

Chapter 11

Closed-ended investment funds: requirements for listing and continuing obligations



11.6 Circular requirements

11.6.1 R A closed-ended investment fund must comply with ■ UKLR 10, subject to the modifications and additional requirements set out in this section.

11.6.2 R A closed-ended investment fund is not required to comply with ■ UKLR 10.6.16R (Election of independent directors).

Relevant related party transaction circulars

11.6.3 R A closed-ended investment fund must not circulate or publish a circular required by ■ UKLR 11.5.5R unless it has been approved by the FCA.

11.6.4 R (1) ■ UKLR 10.2.2R to ■ UKLR 10.2.7R apply to a circular required by ■ UKLR 11.5.5R, subject to the modification in (2).
(2) ■ UKLR 10.2.2R(2) is modified so that the words 'for a reverse takeover circular,' are deleted.

11.6.5 R The requirements in ■ UKLR 10.4 (Reverse takeover circulars) apply to a circular required by ■ UKLR 11.5.5R in the same way as they apply to a reverse takeover circular, except that ■ UKLR 10.4.1R(5) does not apply.

Relevant related party transaction circulars

11.6.6 R A relevant related party transaction circular required by ■ UKLR 11.5.5R must also include (to the extent not already disclosed under ■ UKLR 10.4 as applied by ■ UKLR 11.6.5R):

(1) in all cases the following information referred to in the PR Regulation relating to the closed-ended investment fund:

Paragraph of Annex 1 of the PR Regulation:

- Annex 1 item 4.1 – Issuer name;
- Annex 1 item 4.4 – Issuer address;
- Annex 1 item 16.1 – Major shareholders;
- Annex 1 item 18.7.1 – Significant changes in the issuer’s financial position;
- Annex 1 item 20.1 – Material contracts (if it is information which shareholders of the closed-ended investment fund would

reasonably require to make a properly informed assessment of how to vote); and

Annex 1 item 21.1 – Documents available;

- (2) for a transaction or arrangement where the *related party* is (or was within the 12 months before the transaction or arrangement), a *director* or *shadow director*, or an associate of a *director* or *shadow director*, of the *closed-ended investment fund* (or of any other company which is its *subsidiary undertaking* or *parent undertaking* or a fellow *subsidiary undertaking*) the following information referred to in the *PR Regulation* relating to that *director*:

Paragraph of Annex 1 of the *PR Regulation*:

- (a) Annex 1 item 14.2 – Service contracts;
 - (b) Annex 1 item 15.2 – Shareholdings and stock options; and
 - (c) Annex 1 item 17.1 – Related party transactions;
- (3) full particulars of the transaction or arrangement, including the name of the *related party* concerned and of the nature and extent of the interest of the party in the transaction or arrangement, and also a statement that the reason the shareholders are being asked to vote on the transaction or arrangement is because it is with a *related party*;
- (4) a statement by the board that the transaction or arrangement is fair and reasonable as far as the shareholders of the *closed-ended investment fund* are concerned and that the *directors* have been so advised by a *sponsor*;
- (5) if applicable, a statement that the *related party* will not vote on the relevant resolution, and that the *related party* has undertaken to take all reasonable steps to ensure that its *associates* will not vote on the relevant resolution, at the meeting;
- (6) if ■ UKLR 11.5.6R applies, details of each of the transactions or arrangements being aggregated; and
- (7) if a statement or report attributed to a *person* as an expert is included in a *circular* (other than a statement or report incorporated by reference from a *prospectus* or *listing particulars*), a statement that it is included, in the form and context in which it is included, with the consent of that *person*.

11.6.7

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For the purposes of the statement by the board referred to in

■ UKLR 11.6.6R(4):

- (1) any *director* who is, or an *associate* of whom is, the *related party*, or who is a *director* of the *related party*, should not have taken part in the board's consideration of the matter; and

- (2) the statement should specify that such *persons* have not taken part in the board's consideration of the matter.

11.6.8

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For the purpose of advising the *directors* under ■ UKLR 11.6.6R(4), a *sponsor* may take into account but not rely on commercial assessments of the *directors*.