



COLLECTIVE INVESTMENT SCHEMES ACT 2008

COLLECTIVE INVESTMENT SCHEMES (FULL INTERNATIONAL SCHEME) REGULATIONS 2010

INDEX

1	Title
2	Commencement
3	Interpretation
	THE GOVERNING BODY
4	Composition of the governing body
5	Appointment of a member to the governing body
6	Ceasing to be a member of the governing body
7	Duties of the governing body
	FUNCTIONARIES
8	Independence of the manager and fiduciary custodian or trustee
9	Approval to act as a manager of a new full international scheme
10	Approval to continue to act as a manager of a full international scheme
11	Approval of a new manager of a full international scheme
12	Removal of a manager
13	Responsibilities of a manager
14	The fiduciary custodian or trustee
15	Duties of the fiduciary custodian or trustee
16	Sub custodian
17	Asset management
	INVESTMENT AND BORROWING
18	Investment objectives
19	Spread of investment risk
20	Risk management process
21	Hedging restrictions
22	Gearing restrictions
23	Borrowing restrictions

- 24 Total debt commitment
- 25 Liquidity
- 26 Feeder funds
- 27 Umbrella funds

VALUATION AND PRICING

- 28 Valuation and dealing
- 29 Pricing

DOCUMENTATION

- 30 Constitutional documents
- 31 Offering document
- 32 Application form
- 33 Promotion and marketing
- 34 Advertising and marketing materials

FINANCIAL INFORMATION

- 35 Financial statements
- 36 Audit of financial statements
- 37 Distribution of financial statements
- 38 Removal of, resignation of or failure to reappoint an auditor

ANCILLARY MATTERS

- 39 Revocation
- 40 Offences
- 41 Transitional arrangements

Schedule 1 – Contents of scheme documentation

Schedule 2 – Application for approval to act, or to continue to act, as manager to a full international scheme

Schedule 3 – Annual compliance declaration

Schedule 4 – Statistical information

Schedule 5 – Fiduciary custodians and trustees



COLLECTIVE INVESTMENT SCHEMES ACT 2008

COLLECTIVE INVESTMENT SCHEMES (FULL INTERNATIONAL SCHEME) REGULATIONS 2010

Approved by Tynwald

2010

Coming into operation

2010

The Financial Supervision Commission, after consulting in accordance with section 24(13) of the Collective Investment Schemes Act 2008¹, makes these Regulations under section 24(1) of and Schedule 2 paragraphs 2(14) and 3(4) to that Act.

1 Title

These Regulations are the Collective Investment Schemes (Full International Scheme) Regulations 2010.

2 Commencement

These Regulations come into operation on XXXXXX.

3 Interpretation

(1) In these Regulations —

"the Act" is the Collective Investment Schemes Act 2008;

"appropriate auditor" is a person that is qualified for appointment as auditor of a company under sections 14 to 14H of the Companies Act 1982², and —

- (a) has a permanent place of business on the Island;
- (b) is covered by Professional Indemnity insurance of at least £20 million;
- (c) is independent of the scheme, having regard to auditing standards and the code of ethics of the body of accountants of which he is a member;

¹ 2008 c.7

² 1982 c.2

“the Commission” means the Financial Supervision Commission;

“the Commission’s General Licensing Policy” means the general licensing policy issued by the Commission;

“financial statements” are annual financial statements and interim financial statements prepared in accordance with regulation 35;

“full international scheme” has the meaning given in Schedule 2 paragraph 2 to the Act and “scheme” is to be construed accordingly for the purpose of these Regulations.

“functionary” includes the governing body, a member of the governing body and a person appointed to provide services to the scheme, including (without limitation) a manager, administrator, fiduciary custodian, trustee, asset manager, investment adviser, promoter or sponsor;

“generally accepted accounting principles or practice” has the same meaning as in section 3A of the Companies Act 1982;

“launch date” is the date of publication of the scheme’s initial offering document and, unless the contrary is proved, will be the date of that offering document;

“sponsor” means the person or persons responsible for arranging the establishment of the scheme;

“Vetting Forms” means personal questionnaires and bankers questionnaires issued by the Commission; and

“Vetting Guidance” means the vetting guidance issued by the Commission.

- (2) A reference to “US\$” is to United States Dollars and its equivalent in any other currency and a figure expressed in United States Dollars includes its equivalent value in that other currency.

THE GOVERNING BODY

4 Composition of the governing body

- (1) With the exception of schemes constituted as unit trusts, the scheme’s governing body must include–
- (a) at least 2 natural persons who hold office in a non-executive capacity and are independent of –
- (i) the scheme’s promoter, and
 - (ii) any body corporate that is a subsidiary of the scheme’s promoter; or
 - (iii) a subsidiary of any holding company of the scheme’s promoter; and
- (b) at least 2 natural persons who are resident in the Isle of Man.

- (2) The same individuals can act under sub-paragraphs (1)(a) and (b).
- (3) The governing body of a scheme constituted as a unit trust will be the trustee.

5 Appointment of a member to the governing body

- (1) Each member of the scheme's governing body must be fit and proper to act in that capacity.
- (2) Before being appointed to the governing body, a proposed member must be vetted by the Commission and must complete and submit Vetting Forms in accordance with the Commission's General Licensing Policy and Vetting Guidance.
- (3) In the case of a new scheme, Vetting Forms must be submitted not less than 3 months prior to the scheme becoming a full international scheme.
- (4) In the case of a new member of the governing body of an existing full international scheme, Vetting Forms must be submitted not less than 1 month prior to the proposed appointment taking effect.
- (5) Where the Commission objects to the proposed appointment to act as a member of the scheme's governing body, the appointment shall not take effect.

6 Ceasing to be a member of the governing body

- (1) Where a member of the governing body is removed, resigns or is not reappointed at the end of their term of office, that member must notify the Commission without delay, stating the reasons for the change in the governing body's membership.
- (2) The notice in paragraph (1) can initially be made by any means however verbal notification must be followed up with written or electronic notification within 5 working days.

7 Duties of the governing body

- (1) The governing body of a scheme is responsible for ensuring that —
 - (a) these Regulations are complied with;
 - (b) the scheme's offering document and relevant constitutional documents comply with the Act and these Regulations;
 - (c) the scheme is and continues to be managed and operated in accordance with the scheme's offering document and constitutional documents;
 - (d) the scheme's offering document accurately sets out all material information which, at the date of the offering document, is known by the governing body (or which any member of the governing body could have obtained by making reasonable enquiries at that time) and which

is relevant to an investor or potential investor making an informed judgement about the merits of investing in the scheme;

- (e) no offering document is issued to investors or potential investors unless, at the date it is issued to such persons, it is up to date in accordance with sub-paragraph (d);
 - (f) the manager of the scheme is notified of all changes to the scheme and arrangements for the scheme and provided with a copy of all amended offering and constitutional documents without delay;
 - (g) investors in the scheme are informed in a timely manner of material changes to the scheme and the anticipated impact of such changes;
 - (h) within 2 months of the first anniversary of the launch of the scheme and within 2 months of the scheme's financial year-end thereafter, an annual compliance declaration in the form set out in Schedule 3 is signed by the governing body and submitted to the Commission;
 - (i) the responsibilities imposed upon the manager under regulation 13 are discharged; and
 - (j) a minimum subscription amount appropriate to the scheme is determined jointly with the manager.
- (2) The governing body must sign Part A of a statement of responsibility in the form set out in Schedule 2 in relation to the initial, and any amended, offering documents. The governing body must submit the statement of responsibility to the Commission not less than 3 months prior to the scheme's proposed launch date (in relation to the initial offering document) or not less than 1 month prior to a proposed change to the offering document.

FUNCTIONARIES

8 Independence of the manager and fiduciary custodian or trustee

- (1) The manager and fiduciary custodian or trustee of a scheme must be different persons.
- (2) Where the manager and fiduciary custodian or trustee of a scheme are or will be bodies corporate with the same ultimate parent company –
 - (a) the manager and fiduciary custodian or trustee must be wholly owned subsidiary companies of a corporate group with group capital resources comprising paid-up share capital and reserves in excess of £100 million;
 - (b) the manager and the fiduciary custodian or trustee must not be subsidiaries of each other;

- (c) no individual should be in day to day control of both the business of the manager and fiduciary custodian or trustee;
- (d) a signed undertaking satisfactory to the Commission must be given by the ultimate parent company, in respect of:-
 - (i) the proper performance by the manager and fiduciary custodian or trustee of their respective obligations in respect of full international schemes;
 - (ii) the existence of effective arrangements to ensure that the manager and fiduciary custodian or trustee at all times act independently of one another; and
 - (iii) compliance with the requirements of sub-paragraphs (a) to (c); and
- (e) full disclosure of the fact that the manager and fiduciary custodian or trustee are common group companies must be made in the offering documents.

9 Approval to act as a manager of a new full international scheme

- (1) Where a manager wishes to act for a new full international scheme, the manager must –
 - (a) apply to the Commission for approval to act as manager of the scheme; and
 - (b) submit draft scheme constitutional documents, offering documents, material agreements and other specified documents,
in the form set out in Schedule 2 Part B, not less than 3 months prior to the appointment taking effect.
- (2) If by the end of the 3 month period the Commission has not –
 - (a) approved the manager’s appointment;
 - (b) refused the manager’s appointment; or
 - (c) notified the manager that it requires additional time to consider the application,
the Commission will be deemed to have consented to the manager’s appointment.
- (3) The Commission’s consent to the manager’s appointment may be subject to conditions.
- (4) The manager must submit copies of the final executed copies of the documents required by sub-paragraph (1)(b) to the Commission within 10 working days of the scheme’s launch date.

10 Approval to continue to act as a manager of a full international scheme

- (1) Where a manager wishes to continue to act for a full international scheme which –
 - (a) proposes to appoint or remove –
 - (i) a member or member(s) of the governing body;
 - (ii) an administrator;
 - (iii) a fiduciary custodian or trustee;
 - (iv) a sub custodian;
 - (v) an asset manager or investment adviser; or
 - (b) proposes to make any other alteration to the scheme, the manager must follow the procedure in paragraph (2).
- (2) In the circumstances in paragraph (1), the manager must –
 - (a) apply to the Commission for approval to continue to act as manager of the scheme; and
 - (b) submit black lined versions of any revised draft scheme constitutional documents, offering documents and material agreements or other specified documents,
in the form set out in Schedule 2 Part B, not less than 1 month prior to the appointment taking effect.
- (3) If by the end of the 1 month period the Commission has not –
 - (a) approved the manager's continued appointment;
 - (b) refused the manager's continued appointment; or
 - (c) notified the manager that it requires additional time to consider the proposed changes,
the Commission will be deemed to have approved the manager's continued appointment.
- (4) The Commission's approval of the manager's continued appointment may be subject to conditions.
- (5) The manager must submit copies of the final executed copies of the documents required by sub-paragraph (2)(b) to the Commission within 10 working days of their execution.

11 Approval of a new manager of a full international scheme

- (1) Where a manager wishes to be appointed to an existing full international scheme, the manager must follow the procedure in paragraph (2).

- (2) In the circumstances in paragraph (1), the manager must –
- (a) apply to the Commission for approval to act as manager of the scheme; and
 - (b) submit black lined versions of any revised draft scheme constitutional documents, offering documents and material agreements or other specified documents,
- in the form set out in Schedule 2 Part B, not less than 3 months prior to the appointment taking effect.
- (3) If by the end of the 3 month period the Commission has not –
- (a) approved the manager’s appointment;
 - (b) refused the manager’s appointment; or
 - (c) notified the manager that it requires additional time to consider the proposed changes,
- the Commission will be deemed to have approved the manager’s appointment.
- (4) The Commission’s approval of the manager’s appointment may be subject to conditions.
- (5) The manager must submit copies of the final executed copies of the revised documents required by sub-paragraph (2)(b) to the Commission within 10 working days of their execution.

12 Removal of a manager

- (1) Where a manager wishes to cease being the manager of a full international scheme or is being removed as the manager of a full international scheme the manager, in conjunction with the fiduciary custodian or trustee must notify the Commission of the intended cessation or removal not less than 3 months before the intended cessation or removal.
- (2) The notification in paragraph (1) must be accompanied by full details of – ;
- (a) the circumstances surrounding the intended cessation or removal; and
 - (b) any compliance issues or concerns that they may have about the scheme, its governing body or its functionaries.
- (3) If by the end of the 3 month period the Commission has not notified the manager that it –
- (a) has no objection to the manager’s cessation or removal;
 - (b) objects to the manager’s cessation or removal; or
 - (c) requires additional time to consider the proposed changes,

the Commission will be deemed to have no objection to the manager's cessation or removal.

- (4) The Commission's decision about the manager's cessation or removal may be subject to conditions.

13 Responsibilities of a manager

- (1) The manager must notify the Commission —
- (a) without delay —
 - (i) if it determines that the scheme has not been managed or operated in accordance with the provisions of its constitutional or offering documents;
 - (ii) if it becomes aware that any of the requirements in these Regulations have not been complied with;
 - (iii) if it becomes aware that a member of the governing body has been removed, resigned or not reappointed at the end of their term of office. The notification must be in writing and must state the reasons for the change in the governing body's membership; and
 - (iv) when it becomes aware that the scheme's auditor has been removed, resigned or has not been reappointed at the end of its term of office, of that fact;
 - (b) as soon as reasonably practicable after receiving —
 - (i) an audit report that —
 - (A) has been qualified by the auditor; or
 - (B) contains an emphasis of matter; or
 - (ii) a management letter or report pursuant to International Standard on Auditing (ISA) 260 in relation to the scheme's audit which notes significant issues.
- Notifications in accordance with sub-paragraphs (i) and (ii) must be accompanied by a copy of the audit report or management letter (or equivalent) together with details of any remedial action that the governing body, manager or any other party intends to take;
- (c) within 10 working days, where the scheme's audited annual financial statements have not been distributed in accordance with regulation 35 of that fact and every four weeks thereafter until they have been issued and distributed. Each notification must —
 - (i) give details of the issues giving rise to the delay;

- (ii) contain a revised timetable for distribution of the audited annual financial statements;
 - (iii) be signed by, or on behalf of, the manager; and
 - (iv) be accompanied by
 - (A) a copy of any shareholder communication regarding the delay; or
 - (B) if no shareholder communication has been issued, the reasons for, and the written consent of the fiduciary custodian to, not issuing such a communication.
- (2) The manager must –
- (a) satisfy itself that the scheme is being managed and operated in accordance with the provisions of its constitutional and offering documents;
 - (b) ensure that it has implemented adequate procedures and controls which are appropriate for the scheme and include procedures and controls relating to –
 - (i) the scheme’s corporate governance arrangements;
 - (ii) compliance arrangements for the scheme and services provided to the scheme by the manager;
 - (iii) accuracy of pricing;
 - (iv) monitoring of investment and borrowing powers and restrictions;
 - (v) monitoring of the scheme’s liquidity profile;
 - (vi) maintenance of the register of participants;
 - (vii) application and redemption procedures;
 - (viii) issue of contract notes;
 - (ix) complaints procedures;
 - (x) breaches register and pricing errors log;
 - (xi) issue of interim and annual financial statements for the scheme;
 - (xii) accuracy of scheme fees and expenses charged;
 - (xiii) update of the scheme’s offering document;
 - (xiv) advertising; and
 - (xv) notifying the fiduciary custodian or trustee without delay of any material breaches or pricing errors and lapses in the procedures and controls;

- (c) notify the fiduciary custodian or trustee without delay of any material lapses in the implementation of the procedures and controls in subparagraph (b);
- (d) send copies of any revised offering document and any notification document, which have been provided to the Commission as required in Schedule 2 Part B, to the fiduciary custodian or trustee;
- (e) satisfy itself that the scheme's investors have completed an application form and where an entry criterion has been imposed by the scheme that they have signed to confirm that they meet those criteria;
- (f) jointly with the governing body, determine the minimum subscription amount appropriate to the scheme;
- (g) complete and sign Part 2 of the annual compliance declaration in the form set out at Schedule 3. The full compliance declaration must be submitted to the Commission by the manager and governing body within 2 months of the first anniversary of the launch of the scheme and within 2 months of the scheme's financial year-end thereafter;
- (h) supply the statistical information detailed in Schedule 4 to the Commission within 15 working days of each calendar quarter end; and
- (i) oversee the promotion of the scheme to ensure the suitability and accuracy of promotional materials and advertisements.

14 The fiduciary custodian or trustee

- (1) A scheme –
 - (a) other than a unit trust must appoint a fiduciary custodian;
 - (b) that is constituted as a unit trust must appoint a trustee.
- (2) A fiduciary custodian or trustee must be –
 - (a) an authorised person; or
 - (b) licensed in a jurisdiction listed at Schedule 5 to undertake this activity for funds of this type.

15 Duties of the fiduciary custodian or trustee

- (1) The fiduciary custodian or trustee must –
 - (a) satisfy itself that the scheme is being managed and operated in accordance with the provisions of its constitutional and offering documents;
 - (b) have all of the property of the scheme –
 - (i) in its custody or under its control; and

- (ii) held in trust for the investors;
 - (c) establish and implement a monitoring programme to oversee the functions undertaken by the manager, which –
 - (i) includes remote monitoring and on-site reviews of the scheme; and
 - (ii) covers all areas of the manager’s activities in relation to the scheme, including the matters specified in regulation 13(2)(b); and in particular -
 - (A) considers whether the creation, cancellation, sale, and redemption of units in the scheme are carried out in accordance with the constitutional and offering documents;
 - (B) considers whether the valuation of assets of the scheme and calculation of unit prices for the scheme are carried out in accordance with the provisions of the constitutional and offering documents; and
 - (d) have the right to give and carry out instructions in respect of scheme assets where it has reasonable grounds to believe that the investment and borrowing limitations in the constitutional and offering documents are not being complied with.
- (2) The fiduciary custodian or trustee must notify the Commission without delay —
- (a) if it determines that the scheme has not been managed and operated in accordance with the provisions of its constitutional or offering documents;
 - (b) if it becomes aware that any of the requirements in these Regulations have not been complied with; and
 - (c) if it becomes aware of breaches (which have not been corrected within 20 working days of discovery) by the manager, of the obligations imposed on the manager by the constitutional and offering documents of the scheme.

16 Sub custodian

- (1) Where the scheme’s constitutional documents allow, the scheme or the appointed trustee or fiduciary custodian can appoint a sub custodian to act as custodian for certain scheme assets.
- (2) The sub custodian–
 - (a) must be an authorised person or be licensed in a jurisdiction outside the Island to provide custody services to this type of scheme; and

- (b) must not be the manager or a person connected to the manager.
- (3) Before making an appointment, and on an ongoing basis, the governing body and fiduciary custodian or trustee must ensure that each appointed sub custodian is competent to undertake the function and is appropriately experienced in providing services to the class of assets for which it will act as sub custodian.
- (4) When assessing a sub custodian under paragraph (3), the governing body and trustee of fiduciary custodian must –
 - (a) consider the suitability of the domicile and the regulatory framework for the provision of custody services in the jurisdiction in which the sub custodian is regulated; and
 - (b) obtain the manager’s approval to the appointment.
- (5) Where the sub custodian is not connected to the fiduciary custodian or trustee or its ultimate parent, the relevant agreement can provide that the fiduciary custodian or trustee is not responsible for acts or omissions of the sub custodian, provided that the fiduciary custodian or trustee is able to show that it took reasonable care to ensure that the subcustodian continued to meet the requirements of paragraph (3) and performed its duties in a competent manner.
- (6) Where the sub custodian is connected to the fiduciary custodian or trustee or its ultimate parent, the fiduciary custodian or trustee remains responsible for all acts and omissions of the subcustodian as if they were the acts or omissions of the fiduciary custodian or trustee.
- (7) The manager must notify the governing body and fiduciary custodian or trustee without delay if it becomes aware of anything which it reasonably believes is relevant to assessing a sub custodian’s ongoing suitability under paragraph (3).

17 Asset management

- (1) The scheme must ensure that it receives relevant advisory or discretionary management services in relation to the investment and re-investment of its assets.
- (2) Before making an appointment, and on an ongoing basis, the governing body must ensure that any proposed or appointed asset manager or investment adviser is suitable to act in that capacity.
- (3) In making the assessment in paragraph (2), the governing body must –
 - (a) take account of the regulatory status of the asset manager or investment adviser and of any person providing investment services to the asset manager or investment adviser;

- (b) consider any guidance issued by the Commission; and
 - (c) obtain the manager's consent to the appointment.
- (4) The manager must notify the governing body without delay if it becomes aware of anything which it believes is relevant to an assessment of ongoing suitability under paragraph (2).

INVESTMENT AND BORROWING

18 Investment objectives

- (1) The investment objectives of the scheme should be clearly set out in the constitutional and offering documents of the scheme along with details of any geographical, market or sectoral emphasis, as well as the types of investments the property of the scheme is to be invested in.
- (2) Where the scheme is aimed at a particular category of investor that fact should be stated in the constitutional and offering documents of the scheme.
- (3) Where the governing body has identified that there are special risks inherent in the scheme's investment policy, details of these risks should be stated in the constitutional and offering documents of the scheme.

19 Spread of investment risk

- (1) The governing body and manager of a scheme must agree a policy for the spread of investment risk for the scheme which takes account of the investment objectives policy of the scheme as stated in the most recent offering document.
- (2) The policy in paragraph (1) must include any restrictions on the amount or value of the property of the scheme which may be invested in securities issued by any one issuer, and the amount or value of the scheme which may be invested in illiquid or unquoted investments, and derivative products, including futures or options.
- (3) If no restrictions are to be imposed or the restrictions permit more than 10% of the amount or value of the property of the scheme to be invested in one issuer or in illiquid or unquoted investments or derivative products, including futures or options –
 - (a) the manager must provide written explanations to the Commission of the rationale for the policy not less than 1 month before it is implemented; and
 - (b) the terms of the policy in paragraph (1) and the risks attendant to it must be clearly disclosed in the offering document.

- (4) The full implementation of the policy for the spread of investment must take effect no later than 6 months after the date on which the scheme becomes a full international scheme.

20 Risk management process

- (1) The manager must use a risk management process enabling it to monitor and measure as frequently as appropriate the risk of a scheme's positions and their contribution to the overall risk profile of the scheme.
- (2) The following details of the risk management process must be notified by the manager to the Commission in advance of the use of the process as required by sub-paragraph (1) –
 - (a) the methods for estimating risks in derivative and forward transactions; and
 - (b) the types of derivatives and forwards transactions to be used within the scheme together with their underlying risks and any relevant quantitative limits.
- (3) The manager's obligations under paragraphs (1) and (2) may be undertaken by the asset manager provided that —
 - (a) the asset manager agrees the risk management process, and any proposed changes to this process, with the manager;
 - (b) the manager retains overall responsibility for the risk management process and has appropriate controls to monitor the way in which the asset manager has implemented the risk management process; and
 - (c) the asset manager is required to report all occasions where there is a deviation from the risk management process to the manager.
- (4) The manager must notify the Commission in advance of any material alteration to the details in sub-paragraph (2)(a) or (b) not less than 1 month before it is implemented.

21 Hedging restrictions

- (1) Hedging transactions should be restricted to those which lead to the reduction or elimination of risks arising from fluctuations in the prices of the underlying property of the scheme or of fluctuations in interest rates or exchange rates.
- (2) Hedging transactions whose purpose is not to reduce or eliminate risks should be treated as gearing for the purposes of regulation 22.

22 Gearing restrictions

- (1) A scheme must not permit gearing, through the use of options, warrants, futures or other similar instruments, in excess of 25% of the total net asset value of the scheme unless it meets the requirements in paragraph (2).
- (2) A scheme may permit gearing, through the use of options, warrants, futures or other similar instruments, of up to 100% of the total net asset value of the scheme where –
 - (a) the manager provides written explanations to the Commission of the rationale for the gearing policy not less than 1 month before it is implemented; and
 - (b) the terms of the policy and the risks attendant to it are clearly disclosed in the offering document.

23 Borrowing restrictions

- (1) A scheme must not permit borrowing in excess of 25% of the total net asset value of the scheme unless it meets the requirements in paragraph (2).
- (2) A scheme may borrow up to 50% of the total net asset value of the scheme where –
 - (a) the manager provides written explanations to the Commission of the rationale for the borrowing restrictions policy not less than 1 month before it is implemented; and
 - (b) the terms of the policy and the risks attendant to it are clearly disclosed in the offering document.

24 Total debt commitment

- (1) The combined level of gearing (regulation 22) and borrowing (regulation 23) for a scheme must not exceed 100% of the total net asset value of the scheme.
- (2) Where the combined level of gearing (regulation 22) and borrowing (regulation 23) for a scheme exceeds 25% of the total net asset value of the scheme –
 - (a) the manager must provide written explanations to the Commission of the rationale for the borrowing restrictions policy not less than 1 month before it is implemented; and
 - (b) the terms of the policy and the risks attendant to it must be clearly disclosed in the offering document.

25 Liquidity

- (1) Except where it meets the requirements in paragraph (2), the primary investment objectives of a full international scheme should be to invest at least 90% of the total net asset value in assets which –

- (a) can be readily liquidated or accurately valued through a recognised investment exchange or market; or
 - (b) are within the normal scope of exchange traded instruments.
- (2) A scheme may only invest more than 10% of the total net asset value of the scheme in illiquid assets where –
- (a) the manager provides written explanations to the Commission of the rationale for the liquidity policy not less than 1 month before it is implemented; and
 - (b) the terms of the policy and the risks attendant to it are clearly disclosed in the offering document.

26 Feeder funds

Where a scheme is one which invests solely in another scheme (a "feeder fund"), the information required to be included in the offering document must be stated in respect of both the feeder fund and the fund into which it is to invest.

27 Umbrella funds

Where a scheme is one which consists of separate parts and allows investors to exchange rights in one part for rights in another (an "umbrella fund"), the information required to be included in the offering document must be stated in respect of –

- (a) the scheme as a whole; and
- (b) each sub-fund where that sub-fund differs from any other sub-fund.

VALUATION AND PRICING

28 Valuation and dealing

- (1) Except where it meets the requirements in paragraph (2), the property of the scheme must be valued, and dealings permitted in the scheme, at least once in each calendar month.
- (2) A scheme may be valued, and dealings permitted in the scheme, less frequently than once in each calendar month where –
- (a) the manager provides written explanations to the Commission of the rationale for the valuation and dealing arrangements not less than 1 month before those valuation and dealing arrangements are implemented; and
 - (b) the terms of the policy and the risks attendant to it are clearly disclosed in the offering document.

29 Pricing

- (1) The pricing of units or shares in a scheme must achieve a reasonable equity between buyers and sellers and the manager.
- (2) The manager of a scheme must be able to demonstrate to the Commission that the pricing of the scheme is in accordance with paragraph (1), when required to do so.

DOCUMENTATION

30 Constitutional documents

The constitutional documents of a scheme must include the matters set out in Part A of Schedule 1.

31 Offering document

- (1) The scheme must have an offering document that —
 - (a) accurately sets out all material information which, at the date of the offering document, is known to the governing body (or which the governing body could have obtained by making reasonable enquiries) and which is relevant for the purpose of making an informed judgement about the merits of participating in the scheme; and
 - (b) contains the matters set out in Part B of Schedule 1.
- (2) A revision of the offering document may take the form of a new offering document or of a supplement to the existing offering document; whichever method is chosen the date on which the revision was made must be prominently displayed in the document.
- (3) The offering document must be offered free of charge by the manager of the scheme to any potential or existing investor.
- (4) Before issuing an offering document the Commission's consent to the appointment or continuation of the manager must be obtained in line with regulations 9, 10 and 11.
- (5) The offering document must not be issued, nor changes made to a scheme until the Commission has given its approval to the appointment or continuation of the manager or the relevant time limits set out in regulations 9, 10 and 11 have elapsed.

32 Application form

- (1) For the purpose of these Regulations, the scheme's application form is treated as part of the offering document.

- (2) The scheme's application form must contain the certifications set out in paragraph 19 or paragraph 20 of Part B of Schedule 1, as appropriate.
- (3) Before being accepted as an investor each applicant must complete the Part 1 certification and, if applicable, the relevant Part 2 certification contained in the scheme's application form.

33 Promotion and marketing

A scheme must only be promoted and marketed in a way that is consistent with the information contained in its constitutional and offering documents.

34 Advertising and marketing materials

- (1) Every investment advertisement and marketing document issued in connection with a scheme must state –
 - (a) the name and address and regulatory status of the manager of the scheme;
 - (b) the address from which copies of the offering documents may be obtained;
 - (c) the address from which copies of the scheme's latest report and accounts may be obtained;
 - (d) the address at which documents constituting the full international scheme may be inspected.
- (2) Advertisements and marketing materials must –
 - (a) provide a balanced view of the potential reasons for and against investing in the scheme;
 - (b) not contain any misleading statements or unsubstantiated claims.
- (3) Where advertisements and marketing materials include historical performance figures for the scheme they must be –
 - (a) a fair presentation of the performance showing
 - (i) annual returns for the last 10 full consecutive years. (Where the scheme has been in existence for fewer than 10 years but at least for a period of 1 year, the annual returns, calculated net of tax and charges, should be given for as many years as are available);
 - (ii) where a scheme is managed according to a benchmark or if its cost structure includes a performance fee depending on a benchmark, the information on the past performance of the scheme which includes a comparison with the past performance of the benchmark according to which the scheme is managed or the performance fee is calculated;

- (iii) disclosure of the cumulative performance of the scheme over the 10 year period referred to in sub-paragraph (i). A comparison should also be made with the cumulative performance (where relevant) of a benchmark, when comparison to a benchmark is required in accordance with sub-paragraph (ii). (Where the scheme has been in existence for fewer than 10 years but at least for a period of 1 year, disclosure of the past cumulative performance should be made for as many years as are available).
- (b) accompanied by –
 - (i) a warning that historic performance is not an indicator of future performance; and
 - (ii) a statement that historic performance of the scheme does not include the effect of subscription and redemption fees (if such fees are applied).
- (4) The content of advertisements and marketing materials must be approved by the scheme’s manager and fiduciary custodian or trustee.

FINANCIAL INFORMATION

35 Financial statements

- (1) The scheme must ensure that financial statements are prepared annually in respect of each accounting period ending on its financial year-end date.
- (2) The scheme’s annual financial statements must be prepared in accordance with generally accepted accounting principles or practice.
- (3) The scheme must prepare interim financial statements which cover the six month period following the scheme’s most recent year end date.

36 Audit of financial statements

- (1) The scheme must appoint an appropriate auditor.
- (2) The appropriate auditor must audit the scheme’s annual financial statements in accordance with internationally accepted auditing standards and practices and issue an audit report in relation to the audit.

37 Distribution of financial statements

- (1) The scheme’s audited annual financial statements must be distributed to investors no later than 4 months after the scheme’s financial year-end or within the timescales set out in the offering document if earlier.
- (2) The scheme’s interim financial statements should be made available to investors on request within four months of the date to which they are prepared or within the timescales set out in the offering document if earlier.

- (3) A copy of the scheme's audited annual financial statements and interim financial statements must be provided to the Commission within 4 months of the date to which they are prepared or within the timescales set out in the offering document if earlier.

38 Removal of, resignation of or failure to reappoint an auditor

Where the scheme's auditor, is removed, resigns or is not reappointed at the end of its term of office, the auditor must supply a signed statement direct to the Commission –

- (a) stating whether there are any circumstances connected with it ceasing to hold office which should be brought to the Commission's attention; and
- (b) providing full details of those circumstances which it considers should be brought to the Commission's attention.

ANCILLARY MATTERS

39 Revocation

- (1) The following Regulations are revoked with effect from 12 months after these Regulations come into operation –
 - (a) the Financial Supervision (International Collective Investment Schemes) Regulations 1990³;
 - (b) the Financial Supervision (International Schemes) (Advertising and Offering documents) Regulations 1995⁴;
 - (c) the Financial Supervision (Prescribed Countries and Territories) Regulations 1990.⁵
- (2) No International Schemes can be established under the Financial Supervision (International Collective Investment Schemes) Regulations 1990 from the date these Regulations come into operation.

40 Offences

Failure to comply with the terms of these Regulations is an offence under section 18(1)(b) of the Act.

41 Transitional arrangements

- (1) Any scheme which was an International Scheme under the Financial Supervision (International Collective Investment Schemes) Regulations 1990 at the date these Regulations come into effect will be a full international scheme under these Regulations.
- (2) A scheme which qualifies under paragraph (1)–

³ GC 64/90 as amended by SD 408/00

⁴ SD 429/95 as amended by SD 121/99 and SD 408/00

⁵ GC 47/90

- (a) may continue to be referred to as an “international scheme” in place of a “full international scheme” in its constitutional and offering documents until those documents are updated in accordance with sub-paragraph (b);
 - (b) shall have 12 months from the date of these Regulations to update its offering and constitutional documents and bring the scheme into full compliance with these Regulations;
 - (c) which is operating under the transitional arrangements set out in (b) shall continue to comply with the requirements of the Financial Supervision (International Collective Investment Schemes) Regulations 1990 and the Financial Supervision (International Schemes) (Advertising and Offering documents) Regulations 1995 until it has updated its offering and constitutional documents at which time it must comply with these Regulations.
- (3) Any scheme which is not in compliance with these Regulations 12 months after these Regulations become effective will cease to be a scheme under these regulations.
- (4) Where a scheme which qualifies under paragraph (1) has completed its transition and come into compliance with these Regulations, the first Annual Compliance Declaration under Schedule 3, should be completed with reference to the period starting on the date on which they transitioned until the scheme’s financial year end.

MADE XXXXXXXXXXXX 2010

Commissioner

Chief Executive

SCHEDULE 1

CONTENTS OF SCHEME DOCUMENTATION

PART A - Constitutional documents

- 1 The memorandum and articles of association of a scheme that is an open-ended investment company, the partnership agreement of a scheme which is a limited partnership and the document constituting a trust for a scheme which is a unit trust must provide for the following matters -
- (a) maximum permitted level of initial charge and periodic management charge;
 - (b) amount of notice to be given to participants to increase manager's charges, up to the maximum permitted level;
 - (c) any increase in the maximum permitted level of the manager's charges must be subject to approval by participants at an Extraordinary General Meeting or equivalent;
 - (d) amount of notice to be given to participants of any proposed change to the documents constituting the scheme including fiduciary custodian or trustee agreements and management agreements (such notice must allow a period of redemption notice to allow participants to redeem their holdings prior to the implementation of material changes);
 - (e) how the fiduciary custodian or trustee's remuneration is to be provided for, the level of the charge and whether it is to be paid out of the property of the scheme;
 - (f) description of all other costs and charges which are authorised to be borne by the investor or out of the property of the scheme (including establishment costs);
 - (g) description of the type and investment objectives including any geographical, market or sectoral emphasis, as well as the types of investments the property of the scheme is to be invested in;
 - (h) where the scheme is aimed at a particular category of investor, a statement of that fact;
 - (i) details of any special risks identified by the governing body which are inherent in the scheme's investment policy;
 - (j) classes of units to be issued and voting rights attached thereto;
 - (k) minimum initial subscription value for launch of the scheme;
 - (l) arrangements for the registration and transfer of title to units;

- (m) the powers and duties of the governing body, the manager and the fiduciary custodian or trustee, and arrangements for the appointment and removal thereof;
- (n) the accounting periods;
- (o) income distribution dates, if any;
- (p) dates and method of publication of reports and accounts;
- (q) how the property of the scheme will be valued, and the basis on which the offer and redemption prices will be calculated;
- (r) procedures for the issue and redemption of units;
- (s) circumstances, if any, in which redemption of units may be suspended;
- (t) restrictions or limits, if any, on investment powers;
- (u) hedging, gearing and borrowing powers, if any, and any limits or restrictions thereon;
- (v) provisions covering the convening and conduct of meetings including the service of notices and documents;
- (w) provision for winding up of the scheme; and
- (x) appointment, removal, remuneration and powers and duties of the auditor.

2 All matters contained in a scheme's constitutional documents should be set out in such a way that they are clear and not misleading to potential investors and investors to enable informed judgements regarding all aspects of the scheme to be made.

PART B - Offering documents

3 The offering document of a scheme must disclose all material information necessary for a potential investor to make informed judgements regarding all aspects of the scheme including the matters set out in paragraphs 4 to 18.

4 All matters contained in a scheme's offering document should be set out in such a way that they are clear and not misleading to potential and existing investors.

5 Information about the scheme's functionaries including -

- (1) for the scheme and the scheme's governing body-
 - (a) name;
 - (b) address of registered office (or equivalent) and head office if different;
 - (c) legal form;
 - (d) date and place of incorporation;

- (e) if the scheme is a company under the Companies Act 2006⁶, details of the company's registered agent as required under that Act;
 - (f) names and a brief biography of all members of the governing body and significant activities for those not connected to the manager or fiduciary custodian or trustee;
 - (g) in respect of member of the governing body who is a body corporate, if it is a subsidiary, the name and jurisdiction of incorporation of the ultimate holding company;
 - (h) issued and paid up share capital of any member of the governing body which is a body corporate;
- (2) for the scheme's sponsor, promoter, manager and trustee / fiduciary custodian –
- (a) name;
 - (b) address of registered office (or equivalent) and head office if different;
 - (c) legal form;
 - (d) date and place of incorporation;
 - (e) regulatory status;
 - (f) if a subsidiary, the name and jurisdiction of incorporation of the ultimate holding company;
 - (g) issued and paid up share capital;
 - (h) names of directors, trustees or general partners and significant activities for those not connected to the manager or fiduciary custodian or trustee;
 - (i) the extent to which the manager and fiduciary custodian are not independent of each other or the scheme;
- (3) for the investment adviser or asset manager –
- (a) name;
 - (b) address of registered office (or equivalent) and head office if different;
 - (c) the main terms of the agreement with the manager and/or scheme;
- (4) name and address of the registrar, auditor and legal adviser to the scheme and the address (if any) at which the register of investors can be viewed;
- (5) details of other appointed functionaries to the scheme including –

⁶ 2006 c.13

- (a) name and address; and
 - (b) nature of the function for which they are appointed; and
- (6) the main terms of the agreement between the functionary and –
 - (a) the manager;
 - (b) the governing body;
 - (c) the scheme.
- 6 Charges relating to the functionaries, including –
 - (a) amount of the manager's current and maximum permitted initial and periodic charges;
 - (b) details of how the fiduciary custodian or trustee's remuneration is to be provided for, the level of the charge and whether it is to be paid out of the property of the scheme; and
 - (c) description of all other costs and charges which are authorised to be borne by the investor or out of the property of the scheme (including establishment costs).
- 7 Details of the constitution of the scheme including –
 - (a) characteristics of the classes of units in the scheme, including voting rights attached thereto;
 - (b) provisions covering the convening and conduct of meetings including the service of notices and documents;
 - (c) the required period of notice to participants of any proposed change to the documents constituting the scheme, including fiduciary custodian or trustee agreements and management agreements, and the arrangements for participants wishing to redeem their holdings prior to the implementation of material changes;
 - (d) the amount of notice to be given to participants to increase the manager's charges, up to the maximum permitted level;
 - (e) the fact that any increase in the maximum permitted level of the manager's charges must be subject to approval by participants at an Extraordinary General Meeting or equivalent;
 - (f) arrangements for the registration and transfer of title to units in the scheme;
 - (g) details of the procedure for winding up of the scheme; and
 - (h) the address at which the documents constituting the scheme may be inspected.

- 8 Full details of the investment objectives of the scheme including full particulars of the scheme's investment policy including limits and restrictions on investment, hedging, gearing and borrowing powers.
- 9 Details of how the property of the scheme will be valued, the basis on which the offer and redemption prices will be calculated and arrangements for dealing in the scheme including –
 - (a) when, where and how the valuation, pricing and dealing in the units of the scheme will take place;
 - (b) the procedures for receiving instructions for the issue and redemption of units or shares in the scheme;
 - (c) any procedures relating to suspension of dealing in the scheme including the circumstances in which suspension may be permitted;
 - (d) the minimum net asset value for launch of the scheme;
 - (e) accounting periods, distribution of income and publication of reports; and
 - (f) the address from which copies of the scheme's latest reports and accounts and offering documents document may be obtained.
- 10 Details of custodial arrangements for the scheme including the extent to which any underlying investments, including any assets held within special purpose vehicles, are not held or controlled by the fiduciary custodian or trustee.
- 11 Details of the minimum initial subscription level in the scheme which has been jointly determined by the scheme's governing body and manager and a statement that the scheme will only accept initial subscriptions equal to or exceeding that minimum level.
- 12 Details of the marketing of the scheme including –
 - (a) a statement of how the scheme is intended to be marketed; and
 - (b) where the scheme attaches special risks identified by the governing body or is aimed at a particular category of investor this should be clearly addressed in the marketing statement and the scheme should be marketed in a way that aims to reduce the risk of investment by private or non-professional investors for whom the scheme may not be appropriate.
- 13 Performance figures including -
 - (a) presentation of the historical performance of the scheme together with –
 - (i) a warning that this is not an indicator of future performance;
 - (ii) disclosure of the scheme's past performance, as presented graphically showing annual returns for the last 10 full consecutive years. (Where the scheme has been in existence for fewer than 10 years but at least

for a period of 1 year, the annual returns, calculated net of tax and charges, should be given for as many years as are available); and

- (iii) where a scheme is managed according to a benchmark or if its cost structure includes a performance fee depending on a benchmark, the information on the past performance of the scheme should include a comparison with the past performance of the benchmark according to which the scheme is managed or the performance fee is calculated;
- (iv) disclosure of the cumulative performance of the scheme over the 10 year period referred to in sub-paragraph (a)(ii). A comparison should also be made with the cumulative performance (where relevant) of a benchmark, when comparison to a benchmark is required in accordance with sub-paragraph (a)(iii). (Where the scheme has been in existence for fewer than 10 years but at least for a period of 1 year, disclosure of the past cumulative performance should be made for as many years as are available).

- (b) a statement should be made that historic performance of the scheme does not include the effect of subscription and redemption fees (if such fees are applied).

14 Disclosure of all particular risk factors which may be reasonably associated with investment in the scheme and any other material information which at the date of the offering document is known to the manager or governing body, or which the manager or governing body could have obtained by making reasonable enquiries, which would be relevant for the making of an informed investment decision.

15 The risk factors in paragraph 14 may include, but are not limited to, any or all of the following factors –

- (a) a clear and unambiguous explanation of any special risk arising from particular investment policies or strategies or associated with specific markets or assets relevant to the scheme which may include –
 - (i) the risk that the entire market of an asset class will decline thus affecting the prices and values of the assets (market risk);
 - (ii) the risk that an issuer or a counterparty will default (credit risk);
 - (iii) (only where strictly relevant) the risk that a settlement in a transfer system does not take place as expected because a counterparty does not pay or deliver on time or as expected (settlement risk);
 - (iv) the risk that a position cannot be liquidated in a timely manner at a reasonable price (liquidity risk);
 - (v) the risk that the investment's value will be affected by changes in exchange rates (exchange or currency risk);

- (vi) (only where strictly relevant) the risk of loss of assets held in custody that could result from the insolvency, negligence or fraudulent action of the custodian or of a sub-custodian (custody risk); and
 - (vii) risks related to a concentration of assets or markets;
- (b) a clear and unambiguous explanation of any other risk factors which may include –
- (i) performance risk, including the variability of risk levels depending on individual fund selections, and the existence, absence of, or restrictions on any guarantees given by third parties;
 - (ii) risks to capital, including potential risk of erosion resulting from withdrawals/cancellations of units and distributions in excess of investment returns;
 - (iii) exposure to the performance of the provider/third-party guarantor, where investment in the product involves direct investment in the provider, rather than assets held by the provider;
 - (iv) inflexibility, both within the product (including early surrender risk) and constraints on switching to other providers;
 - (v) inflation risk; and
 - (vi) lack of certainty that environmental factors, such as a tax regime, will persist.

16 In order to avoid conveying a misleading image of the relevant risks, the information required in paragraph 14 should be presented in priority order, based on scale and materiality of the risks, so as to better highlight the individual risk profile of the scheme.

17 Additional information including –

- (a) economic information about the scheme including -
 - (i) the scheme's applicable tax regime; and
 - (ii) a statement that the taxation of income or capital gains received by individual investors depends on the tax law applicable to the personal situation of each individual investor and/or to the place where the capital is invested, and that if investors are unclear as to their tax position, they should seek professional advice or information from specialist organisations, where available;
- (b) where a scheme is intended to be limited to a particular category of investor, due to its sophisticated investment policy or risk profile (such as professional or institutional investors), this must be clearly disclosed.

18 Regulatory statements

The following regulatory statements must be prominently displayed in bold type –

- (a) "[This scheme] is a full international scheme which is not subject to any form of authorisation in the Isle of Man."
- (b) "The manager of the scheme is an Authorised Person for the purposes of the Collective Investment Schemes Act 2008. The manager's appointment to this scheme has been approved by the Isle of Man Financial Supervision Commission.

In granting permission for the manager to manage [the scheme], the Financial Supervision Commission has reviewed the constitutional documents and offering documents of the scheme, and has been satisfied on the basis of the Commission's vetting process that the members of its governing body are fit and proper persons to act as such.

The Commission has not, however, commented on, nor is it required to comment on, the investment objectives or strategy of the scheme, its suitability for any investor or class of investor or the accuracy of statements made or opinions expressed about it. The scheme is not subject to the benefit of any compensation arrangements.

The [trustee/fiduciary custodian] is [an Authorised Person for the purposes of the Collective Investment Schemes Act 2008 / licensed to act as trustee / fiduciary custodian in [jurisdiction]]"

- (c) "Requirements which may be deemed necessary to protect retail investors do not apply to full international schemes. By investing in this fund you accept the reduced requirements, or absence of requirements, accordingly."
- (d) "If you are unclear about the contents of this offering document you should consult a professional financial adviser."
- (e) "The value of units and the income produced by them can fall as well as rise. You are wholly responsible for ensuring that this scheme is acceptable to you. Investment in full international schemes may involve special risks that could lead to a loss of all or a substantial portion of the investment. Unless you fully understand and accept the nature of this scheme and the potential risks inherent in this scheme you should not invest in this scheme."
- (f) "If you are investing on behalf of someone else, the Commission expects you to be satisfied that person understands the risks associated with this type of investment.

If you are a life assurance company investing assets within your long-term business scheme, the Commission expects that relevant policyholders have

had the opportunity to read the scheme's offering document and as such to have information about risks associated with an investment in this scheme."

Application form

19 Where the scheme is not aimed at a particular category of investor, the following certifications must be contained in the scheme's application form –

"Section 1 Certification – This certification is to be completed by all applicants. The investor confirmations (a) to (c) apply to all applicants. The investor confirmation (d) applies to all applicants except those who are signing a Section 2 certification.

"I/we confirm that —

- (a) I am/we are sufficiently experienced to understand the features and risks associated with an unauthorised and unapproved fund of this type; and
- (b) I/we have read and fully understood the offering document, including in particular the information on the risks associated with the fund (contained on pages [X – X] of the offering document), before deciding to invest in the fund; and
- (c) I/we confirm that, where appropriate, I/we have taken independent advice on the suitability of this investment within my/our overall investment portfolio; and
- (d) I/we personally accept all the risks associated with this investment and particularly that my/our investment in the [name of fund] involves risks that could result in a loss of a significant proportion or all of the sum invested.

[Signed] [Dated]"

Section 2 Certification –

(1) The following certification is to be completed by any investor who is investing on behalf of another person.

"I/We confirm that I am/we are investing in the [name of fund] on behalf of another person/ other persons and have Section 1 certification(s) signed by each such person to show that they understand and accepts the risks associated with this type of investment.

[Signed] [Dated]"

(2) The following certification is to be completed by an investor who is a life assurance company investing assets comprised within its long term business fund where the [XYZ fund] has been selected by the policyholder of a particular policy as the basis for determining the benefit of that policy (as appropriate).

“We confirm that we are investing assets comprised within our long term business fund and—

- (a) we have procedures and controls in place to obtain client declarations from our policyholders which include confirmation from the policy holder to the effect that —
 - (i) the policyholder has the opportunity to read the offering documents for funds of this nature, where they wish to do so, and as such has information about and accepts the levels of risks associated with this type of investment; and
 - (ii) the policyholder, where necessary, meets the minimum criteria of a class of investor in a fund of this nature;
- (b) we confirm no investment in this type of fund is made without a client declaration being obtained from relevant policyholders.

[Signed] [Dated]”

20 Where the scheme is aimed at a particular category of investor, the following certifications must be contained in the scheme’s application form –

“Section 1 Certification – This certification is to be completed by all applicants. The investor confirmations (a) to (d) apply to all applicants. The investor confirmation (e) applies to all applicants except those who are signing a Section 2 certification.

“I/we confirm that —

- (a) I am/we are sufficiently experienced to understand the features and risks associated with an unauthorised and unapproved fund of this type; and
- (b) I/we have read and fully understood the offering document, including in particular the information on the risks associated with the fund (contained on pages [X – X] of the offering document), before deciding to invest in the fund; and
- (c) I/we confirm that, where appropriate, I/we have taken independent advice on the suitability of this investment within my/our overall investment portfolio;
- (d) I am/we are a [category of investor] as defined on page [] of the offering document of [name of fund] dated []; and
- (e) I/we personally accept all the risks associated with this investment and particularly that my/our investment in the [name of fund] involves risks that could result in a loss of a significant proportion or all of the sum invested.

[Signed] [Dated]”.

Section 2 Certification –

- (1) The following certification is to be completed by any investor who is investing on behalf of another person.

“I/We confirm that I am/we are investing in the [name of fund] on behalf of another person/ other persons and have Section 1 certification(s) signed by each such person to show that they understand and accepts the risks associated with this type of investment.

[Signed] [Dated]”

- (2) The following certification is to be completed by an investor who is a life assurance company investing assets comprised within its long term business fund where the [XYZ fund] has been selected by the policyholder of a particular policy as the basis for determining the benefit of that policy (as appropriate).

“We confirm that we are investing assets comprised within our long term business fund and—

- (a) we have procedures and controls in place to obtain client declarations from our policyholders which include confirmation from the policy holder to the effect that —
 - (i) the policyholder has the opportunity to read the offering documents for funds of this nature, where they wish to do so, and as such has information about and accepts the levels of risks associated with this type of investment; and
 - (ii) the policyholder, where necessary, meets the minimum criteria of a class of investor in a fund of this nature;
- (b) we confirm no investment in this type of fund is made without a client declaration being obtained from relevant policyholders.

[Signed] [Dated]””

SCHEDULE 2

Application for approval to act, or to continue to act, as manager to a full international scheme

Notes

- A manager of a full international scheme must be an authorised person. If you are not already licensed by the Commission to conduct business of this type, you will need to apply for a licence.
- Answers should be written in ink in BLOCK CAPITALS or typed.
- If more space is needed the answers should be written on a separate sheet of paper with the heading, "continuation of answer to question.....section....."

Completed forms together with any supporting material (including the materials specified in section D of Part B of this application) should be returned to:

Financial Supervision Commission
PO Box 58
Finch Hill House
Bucks Road
DOUGLAS
Isle of Man IM99 1DT

The application for approval to act, or to continue to act, as the manager of a full international scheme must be submitted to the Commission not less than -

- 3 months before the launch of the scheme or
- 1 month before a change to the scheme takes effect or
- 3 months before it is proposed a new manager is appointed to an existing full international scheme.

Where consent has been given by the Commission, copies of the final executed documents set out in paragraphs 38 to 42, 44 and 45 must be sent to the Commission within 20 working days.

Where the information in the Part B notification has changed, a revised Part B notification must also be submitted with all changes from the previous notification clearly indicated.

Please note - under section 18 of the Collective Investment Schemes Act 2008, a person commits an offence if, for the purposes of or in connection with, any application under the Act, he furnishes information which he knows to be false or misleading in a material particular or recklessly furnishes information which is false or misleading in a material particular.

Regulation 7(2)

Part A Responsibility statement by the full international scheme’s governing body

To the Isle of Man Financial Supervision Commission

Name of scheme _____ (“the scheme”)

1. We confirm that the scheme’s draft offering document dated _____ complies with the Collective Investment Schemes (Full International Scheme) Regulations 2010 and accurately sets out all material information necessary to enable prospective investors to make an informed investment decision. We jointly and severally accept responsibility for the offering document.
2. We acknowledge that it is the responsibility of the governing body to ensure that –
 - a. no offering document is issued to investors or potential investors unless, at the date it is issued to such persons, it is up to date in respect of any material changes to the scheme or its circumstances;
 - b. the manager and investors in the scheme are informed in a timely manner of all material changes to the scheme;
 - c. the scheme is and continues to be managed and operated in accordance with the scheme’s constitutional documents and offering document;
 - d. each person named in the offering document as being responsible for a function has consented to the inclusion of its name and to the description of the function.

Signed for and on behalf of the scheme’s governing body.

_____ Signed	_____ Date	_____ Signed	_____ Date
_____ Name		_____ Name	
_____ Position		_____ Position	

Regulations 9, 10 and 11

PART B –

This application for approval relates to -

A new scheme/ Changes to a scheme/ Appointment of a new manager to a scheme

Date submitted _____ **Year end date** _____

Full name of scheme _____ (“the scheme”)

NB If this application for approval relates to changes to the scheme or to the appointment of a new manager, clearly indicate changes from previous version(s).

A	Standing information			
1	<p>Legal structure of the full international scheme <i>(delete as appropriate)</i></p> <table border="0" style="width: 100%;"> <tr> <td style="width: 33%; vertical-align: top;"> <p>i) Company</p> <p>Company number _____</p> </td> <td style="width: 33%; vertical-align: top;"> <p>ii) Trust</p> </td> <td style="width: 33%; vertical-align: top;"> <p>iii) Limited Partnership</p> </td> </tr> </table> <p>Registered office _____</p> <p>_____</p> <p>Place of business _____</p> <p>_____</p> <p>For schemes which are companies under the Companies Act 2006</p> <p>Name of the registered agent _____</p> <p>The registered agent must hold a Financial Services Licence permitting class 4 regulated activities.</p>	<p>i) Company</p> <p>Company number _____</p>	<p>ii) Trust</p>	<p>iii) Limited Partnership</p>
<p>i) Company</p> <p>Company number _____</p>	<p>ii) Trust</p>	<p>iii) Limited Partnership</p>		
2	<p>Membership of the governing body of the full international scheme</p> <p>A personal questionnaire and banker’s questionnaire must be submitted for –</p> <ul style="list-style-type: none"> • each member of the governing body of a new full international scheme; • each director of a body corporate which is itself a member of the governing body of a new full international scheme; and • where a proposed change to a scheme includes the appointment of a new member to the scheme’s governing body, that person. <table border="0" style="width: 100%;"> <tr> <td style="width: 50%; vertical-align: top;"> <p>i) Name _____</p> <p>Address _____</p> <p>_____</p> <p>_____</p> <p>Date of birth _____</p> <p>Is this person an independent non executive member? <i>Yes/No</i></p> <p>Isle of Man resident? <i>Yes/No</i></p> <p>Relevant qualifications and experience</p> <p>_____</p> <p>_____</p> <p>_____</p> </td> <td style="width: 50%; vertical-align: top;"> <p>ii) Name _____</p> <p>Address _____</p> <p>_____</p> <p>_____</p> <p>Date of birth _____</p> <p>Is this person an independent non executive member? <i>Yes/No</i></p> <p>Isle of Man resident? <i>Yes/No</i></p> <p>Relevant qualifications and experience</p> <p>_____</p> <p>_____</p> <p>_____</p> </td> </tr> </table>	<p>i) Name _____</p> <p>Address _____</p> <p>_____</p> <p>_____</p> <p>Date of birth _____</p> <p>Is this person an independent non executive member? <i>Yes/No</i></p> <p>Isle of Man resident? <i>Yes/No</i></p> <p>Relevant qualifications and experience</p> <p>_____</p> <p>_____</p> <p>_____</p>	<p>ii) Name _____</p> <p>Address _____</p> <p>_____</p> <p>_____</p> <p>Date of birth _____</p> <p>Is this person an independent non executive member? <i>Yes/No</i></p> <p>Isle of Man resident? <i>Yes/No</i></p> <p>Relevant qualifications and experience</p> <p>_____</p> <p>_____</p> <p>_____</p>	
<p>i) Name _____</p> <p>Address _____</p> <p>_____</p> <p>_____</p> <p>Date of birth _____</p> <p>Is this person an independent non executive member? <i>Yes/No</i></p> <p>Isle of Man resident? <i>Yes/No</i></p> <p>Relevant qualifications and experience</p> <p>_____</p> <p>_____</p> <p>_____</p>	<p>ii) Name _____</p> <p>Address _____</p> <p>_____</p> <p>_____</p> <p>Date of birth _____</p> <p>Is this person an independent non executive member? <i>Yes/No</i></p> <p>Isle of Man resident? <i>Yes/No</i></p> <p>Relevant qualifications and experience</p> <p>_____</p> <p>_____</p> <p>_____</p>			

<p>iii) Name _____ Address _____ _____ _____ Date of birth _____ Is this person an independent non executive member? <i>Yes/No</i> Isle of Man resident? <i>Yes/No</i> Relevant qualifications and experience _____ _____ _____</p>	<p>iv) Name _____ Address _____ _____ _____ Date of birth _____ Is this person an independent non executive member? <i>Yes/No</i> Isle of Man resident? <i>Yes/No</i> Relevant qualifications and experience _____ _____ _____</p>
<p>3 <u>Manager of the full international scheme</u> (must be the holder of a Financial Services Licence permitting class 3(1) regulated activities) Name _____ Address _____ _____</p>	
<p>4 <u>Fiduciary custodian or trustee of the scheme</u> Name _____ Address _____ _____</p> <p>Regulated by _____ Class of Licence _____ Reference no. _____</p>	
<p>5 <u>Asset management / investment advisory arrangements</u> Please describe the scheme's asset management/advisory arrangements including – (i) the main details of the agreement or arrangement between the manager and the investment adviser/ asset manager (ii) the name(s) and address(es) of each of the parties involved; and (iii) the name of the regulator and licence category/reference number of each of the regulated entities involved (as appropriate). _____ _____ _____ _____ _____ _____ _____ Name _____ Address _____ Regulated by _____ Class of Licence _____ Reference no. _____</p>	

6	<u>Promoter/Sponsor</u> Name _____ Address _____ _____ Regulated by _____ Class of Licence _____ Reference no. _____	
7	<u>Registrar</u> Name _____ Address _____ _____	
8	<u>Appropriate auditor</u> Name _____ Address _____ _____	Accountancy body of which the appropriate auditor is a member or a member firm _____ _____
9	<u>Conflicts of interest</u> - Please attach details of any interrelationships between the parties in 1 to 8 above which could result in perceived or actual conflicts of interest. This should include any fact, arrangement, relationship or circumstance which compromises, or could compromise, the requirement that the fiduciary custodian or trustee and manager must be independent of each other.	
B	<i>Details of the Scheme</i>	
10	<u>Name of the scheme</u> _____ The name of the scheme must not be undesirable. Explain the reason for the name chosen where it is not clear from the name of the manager, fiduciary custodian or trustee, sponsor / promoter, asset manager or the investment objective. _____ _____ _____	
11	<u>Type of scheme</u> _____ _____	
12	<u>Novel features of the scheme, if any</u> _____ _____ _____	

19	<u>Minimum scheme NAV threshold for launch</u> _____
20	<u>Frequency of dealing days</u> _____
21	<u>Frequency of valuations</u> _____
22	<u>Duration of the scheme if it is limited</u> _____
23	<u>Intended initial level of the manager's charges in respect of the scheme</u> (i) Initial charges _____ (ii) Periodic charges _____
24	<u>Maximum level of the manager's charges permitted by the scheme's constitutional documents</u> (i) Initial charges _____ (ii) Periodic charges _____
25	<u>Details of any power to vary the manager's charge</u> _____ _____
26	<u>Intended initial level of all the fiduciary custodian or trustee's charges and the basis on which the charges are to be calculated.</u> Indicate whether the charges are to be paid by the manager or out of the property of the scheme. _____ _____ _____
27	<u>Maximum level of the fiduciary custodian or trustee's charges permitted by the constitutional documents</u> _____ _____
28	<u>Details of any power to vary the fiduciary custodian or trustee's charges</u> _____ _____
29	<u>Details of any other charges and the basis on which the charges are to be calculated</u> Indicate whether the charges are to be paid by the manager or out of the property of the scheme. _____ _____ _____

30	<u>Maximum level of other charges permitted by the constitutional documents</u> _____ _____	
31	<u>Details of any power to vary such charges</u> _____ _____	
32	<u>Address where the register of participants is to be kept</u> _____ _____	
33	<u>Can investors redeem their holdings prior to any material changes (to their rights or to fees, etc) being implemented?</u>	YES/NO*
34	<u>Will assets be held in subsidiaries? (If yes attach brief details of the structure)</u>	YES*/NO
35	<u>Distribution channels</u> - Please detail how the scheme will be distributed. _____ _____ _____	
36	<u>Is the scheme listed/ intended to be listed on a stock exchange?</u> <i>If yes please attach details</i>	YES*/NO
C	<i>Offering document and application form</i>	
37	Does the draft offering document and application form contain the matters required by Part B of Schedule 1 to these Regulations?	YES/NO*
D	<i>Material to be provided with the application for consent</i> <i>(NB In relation to changes - where a document previously submitted (under 38 to 48) has not changed, it need not be resubmitted. In this case please indicate on the application that they are the same as previously submitted. Where a document has changed, it should be submitted with the changes clearly marked).</i>	
38	A copy of the scheme's <ul style="list-style-type: none"> • memorandum and articles of association, and certificate of incorporation. • trust deed • partnership agreement 	
39	A copy of any investment management/investment adviser agreement or other document under which investment management/advice is carried out (including schedule of fees)	
40	A copy of the fiduciary custodian agreement between the fiduciary custodian, the manager and the company	

41	A copy of the management agreement between the manager, the fiduciary custodian and the company
42	A copy of any other material agreements
43	In respect of an existing scheme, a copy of the latest annual report and any subsequent half-yearly report
44	A copy of any prospectus
45	Draft offering document and application form
46	In respect of a fund which is to be launched - A plan for the scheme covering 3 years or such longer period as, in the opinion of the manager, will be necessary to enable the scheme to become of a viable size. In particular, the following details should be given: (a) in respect of a new scheme, its proposed launch date; (b) how the units will be sold and to whom; (c) the countries in which it is proposed that the units shall be marketed; (d) any intended insurance link; (e) the initial price of the units; and (f) any minimum transaction size, both initially and subsequently if different
47	In respect of an existing scheme – details of any material changes to the material previously provided under 46
48	Completed personal questionnaires and bankers questionnaires for all members of the governing body of the scheme. <i>(In relation to changes - where it is proposed that a new member is appointed to the scheme's governing body that person must complete and submit a personal questionnaire and bankers questionnaire)</i>

* If the answer to questions 33 or 37 is no or the answer to questions 34 or 36 is yes please provide further details.

MANAGER'S DECLARATION

We acknowledge that the manager must notify the Commission of any other information which is material to their application for approval to act, or continue to act, as manager of the scheme, and must notify the Commission immediately of any material changes in the information provided in this application.

We declare that the information supplied in this Part B is complete and correct to the best of our knowledge at the time of this application for approval to act or continue to act as manager of the scheme.

For and on behalf of the Manager –

_____	_____	_____	_____
Signed	Date	Signed	Date
_____		_____	
Name		Name	
_____		_____	
Position		Position	
_____		_____	
Company		Company	

DRAFT - APPENDIX A

Regulation 7(1)(h) and 13(2)(g)

SCHEDULE 3

Annual compliance declaration

To be submitted within 2 months of the first anniversary of the launch of the scheme and within 2 months of the scheme's financial year-end thereafter.

To the Isle of Man Financial Supervision Commission

Name of scheme _____ ("the scheme")

For the period from: _____ to: _____

The period covered by this declaration must correspond with the scheme's financial year.

Part 1 - Governing Body Declaration

We confirm that at all times during the period covered by this declaration —

1. the scheme has complied with the requirements of the Collective Investment Schemes Act 2008 and the Collective Investment Schemes (Full International Scheme) Regulations 2010;
2. the scheme has been managed and operated in accordance with the scheme's constitutional documents and offering document;
3. no offering document was issued to investors or potential investors unless, at the date it was issued to such persons, it accurately set out all material information to enable an informed investment decision to be made by investors and was up to date in respect of any material changes to the scheme or its circumstances since launch; and
4. the manager and investors in the scheme have been informed in a timely manner of all material changes to the scheme.

Any areas of non-compliance, and any other information that we consider should be brought to the Commission's attention in relation to the operation of the scheme, have been detailed on a separate sheet (*such sheet must be attached to this notification*).

Signed for and on behalf of the scheme's governing body.

_____ Signed	_____ Date	_____ Signed	_____ Date
_____ Name		_____ Name	
_____ Position		_____ Position	

Part 2 – Manager’s Declaration

We confirm that at all times during the period covered by this declaration —

1. we were and are not aware of any matters that lead us to believe that the scheme has not complied with the requirements of the Collective Investment Schemes Act 2008 and the Collective Investment Schemes (Full International Scheme) Regulations 2010;
2. the scheme has been managed and operated in accordance with the scheme’s constitutional documents and offering document; and
3. we are not aware of any matters that lead us to believe that the scheme’s offering document did not accurately set out all material information to enable an informed investment decision to be made by investors or potential investors.

Any areas of non-compliance, and any other information that we consider should be brought to the Commission’s attention in relation to the operation of the scheme, have been detailed on a separate sheet (*such sheet must be attached to this notification*).

Signed for and on behalf of the scheme’s manager.

_____	_____	_____	_____
Signed	Date	Signed	Date
_____	_____	_____	_____
Name		Name	
_____	_____	_____	_____
Position		Position	
_____	_____	_____	_____
Company		Company	

Regulation 12(2)(h)

SCHEDULE 4

Statistical information

The following information must be prepared as at the end of each calendar quarter and supplied to the Commission within 15 working days of the end of that calendar quarter*

1. Name of scheme:
2. Type of scheme:
3. Domicile of scheme:
4. Asset category of scheme:
5. Legal constitution of scheme (e.g. OEIC, Unit Trust):
6. Total assets of scheme (before deducting liabilities) (US\$'000):
7. Net asset value of scheme (US\$'000):
8. Date of valuation:
9. Total value of subscriptions (US\$'000) for the quarter:
10. Total value of redemptions (US\$'000) for the quarter:
11. Number of unit holders:
12. Approximate % distribution of unit holders (IOM/UK/Other EC/Rest of the world):

** N.B If there has been any material alteration to the constitutional documents and/or offering document of the scheme a notification in the form set out in Schedule 2 Part B must also be submitted.*

Regulation 14(2)(b)

SCHEDULE 5

Fiduciary custodians and trustees

1. The jurisdictions, outside the Isle of Man, in which the fiduciary custodian or trustee of a scheme be may situated are as follows –
 - (a) Guernsey;
 - (b) Ireland;
 - (c) Jersey;
 - (c) Luxembourg;
 - (e) United Kingdom.

2. A fiduciary custodian or trustee which is in a jurisdiction set out in paragraph 1, can not be appointed unless it holds a licence to act as fiduciary custodian or trustee to schemes of this type in that jurisdiction.

DRAFT - APPENDIX A

EXPLANATORY NOTE

(This note is not part of these Regulations)

These Regulations set out the requirements for full international schemes, and should be read together with the Collective Investment Schemes Act 2008 and Schedule 2 of that Act.

DRAFT - APPENDIX A