

## Chapter 4

# Investor Relations

## 4.1 Introduction

### Application

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4.1.1

**R**

This chapter applies to:

- (1) an *authorised fund manager* of an *AUT*, *ACS* or an *ICVC*;
- (2) any other *director* of an *ICVC*;
- (3) a *depository* of an *AUT*, *ACS* or an *ICVC*; and
- (4) an *ICVC*,

where such *AUT*, *ACS* or *ICVC* is a *UCITS scheme* or a *non-UCITS retail scheme*.

### Purpose

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4.1.2

**G**

This chapter helps in achieving the *statutory objective* of protecting *consumers* by ensuring *consumers* have access to up-to-date detailed information about an *authorised fund* particularly before buying *units* and thereafter an appropriate level of investor involvement exists by providing a framework for them to:

- (1) participate in the decisions on key issues concerning the *authorised fund*; and
- (2) be sent regular and relevant information about the *authorised fund*.

## 4.2 Pre-sale notifications

### Application

- 4.2.1 **R** This section applies to an *authorised fund manager*, an *ICVC* and any other *director* of an *ICVC*

### Publishing the prospectus

- 4.2.2 **R**
- (1) A *prospectus* must be drawn up in English and published as a *document* by the *authorised fund manager* and, for an *ICVC*, it must be approved by the *directors*.
  - (2) The *authorised fund manager* must ensure that the *prospectus*:
    - (a) contains the information required by **■ COLL 4.2.5 R** (Table: contents of the prospectus);
    - (aa) for a *non-UCITS retail scheme* managed by a *full-scope UK AIFM*, contains the information required by:
      - (i) **■ FUND 3.2.2R** and **■ FUND 3.2.3R** (Prior disclosure of information to investors); and
      - (ii) **■ FUND 3.2.5R** and **■ FUND 3.2.6R** (Periodic disclosure), unless the up-to-date information has been published in the *scheme's* most recent annual report or half-yearly report;
    - (b) does not contain any provision which is unfairly prejudicial to the interests of *unitholders* generally or to the *unitholders* of any *class of units*;
    - (c) does not contain any provision that conflicts with any applicable *rule*; and
    - (d) is kept up-to-date and that revisions are made to it, whenever appropriate.

### Provision and filing of the prospectus

- 4.2.3 **R**
- (1) The *authorised fund manager* of an *AUT*, *ACS* or an *ICVC* must:
    - (a) provide a copy of the *scheme's* most recent *prospectus* drawn up and published in accordance with **■ COLL 4.2.2 R** (Publishing the prospectus) free of charge to any *person* on request; and
    - (b) file a copy of the *scheme's* original *prospectus*, together with all revisions thereto, with the *FCA* and, where a *UCITS scheme* is managed by an *EEA UCITS management company*, with that company's *Home State regulator* on request.

(1A) Except where an investor requests a paper copy or the use of electronic communications is not appropriate, the *prospectus* may be provided in a *durable medium* or by means of a website that meets the *website conditions*.

(2) [deleted]

(3) An *authorised fund manager* must, upon the request of a *unitholder* in a *UCITS scheme* that it manages, provide information supplementary to the *prospectus* of that *scheme* relating to:

(a) the quantitative limits applying to the risk management of that *scheme*;

(b) the methods used in relation to (a); and

(c) any recent development of the risk and yields of the main categories of *investment*.

[Note: articles 74, 75(1) and 75(2) of the *UCITS Directive*]

### Provision and filing of the prospectus of a master UCITS

4.2.3A

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(1) The *authorised fund manager* of a *UCITS scheme* that is a *feeder UCITS* must:

(a) where requested by an investor, provide a copy of the *prospectus* of its *master UCITS* free of charge; and

(b) file a copy of the *prospectus* of its *master UCITS* and any amendments thereto with the *FCA*.

(2) Except where an investor requests a paper copy or the use of electronic communications is not appropriate, the *prospectus* of the *master UCITS* may be provided in a *durable medium* other than paper or by means of a website that meets the *website conditions*.

[Note: articles 63(3), 63(5), 75(1) and 75(2) of the *UCITS Directive*]

### Feeder NURS: provision of the prospectus of the qualifying master scheme

4.2.3B

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(1) The *authorised fund manager* of a *feeder NURS* must, where requested by an investor or the *FCA*, provide such *person* with a copy of the *prospectus* of its *qualifying master scheme* free of charge.

(2) Except where an investor requests a paper copy or the use of *electronic communications* is not appropriate, the *prospectus* of the *qualifying master scheme* may be provided in a *durable medium* other than paper, or by means of a website that meets the *website conditions*.

### False or misleading prospectus

4.2.4

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(1) The *authorised fund manager*:

(a) must ensure that the *prospectus* of the *authorised fund* does not contain any untrue or misleading statement or omit any matter required by the *rules* in this sourcebook to be included in it; and

- (b) is liable to pay compensation to any *person* who has acquired any *units* in the *authorised fund* and suffered loss in respect of them as a result of such statement or omission; this is in addition to any liability incurred apart from under this *rule*.
- (2) The *authorised fund manager* is not in breach of (1)(a) and is not liable to pay compensation under (1)(b) if, at the time when the *prospectus* was made available to the public, it had taken reasonable care to determine that the statement was true and not misleading, or that the omission was appropriate, and that:
  - (a) it continued to take such reasonable care until the time of the relevant acquisition of *units* in the *scheme*; or
  - (b) the acquisition took place before it was reasonably practicable to bring a correction to the attention of potential purchasers; or
  - (c) it had already taken all reasonable steps to ensure that a correction was brought to the attention of potential purchasers; or
  - (d) the *person* who acquired the *units* was not materially influenced or affected by that statement or omission in making the decision to invest.
- (3) The *authorised fund manager* is also not in breach of (1)(a) and is not liable to pay compensation under (1)(b) if:
  - (a) before the acquisition a correction had been published in a manner calculated to bring it to the attention of *persons* likely to acquire the *units* in question; or
  - (b) it took all reasonable steps to secure such publication and had reasonable grounds to conclude that publication had taken place before the *units* were acquired.
- (4) The *authorised fund manager* is not liable to pay compensation under (1)(b) if the *person* who acquired the *units* knew at the time of the acquisition that the statement was untrue or misleading or knew of the omission.
- (5) For the purposes of this *rule* a revised *prospectus* will be treated as a different *prospectus* from the original one.
- (6) References in this *rule* to the acquisition of *units* include references to contracting to acquire them.

**Table: contents of the prospectus**

4.2.5



This table belongs to ■ COLL 4.2.2 R (Publishing the prospectus).

<b>Document status</b>	
1	A statement that the <i>document</i> is the <i>prospectus</i> of the <i>authorised fund</i> valid as at a particular date (which shall be the date of the <i>document</i> ).
<b>Authorised fund</b>	
2	A description of the <i>authorised fund</i> including: <ul style="list-style-type: none"> <li>(a) its name;</li> <li>(aa) its <i>FCA</i> product reference number (PRN);</li> </ul>

- (b) whether it is an *ICVC*, *ACS* or an *AUT*;
- (ba) whether it is a *UCITS scheme* or a *non-UCITS retail scheme*;
- (bb) a statement that *unitholders* in an *AUT*, *ICVC* or *co-ownership scheme* are not liable for the debts of the *authorised fund*;
- (bc) a statement that the *scheme property* of a *co-ownership scheme* is beneficially owned by the *participants* as tenants in common (or, in Scotland, is the common property of the *participants*);
- (bd) a statement that a *unitholder* in a *limited partnership scheme* is not liable for the debts or obligations of the *limited partnership scheme* beyond the amount of the *scheme property* which is available to the *authorised contractual scheme manager* to meet such debts or obligations, provided that the *unitholder* does not take part in the management of the partnership business;
- (be) a statement that the exercise of rights conferred on *limited partners* by *FCA rules* does not constitute taking part in the management of the partnership business;
- (c) for an *ICVC*, the address of its head office and the address of the place in the *United Kingdom* for service on the *ICVC* of notices or other documents required or authorised to be served on it;
- (ca) for an *ACS* that is a *limited partnership scheme*, the address of the proposed principal place of business of the *limited partnership scheme*;
- (d) the effective date of the *authorisation order* made by the *FCA* and relevant details of termination, if the duration of the *authorised fund* is limited;
- (e) its *base currency*;
- (f) for an *ICVC*, the maximum and minimum sizes of its capital;
- (g) the circumstances in which it may be wound up under the *rules* and a summary of the procedure for, and the rights of *unitholders* under, such a winding up; and
- (h) if it is not an *umbrella*, a statement that it is a *feeder UCITS*, a *feeder NURS*, a *fund of alternative investment funds* or a property authorised investment fund, where that is the case.

#### **Umbrella ICVCs or co-ownership schemes**

- 2A The following statements for an *ICVC* or a *co-ownership scheme* which is an *umbrella*:
- (a) for an *ICVC*, a statement that its *sub-funds* are segregated portfolios of assets and, accordingly, the assets of a *sub-fund* belong exclusively to that *sub-fund* and shall not be used to discharge directly or indirectly the liabilities of, or claims against, any other *person* or body, including the *umbrella*, or any other *sub-fund*, and shall not be available for any such purpose;
  - (aa) for a *co-ownership scheme*, a statement that the property subject to a *sub-fund* is beneficially owned by the *participants* in that *sub-fund* as tenants in common (or, in Scotland, is the common property of the *participants* in that *sub-fund*) and must not be used to discharge any liability

ies of, or meet any claims against, any *person* other than the *participants* in that *sub-fund*; and

- (b) for an *ICVC* or a *co-ownership scheme*, a statement that while the provisions of the *OEIC Regulations*, and section 261P (Segregated liability in relation to umbrella co-ownership schemes) of the *Act* in the case of *co-ownership schemes*, provide for segregated liability between *sub-funds*, the concept of segregated liability is relatively new. Accordingly, where claims are brought by local creditors in foreign courts or under *foreign law contracts*, it is not yet known how those foreign courts will react to regulations 11A and 11B of the *OEIC Regulations* or, as the case may be, section 261P of the *Act*.

#### **Umbrella Schemes**

2B For a *UCITS scheme* or *non-UCITS retail scheme* which is an *umbrella*:

- (a) a statement detailing whether each specific *sub-fund* is a *feeder UCITS*, a *feeder NURS*, a *fund of alternative investment funds* or a *property authorised investment fund*, as appropriate; and
- (b) the *FCA* product reference number (PRN) of each *sub-fund*.

#### **Investment objectives and policy**

3 The following particulars of the investment objectives and policy of the *authorised fund*:

- (a) the investment objectives, including its financial objectives;
- (b) the *authorised fund's* investment policy for achieving those investment objectives, including the general nature of the portfolio and, if appropriate, any intended specialisation;
- (c) an indication of any limitations on that investment policy;
- (c-b) where:
- (i) a target for a *scheme's* performance has been set, or a payment out of *scheme property* is permitted, by reference to a comparison of one or more aspects of the *scheme property* or *price* with fluctuations in the value or price of an index or indices or any other similar factor (a "*target benchmark*"); or
- (ii) without being a *target benchmark*, arrangements are in place in relation to the *scheme* according to which the composition of the portfolio of the *scheme* is, or is implied to be, constrained by reference to the value, the price or the components of an index or indices or any other similar factor (a "*constraining benchmark*"); or
- (iii) without being a *target benchmark* or a *constraining benchmark*, the *scheme's* performance is compared against the value or price of an index or indices or any other similar factor (a "*comparator benchmark*"),

a statement providing sufficient information for investors to understand the choice and use of any *target*

- benchmark, constraining benchmark or comparator benchmark* in relation to the scheme;
- (c-a) where no *target benchmark, constraining benchmark or comparator benchmark* is used, a statement to that effect and an explanation of how investors can assess the performance of the *scheme*;
- (ca) for an *authorised fund* that has indicated in its name, investment objectives or fund literature (including in any *financial promotions* for the fund), through use of descriptions such as 'absolute return', 'total return' or similar, an intention to deliver positive returns in all market conditions (and where there is no actual guarantee of such returns), additional statements in the *authorised fund's* investment objectives specifying:
- (i) that capital is in fact at risk;
  - (ii) the investment period over which the authorised fund aims to achieve a positive return; and
  - (iii) there is no guarantee that this will be achieved over that specific, or any, time period;
- (d) the description of assets which the *capital property* may consist of;
- (e) the proportion of the *capital property* which may consist of an asset of any description;
- (f) the description of transactions which may be effected on behalf of the *authorised fund* and an indication of any techniques and instruments or borrowing powers which may be used in the management of the *authorised fund*;
- (g) a list of the *eligible* markets through which the *authorised fund* may invest or *deal* in accordance with COLL 5.2.10 R (2)(b) (Eligible markets: requirements);
- (h) for an ICVC, a statement as to whether it is intended that the *scheme* will have an interest in any immovable property or movable property ((in accordance with COLL 5.6.4 R (2) (Investment powers: general) or COLL 5.2.8 R (2) (UCITS schemes: general)) for the direct pursuit of the ICVC's business;
- (i) where COLL 5.2.12 R (3) (Spread: government and public securities) applies:
- (i) a prominent statement as to the fact that more than 35% in value of the *scheme property* is or may be invested in *transferable securities* or *approved money-market instruments* issued or guaranteed by a single state, local authority or public international body; and
  - (ii) the names of the individual states, local authorities or public international bodies issuing or guaranteeing the *securities* in which more than 35% in value of the *scheme property* may be invested;
- (k) for an *authorised fund* which may invest in other *schemes*, the extent to which the *scheme property* may be invested in the *units* of *schemes* which are managed by the *authorised fund manager* or by its *associate*;



- (ka) where a *scheme* is a *feeder scheme* (other than a *feeder UCITS* or a *feeder NURS*), which (in respect of investment in *units* in *collective investment schemes*) is *dedicated* to *units* in a single *collective investment scheme*, details of the master *scheme* and the minimum (and, if relevant, maximum) investment that the *feeder scheme* may make in it;
- (l) where a *scheme* invests principally in *scheme units*, *deposits* or *derivatives*, or replicates an index in accordance with COLL 5.2.31 R or COLL 5.6.23 R (Schemes replicating an index), a prominent statement regarding this investment policy;
- (m) where *derivatives* transactions may be used in a *scheme*, a prominent statement as to whether these transactions are for the purposes of *efficient portfolio management* (including hedging) or meeting the investment objectives or both and the possible outcome of the use of *derivatives* on the risk profile of the *scheme*;
- (n) information concerning the profile of the typical investor for whom the *scheme* is designed;
- (o) information concerning the historical performance of the *scheme*, comparing in particular its historical performance against each *target benchmark* and each *constraining benchmark* used in relation to the *scheme*, presented in accordance with COBS 4.6.2R (the rules on past performance);
- (p) for a *non-UCITS retail scheme* which invests in immovables, a statement of the countries or territories of situation of land or buildings in which the *authorised fund* may invest;
- (q) for a *UCITS scheme* which invests a substantial portion of its assets in other *schemes*, a statement of the maximum level of management fees that may be charged to that *UCITS scheme* and to the *schemes* in which it invests;
- (qa) where the *authorised fund* is a *qualifying money market fund*, a statement identifying it as such a fund and a statement that the *authorised fund's* investment objectives and policies will meet the conditions specified in the definition of *qualifying money market fund*;
- (r) where the net asset value of a *UCITS scheme* is likely to have high volatility owing to its portfolio composition or the portfolio management techniques that may be used, a prominent statement to that effect;
- (s) for a *UCITS scheme*, a statement that any *unitholder* may obtain on request the types of information (which must be listed) referred to in COLL 4.2.3R (3) (Availability of prospectus and long report); and
- (t) for a *UCITS scheme* that is or is intended to be a *master UCITS*, a statement that it is not a *feeder UCITS* and will not hold *units* of a *feeder UCITS*.

#### Reporting, distributions and accounting dates

- 4 Relevant details of the reporting, accounting and distribution information which includes:
  - (a) the accounting and distribution dates;
  - (b) procedures for:

	(i)	determining and applying income (including how any distributable income is paid);
	(ii)	unclaimed distributions; and
	(iii)	if relevant, calculating, paying and accounting for <i>income equalisation</i> ; and
	(c)	the <i>accounting reference date</i> and when the long report will be published in accordance with COLL 4.5.14 R (Publication and availability of annual and half-yearly long report).
	(d)	[deleted]
	<b>Characteristics of the units</b>	
5	Information as to:	
	(a)	where there is more than one <i>class</i> of <i>unit</i> in <i>issue</i> or available for <i>issue</i> , the name of each such <i>class</i> and the rights attached to each <i>class</i> in so far as they vary from the rights attached to other <i>classes</i> ;
	(b)	where the <i>instrument of incorporation</i> of an <i>ICVC</i> provides for the <i>issue</i> of <i>bearer certificates</i> , that fact and what procedures will operate for them;
	(c)	how <i>unitholders</i> may exercise their voting rights and what these amount to;
	(d)	where a mandatory <i>redemption</i> , <i>cancellation</i> or conversion of <i>units</i> from one <i>class</i> to another may be required, in what circumstances it may be required; and
	(e)	for an <i>AUT</i> , the fact that the nature of the right represented by <i>units</i> is that of a beneficial interest under a trust.
5A	ACSs: UCITS and NURS eligible investors	
	(a)	A statement that <i>units</i> may not be <i>issued</i> to a <i>person</i> other than a:
	(i)	<i>professional ACS investor</i> ; or
	(ii)	<i>large ACS investor</i> ; or
	(iii)	<i>person</i> who already holds <i>units</i> in the <i>scheme</i> .
	(b)	A statement that the <i>authorised contractual scheme manager</i> must redeem <i>units</i> as soon as practicable after becoming aware that those <i>units</i> are vested in anyone (whether as a result of subscription or transfer of <i>units</i> ) other than a <i>person</i> meeting the criteria in paragraph 5A(a).
5B	ACSs: UCITS and NURS transfer of units	
	(a)	A statement whether the transfer of <i>units</i> in the <i>ACS scheme</i> is either:
	(i)	prohibited; or
	(ii)	allowed;
	by the <i>instrument constituting the fund</i> and <i>prospectus</i> .	
	(b)	Where transfer of <i>units</i> is allowed by the <i>instrument constituting the fund</i> and <i>prospectus</i> in accordance with (a)(ii), a statement that <i>units</i> may only be transferred in accordance with the conditions specified by <i>FCA rules</i> , including that <i>units</i> may not be transferred to a <i>person</i> other than a:
	(i)	<i>professional ACS investor</i> ; or

- (ii) *large ACS investor*; or
- (iii) *person who already holds units in the scheme.*
- (c) For a *co-ownership scheme* which is an *umbrella*, a statement in accordance with (5B)(a)(i) or (ii) and, where appropriate, a statement in accordance with (5B)(b), must also be made for the *sub-funds*. Where individual *sub-funds* have differing policies in relation to transfer of *units*, separate statements are required.

#### Authorised fund manager

- 6 The following particulars of the *authorised fund manager*:
- (a) its name;
  - (b) the nature of its corporate form;
  - (c) the date of its incorporation;
  - (d) the address of its registered office;
  - (e) the address of its head office, if that is different from the address of its registered office;
  - (f) if neither its registered office nor its head office is in the *United Kingdom*, the address of its principal place of business in the *United Kingdom*;
  - (g) if the duration of its corporate status is limited, when that status will or may cease; and
  - (h) the amount of its issued share capital and how much of it is paid up.

#### Directors of an ICVC, other than the ACD

- 7 Other than for the *ACD*:
- (a) the names and positions in the *ICVC* of any other *directors* (if any); and
  - (b) the manner, amount and calculation of the *remuneration* of such *directors*.

#### Depositary

- 8 The following information and particulars concerning the *depository*:
- (a) its name;
  - (b) the nature of its corporate form;
  - (c) the address of its registered office;
  - (d) the address of its head office, if that is different from the address of its registered office;
  - (e) if neither its registered office nor its head office is in the *United Kingdom*, the address of its principal place of business in the *United Kingdom*;
  - (f) a description of its duties and conflicts of interest that may arise between the *depository* and:
    - (i) the *scheme*; or
    - (ii) the *unitholders* in the *scheme*; or
    - (iii) the *authorised fund manager*;
  - (g)
    - (i) a description of any safekeeping functions delegated by the *depository*;
    - (ii) a description of any conflicts of interest that may arise from such delegation; and

- (iii) for a *UCITS scheme*, a list showing the identity of each delegate and sub-delegate; and
- (h) for a *UCITS scheme*, a statement that up-to-date information regarding the points covered under (a),(f) and (g), above, will be made available to *unitholders* on request.

**Investment adviser**

9 If an *investment adviser* is retained in connection with the business of an *authorised fund*:

- (a) its name; and
- (b) where it carries on a significant activity other than providing services to the *authorised fund* as an *investment adviser*, what that significant activity is.

**Auditor**

10 The name of the auditor of the *authorised fund*.

**Contracts and other relationships with parties**

11 The following relevant details:

- (a) for an *ICVC*:
  - (i) a summary of the material provisions of the contract between the *ICVC* and the *ACD* which may be relevant to *unitholders* including provisions (if any) relating to remuneration, termination, compensation on termination and indemnity;
  - (ii) the main business activities of each of the *directors* (other than those connected with the business of the *ICVC*) where these are of significance to the *ICVC*'s business;
  - (iii) if any *director* is a *body corporate* in a *group* of which any other corporate *director* of the *ICVC* is a member, a statement of that fact;
  - (iv) the main terms of each contract of service between the *ICVC* and a *director* in summary form; and
  - (v) for an *ICVC* that does not hold annual general meetings, a statement that copies of contracts of service between the *ICVC* and its *directors*, including the *ACD*, will be provided to a *unit-holder* on request;
- (b) the names of the *directors* of the *authorised fund manager* and the main business activities of each of the *directors* (other than those connected with the business of the *authorised fund*) where these are of significance to the *authorised fund*'s business;
- (c) a summary of the material provisions of the contract between the *ICVC* or the *manager* of the *AUT* and the *depository* which may be relevant to *unitholders*, including provisions relating to the *remuneration* of the *depository*;
- (ca) in the case of an *ACS*, a summary of the material provisions of the contracts between:
  - (i) the *authorised fund manager* and the *nominated partner* (if any); and
  - (ii) the *authorised fund manager* and *depository*; which may be relevant to *unitholders*, including provisions relating to the *remuneration* of the *depository*;

- (d) if an *investment adviser* retained in connection with the business of the *authorised fund* is a *body corporate* in a *group* of which any *director* of the *ICVC* or the *authorised fund manager* of the *AUT* or *ACS* is a member, that fact;
- (e) a summary of the material provisions of any contract between the *authorised fund manager* or the *ICVC* and any *investment adviser* which may be relevant to *unitholders*;
- (f) if an *investment adviser* retained in connection with the business of the *authorised fund* has the authority of the *authorised fund manager* or the *ICVC* to make decisions on behalf of the *authorised fund manager* or the *ICVC*, that fact and a description of the matters in relation to which it has that authority;
- (g) a list of:
  - (i) the functions which the *authorised fund manager* has delegated in accordance with *FCA rules* or, for an *EEA UCITS management company*, in accordance with applicable *Home State* measures implementing article 13 of the *UCITS Directive*; and
  - (ii) the *person* to whom such functions have been delegated; and
- (h) in what capacity (if any), the *authorised fund manager* acts in relation to any other *regulated collective investment schemes* and the name of such *schemes*.

#### Register of Unitholders

- 12 Details of:
- (a) the address in the *United Kingdom* where the *register of unitholders*, and where relevant the *plan register* is kept and can be inspected by *unitholders*; and
  - (b) the *registrar's* name and address.

#### Payments out of scheme property

- 13 In relation to each type of payment from the *scheme property*, details of:
- (a) who the payment is made to;
  - (b) what the payment is for;
  - (c) the rate or amount where available;
  - (d) how it will be calculated and accrued;
  - (e) when it will be paid; and
  - (f) where a performance fee is taken, examples of its operation in plain English and the maximum it can amount to.

#### Allocation of payments

- 14 If, in accordance with [COLL 6.7.10 R](#) (Allocation of payments to income or capital), the *authorised fund manager* and the *depository* have agreed that all or part of any income expense payments may be treated as a capital expense:
- (a) that fact;
  - (b) the policy for allocation of these payments; and
  - (c) a statement that this policy may result in capital erosion or constrain capital growth.

#### Moveable and immovable property (ICVC only)

- 15 An estimate of any expenses likely to be incurred by the *ICVC* in respect of movable and immovable property in which the *ICVC* has an interest.
- Valuation and pricing of scheme property**
- 16 In relation to the valuation of *scheme property* and *pricing of units*:
- (a) either:
- (i) in the case of a *single-priced authorised fund*, a provision that there must be only a single *price* for any *unit* as determined from time to time by reference to a particular *valuation point*; or
- (ii) in the case of a *dual-priced authorised fund*, the *authorised fund manager's* policy for determining *prices* for the *sale* and *redemption* of *units* by reference to a particular *valuation point* and an explanation of how those *prices* may differ;
- (b) details of:
- (i) how the value of the *scheme property* is to be determined in relation to each purpose for which the *scheme property* must be valued;
- (ii) how frequently and at what time or times of the *day* the *scheme property* will be regularly valued for *dealing* purposes and a description of any circumstance in which the *scheme property* may be specially valued;
- (iii) where relevant, how the *price* of *units* of each *class* will be determined for *dealing* purposes;
- (iv) where and at what frequency the most recent *prices* will be published; and
- (v) where relevant in the case of a *dual-priced authorised fund*, an explanation of what is meant by *large deals* and the *authorised fund manager's* policy in relation to *large deals*; and
- (c) if provisions in (a) and (b) do not take effect when the *instrument constituting the fund* or (where appropriate) *supplemental trust deed* takes effect, a statement of the time from which those provisions are to take effect or how it will be determined.
- Dealing**
- 17 The following particulars:
- (a) the procedures, the dealing periods and the circumstances in which the *authorised fund manager* will effect:
- (i) the *sale* and *redemption* of *units* and the settlement of transactions (including the minimum number or value of *units* which one *person* may hold or which may be subject to any transaction of *sale* or *redemption*) for each *class* of *unit* in the *authorised fund*; and
- (ii) any direct *issue* or *cancellation* of *units* by an *ICVC* or by the *depository* of an *AUT* or *ACS* (as appropriate) through the *authorised fund manager* in accordance with COLL 6.2.7R (2) (Issue and cancellation of units through an authorised fund manager);



- (b) the circumstances in which the *redemption* of *units* may be suspended;
- (c) whether certificates will be issued in respect of registered *units*;
- (d) the circumstances in which the *authorised fund manager* may arrange for, and the procedure for the *issue* or *cancellation* of *units* in specie;
- (e) the investment exchanges (if any) on which *units* in the *scheme* are listed or dealt;
- (f) the circumstances and conditions for issuing *units* in an *authorised fund* which limit the *issue* of any *class* of *units* in accordance with COLL 6.2.18 R (Limited issue);
- (g) the circumstances and procedures for the limitation or deferral of *redemptions* in accordance with COLL 6.2.19 R (Limited redemption) or COLL 6.2.21 R (Deferred redemption);
- (h) in a *prospectus* available during the period of any *initial offer*:
  - (i) the length of the *initial offer* period;
  - (ii) the initial *price* of a *unit*, which must be in the *base currency*;
  - (iii) the arrangements for issuing *units* during the *initial offer*, including the *authorised fund manager's* intentions on investing the subscriptions received during the *initial offer*;
  - (iv) the circumstances when the *initial offer* will end;
  - (v) whether *units* will be *sold* or *issued* in any other currency; and
  - (vi) any other relevant details of the *initial offer* ;
- (i) whether a *unitholder* may effect transfer of title to *units* on the authority of an *electronic communication* and if so the conditions that must be satisfied in order to effect a transfer; and
- (j) if the *authorised fund manager* deals as principal in *units* of the *scheme* and holds them for that purpose, a statement of its policy for doing so and, where applicable:
  - (i) a description of when the *authorised fund manager* may retain any profits it earns and absorb any losses it incurs for these activities; and
  - (ii) a statement of non-accountability as referred to in COLL 6.7.16G.

#### Dilution

- 18 In the case of a *single-priced authorised fund*, details of what is meant by *dilution* including:
- (a) a statement explaining:
    - (i) that it is not possible to predict accurately whether *dilution* is likely to occur; and
    - (ii) which of the policies the *authorised fund manager* is adopting under COLL 6.3.8 (1) (Dilution) together with an explanation of how this policy may affect the future growth of the *authorised fund*; and

- (b) if the *authorised fund manager* may require a *dilution levy* or make a *dilution adjustment*, a statement of:
- (i) the *authorised fund manager's* policy in deciding when to require a *dilution levy*, including what is meant by *large deals* and the *authorised fund manager's* policy on *large deals*, or when to make a *dilution adjustment*;
  - (ii) the estimated rate or amount of any *dilution levy* or *dilution adjustment* based either on historical data or future projections; and
  - (iii) the likelihood that the *authorised fund manager* may require a *dilution levy* or make a *dilution adjustment* and the basis (historical or projected) on which the statement is made.

**SDRT provision**

19

[deleted]

**Forward pricing**20 An explanation of *forward pricing* under COLL 6.3.9 (Forward pricing).**Preliminary charge**21 Where relevant, a statement authorising the *authorised fund manager* to make a *preliminary charge* and specifying the basis for and current amount or rate of that charge.**Redemption charge**22 Where relevant, a statement authorising the *authorised fund manager* to deduct a *redemption charge* out of the proceeds of *redemption*; and if the *authorised fund manager* makes a *redemption charge*:

- (a) the current amount of that charge or if it is variable, the rate or method of calculating it;
- (b) if the amount, rate or method has been changed, that details of any previous amount, rate or method may be obtained from the *authorised fund manager* on request; and
- (c) how the order in which *units* acquired at different times by a *unitholder* is to be determined so far as necessary for the purposes of the imposition of the *redemption charge*.

**Property Authorised Investment Funds**22A For a *property authorised investment fund*, a statement that:

- (1) [deleted]
- (2) no *body corporate* may seek to obtain or intentionally maintain a holding of more than 10% of the net asset value of the fund; and
- (3) in the event that the *authorised fund manager* reasonably considers that a *body corporate* holds more than 10% of the net asset value of the fund, the *authorised fund manager* is entitled to delay any redemption or cancellation of *units* if the *authorised fund manager* reasonably considers such action to be:
  - (a) necessary in order to enable an orderly reduction of the holding to below 10%; and
  - (b) in the interests of the *unitholders* as a whole.



**General information**

- 23 Details of:
- (a) the address at which copies of the *instrument constituting the fund*, any amending instrument and the most recent annual and half-yearly long reports may be inspected and from which copies may be obtained;
  - (b) the manner in which any notice or *document* will be served on *unitholders*;
  - (c) the extent to which and the circumstances in which:
    - (i) the *scheme* is liable to pay or suffer tax on any appreciation in the value of the *scheme property* or on the income derived from the *scheme property*; and
    - (ii) deductions by way of withholding tax may be made from distributions of income to *unitholders* and payments made to *unitholders* on the *redemption of units*;
  - (d) for a *UCITS scheme*, any possible fees or expenses not described in paragraphs 13 to 22, distinguishing between those to be paid by a *unitholder* and those to be paid out of *scheme property*; and
  - (e) for an *ICVC*, whether or not annual general meetings will be held.

**Information on the umbrella**

- 24 In the case of a *scheme* which is an *umbrella* with two or more *sub-funds*, the following information:
- (a) that a *unitholder* is entitled to exchange *units* in one *sub-fund* for *units* in any other *sub-fund* (other than a *sub-fund* which has limited the *issue of units*);
  - (b) that an exchange of *units* in one *sub-fund* for *units* in any other *sub-fund* is treated as a *redemption* and *sale* and will, for *persons* subject to *United Kingdom* taxation, be a realisation for the purposes of capital gains taxation;
  - (c) that in no circumstances will a *unitholder* who exchanges *units* in one *sub-fund* for *units* in any other *sub-fund* be given a right by law to withdraw from or cancel the transaction;
  - (d) the policy for allocating between *sub-funds* any assets of, or costs, charges and expenses payable out of, the *scheme property* which are not attributable to any particular *sub-fund*;
  - (e) what charges, if any, may be made on exchanging *units* in one *sub-fund* for *units* in any other *sub-fund*; and
  - (f) for each *sub-fund*, the currency in which the *scheme property* allocated to it will be valued and the *price of units* calculated and payments made, if this currency is not the *base currency* of the *scheme* which is an *umbrella*.
  - (g) [deleted]

**Application of the prospectus contents to an umbrella**

- 25 For a *scheme* which is an *umbrella*, information required must be stated:
- (a) in relation to each *sub-fund* where the information for any *sub-fund* differs from that for any other; and

- (b) for the *umbrella* as a whole, but only where the information is relevant to the *umbrella* as a whole.

#### Information on a feeder UCITS

25A In the case of a *feeder UCITS*, the following information:

- (a) a declaration that the *feeder UCITS* is a feeder of a particular *master UCITS* and as such permanently invests at least 85% in value of the *scheme property* in *units* of that *master UCITS*;
- (b) the investment objective and policy, including the risk profile; and whether the performance records of the *feeder UCITS* and the *master UCITS* are identical, or to what extent and for which reasons they differ, including a description of how the balance of the *scheme property* which is not invested in *units* of the *master UCITS* is invested in accordance with COLL 5.8.3 R (Balance of scheme property: investment restrictions on a feeder UCITS);
- (c) a brief description of the *master UCITS*, its organisation, its investment objective and policy, including the risk profile, and an indication of how the *prospectus* of the *master UCITS* may be obtained;
- (d) a summary of the *master-feeder agreement* or where applicable, the internal conduct of business rules referred to in COLL 11.3.2 R (2) (Master-feeder agreement and internal conduct of business rules);
- (e) how the *unitholders* may obtain further information on the *master UCITS* and the *master-feeder agreement*;
- (f) a description of all remuneration or reimbursement of costs payable by the *feeder UCITS* by virtue of its investment in *units* of the *master UCITS*, as well as the aggregate charges of the *feeder UCITS* and the *master UCITS*; and
- (g) a description of the tax implications of the investment into the *master UCITS* for the *feeder UCITS*.

[Note: article 63(1) of the *UCITS Directive*]

#### Information on a feeder NURS

25B In the case of a *feeder NURS*, the following information:

- (a) a declaration that the *feeder NURS* is a feeder of a particular *qualifying master scheme* and as such is *dedicated to units* in a single *qualifying master scheme* and the minimum (and, if relevant, maximum) investment that the *feeder NURS* may make in its *qualifying master scheme*;
- (b) the investment objective and policy of the *feeder NURS*, including its risk profile; and whether the performance records of the *feeder NURS* and the *qualifying master scheme* are identical, or to what extent and for which reasons they differ, including a description of how the balance of the *scheme property* which is not invested in *units* of the *qualifying master scheme* is invested in accordance with COLL 5.6.7 R (6A) (Spread: general);
- (c) a brief description of the *qualifying master scheme*, its organisation, its investment objective and policy, including the risk profile, and an indication of how the *prospectus* of the *qualifying master scheme* may be obtained;
- (d) how the *unitholders* may obtain further information on the *qualifying master scheme*;

- (e) a description of all remuneration or reimbursement of costs payable by the *feeder NURS* by virtue of its investment in *units* of the *qualifying master scheme*, as well as the aggregate charges of the *feeder NURS* and the *qualifying master scheme*; and
- (f) a description of the tax implications of the investment into the *qualifying master scheme* for the *feeder NURS*.

#### Marketing in another EEA state

26 A *prospectus* of a *UCITS scheme* which is prepared for the purpose of marketing units in a *EEA State* other than the *United Kingdom*, must give details as to:

- (a) what special arrangements have been made:
  - (i) for paying in that *EEA State* amounts distributable to *unitholders* resident in that *EEA State*;
  - (ii) for *redeeming* in that *EEA State* the *units* of *unitholders* resident in that *EEA State*;
  - (iii) for inspecting and obtaining copies in that *EEA State* of the *instrument constituting the fund* and amendments to it, the *prospectus* and the annual and half-yearly long report; and
  - (iv) for making public the *price of units* of each *class*; and
- (b) how the *ICVC* or the *authorised fund manager* of an *AUT* or *ACS* will publish in that *EEA State* notice:
  - (i) that the annual and half-yearly long report are available for inspection;
  - (ii) that a distribution has been declared;
  - (iii) of the calling of a meeting of *unitholders*; and
  - (iv) of the termination of the *authorised fund* or the revocation of its authorisation.

#### Investment in overseas property through an intermediate holding vehicle

26A If investment in an overseas immovable is to be made through an *intermediate holding vehicle* or a series of *intermediate holding vehicles*, a statement disclosing the existence of that *intermediate holding vehicle* or series of *intermediate holding vehicles* and confirming that the purpose of that *intermediate holding vehicle* or series of *intermediate holding vehicle* is to enable the holding of overseas immovables by the *scheme*.

#### Additional information

27 Any other material information which is within the knowledge of the *directors* of an *ICVC* or the *authorised fund manager* of an *AUT* or *ACS*, or which the *directors* or *authorised fund manager* would have obtained by making reasonable enquiries, including but not confined to, the following matters:

- (a) information which investors and their professional advisers would reasonably require, and reasonably expect to find in the *prospectus*, for the purpose of making an informed judgement about the merits of investing in the *authorised fund* and the extent and characteristics of the risks accepted by so participating;
- (b) a clear and easily understandable explanation of any risks which investment in the *authorised fund* may reasonably be regarded as presenting for reasonably prudent investors of moderate means;

- (c) if there is any arrangement intended to result in a particular capital or income return from a holding of *units* in the *authorised fund* or any investment objective of giving protection to the capital value of, or income return from, such a holding:
  - (i) details of that arrangement or protection;
  - (ii) for any related guarantee, sufficient details about the guarantor and the guarantee to enable a fair assessment of the value of the guarantee;
  - (iii) a description of the risks that could affect achievement of that return or protection; and
  - (iv) details of the arrangements by which the *authorised fund manager* will notify *unitholders* of any action required by the *unitholders* to obtain the benefit of the guarantee; and
- (d) whether any notice has been given to *unitholders* of the *authorised fund manager* intention to propose a change to the *scheme* and if so, its particulars.

Remuneration Policy

28 For a *UCITS scheme* and in relation to *UCITS Remuneration Code staff*:

- (a) up-to-date details of the *remuneration* policy including, but not limited to:
  - (i) a description of how *remuneration* and benefits are calculated; and
  - (ii) the identities of persons responsible for awarding the *remuneration* and benefits, including the composition of the *remuneration* committee, where such a committee exists; or
- (b) a summary of the *remuneration* policy and a statement that:
  - (i) up-to-date details of the matters set out in (a) above are available by means of a website, including a reference to that website; and
  - (ii) a paper copy of that website information will be made available free of charge upon request.

[Note: A transitional provision applies to row 3(ca) of this table: see ■ COLL TP 1.28.]

**Information to be provided on securities financing transactions and total return swaps**

4.2.5A

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- (1) The *Securities Financing Transactions Regulation* sets out the additional information which:
  - (a) an *authorised fund manager* of a *UCITS scheme* must include in the *UCITS scheme prospectus*; and
  - (b) an *authorised fund manager* who is a *full-scope UK AIFM* of a *non-UCITS retail scheme* must make available to investors before they invest.

- (2) ■ COLL 4.2.5BEU and ■ COLL 4.2.5CEU copy out the relevant provisions of that regulation.
- (3) An authorised fund manager who is a full-scope UK AIFM of a non-UCITS retail scheme should publish the information in the scheme’s prospectus.
- (4) An authorised fund manager of a UCITS scheme or a non-UCITS retail scheme that does not use securities financing transactions or total return swaps is not required to include the information in ■ COLL 4.2.5CEU in the prospectus or other pre-sale documents.

[Note: A transitional provision applies to ■ COLL 4.2.5AG: see ■ COLL TP 1.38G]

4.2.5B EU

**Transparency of collective investment undertakings in pre-contractual documents**

1. The UCITS prospectus referred to in Article 69 of Directive 2009/65/EC, and the disclosure by AIFMs to investors referred to in Article 23(1) and (3) of Directive 2011/61/EU shall specify the SFT and total return swaps which UCITS management companies or UCITS investment companies, and AIFMs respectively, are authorised to use and include a clear statement that those transactions and instruments are used.
2. The prospectus and the disclosure to investors referred to in paragraph 1 shall include the data provided for in Section B of the Annex.

[Note: article 14(1) and (2) of the *Securities Financing Transactions Regulation* and article 3 for relevant definitions]

4.2.5C EU

**Information to be included in the UCITS Prospectus and AIF disclosure to investors:**

- General description of the SFTs and total return swaps used by the collective investment undertaking and the rationale for their use.
- Overall data to be reported for each type of SFTs and total return swaps
  - Types of assets that can be subject to them.
  - Maximum proportion of AUM that can be subject to them.
  - Expected proportion of AUM that will be subject to each of them.
- Criteria used to select counterparties (including legal status, country of origin, minimum credit rating).
- Acceptable collateral: description of acceptable collateral with regard to asset types, issuer, maturity, liquidity as well as the collateral diversification and correlation policies.
- Collateral valuation: description of the collateral valuation methodology used and its rationale, and whether daily mark-to-market and daily variation margins are used.
- Risk management: description of the risks linked to SFTs and total return swaps as well as risks linked to collateral management, such as operational, liquidity, counterparty, custody and legal risks and, where applicable, the risks arising from its reuse.
- Specification of how assets subject to SFTs and total return swaps and collateral received are safe-kept (e.g. with fund custodian).

### Information to be included in the UCITS Prospectus and AIF disclosure to investors:

- Specification of any restrictions (regulatory or self-imposed) on reuse of collateral.
- Policy on sharing of return generated by SFTs and total return swaps: description of the proportions of the revenue generated by SFTs and total return swaps that is returned to the collective investment undertaking, and of the costs and fees assigned to the manager or third parties (e.g. the agent lender). The prospectus or disclosure to investors shall also indicate if these are related parties to the manager.

[Note: section B of the annex to the *Securities Financing Transactions Regulation* and article 3 for relevant definitions.]

[Note: AUM means assets under management.]

### Guidance on contents of the prospectus

#### 4.2.6

G

- (1) In relation to ■ COLL 4.2.5R (3)(b) the *prospectus* might include:
  - (a) a description of the extent (if any) to which that policy does not envisage the *authorised fund* remaining fully invested at all times;
  - (b) for a *non-UCITS retail scheme* which may invest in immovable property:
    - (i) the maximum extent to which the *scheme property* may be invested in immovables; and
    - (ii) a statement of the policy of the *authorised fund manager* in relation to insurance of immovables forming part of the *scheme property*; and
  - (c) a description of any restrictions in the assets in which investment may be made, including restrictions in the extent to which the *authorised fund* may invest in any category of asset, indicating (if appropriate) where the restrictions are more onerous than those imposed by ■ COLL 5 (Investment and borrowing powers).
- (1A) In relation to ■ COLL 4.2.5R(3)(c-b), the *prospectus* might explain, if it is the case, that one index or factor may be used for both a *target benchmark* and a *constraining benchmark* in relation to the same *scheme*.
- (2) In relation to ■ COLL 4.2.5R (13), the type of payments are likely to include management fees (such as periodic and performance fees), *depository* fees, custodian fees, transaction fees, registrar fees, audit fees and *FCA* fees. Expenses which represent properly incurred costs of the *scheme* may also be treated as a type of payment for this purpose.
- (3) [deleted]
- (4) In relation to ■ COLL 4.2.5 R (16)(a), where the *prospectus* includes provisions for both a *single-priced authorised fund* and a *dual-priced authorised fund*, it should state prominently which method of *pricing* is applicable to which *authorised fund*, and explain how the differences between them may affect *unitholders* (for example if a *unitholder* exchanges *units* in a *single-priced authorised fund* for *units* in a *dual-priced authorised fund*, or vice versa).

- 
- (5) Additional matters which are not contained in ■ COLL 4.2.5 R may be required to be included in the *prospectus*, for example for the purposes of making the *scheme* eligible under relevant tax legislation.
  - (6) The *authorised fund manager* of a *UCITS scheme* should consider the appropriateness of including additional matters in its *prospectus* as a result of the *ESMA Guidelines on ETFs and other UCITS issues*, which can be found at  
[https://www.esma.europa.eu/sites/default/files/library/2015/11/2012-832en\\_guidelines\\_on\\_etfs\\_and\\_other\\_ucits\\_issues.pdf](https://www.esma.europa.eu/sites/default/files/library/2015/11/2012-832en_guidelines_on_etfs_and_other_ucits_issues.pdf)
  - (7) (a) A *full-scope UK AIFM* that is the *authorised fund manager* of a *non-UCITS retail scheme* should ensure that the *prospectus* of the *scheme* includes the information required under ■ FUND 3.2 (Investor information) and ■ COLL 4.2.5R.  
(b) The *authorised fund manager* need not state the same information twice to satisfy both sets of requirements.



## 4.3 Approvals and notifications

### Application

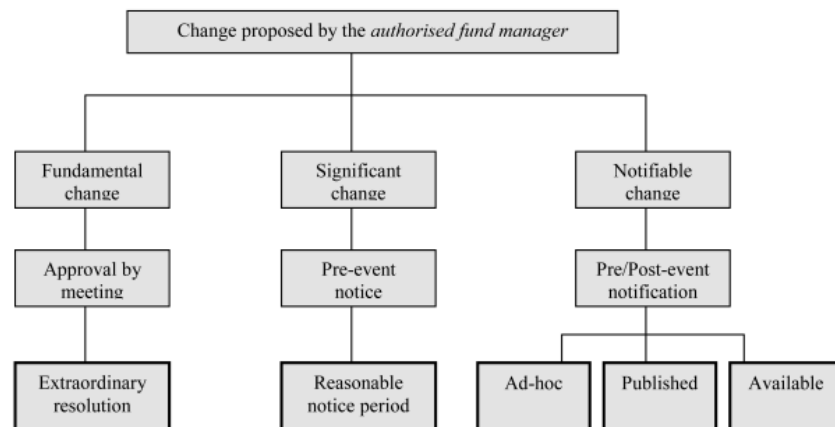
4.3.1 **R** This section applies to an *authorised fund manager*.

### Explanation

- 4.3.2 **G**
- (1) The diagram in ■ COLL 4.3.3 G explains how an *authorised fund manager* should treat changes it is proposing to a *scheme* and provides an overview of the *rules* and *guidance* in this section.
  - (2) Regulation 21 of the *OEIC Regulations* (The Authority's approval for certain changes in respect of a company), section 261Q of the *Act* (Alteration of contractual schemes and changes of operator or depositary) and section 251 of the *Act* (Alteration of schemes and changes of manager or trustee) require the prior approval of the *FCA* for certain proposed changes to an *authorised fund*, including a change of the *authorised fund manager* or *depositary* or a change to the *instrument constituting the fund*. This should be kept in mind when considering any proposed change.

### Diagram: Change event

4.3.3 **G** This diagram belongs to ■ COLL 4.3.2 G.



### Fundamental change requiring prior approval by meeting

4.3.4 **R** (1) The *authorised fund manager*, must, by way of an *extraordinary resolution*, obtain prior approval from the *unitholders* for any



proposed change to the *scheme* which, in accordance with (2), is a fundamental change.

- (2) A fundamental change is a change or event which:
- (a) changes the purposes or nature of the *scheme*; or
  - (b) may materially prejudice a *unitholder*; or
  - (c) alters the risk profile of the *scheme*; or
  - (d) introduces any new type of payment out of *scheme property*.

### Guidance on fundamental changes

4.3.5

G

- (1) Any change may be fundamental depending on its degree of materiality and effect on the *scheme* and its *unitholders*. Consequently an *authorised fund manager* will need to determine whether in each case a particular change is fundamental in nature or not.
- (2) For the purpose of ■ COLL 4.3.4R (2)(a) to ■ COLL 4.3.4R (2)(c) a fundamental change to a *scheme* is likely to include:
- (a) any proposal for a *scheme of arrangement* referred to in ■ COLL 7.6.2 R (Schemes of arrangement: requirements);
  - (b) a change in the investment policy to achieve capital growth from investment in one country rather than another;
  - (c) a change in the investment objective or policy to achieve capital growth through investment in fixed interest rather than equity *investments*;
  - (d) a change in the investment policy to allow the *authorised fund* to invest in *derivatives* as an investment strategy which increases its volatility;
  - (e) a change to the characteristics of a *scheme* to distribute income annually rather than *monthly*; or
  - (f) the introduction of *limited redemption arrangements*.

4.3.6

R

### Significant change requiring pre-event notification

- (1) The *authorised fund manager* must give prior written notice to *unitholders*, in respect of any proposed change to the operation of a *scheme* that, in accordance with (2), constitutes a significant change.
- (2) A significant change is a change or event which is not fundamental in accordance with ■ COLL 4.3.4 R but which:
- (a) affects a *unitholder's* ability to exercise his rights in relation to his investment; or
  - (b) would reasonably be expected to cause the *unitholder* to reconsider his participation in the *scheme*; or
  - (c) results in any increased payments out of the *scheme property* to an *authorised fund manager* or any other *director* of an *ICVC* or an *associate* of either; or
  - (d) materially increases other types of payment out of *scheme property*.

- (3) The notice period in (1) must be of a reasonable length (and must not be less than 60 days).

#### Appointment of a new authorised fund manager

4.3.6A

R

- (1) In the case of a *UCITS scheme*, the appointment of a new *ACD* of an *ICVC* under ■ COLL 6.5.3 R (Appointment of an *ACD*) or the replacement of the *authorised fund manager* of an *AUT* or *ACS* who proposes to retire under ■ COLL 6.5.8 R (Retirement of an authorised fund manager of an *AUT* or *ACS*) must, if in either case the new *authorised fund manager* is established in a different *EEA State* to the outgoing *authorised fund manager*, be treated as a significant change in accordance with ■ COLL 4.3.6 R.
- (2) Paragraph (1) does not apply:
- (a) if the appointment of the new *authorised fund manager* is the subject of an *extraordinary resolution* approved by a meeting of *unitholders*; or
- (b) following the termination of the appointment of the *ACD* of an *ICVC* under ■ COLL 6.5.4 R (2) or ■ COLL 6.5.4 R (3) (Termination of appointment of an *ACD*), if the *directors* of the *ICVC* other than the *ACD*, or the *depository* if there are no such *directors*, consider that it would be in the best interests of *unitholders* to appoint a new *ACD* without delay.

#### Guidance on significant changes

4.3.7

G

- (1) Changes may be significant depending in each case on their degree of materiality and effect on the *scheme* and its *unitholders*. Consequently the *authorised fund manager* will need to determine whether in each case a particular change is significant in nature or not.
- (2) For the purpose of ■ COLL 4.3.6 R a significant change is likely to include:
- (a) a change in the method of *price* publication;
- (b) a change in any operational policy such as dilution policy or allocation of payments policy;
- (c) an increase in the *preliminary charge* where *units* are purchased through a *group savings plan*; or
- (d) a change in the *pricing* arrangements for *units* of the *scheme* so as to cause a *single-priced authorised fund* to become a *dual-priced authorised fund*, or vice versa.
- (3) Where the *directors* of an *ICVC* elect to discontinue holding annual general meetings under paragraph 37A of the *OEIC Regulations*, they are required to give 60 days' written notice to *shareholders*. For the purpose of ■ COLL 4.3.6 R this should be treated as a significant change to the operation of the *scheme*.
- (4) The requirement in ■ COLL 4.3.6A R (1) applies in all cases where the outgoing *authorised fund manager* (whether established in the *United Kingdom* or in another *EEA State*) is to be replaced by an

*authorised fund manager* established in any other *EEA State* (including the *United Kingdom*).

### Notifiable changes

4.3.8

R

- (1) The *authorised fund manager* must inform *unitholders* in an appropriate manner and timescale of any notifiable changes that are reasonably likely to affect, or have affected, the operation of the *scheme*.
- (2) A notifiable change is a change or event, other than a fundamental change under ■ COLL 4.3.4 R or a significant change under ■ COLL 4.3.6 R, which a *unitholder* must be made aware of unless the *authorised fund manager* concludes that the change is insignificant.

### Guidance on notifiable changes

4.3.9

G

- (1) The circumstances causing a notifiable change may or may not be within the control of the *authorised fund manager*.
- (2) For the purpose of ■ COLL 4.3.8 R (Notifiable changes) a notifiable change might include:
  - (a) a change of named *investment manager* where the *authorised fund* has been marketed on the basis of that individual's involvement;
  - (b) a significant political event which impacts on the *authorised fund* or its operation;
  - (c) a change to the time of the *valuation point*;
  - (d) the introduction of limited issue arrangements; or
  - (e) a change of the *depository* or a change in the name of the *authorised fund*.
- (3) The appropriate manner and timescale of notification would depend on the nature of the change or event. Consequently the *authorised fund manager* will need to assess each change or event individually.
- (4) An appropriate manner of notification could include:
  - (a) sending an immediate notification to the *unitholder*;
  - (b) publishing the information on a website; or
  - (c) the information being included in the next long report of the *scheme*.

### Appointment of an AFM without prior written notice to Unitholders

4.3.10

R

- (1) In the case of a *UCITS scheme*, the appointment of a new *authorised fund manager* as a result of:
  - (a) in the case of an *ICVC*, the termination of the appointment of the previous *ACD* under ■ COLL 6.5.4 R (2) or ■ COLL 6.5.4 R (3) (Termination of appointment of an *ACD*); or

(b) in the case of an *AUT* or *ACS*, the replacement of the *authorised fund manager* under ■ COLL 6.5.7 R (2) (Replacement of an authorised fund manager of an *AUT* or *ACS*);

must, if the new *authorised fund manager* is established in a different *EEA State* to the outgoing *authorised fund manager*, be notified to *unitholders*.

(2) The new *authorised fund manager* must immediately notify *unitholders* of its appointment under (1) in an appropriate manner.

### Change events relating to feeder UCITS and feeder NURS

4.3.11

R

Where the *authorised fund manager* of either a *feeder UCITS* or a *feeder NURS* is notified of any change in respect of its *master UCITS* or *qualifying master scheme* which has the effect of a change to the *feeder UCITS* or *feeder NURS*, the *authorised fund manager* must:

- (1) classify it as a fundamental change, significant change or a notifiable change to the *feeder UCITS* or *feeder NURS* in accordance with the *rules* in this section; and
- (2) (a) for a fundamental change, obtain approval from the *unitholders* by way of an *extraordinary resolution*; or
  - (b) for a significant change, give written notice to *unitholders* of that change; or
  - (c) for a notifiable change, comply with ■ COLL 4.3.8 R (Notifiable changes).

4.3.12

R

The actions required by ■ COLL 4.3.11 R (2)(a) and ■ (b) must be carried out as soon as reasonably practicable after the *authorised fund manager* of the *feeder UCITS* or *feeder NURS* has been informed of the relevant change to the *master UCITS* or *qualifying master scheme*.

4.3.13

G

- (1) The *authorised fund manager* of the *feeder UCITS* or *feeder NURS* should assess the change to the *master UCITS* or *qualifying master scheme* in terms of its impact on the *feeder UCITS* or *feeder NURS*. For example, a change to the investment objective and policy of the *master UCITS* or *qualifying master scheme* that alters its risk profile would constitute a fundamental change for the *feeder UCITS* or *feeder NURS*. In order for the *feeder UCITS* or *feeder NURS* to continue investing in the *master UCITS* or *qualifying master scheme*, the *authorised fund manager* of the *feeder UCITS* or *feeder NURS* should obtain the approval of *unitholders* by way of an *extraordinary resolution*, or else make a proposal to invest in a different *master UCITS* or *qualifying master scheme*. For a *feeder UCITS* this should be done in accordance with ■ COLL 11.2.2 R (Application for approval of an investment in a master UCITS).
- (2) Not all changes affecting the *master UCITS* or *qualifying master scheme* will have the same significance for the *feeder UCITS* or *feeder NURS* and its *unitholders*. For example, a change to how the *prices* of the *units* in the *master UCITS* or *qualifying master scheme* are published might not be a significant change for the *feeder UCITS* or

*feeder NURS* if the *prices* of its own *units* continue to be published in the same way.

- (3) Where the *authorised fund manager* of the *feeder UCITS* or *feeder NURS* receives insufficient notice of the intended change to the *master UCITS* or *qualifying master scheme* to be able to seek the prior approval of *unitholders* to any fundamental change or to inform them at least 60 days in advance of any significant change, it should nevertheless use reasonable endeavours to inform them of the change as soon as possible so that they can make an informed judgement about the merits of continuing to invest in the *feeder UCITS* or *feeder NURS*.

## 4.4 Meetings of Unitholders and service of notices

### Application

- 4.4.1 **R** This section applies to an *authorised fund manager*, a *depository* and any other *director* of an *ICVC*.

### General meetings

- 4.4.2 **R**
- (1) The *authorised fund manager*, the *depository* or the other *directors* of an *ICVC* may convene a general meeting of *unitholders* at any time.
  - (2) The *unitholders* may request the convening of a general meeting by a requisition which must:
    - (a) state the objects of the meeting;
    - (b) be dated;
    - (c) be signed by *unitholders* who, at that date, are registered as the *unitholders* of *units* representing not less than one-tenth in value (or such lower proportion stated in the *instrument constituting the fund*) of all of the *units* then in *issue*; and
    - (d) be deposited at the head office of the *ICVC* or with the *depository* of an *AUT* or *ACS*.
  - (3) The *authorised fund manager*, the *depository* or the other *directors* of an *ICVC* must on receipt of a requisition that complies with (2), immediately convene a general meeting of the *authorised fund* for a date no later than eight weeks after receipt of the requisition.
  - (4) The advisory committee of a *charity authorised investment fund* may also request the convening of a general meeting of *unitholders* by giving notice in accordance with ■ COLL 14.3.5R.

### Class meetings

- 4.4.3 **R** This section applies, unless the context otherwise requires, to *class meetings* by reference to the *units* of the *class* concerned and the *unitholders* and *prices* of such *units*.

### Special meaning of Unitholder in COLL 4.4

- 4.4.4 **R** (1) Unless a *unit* in the *authorised fund* is a *participating security*, in this section "*unitholders*" means *unitholders* as at a cut-off date selected

by the *authorised fund manager* which is a reasonable time before notices of the relevant meeting are sent out.

- (2) If any *unit* in the *authorised fund* is a *participating security*, a registered *unitholder* of such a *unit* is entitled to receive a notice of a meeting or a notice of an adjourned meeting under ■ COLL 4.4.5 R (Notice of general meetings), if entered on the *register* at the close of business on a *day* to be determined by the *authorised fund manager*, which must not be more than 21 *days* before the notices of the meeting are sent out.
- (3) For the purposes of (2), in ■ COLL 4.4.6 R (Quorum) to ■ COLL 4.4.11 R (Chairman, adjournments and minutes) "*unitholders*" in relation to those *units* means:
  - (a) the *persons* entered on the *register* at a time to be determined by the *authorised fund manager* and stated in the notice of the meeting, which must not be more than 48 hours before the time fixed for the meeting; or
  - (b) in the case of bearer *shares* in an *ICVC*, *shareholders* of bearer *shares* which were in *issue* at the time applicable under (a).

#### Notice of general meetings

4.4.5

R

- (1) Where the *authorised fund manager*, the *depository* or the other *directors* of an *ICVC* decide to convene a general meeting of *unitholders*:
  - (a) each *unitholder* must be given at least 14 *days* written notice, inclusive of the date on which the notice is first served and the day of the meeting; and
  - (b) the notice must specify the place, day and hour of the meeting and the terms of the resolutions to be proposed and a copy of the notice must be sent to the *depository*.
- (2) The accidental omission to give notice to, or the non-receipt of notice by, any *unitholder* does not invalidate the proceedings at any meeting.
- (3) Notice of an adjourned meeting of *unitholders* must be given to each *unitholder*, stating that while two *unitholders* present in person or proxy are required to constitute a quorum at the adjourned meeting, this may be reduced to one in accordance with ■ COLL 4.4.6R (3), should two such *unitholders* not be present after a reasonable time of convening of the meeting.
- (4) Paragraph (1)(a) does not apply to the notice of an adjourned meeting.

#### Quorum

4.4.6

R

- (1) The quorum required to conduct business at a meeting of *unitholders* is two *unitholders*, present in person or by proxy.
- (2) If after a reasonable time from the time for the start of the meeting, a quorum is not present, the meeting:



- (a) if convened on the requisition of *unitholders*, must be dissolved; and
- (b) in any other case, must stand adjourned to:
  - (i) a day and time which is seven or more *days* after the day and time of the meeting; and
  - (ii) a place to be appointed by the chairman.
- (3) If, at an adjourned meeting under (2)(b), a quorum is not present after a reasonable time from the time for the meeting, one *person* entitled to be counted in a quorum present at the meeting shall constitute a quorum.

### Resolutions

4.4.7

R

- (1) Except where an *extraordinary resolution* is specifically required or permitted, any resolution of *unitholders* is passed by a simple majority of the votes validly cast at a general meeting of *unitholders*.
- (2) In the case of an equality of, or an absence of, votes cast, the chairman is entitled to a casting vote.
- (3) Where a resolution (including an *extraordinary resolution*) is required to conduct business at a meeting of *unitholders* and every *unitholder* is prohibited under ■ COLL 4.4.8R (4) from voting, it shall not be necessary to convene such a meeting and a resolution may, with the prior written agreement of the *depository* to the process, instead be passed with the written consent of *unitholders* representing 50% or more, or for an *extraordinary resolution* 75% or more, of the *units* of the *scheme* in *issue*.

### Voting rights

4.4.8

R

- (1) On a show of hands every *unitholder* who is present in person has one vote.
- (2) On a poll:
  - (a) votes may be given either personally or by proxy or in another manner permitted by the *instrument constituting the fund*;
  - (b) the voting rights for each *unit* must be the proportion of the voting rights attached to all of the *units* in *issue* that the *price* of the *unit* bears to the aggregate *price* or *prices* of all of the *units* in *issue*:
    - (i) if any *unit* is a *participating security*, at the time determined under ■ COLL 4.4.4R (2) (Special meaning of Unitholder in ■ COLL 4.4);
    - (ii) otherwise at the date specified in ■ COLL 4.4.4R (1); and
  - (c) a *unitholder* need not use all his votes or cast all his votes in the same way.
- (3) For joint *unitholders*, the vote of the most senior who votes, whether in person or by proxy, must be accepted to the exclusion of the votes of the other *unitholders*. For this purpose seniority must be



determined by the order in which the names stand in the *register of unitholders*.

- (4) No *director* of the *ICVC* or the *authorised fund manager* of an *AUT* or *ACS* can be counted in the quorum of, and no such *director* or the *authorised fund manager* of an *AUT* or *ACS* nor any of their *associates* may vote at, any meeting of the *authorised fund*.
- (5) The prohibition in (4) does not apply to any *units* held on behalf of, or jointly with, a *person* who, if himself the registered *unitholder*, would be entitled to vote and from whom the *director*, the *authorised fund manager* of an *AUT* or *ACS* or its *associate* have received voting instructions.
- (6) For the purpose of this section, *units* held, or treated as held, by the *authorised fund manager* or any other *director* of the *ICVC*, must not, except as mentioned in (5), be regarded as being in *issue*.

#### Right to demand a poll

4.4.9

R

- (1) A resolution put to the vote of a general meeting must be determined on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded by:
  - (a) the chairman;
  - (b) at least two *unitholders*; or
  - (c) the *depository*.
- (2) Unless a poll is demanded in accordance with (1), a declaration by the chairman as to the result of a resolution is conclusive evidence of the fact.

#### Proxies

4.4.10

R

- (1) A *unitholder* may appoint another *person* to attend a general meeting and vote in his place.
- (2) Unless the *instrument constituting the fund* provides otherwise, a *unitholder* may appoint more than one proxy to attend on the same occasion but a proxy may vote only on a poll.
- (3) Every notice calling a meeting of a *scheme* must contain a reasonably prominent statement that a *unitholder* entitled to attend and vote may appoint a proxy.
- (4) For the appointment to be effective, any *document* relating to the appointment of a proxy must not be required to be received by the *ICVC* or any other *person* more than 48 hours before the meeting or adjourned meeting

#### Chairman, adjournment and minutes

4.4.11

R

- (1) A meeting of *unitholders* must have a chairman, nominated:
  - (a) in the case of an *AUT* or *ACS*, by the *depository*;

- (b) in the case of an *ICVC*, by a *director* other than the *ACD* or an *associate* of the *ACD* or, if no such nomination is made, by the *depository*.
- (2) If the chairman is not present after a reasonable time from the time for the meeting, the *unitholders* present must choose one of them to be chairman.
- (3) The chairman:
  - (a) may, with the consent of any meeting of *unitholders* at which a quorum is present; and
  - (b) must, if so directed by the meeting;
    - adjourn the meeting from time to time and from place to place.
- (4) Business must not be transacted at any adjourned meeting, except business which might have lawfully been transacted at the original meeting.
- (5) The *authorised fund manager* must ensure that:
  - (a) minutes of all resolutions and proceedings at every meeting of *unitholders* are made and kept; and
  - (b) any minute made in (a) is signed by the chairman of the meeting of *unitholders*.
- (6) Any minute referred to in (5)(b) is conclusive evidence of the matters stated in it.

### Notices to Unitholders

4.4.12

R

- (1) Where this sourcebook requires any notice or *document* to be served upon a *unitholder*, it is duly served :
  - (a) for *units* held by a registered *unitholder*, if it is:
    - (i) sent by post to or left at the *unitholder's* address as appearing in the *register*; or
    - (ii) sent by using an electronic medium in accordance with ■ COLL 4.4.13 R (Other notices); or
  - (b) for *units* represented by *bearer certificates*, if given in the manner provided for in the *prospectus*.
- (2) Any notice or *document* served by post is deemed to have been served on the second *business day* following the *day* on which it is posted.
- (3) Any *document* left at a registered address or delivered other than by post is deemed to have been served on that *day*.

### Other notices

4.4.13

R

- (1) Any *document* or notice to be served on or information to be given to, any *person*, including the *FCA*, must be in legible form.
- (2) For the purposes of this *rule*, any form is legible form which:

- (a) is consistent with the *ICVC's*, the *directors'*, the *authorised fund manager's* or the *depository's* knowledge of how the recipient of the *document* wishes or expects to receive the *document*;
  - (b) is capable of being provided in hard copy by the *authorised fund manager*, the *depository* or any other *director* of the *ICVC*;
  - (c) enables the recipient to know or record the time of receipt; and
  - (d) is reasonable in the context.
- (3) (a) In this sourcebook, any requirement that a *document* be signed may be satisfied by an electronic signature or electronic evidence of assent.
- (b) In relation to an *AUT* or *ACS*, where transfer of title to *units* is to be effected on the authority of an *electronic communication*, the *authorised fund manager* must take reasonable steps to ensure that any *electronic communication* purporting to be made by the *unitholder* or his agent is in fact made by that *person*.

**References to writing and electronic documents**

4.4.14 **G** In this sourcebook references to writing and the use of electronic media should be construed in accordance with ■ GEN 2.2.14 R (References to writing) and its related *guidance* provisions.

**Service of notice Regulations**

4.4.15 **G** The provisions in this section relating to the service and delivery of notices and *documents* both to *unitholders* and to the *FCA* , disapply the provisions of The Financial Services and Markets Act 2000 (Service of Notices) Regulations 2001 (SI 2001/1420) under the power in Regulation 1(6) of those Regulations.

## 4.5 Reports and accounts

### Application

- 4.5.1 **R** The *rules* and *guidance* in this section apply to an *authorised fund manager*, a *depository* and any other *director* of an *ICVC*.

### Explanation

- 4.5.2 **G** In order to provide the *unitholders* with regular and relevant information about the progress of the *authorised fund*, the *authorised fund manager* must:

- (1) prepare a long report half-yearly and annually; and
- (2) [deleted]
- (3) make the long report available to *unitholders* on request.

### Full-scope UK AIFM of a non-UCITS retail scheme

- 4.5.2A **G**
- (1) A *full-scope UK AIFM* that is the *authorised fund manager* of a *non-UCITS retail scheme* should comply with both:
    - (a) **FUND 3.3** (Annual report of an AIF); and
    - (b) this chapter, regarding the preparation and publication of annual reports.
  - (2) The *authorised fund manager* need not state the same information twice to satisfy both sets of requirements.
  - (3) The *authorised fund manager*, when preparing the half-yearly long report, needs to comply only with this chapter.

### Preparation of long reports

- 4.5.3 **R**
- (1) The *authorised fund manager* must for each *annual accounting period* and *half-yearly accounting period*, prepare a long report for a *scheme*.
  - (2) [deleted]

(3) Where the first *annual accounting period* of a *scheme* is less than 12 *months*, a half-yearly report need not be prepared.

(4) [deleted]

#### ICVC requirements

4.5.4

G

(1) The *OEIC Regulations* contain requirements for the preparation of annual and half-yearly reports and make the *directors* of an *ICVC* responsible for the preparation of annual and half-yearly reports on the *ICVC*.

(2) Regulations 66 (Reports: preparation), 67 (Reports: accounts) and 68 (Reports: voluntary revision) of the *OEIC Regulations* also contain a number of other requirements relating to reports and accounts of an *ICVC*.

4.5.5

R

[deleted]

4.5.6

G

[deleted]

#### Contents of the annual long report

4.5.7

R

(1) An annual long report on an *authorised fund*, other than a *scheme* which is an *umbrella*, must contain:

(a) the accounts for the *annual accounting period* which must be prepared in accordance with the requirements of the *IMA SORP*;

(b) the report of the *authorised fund manager* in accordance with ■ COLL 4.5.9 R (Authorised fund manager's report);

(c) comparative information in accordance with ■ COLL 4.5.10 R (Comparative information);

(d) the report of the *depository* in accordance with ■ COLL 4.5.11 R (Report of the depository); and

(e) the report of the auditor in accordance with ■ COLL 4.5.12 R (Report of the auditor).

(2) An annual long report on a *scheme* which is an *umbrella* must be prepared for the *umbrella* as a whole and must contain:

(a) for each *sub-fund*:

(i) the accounts for the *annual accounting period* which must be prepared in accordance with the requirements of the *IMA SORP*;

(ii) the report of the *authorised fund manager* in accordance with ■ COLL 4.5.9 R; and

(iii) comparative information in accordance with ■ COLL 4.5.10 R;

(b) [deleted]

(c) the report of the *depository* in accordance with ■ COLL 4.5.11 R; and

(d) the report of the auditor in accordance with ■ COLL 4.5.12 R.

- (3) The *directors* of an *ICVC* or the *authorised fund manager* of an *AUT* or *ACS* must ensure that the accounts referred to in (1)(a), (2)(a) and (4)(a) give a true and fair view of the net revenue and the net capital gains or losses on the *scheme property* of the *authorised fund*, or, in the case of (2)(a) and (4)(a), the *sub-fund*, for the *annual accounting period* in question and the financial position of the *authorised fund* or *sub-fund* as at the end of that period.
- (4) The *authorised fund manager* of a *scheme* which is an *umbrella* may, in addition to complying with (2), prepare a further annual long report for any one or more individual *sub-funds* of the *scheme*, in which case it must contain:
- (a) in relation to the *sub-fund*:
    - (i) the accounts for the *annual accounting period* which must be prepared in accordance with the requirements of the *IMA SORP*;
    - (ii) the report of the *authorised fund manager* in accordance with ■ COLL 4.5.9 R; and
    - (iii) comparative information in accordance with ■ COLL 4.5.10 R;
  - (b) the report of the *depository* in accordance with ■ COLL 4.5.11 R; and
  - (c) the report of the auditor in accordance with ■ COLL 4.5.12 R.
- (5) An annual long report of a *UCITS scheme* which is a *feeder UCITS* must also include:
- (a) a statement on the aggregate of the payments out of *scheme property* as set out in the *prospectus* (in this rule "charges") of the *feeder UCITS* and the *master UCITS*; and
  - (b) a description of how the annual long report of its *master UCITS* can be obtained.

[Note: article 63(2) of the *UCITS Directive*]

- (6) An annual long report of a *feeder NURS* must also include:
- (a) a statement on the aggregate charges of the *feeder NURS* and its *qualifying master scheme*; and
  - (b) a description of how the annual long report (or nearest equivalent document for a *qualifying master scheme* that is a *recognised scheme*) of its *qualifying master scheme* can be obtained.
- (7) An annual long report of a *UCITS scheme* must also include:
- (a)
    - (i) the total amount of *remuneration* paid by the *authorised fund manager* to its staff for the financial year, split into fixed and variable *remuneration*;
    - (ii) the number of beneficiaries; and
    - (iii) where relevant, any amount paid directly by the *UCITS scheme* itself, including any performance fee;
  - (b) the aggregate amount of *remuneration* broken down by categories of *UCITS Remuneration Code staff*;

- (c) a description of how the *remuneration* and the benefits have been calculated;
- (d) the outcome of the reviews referred to in ■ SYSC 19E.2.7R(1) and ■ SYSC 19E.2.8R, including any irregularities that have occurred; and
- (e) details of any material changes to the adopted *remuneration* policy since the previous annual long report was prepared.

[Note: article 69(3) second paragraph of the *UCITS Directive*]

- (8) An annual long report of an *authorised fund* must also contain a statement setting out a description of the assessment of value required by ■ COLL 6.6.20R including:
  - (a) a separate discussion and conclusion for the matters covered in each paragraph of ■ COLL 6.6.21R, and for each other matter that formed part of the assessment, covering the considerations taken into account in the assessment, a summary of its findings and the steps undertaken as part of or as a consequence of the assessment;
  - (b) an explanation for any case in which benefits from economies of scale that were identified in the assessment have not been passed on to *unitholders*;
  - (c) an explanation for any case in which *unitholders* hold *units* in a *class* that is subject to higher charges than those applying to other *classes* of the same *scheme* with substantially similar rights;
  - (d) the conclusion of the *authorised fund manager's* assessment of whether the charges are justified in the context of the overall value delivered to the *unitholders* in the *scheme*; and
  - (e) if the assessment has identified that the charges are not justified in the context of the overall value delivered to the *unitholders*, a clear explanation of what action has been or will be taken to address the situation.
- (9) An *AFM* need not include the statement required by (8) in its annual long report if it makes the statement available to *unitholders* annually in a composite report covering two or more of the *authorised funds* it manages, published in the same manner as the annual long report.

#### 4.5.7A

G

- (1) The *FCA* recognises that the annual long report, including the *remuneration* related disclosures in ■ COLL 4.5.7R(7), may be required to be made available to *unitholders* before the completion of the *authorised fund manager's* first annual performance period in which it has to comply with the *UCITS Remuneration Code*.
- (2) Under (1), the *FCA* expects the *authorised fund manager* to make best efforts to comply with ■ COLL 4.5.7R(7) to the extent possible.
- (3) The *authorised fund manager*, having made best efforts to achieve compliance with ■ COLL 4.5.7R(7), may omit to disclose information relating to *remuneration* where the information:
  - (a) is not available to the *authorised fund manager* for the relevant *annual accounting period*; or



(b) is available but will not provide materially relevant, reliable, comparable and clear information to *unitholders* about the *remuneration* policy of the *authorised fund manager*, as it affects the particular *UCITS* scheme.

(4) Where disclosure is omitted, the *authorised fund manager* should explain the basis for that omission.

An *AFM* which is not subject to ■ COLL 6.6.20R as a result of ■ COLL 6.6.19R is not required to comply with ■ COLL 4.5.7R(8) or (9).

4.5.8-A G [deleted]

### Contents of the half-yearly long report

- 4.5.8 R
- (1) A half-yearly long report on an *authorised fund*, other than for a *scheme* which is an *umbrella*, must contain:
- (a) the accounts for the *half-yearly accounting period* which must be prepared in accordance with the requirements of the *IMA SORP*; and
  - (b) the report of the *authorised fund manager* in accordance with ■ COLL 4.5.9 R (Authorised fund manager's report).
- (2) A half-yearly long report on a *scheme* which is an *umbrella* must be prepared for the *umbrella* as a whole and must contain:
- (a) for each *sub-fund*:
    - (i) the accounts for the *half-yearly accounting period* which must be prepared in accordance with the requirements of the *IMA SORP*; and
    - (ii) the report of the *authorised fund manager* in accordance with ■ COLL 4.5.9 R; and
  - (b) [deleted]
- (3) The *authorised fund manager* of a *scheme* which is an *umbrella* may, in addition to complying with (2), prepare a further half-yearly long report for any one or more individual *sub-funds* of the *scheme*. Such reports must contain the accounts and the report of the *authorised fund manager* that would be required by (1) if the *sub-fund* were a separate *authorised fund*.
- (4) The half-yearly long report of a *UCITS* scheme which is a *feeder UCITS* must also include a description of how the half-yearly and annual reports of its *master UCITS* can be obtained.
- [Note: article 63(2) second subparagraph of the *UCITS Directive*]
- (5) The half-yearly long report of a *feeder NURS* must also include a description of how the half-yearly and annual long reports (or nearest equivalent documents for a *qualifying master scheme* that is a *recognised scheme*) of its *qualifying master scheme* can be obtained.



**Annual and half-yearly long reports for sub-funds of an umbrella**

**4.5.8A** G The *authorised fund manager* may, but need not, prepare annual and half-yearly long reports for any individual *sub-fund* of an *umbrella* in accordance with ■ COLL 4.5.7R (4) and ■ COLL 4.5.8R (3) and make them available on request to any *unitholder* investing in the relevant *sub-fund*. However, if the *authorised fund manager* does so, this does not relieve it of its duty:

- (1) to prepare annual and half-yearly long reports on the *umbrella* as a whole (■ COLL 4.5.7R (2) and ■ COLL 4.5.8R (2)); and
- (2) to make available and publish the annual and half-yearly long reports for the *umbrella* as a whole (■ COLL 4.5.14 R).

**Information to be included in annual and half-yearly reports on securities financing transactions and total return swaps**

**4.5.8AA** G (1) The *Securities Financing Transactions Regulation* sets out the additional information which:

- (a) an *authorised fund manager* of a *UCITS scheme* must include in the *scheme's* annual and half-yearly reports; and
- (b) an *authorised fund manager* who is a *full-scope UK AIFM* of a *non-UCITS retail scheme* must include in the *scheme's* annual report.

(2) ■ COLL 4.5.8ABEU and ■ COLL 4.5.8ACEU copy out the relevant provisions of that regulation.

(3) An *authorised fund manager* of a *UCITS scheme* or a *non-UCITS retail scheme* that has not used *securities financing transactions* or *total return swaps* during the relevant *annual accounting period* or *half-yearly accounting period* is not required to include the information in ■ COLL 4.5.8ACEU in its reports.

**4.5.8AB** EU

**Transparency of collective investment undertakings in periodical reports**

1. UCITS management companies, UCITS investment companies, and AIFMs shall inform investors on the use they make of SFTs and total return swaps in the following manner:
  - (a) for UCITS management companies or UCITS investment companies in the half-yearly and annual reports referred to in Article 68 of Directive 2009/65/EC;
  - (b) for AIFMs in the annual report referred to in Article 22 of Directive 2011/61/EU.
2. The information on SFTs and total return swaps shall include the data provided for in Section A of the Annex.

[Note: article 13(1) and 13(2) of the *Securities Financing Transactions Regulation* and article 3 for relevant definitions]

**4.5.8AC** EU

**Information to be provided in the UCITS half-yearly and annual reports and the AIF's annual report**

**Global data:**

### Information to be provided in the UCITS half-yearly and annual reports and the AIF's annual report

- The amount of securities and commodities on loan as a proportion of total lendable assets defined as excluding cash and cash equivalents;
- The amount of assets engaged in each type of SFTs and total return swaps expressed as an absolute amount (in the collective investment undertaking's currency) and as a proportion of the collective investment undertaking's assets under management (AUM).

#### Concentration data:

- Ten largest collateral issuers across all SFTs and total return swaps (break down of volumes of the collateral securities and commodities received per issuer's name);
- Top 10 counterparties of each type of SFTs and total return swaps separately (Name of counterparty and gross volume of outstanding transactions).

#### Aggregate transaction data for each type of SFTs and total return swaps separately to be broken down according to the below categories:

- Type and quality of collateral;
- Maturity tenor of the collateral broken down in the following maturity buckets: less than one day, one day to one week, one week to one month, one to three months, three months to one year, above one year, open maturity;
- Currency of the collateral;
- Maturity tenor of the SFTs and total return swaps broken down in the following maturity buckets: less than one day, one day to one week, one week to one month, one to three months, three months to one year, above one year, open transactions;
- Country in which the counterparties are established;
- Settlement and clearing (e.g., tri-party, Central Counterparty, bilateral).

#### Data on reuse of collateral:

- Share of collateral received that is reused, compared to the maximum amount specified in the prospectus or in the disclosure to investors;
- Cash collateral reinvestment returns to the collective investment undertaking.

#### Safekeeping of collateral received by the collective investment undertaking as part of SFTs and total return swaps:

Number and names of custodians and the amount of collateral assets safe-kept by each of the custodians

#### Safekeeping of collateral granted by the collective investment undertaking as part of SFTs and total return swaps:

The proportion of collateral held in segregated accounts or in pooled accounts, or in any other accounts

#### Data on return and cost for each type of SFTs and total return swaps

broken down between the collective investment undertaking, the manager of the collective investment undertaking and third parties (e.g. agent lender) in absolute terms and as a percentage of overall returns generated by that type of SFTs and total return swaps

[Note: section A of the annex to the *Securities Financing Transactions Regulation* and article 3 for relevant definitions]

### Additional information that may need to be included in the annual and half-yearly long report of a UCITS scheme

- 4.5.8AD **G** The annual and half-yearly long reports of a *UCITS scheme* may be required to contain additional matters not referred to in **■** COLL 4.5.7 R and **■** COLL 4.5.8 R, such as those required by the *ESMA* Guidelines on ETFs and other UCITS issues, which can be found at
- [https://www.esma.europa.eu/sites/default/files/library/2015/11/2012-832en\\_guidelines\\_on\\_etfs\\_and\\_other\\_ucits\\_issues.pdf](https://www.esma.europa.eu/sites/default/files/library/2015/11/2012-832en_guidelines_on_etfs_and_other_ucits_issues.pdf)

### Signing of annual and half-yearly reports

- 4.5.8B **R** The annual reports in **■** COLL 4.5.7R (1) and **■** (2), and the half-yearly reports in **■** COLL 4.5.8R (1) and **■** (2), must:

- (1) in the case of an *ICVC*, if there is:
  - (a) more than one *director*, be approved by the board of *directors* and signed on their behalf by the *ACD* and at least one other *director*; or
  - (b) no *director* other than the *ACD*, be signed by the *ACD*;
- (2) in the case of an *AUT* or *ACS*, if the *authorised fund manager* has:
  - (a) more than one director, be signed by at least two directors of the *authorised fund manager*; or
  - (b) only one director, be signed by the director of the *authorised fund manager*.

### Authorised fund manager's report

- 4.5.9 **R** The matters set out in (1) to (13) must be included in any *authorised fund manager's* report, except where otherwise indicated:

- (1) the names and addresses of :
  - (a) the *authorised fund manager*;
  - (b) the *depository*;
  - (c) the *registrar*;
  - (d) any *investment adviser*;
  - (e) the auditor; and
  - (f) for a *scheme* which invests in immovables, the *standing independent valuer*;
- (2) (for an *ICVC*), the names of any *directors* other than the *ACD*;
- (3) a statement of the authorised status of the *scheme*;
- (4) (for an *ICVC*) a statement that the *unitholders* of the *ICVC* are not liable for the debts of the *ICVC*;
- (5) the investment objectives of the *authorised fund*;
- (6) the policy and strategy pursued for achieving those objectives;

- (7) a review of the investment activities during the period to which the report relates;
- (7A) a portfolio statement prepared in accordance with the requirements of the *IMA SORP*;
- (7B) in the case of an *umbrella* which has more than one *sub-fund*, particulars in the form of a table showing, as at the end of the period to which the report relates:
  - (a) for each *sub-fund*, the number of *units* in that *sub-fund* that were held by a second *sub-fund* of that *umbrella*; and
  - (b) the value of each such holding;
 or, alternatively, a statement that there were no such holdings as at the end of that period;
- (8) particulars of any fundamental changes in accordance with ■ COLL 4.3.4 R (Fundamental change requiring prior approval by meeting) made since the date of the last report;
- (9) particulars of any significant changes which have occurred in accordance with ■ COLL 4.3.6 R (Significant change requiring pre-event notification) since the date of the last report;
- (9A) in the case of a *UCITS scheme* or a *KII-compliant NURS* that does not have a significant exposure to immovables, the figure for the *synthetic risk and reward indicator* disclosed in its most recent *key investor information document* or *NURS-KII document* and any changes to that figure that have taken place during the period;
- (10) any other information which would enable *unitholders* to make an informed judgement on the development of the activities of the *authorised fund* during this period and the results of those activities as at the end of that period;
- (11) for a report on an *umbrella* prepared in accordance with ■ COLL 4.5.7R (2) or ■ COLL 4.5.8R (2) , information required by (1) to (10) must be given for each *sub-fund*, if it would vary from that given in respect of the *umbrella* as a whole;
- (12) for a *UCITS scheme* which invests a substantial proportion of its assets in other *schemes*, a statement as to the maximum proportion of management fees charged to the *scheme* itself and to other *schemes* in which that *scheme* invests; and
- (13) for a report on an individual *sub-fund* of a *scheme* which is an *umbrella* prepared in accordance with ■ COLL 4.5.7R (4) or ■ COLL 4.5.8R (3), a statement that the latest long report prepared for the *umbrella* as a whole is available on request.

#### Comparative information

##### 4.5.10

**R**

The comparative information required by ■ COLL 4.5.7 R (Contents of the annual long report) and ■ COLL 8.3.5A R (Contents of the annual report) must be shown for the last three *annual accounting periods* (or all of the *authorised fund's annual accounting periods*, if fewer than three) and must set out:

(1) [deleted]

(1A) for a *unit* of each *class* in issue, a comparative table as at the end of the period to which the report relates, prepared in accordance with the requirements of the *IMA SORP* and showing at least:

- (a) the performance record of a *unit* of that *class*;
- (b) an indication of the actual charges and costs borne by the *class*;
- (c) the net income distributed (or, for *accumulation units*, allocated) for the *unit*, taking account of any sub-division or consolidation of *units* that occurred during that period;
- (d) the net asset value of the *unit* as at the end of the period;

(e) (i) (for a report of the *directors* of an *ICVC*) the number of *units* of the *class* in issue as at the end of the period; or

(ii) (for a report of the *authorised fund manager* of an *AUT* or an *ACS*) the number of *units* of the *class* that are in existence or treated as in existence as at the end of the period; and

(f) the highest and the lowest *prices* of the *unit* during the period;

(2) [deleted]

(2A) for the *scheme property*, its total net asset value as at the end of the period; and

(3) if, in the period covered by the information:

- (a) the *authorised fund* has been the subject of any event (such as a *scheme of arrangement*) having a material effect on the size of the *authorised fund*, but excluding any *issue* or *cancellation* of *units* for cash; or
- (b) there have been changes in the investment objective and policy of the *authorised fund*;
- (c) [deleted]

an indication, related in the body of the table to the relevant year in the table, of the date of the event or change in the investment objective and policy, and a brief description of its nature.

#### 4.5.10A G

- (1) The figure for the "return before operating charges" shown in the comparative table required by ■ COLL 4.5.10R (1A) should include all costs and charges actually borne by the *class* of *units* it describes.
- (2) The indication of actual costs and charges borne by a *class* of *units* should cover pro-rata allocations of the operating charges borne by the *scheme* (e.g. annual management fee, fees and expenses payable to the *depository*, auditors and *FCA*, costs of buying and selling *units* in an underlying *scheme*, etc.), any performance-related fee and direct transaction-related costs where known to the *AFM* (e.g. dealing commission on equity transactions and stamp duty). Where possible, the operating charges should be presented as a single figure in both pence per *unit* and as a percentage of net asset value.

### Report of the depositary

4.5.11

R

- (1) The *depositary* must make an annual report to *unitholders* which must be included in the annual report.
- (2) The annual report must contain:
  - (a) a description, which may be in summary form, of the duties of the *depositary* under ■ COLL 6.6.4 (General duties of the depositary) and in respect of the safekeeping of the *scheme property*; and
  - (b) a statement whether, in any material respect:
    - (i) the *issue, sale, redemption and cancellation*, and calculation of the *price of the units* and the application of the *authorised fund's* revenue, have not been carried out in accordance with the *rules* in this sourcebook and, where applicable, the *OEIC Regulations* and the *instrument constituting the fund*; and
    - (ii) the investment and borrowing powers and restrictions applicable to the *authorised fund* have been exceeded.

### Report of the auditor

4.5.12

R

The *authorised fund manager* must ensure that the report of the auditor to the *unitholders* includes the following statements:

- (1) whether, in the auditor's opinion, the accounts have been properly prepared in accordance with the *IMA SORP*, the *rules* in this sourcebook, and the *instrument constituting the fund*;
- (2) whether, in the auditor's opinion, the accounts give a true and fair view of the net revenue and the net capital gains or losses on the *scheme property* of the *authorised fund* (or, as the case may be, the *scheme property* attributable to the *sub-fund*) for the *annual accounting period* in question and the financial position of the *authorised fund* or *sub-fund* as at the end of that period;
- (3) whether the auditor is of the opinion that proper accounting records for the *authorised fund* (or, as the case may be, *sub-fund*) have not been kept or whether the accounts are not in agreement with those records;
- (4) whether the auditor has been given all the information and explanations which, to the best of his knowledge and belief, are necessary for the purposes of his audit; and
- (5) whether the auditor is of the opinion that the information given in the report of the *directors* or in the report of the *authorised fund manager* for that period is consistent with the accounts.

4.5.13

R

[deleted]

### Publication and availability of annual and half-yearly long report

4.5.14

R

- (1) The *authorised fund manager* must, within four *months* after the end of each *annual accounting period* and two *months* after the end of each *half-yearly accounting period* respectively, make available and publish the long reports prepared in accordance with ■ COLL 4.5.7R (1) to ■ (3) (Contents of the annual long report) and ■ COLL 4.5.8R (1) to ■ (2) (Contents of the half-yearly long report).
- (2) The reports referred to in (1) must:
  - (a) be supplied free of charge to any *person* on request;
  - (b) be available in English, for inspection by the public free of charge during ordinary office hours at a place specified;
  - (c) for a *UCITS scheme*, be available for inspection by the public at a place designated by the *authorised fund manager* in each *EEA State* other than the *United Kingdom* in which *units* in the *authorised fund* are marketed, in English and in at least one of that other *EEA State's* official languages; and
  - (d) be sent to the *FCA* and, if the *UCITS scheme* is managed by an *EEA UCITS management company*, to that company's *Home State regulator* on request.

[Note: article 74 of the *UCITS Directive*]

### Provision of annual and half-yearly long reports for master and feeder UCITS

4.5.15

R

- (1) The *authorised fund manager* of a *UCITS scheme* which is a *feeder UCITS* must:
  - (a) where requested by an investor, provide copies of the annual and half-yearly long reports of its *master UCITS* free of charge; and
  - (b) file copies of the annual and half-yearly long reports of its *master UCITS* with the *FCA* .
- (2) Except where an investor requests paper copies or the use of electronic communications is not appropriate, the annual and half-yearly long reports of its *master UCITS* may be provided in a *durable medium* other than paper or by means of a website that meets the *website conditions*.

[Note: articles 63(3) and 63(5) of the *UCITS Directive*]

### Provision of annual and half-yearly long reports for qualifying master schemes of feeder NURS

4.5.16

R

- (1) The *authorised fund manager* of a *feeder NURS* must, where requested by an investor or the *FCA* , provide to such *person* copies of the annual and half-yearly long reports (or nearest equivalent documents for a *qualifying master scheme* that is a *recognised scheme*) of its *qualifying master scheme* free of charge.
- (2) Except where an investor requests paper copies or the use of *electronic communications* is not appropriate, the annual and half-yearly long reports (or nearest equivalent documents for a *qualifying*



*master scheme that is a recognised scheme) of its qualifying master scheme may be provided in a durable medium other than paper, or by means of a website that meets the website conditions.*



**4.6 Simplified Prospectus provisions  
[deleted]**

4.6

R

## 4.7 Key investor information and marketing communications

### Application

**4.7.1** **R** This section applies to an *ICVC*, an *authorised fund manager* of an *AUT*, *ACS* or *ICVC* and any other *director* of an *ICVC* where, in each case, the *AUT*, *ACS* or *ICVC* is:

- (1) a *UCITS scheme*; or
- (2) a *non-UCITS retail scheme* that is offered to *retail clients* if the *authorised fund manager* or *ICVC* draws up a *NURS-KII document* instead of a *key information document* for the *scheme*.

### Application of the PRIIPs regulation to NURS

- 4.7.1A** **G**
- (1) An *authorised fund manager* of a *non-UCITS retail scheme* or an *ICVC* that is a *non-UCITS retail scheme* that is offered to *retail clients* may draw up either:
    - (a) a *key information document* in accordance with the *PRIIPs Regulation*; or
    - (b) until 31 December 2021, a *NURS-KII document* (in accordance with the exemption in article 32(2) of the *PRIIPs Regulation*).
  - (2) An *authorised fund manager* of a *KII-compliant NURS* or an *ICVC* that is a *KII-compliant NURS* will need to comply with **COLL Appendix 2R** (Modifications to the *KII Regulation* for *KII-compliant NURS*), which contains a modified version of the *KII Regulation* for *KII-compliant NURS* (see **COLL 4.7.3AR**).
  - (3)
    - (a) An *authorised fund manager* of a *KII-compliant NURS* or an *ICVC* that is a *non-UCITS retail scheme* that is offered to *professional clients* only is not required to comply with the *PRIIPs Regulation* or draw up a *NURS-KII document*.
    - (b) However, these *documents* may be used to market the *non-UCITS retail scheme* to *professional clients*.

[**Note:** Article 32(1) of the *PRIIPs Regulation* as amended by article 17(1) of Regulation (EU) 2019/1156 of the European Parliament and of the Council of 20 June 2019]

## Key investor information

4.7.2

R

- (1) An *authorised fund manager* must draw up a short document in English containing *key investor information* for investors:
  - (a) in each *UCITS scheme* which it manages (a *key investor information document*); and
  - (b) in each *KII-compliant NURS* which it manages (a *NURS-KII document*).
- (2) The words "key investor information" must be clearly stated in the *key investor information document* and *NURS-KII document*.
- (3) *Key investor information* must include appropriate information about the essential characteristics of the *UCITS scheme* or *KII-compliant NURS* which is to be provided to investors so that they are reasonably able to understand the nature and risks of the investment product that is being offered to them and, therefore, to take investment decisions on an informed basis.
- (4) *Key investor information* must provide information on the following essential elements in respect of the *UCITS scheme* or *KII-compliant NURS*:
  - (a) identification of the *scheme* and that the *FCA* is the *competent authority* of the *scheme*;
  - (b) a short description of its investment objectives and investment policy;
  - (c) past performance presentation or, where relevant, performance scenarios;
  - (d) costs and associated charges; and
  - (e) risk/reward profile of the investment, including appropriate guidance and warnings in relation to the risks associated with investments in the *scheme*.
- (5) The essential elements referred to in (4) must be comprehensible to the investor without any reference to other documents.
- (6) A *key investor information document* or *NURS-KII document* must clearly specify where and how to obtain additional information relating to the proposed investment, including but not limited to where and how the prospectus and the annual and half-yearly reports can be obtained on request and free of charge at any time, and the language in which that information is available to investors.
- (6A) A *key investor information document* must also include:
  - (a) a statement that the details of the up-to-date *remuneration* policy are available by means of a website, including, but not limited to, the following:
    - (i) a description of how *remuneration* and benefits are calculated; and
    - (ii) the identities of persons responsible for awarding the *remuneration* and benefits, including the composition of the *remuneration* committee, where such a committee exists; and

- (b) a reference to that website, and that a paper copy of the website information will be made available free of charge upon request.
- (6B) A *NURS-KII document* must also include a statement that the details of the up-to-date *remuneration* policy will be made available free of charge upon request, including the following:
  - (a) a description of how *remuneration* and benefits are calculated; and
  - (b) the identities of persons responsible for awarding the *remuneration* and benefits, including the composition of the *remuneration* committee, where such a committee exists.
- (7) *Key investor information* must be written in a concise manner and in non-technical language. It must be drawn up in a common format, allowing for comparison, and must be presented in a way that is likely to be understood by retail investors.
- (8) *Key investor information* for a *UCITS scheme* must be used without alterations or supplements, except translation, in each *EEA State* where a *UCITS marketing notification* has been made so as to enable the *marketing* of the *scheme's units* in that State.

[Note: article 78 of the *UCITS Directive*]

**Form and content of a key investor information document**

4.7.3

G

The *KII Regulation* sets out the form and content of a *key investor information document*. This Regulation is directly applicable in the *United Kingdom* and accordingly its articles (but not the preceding recitals) are binding on all *firms* to which it applies. Under the Regulation an *authorised fund manager* must ensure that each *key investor information* document it produces for a *UCITS scheme* complies with the requirements of the Regulation. For ease of reference the Regulation is reproduced in ■ COLL Appendix 1EU (The *KII Regulation*).

**Form and content of a NURS-KII document**

4.7.3A

R

The following must comply with ■ COLL Appendix 2R (Modifications to the *KII Regulation* for *KII-compliant NURS*), which contains a modified version of the *KII Regulation* for *KII-compliant NURS*, when producing a *NURS-KII document*:

- (1) an *authorised fund manager* of a *KII-compliant NURS*; and
- (2) an *ICVC* that is a *KII-compliant NURS*.

4.7.3B

R

[deleted]

**Feeder NURS that produce a key information document**

4.7.3C

G

The *authorised fund manager* of a *feeder NURS*, or an *ICVC* that is a *feeder NURS*, that draws up a *key information document* for a *retail client*, should cross refer to documents related to its *qualifying master scheme* which

enable such clients to understand the *qualifying master scheme's* key particulars including:

- (1) its investment strategy;
- (2) a description and explanation of any material differences between the risk profile of the *feeder NURS* and that of the *qualifying master scheme*; and
- (3) its charges, including the aggregate of the charges of the *feeder NURS* and its *qualifying master scheme* as disclosed in the *feeder NURS'* most up to date *prospectus*.

[Note: article 6(2) of the *PRIPs Regulation*]

#### Translation of a key investor information document

- 4.7.4 **G** While the original *key investor information document* or *NURS-KII document* is required by ■ COLL 4.7.2 R to be drawn up in English, an *authorised fund manager* may prepare an accurate translation of it into any language for the purpose of *marketing* the *units* of the *UCITS scheme* or *KII-compliant NURS* in the *United Kingdom*. Any such translation should be prepared without alterations or supplements.

#### Pre-contractual information

- 4.7.5 **R** The *key investor information document* and the *NURS-KII document* must:
- (1) constitute pre-contractual information (see ■ COBS 14.2.1A R (Provision of key investor information document or NURS-KII document));
  - (2) be fair, clear and not misleading; and
  - (3) be consistent with the relevant parts of the *prospectus*.

[Note: article 79(1) of the *UCITS Directive*]

- 4.7.6 **G**
- (1) Section 90ZA of the *Act* (Liability for key investor information) provides that a *person* will not incur civil liability solely on the basis of the *key investor information document*, including any translation of it, unless it is misleading, inaccurate or inconsistent with the relevant parts of the *prospectus*.
  - (2) Article 20 of the *KII Regulation* prescribes the wording of a warning to investors that must be included in the "practical information" section of the *key investor information document*. It states that an *authorised fund manager* may be held liable solely on the basis of any statement contained in the document that is misleading, inaccurate or inconsistent with the relevant parts of the *prospectus* for the *UCITS scheme*.
  - (3) A *NURS-KII document* should not include the wording of warning to investors in (2) as the limitation of liability in (1) does not apply to *KII-compliant NURS*.

### Revision and filing of key investor information or key information document or NURS-KII document

4.7.7

R

- (1) An *authorised fund manager* must keep up to date the essential elements of:
  - (a) the *key investor information document* for each *UCITS scheme* which it manages; or
  - (b) the *NURS-KII document* for each *KII-compliant NURS* which it manages.
- (2) An *authorised fund manager* must file the *key investor information document* for each *UCITS scheme* or the *NURS-KII document* for each *KII-compliant NURS* which it manages, and any amendments thereto, with the *FCA*.
- (3) An *authorised fund manager* of a *feeder UCITS* or *feeder NURS* must, in addition to (1) and (2), file the *key investor information* of its *master UCITS* or the *NURS-KII document* of its *qualifying master scheme*, and any amendments thereto, with the *FCA*.

[Note: articles 63(3) and 82 of the *UCITS Directive*]

### Synthetic risk and reward indicators and ongoing charges disclosures in the KII

4.7.8

G

- (1) *Authorised fund managers* are advised that CESR issued two separate guidelines regarding the methodology that should be used in calculating the *synthetic risk and reward indicator* and the ongoing charges figure, both of which must be disclosed in the *key investor information document* for each *UCITS scheme* which they manage.
- (2) In line with the *KII Regulation* and ■ COLL Appendix 2R, firms in producing their *key investor information documents* or *NURS-KII documents* should take account of CESR's methodologies in calculating the figures for the *synthetic risk and reward indicators* and for ongoing charges to be disclosed in those documents. For ease of reference links to these guidelines are shown below, as follows:
 

Methodology for the calculation of the synthetic risk and reward indicator in the KII (CESR/10-673)

[https://www.esma.europa.eu/sites/default/files/library/2015/11/10\\_673.pdf](https://www.esma.europa.eu/sites/default/files/library/2015/11/10_673.pdf)

Methodology for the calculation of the ongoing charges figure in the KII (CESR/10-674)

[https://www.esma.europa.eu/sites/default/files/library/2015/11/10\\_674.pdf](https://www.esma.europa.eu/sites/default/files/library/2015/11/10_674.pdf)
- (3) *Firms* should note that these methodologies may in due course become directly applicable obligations in the light of the European Securities and Markets Authority's powers to develop implementing technical standards in this area.



4.7.9 **G** *Authorised fund managers of a UCITS scheme and KII-compliant NURS are further advised that ESMA has issued the following guidelines, which refer to matters that should be included in the key investor information for certain types of UCITS (ESMA 2012/832).*

Guidelines for competent authorities and UCITS management companies: Guidelines on ETFs and other UCITS issues

[https://www.esma.europa.eu/sites/default/files/library/2015/11/2012-832en\\_guidelines\\_on\\_etfs\\_and\\_other\\_ucits\\_issues.pdf](https://www.esma.europa.eu/sites/default/files/library/2015/11/2012-832en_guidelines_on_etfs_and_other_ucits_issues.pdf)

**Marketing communications**.....

4.7.10 **G** COBS 4.13.2R(1)(b) and (c) (Marketing communications relating to UCITS schemes or EEA UCITS schemes) require an *authorised fund manager* to ensure that its marketing communications that contain an invitation to purchase *units* in a *UCITS scheme* or *EEA UCITS scheme*, indicate that a *prospectus* and *key investor information* exist, specifying where they may be obtained by the public or how the public may have access to them.

## 4.8 Notifications for UCITS master-feeder arrangements

### Application

- 4.8.1 **R** This section applies to an *ICVC*, an *authorised fund manager* of an *AUT*, *ACS* or *ICVC* and any other *director* of an *ICVC* where, in each case, the *AUT*, *ACS* or *ICVC* is a *UCITS scheme*.

### Purpose

- 4.8.2 **G** The purpose of this section is to explain the type, form and timing of the notifications that are required before an existing *UCITS scheme* can begin to operate as a *feeder UCITS* for the first time, or an existing *feeder UCITS* can change to a different *master UCITS*. The process for making those changes is set out in ■ COLL 11.2 (Approval of a feeder UCITS).

### Information to be provided to Unitholders

- 4.8.3 **R**
- (1) An *authorised fund manager* of a *UCITS scheme* that has been approved by the *FCA* to operate as a *feeder UCITS*, including as a *feeder UCITS* of a different *master UCITS*, must provide the following information to its *unitholders* at least 30 calendar days before the date when the *feeder UCITS* is to start to invest in *units* of the *master UCITS* or, if it has already invested in them, the date when its investment will exceed the limit applicable under ■ COLL 5.2.11R (9) (Spread: general):
    - (a) a statement that the *FCA* has approved the investment of the *feeder UCITS* in units of that *master UCITS*;
    - (b) the *key investor information* of the *feeder UCITS* and the *master UCITS*;
    - (c) the date when the *feeder UCITS* is to start to invest in *units* of the *master UCITS* or, if it has already invested in them, the date when its investment will exceed the limit applicable under ■ COLL 5.2.11R (9);
    - (d) a statement that the *unitholders* have the right, for 30 calendar days from the moment this information is provided, to request the repurchase or *redemption* of their *units* without any charges other than those retained by the *UCITS scheme* to cover disinvestment costs.
  - (2) Where a *UCITS marketing notification* has been made in relation to a *feeder UCITS*, the *authorised fund manager* of the *feeder UCITS* must

ensure that an accurate translation of the information in (1) is provided to *unitholders* in:

- (a) the official language, or one of the official languages, of the *feeder UCITS' Host State*; or
- (b) a language approved by the *Host State regulator*.

[Note: article 64 first and second paragraphs of the *UCITS Directive*]

**Method of providing information**.....

4.8.4

**R**

The *authorised fund manager* of the *feeder UCITS* must provide to *unitholders* the information required under ■ COLL 4.8.3 R in a *durable medium*.

[Note: article 29 of the *UCITS implementing Directive No 2*]



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**Total expense ratio calculation [deleted]**



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**Portfolio turnover calculation [deleted]**



