

# Chapter 1

## Commission Delegated Regulation (EU) 2018/480

## Article 1 Hedging derivatives

(1) The circumstances in which the use of financial derivative instruments shall be considered as solely serving the purpose of hedging the risks inherent to other investments of the Long-term investment fund (“LTIF”) as referred to in Article 9(2)(d) of Regulation (EU) 2015/760 are fulfilled when they meet all of the criteria set out in paragraphs 2, 3 and 4 of this Article.

(2) A financial derivative instrument shall only be used for hedging risks arising from exposures to assets referred to in Article 9(1) of Regulation (EU) 2015/760.

The purpose of hedging the risks arising from exposures to assets referred to in the first subparagraph shall only be considered to be fulfilled where the use of that financial derivative instrument results in a verifiable and objectively measurable reduction of those risks at the LTIF level.

Where financial derivative instruments to hedge the risks arising from the exposure to the assets referred to in the first subparagraph are not available, financial derivative instruments with an underlying of the same asset class may be used.

(3) The use of the financial derivative instruments aimed to provide a return for the LTIF shall not be deemed to serve the purpose of hedging the risks.

(4) The manager of the LTIF shall take all reasonable steps to ensure that the financial derivative instruments used to hedge the risks inherent to other investments of the LTIF reduce the risks at the LTIF level in accordance with paragraph 2, including in stressed market conditions.