions referred to under section A (6) above, or 5% of its assets in all other cases.

(10) Investments in derivatives may be made insofar as the overall risks to which the underlying assets are exposed do not exceed the investment limits stipulated under points (1) to (5), (8), (9), (13) and (14). When the Company invests in derivatives pegged to an index, such investments are not necessarily combined with the limits stipulated under points (1) to (5), (8), (9), (13) and (14).

(11) When a Transferable Security or a Money Market Instrument includes a derivative, this derivative must be taken into account for the purpose of applying the provisions set out in Section C, point (14) and in Section D, point (1) and for the purpose of evaluating the risks connected with derivatives transactions, in such a way that the aggregate risk connected with the derivatives does not exceed the total net asset value.

• Units in open-ended funds

(12) The Company may not invest more than 20% of the net assets of each sub-fund in units of any one UCITS or other UCI as defined in Section A, point (5).

• Combined limits

(13) Notwithstanding the individual limits stipulated under points (1), (8) and (9) above, a sub-fund may not combine:

- investments in Transferable Securities or Money Market Instruments issued by the same entity,
- deposits with the same entity, and/or
- risks inherent in OTC derivatives transactions with the same entity, exceeding 20% of its net assets.

(14) The limits stipulated under points (1), (3), (4), (8), (9) and (13) above may not be combined. Consequently, the aggregate investments of each sub-fund in Transferable Securities or Money Market Instruments issued by the same entity, in deposits of such entity or in derivatives traded with this entity in accordance with points (1), (3), (4), (8), (9) and (13) may not exceed 35% of the net assets of said subfund.

(b) Limits on control

(15) The Company may not buy shares with voting rights entitling it to exercise a significant influence over the issuer's management.

(16) The Company may not buy (i) more than 10% of the non-voting shares issued by any single issuer;

(ii) more than 10% of the bonds issued by any single issuer; (iii) more than 10% of the Money Market Instruments issued by any single issuer; or (iv) more than 25% of the units of any single UCITS and/or other UCI.

The limits stipulated under points (ii) to (iv) do not apply to acquisitions if the gross value of bonds or Money Market Instruments or the net amount of the issued securities cannot be calculated at that moment.

The maximum limits stipulated under points (15) and (16) do not apply to:

- Transferable Securities and Money Market Instruments issued or guaranteed by an EU Member State or its regional authorities;
- Transferable Securities and Money Market Instruments issued or guaranteed by a State which is not part of the EU;
- Transferable Securities and Money Market Instruments issued by international public organisations of which one or more EU Member States are a member;
- Shares held in the capital of a company in a third State not a member of the EU, provided (i) said company invests its assets mainly in the securities of issuers residing in said State if (ii) by virtue of the laws of said State, such an interest is the only way for the Company to invest in the securities of issuers from said State, and (iii) the investment policy of said company complies with the rules on risk diversification and limits on control set out in Section C, points (1), (3), (4), (8), (9), (12), (13), (14), (15) and (16) and section D, point (2);
- The shares held in the capital of subsidiaries carrying on management, consulting or marketing activities exclusively on behalf of the Company in the country where the subsidiary is based, when buying back shares at the request of the shareholders.

D. The Company shall moreover comply with the following investment restrictions per instrument:

(1) Each sub-fund must ensure that the aggregate risk connected with derivatives does not exceed the total net asset value of its portfolio.

Risk calculations are based upon the current value of the underlying assets, the counterparty risk, the foreseeable trend of the markets and the time required to liquidate the positions.

(2) Aggregate investment in the units of UCIs other than UCITS may not exceed 30% of the Company's net asset value.

E. Lastly, the Company must ensure the investments of each sub-fund comply with the following rules:

(1) The Company may not buy commodities, precious metals or certificates representing the same.

(2) The Company may not buy real property except if such purchases are essential for the direct operation of its activities.

(3) The Company may not use its assets to guarantee securities.

(4) The Company may not issue warrants or other instruments granting their holders the right to buy shares in the fund.

(5) Without prejudice to the Company's right to buy bonds and other debt instruments and to hold bank deposits, the Company may not grant loans or offer guarantees to third parties. This restriction does not bar the purchase of Transferable Securities, Money Market Instruments or other financial instruments that are not fully paid up.

(6) The Company may not engage in short sales of Transferable Securities, Money Market Instruments or other financial instruments mentioned in Section A, points (5), (7) and (8).

F. Notwithstanding the above provisions:

(1) The foregoing limits do not apply when exercising subscription rights connected with Transferable Securities or Money Market Instruments included in the portfolio of the sub-fund in question.

(2) If limits are breached through circumstances beyond the Company's control or after exercise of subscription rights, the Company's sales operations must be directed primarily towards remedying this situation in the best interests of the shareholders.

The Board of Directors has the right to determine other investment restrictions insofar as such limits are necessary to comply with the laws and regulations of the countries where the Company's shares are offered or sold.

A-2 FINANCIAL TECHNIQUES AND INSTRUMENTS

A. General provisions

In order to optimise portfolio management and/or to protect its assets and liabilities, the Company may use techniques and instruments involving Transferable Securities and Money Market Instruments for each sub-fund. Moreover, each sub-fund is in particular authorised to engage in the sale and purchase of foreign exchange and currency futures as well as currency call options and put options in order to protect its assets against foreign exchange fluctuations or to optimise yield, i.e. for the purpose of sound portfolio management.

The Company may use derivatives, whose underlying assets may be transferable securities or money market instruments, for the purpose of hedging or for trading purposes.

Sophisticated sub-funds make extensive use of derivatives and/or more complex strategies or instruments, for the purpose of hedging or for trading purposes.

All the sub-funds are unsophisticated sub-funds.

Unsophisticated sub-funds generally make less use of derivatives and invest in less complex instruments, or use derivatives only for hedging purposes.

Whenever a transaction involves the use of derivatives, the applicable conditions and limits must comply with the provisions of this Appendix.

Sub-funds may only use derivatives for trading purposes within the limits of their investment policy.

For each sub-fund the overall risk associated with the use of derivatives will not exceed the total net value of its portfolio. The current value of the underlying assets, the counterparty risk, foreseeable changes in the market and the time available to liquidate the positions will all be taken into account when calculating risks.

1.1 Risk assessment systems adapted to each sub-fund's risk profile

The Company uses a risk management process that enables it to monitor and measure at any time the risks associated with positions, and their contribution to the portfolio's general risk profile.

The sub-funds must use risk assessment systems that are adapted to their risk profile, to ensure an accurate assessment of all the risks entailed.

1.2 Limitation of overall derivatives risk

Each sub-fund must make sure that the overall derivatives risk does not exceed the total net asset value of its portfolio. This means that the overall risk linked to the use of derivatives may not exceed 100% of the sub-fund's net assets and that the overall risk assumed by a sub-fund may not exceed 200% of the net assets for any length of time, after factoring in guarantees when assessing the counterparty risk and netting.

1.3 Limitation on temporary borrowing

The overall risk assumed by a sub-fund may be raised by 10% at most via temporary borrowings, so that the overall risk never exceeds 210% of the NAV.

1.4 Overall risk calculation method Calculation of market risk

For both sophisticated and unsophisticated sub-funds, market risk is calculated using a VaR (Value at Risk) approach combined with stress tests. A VaR approach must be applied on a regular basis. When using this type of approach, the maximum loss which can be generated by the portfolio and the derivatives of a sub-fund is estimated for a given time horizon and a given confidence interval. The sub-fund must use stress tests to facilitate management of the risks associated with potential abnormal market fluctuations.

VaR should be calculated using the following standards: a unilateral confidence interval of 99%, a holding period of one month (20 days), an effective observation period (historical) of risk factors of at least one year (250 days), unless a shorter observation period is justified due to the high volatility of prices, a quarterly updating of data and a daily calculation frequency. By way of an exception to the foregoing, and provided there are sufficient grounds, parameters other than those listed above may be used in special cases, subject to prior authorisation from the CSSF.

Calculation of counterparty risk

In accordance with this Appendix, a sub-fund's counterparty risk in any over-the-counter transaction involving derivatives may not exceed 10% of its assets when the counterparty is one of the credit institutions referred to in subsection A-1-A.6 of this Appendix, or 5% of its assets in all other cases. Subsection III.2. of the Circular 07/308 describes in greater detail the rules governing the calculation of counterparty risk.

In application of subsection A-1-A.7 (i) and (ii) of this Appendix, over-the-counter derivatives must be assessed using an accurate valuation method that can be verified on a daily basis and in an independent manner by the Company.

B. Derivatives

(a) Specific rules on Credit Default Swaps (CDS)

The sub-funds are authorised to use Credit Default Swaps (CDS). A CDS corresponds to the transfer of the risk connected with a particular borrower (a company or a sovereign state) from one of the parties (the buyer of the CDS) to the other party (the seller of the CDS). This transaction is reflected in the outright transfer of the risk from seller to buyer, i.e. the difference between the nominal value and the market value of the debt instrument issued by the borrower and underlying the CDS. This transfer only takes place in the case of "payment default". It is the borrower who defaults on payment, which may be due to liquidation, the inability to restructure debt or the inability to comply with a repayment schedule.

Most CDS contracts are based on physical liquidation, whereby the seller pays the nominal value of the underlying debt instrument to the buyer in return for delivery of the instrument itself. An alternative mechanism is to liquidate the contract against payment, whereby the seller pays the difference between the nominal value and the market value to the buyer. In return for this hedge, the buyer of a CDS regularly pays a premium to the seller. Premium payments cease after payment default.

The Company may only and exclusively enter into CDS contracts based on standard documents (particularly ISDA contracts) with leading financial institutions specialised in this type of transaction.

The mark-to-market valuation of such instruments is calculated with the same frequency as Net Asset Value.

The exposure of each sub-fund to CDS's, together with the exposure of such sub-fund to other techniques and instruments may not exceed the total net value of its portfolio.

CDS contracts may be entered into for the following purposes:

- a. hedging: the Company may enter into CDS contracts in order to buy protection against the specific or general risks connected with its credit business.
- b. sound portfolio management: the Company may enter into CDS contracts to buy general or specific exposure in connection with its credit business in order to achieve its investment objectives.

Together with other derivatives, CDS contracts must be managed in such a way that exposure to all underlying assets does not exceed the maximum exposure allowed by the investment restrictions.

Exposure to sold CDS contracts reflects the underlying nominal value of such contracts whereas exposure to purchased CDS contracts reflects the discounted value of the premiums to be paid.

(b) Limits on use

In transactions involving the use of derivatives, the conditions and limits set out above in the section A-1 "Investment Restrictions", Section A, point (7), Section C, points (9), (10), (11), (13) and (14) and in Section D, point (1) must be complied with.

Lastly, recourse to transactions involving derivatives or other techniques and instruments must never cause the Company to diverge from its investment objectives.

(c) Risks - Notice

In order to optimise portfolio returns, all sub-funds are authorised to use the derivatives techniques and instruments described in this Appendix (particularly interest rate and currency swaps and other financial instruments, futures, options on securities, interest rates or forward contracts) in accordance with the terms and conditions of this Appendix.

Investors' attention is drawn to the fact that the market conditions and the applicable regulations may restrict the use of such instruments. The success of such strategies cannot be guaranteed. Sub-funds using these techniques and instruments assume investment risks and costs they would not have incurred without such strategies. Investors' attention is moreover drawn to the increased risk of volatility created by sub-funds' using such techniques and instruments for other than hedging purposes. Should the forecasts of managers and sub-managers as to the trends of the securities, foreign exchange and interest rate markets turn out to be inaccurate, the sub-fund affected by this could be worse off than if these strategies had not been used.

Sub-funds using derivatives may carry out OTC transactions in futures and spot contracts on indices or other financial instruments as well as swaps on indices or other financial instruments with specialised leading banks and stockbrokers as counterparties. Although the corresponding markets are not necessarily considered more volatile than other futures markets, operators on such markets are less protected against default since such contracts are not guaranteed by a clearing house.

C. Optional and mandatory repurchase and reverse repurchase agreements, securities lending and borrowing transactions

(a) Optional and mandatory repurchase and reverse repurchase agreements

In order to optimise the management of the portfolio, the Company may enter into optional repurchase agreements, which consist in the purchase and sale of securities with a clause giving the seller the right to repurchase the securities from the purchaser at a price and a time agreed by the two parties at the conclusion of the agreement, or into mandatory repurchase agreements on expiry of which the seller (counterparty) has an obligation to repurchase the securities, and the Company has an obligation to return the securities, or into mandatory reverse repurchase agreements on expiry of which the Company has an obligation to repurchase the securities and the purchaser (counterparty) has an obligation to return the securities.

The Company may act as either purchaser or seller in optional repurchase transactions or mandatory repurchase or reverse repurchase transactions. However, it will enter into such agreements subject to the following rules:

- (i) The Company may only purchase or sell securities in optional repurchase agreements or enter into mandatory repurchase or reverse repurchase agreements if its counterparty is a leading financial institution and is subject to prudential supervision rules that the CSSF deems equivalent to those laid down in EU laws.
- (ii) Throughout the term of an optional or mandatory repurchase agreement, the Company may not sell, pledge or offer as collateral the securities that are the subject of the agreement before the counterparty has exercised its right to repurchase the securities, or before the deadline for repurchase has expired.
- (iii) The Company must restrict its optional and mandatory repurchase and reverse repurchase transactions to such a level that it is at all times able to satisfy redemption requests submitted by holders of units or shares.

On expiry of the repurchase transaction in which it acts as a seller, the Company must possess the necessary assets to be able to pay the agreed price in exchange for the securities to be returned to it.

Securities obtained in repurchase transactions must comply with the Company's investment policy and must, when considered in conjunction with the other securities in the Company's portfolio, globally comply with the Company's investment restrictions and the provisions of CSSF circular 08/356.

(b) Securities lending and borrowing transactions

The Company may enter into securities lending and borrowing transactions provided it complies with the following rules:

- (i) The Company may only lend securities within a standardised system organised by a recognised securities clearing institution or by a leading financial institution that is subject to prudential supervision rules that the

CSSF deems equivalent to those laid down in EU laws.

(ii) As part of its lending transactions, the Company shall receive a guarantee of a value, which, at the conclusion of the agreement, must be at least equal to the value of the overall valuation of the securities on loan.

Such guarantee is given in the form of cash and/or securities issued or guaranteed by a Member State of the OECD, by its regional authorities or by supranational institutions and organisations with EU, regional or global scope, and is frozen in an account in the name of the Company until the lending contract expires.

If the guarantee is given in the form of cash, the Company may reinvest the cash in the manner described in CSSF circular 08/356. Non-cash guarantees must be issued by an entity that is not affiliated with the counterparty.

The Company must ensure that securities lending transactions remain within appropriate levels, or must be able to request the return of the securities on loan so that it can satisfy its redemption obligations at any time and so that these lending transactions do not jeopardise the management of the Company's assets in compliance with its investment policy.

(iii) The Company may not dispose of the securities it has borrowed during the entire term of the loan unless they are hedged by financial instruments allowing the Company to return the borrowed securities when the transaction is closed out.

The Company must receive a guarantee, before or at the same time as the securities on loan are transferred, the value of which must remain equal to at least 90% of the aggregate market value (including all interest, dividends and other rights) of the securities on loan throughout the term of the loan.

(iv) The Company may only engage in securities borrowing transactions in the following exceptional circumstances: (x) when the Company is engaged in the sale of portfolio securities at a time when said securities are being registered with a government authority and therefore are not available; (y) when securities which have been lent are not returned on time; and (z) in order to avoid default of a promised delivery of securities if the Custodian fails to perform its obligation to deliver the securities in question.

A-3 SPECIAL INVESTMENT RULES

The types of investment mentioned below specify certain investment categories and any relevant investment limits. These paragraphs can in no event be considered an exhaustive definition of the authorised investment categories.

A. Investments in debt securities

Special rules regarding securitisation instruments

Securitisation is the mechanism used to convert specific financial assets into transferable securities on the capital markets.

The Company may invest in Asset Backed Commercial Paper (ABCP) with a minimum rating of A1 with Standard & Poor's ("S&P") or Prime-1 with Moody's Investors Service ("Moody's"). An ABCP is a short-term debt security refinanced on the treasury bill or Commercial Paper (CP) market.

B. Investments in short-term debt securities

The maturity of investments in short-term debt securities is stipulated in Appendix B of the Prospectus.

C. Investments in the units of UCITS or other UCIs

Investments of the Company's sub-funds in the units of other UCITS or UCIs may not exceed 10% of the net asset value of each sub-fund in question.

When BNP Paribas Investment Partners Luxembourg acquires units of an UCITS or UCI which is managed, directly or indirectly, by itself or by a company with which it is linked by common management or control, or by a direct or indirect holding of more than 10% of the capital or voting rights, the Company will not be charged management fees for the investment. Furthermore, BNP Paribas Investment Partners Luxembourg may not charge the Company any subscription or redemption fees for any related underlying UCITS or UCI.

D. Warrants

Investments in warrants on transferable securities may be made within the limits provided for in the section A-1 "Investment Restrictions". Potential investors must be aware that investment in warrants on transferable securities (equities, etc.) can lead to increased portfolio volatility.