

Chapter 15

Long-term asset funds

15.4 Prospectus and other pre-sale notifications

Application

15.4.1 **R** This section applies to:

- (1) the *authorised fund manager* of an *AUT*, *ACS* or an *ICVC*; and
- (2) an *ICVC*,
which is a *long-term asset fund*.

Drawing up and availability of a prospectus

- 15.4.2 **R**
- (1) An *authorised fund manager* must ensure that a *prospectus* of a *long-term asset fund* is drawn up which contains:
 - (a) the information specified in ■ COLL 15.4.5R (Table: contents of long-term asset fund prospectus);
 - (b) the information for investors required by ■ FUND 3.2.2R and ■ FUND 3.2.3R (Prior disclosure of information to investors); and
 - (c) the information for investors required by ■ 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.
 - (2) An *authorised fund manager* must:
 - (a) revise the *prospectus* immediately upon the occurrence of any materially significant change in the information required to be stated within it;
 - (b) include the date of any revision in a prominent manner in the revised *prospectus*;
 - (c) send a copy of the original and any revised *prospectus* to the *FCA*; and
 - (d) review the *prospectus* periodically and revise it to take account of any significant change or new matter.
 - (3) The *prospectus* must not contain any provision which is unfairly prejudicial to the interests of *unitholders* generally or to the *unitholders* of any *class of units*.
 - (4) The *authorised fund manager* must ensure that the *prospectus* does not contain any provision that conflicts with any applicable *rule*.

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(5) An *ICVC* or the *authorised fund manager* of an *AUT* or *ACS* must offer a copy of the *scheme's* most recent *prospectus* free of charge to any *person* eligible to invest in a *long-term asset fund*, prior to the purchase of any *units*.

(1) The information specified in ■ COLL 15.4.5R (Table: contents of long-term asset fund prospectus) includes the provisions specified in ■ FUND 3.2.2R(1) to ■ 3.2.2R(12) and ■ 3.2.2R(16), as well as certain additional pieces of information. A 'Note' indicates whether the information is derived from ■ FUND 3.2.2R.

(2) The *authorised fund manager* of an *LTAf* will also need to comply with ■ FUND 3.2.2R by providing investors with the information specified in ■ FUND 3.2.2R(13) to ■ 3.2.2R(15) and ■ 3.2.2R(17).

False or misleading prospectus

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The *authorised fund manager* must ensure that the *prospectus* does not contain any untrue or misleading statement or omit any matter required by the *rules* in this sourcebook to be included in it.

Table: contents of a long-term asset fund prospectus

15.4.5

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This table belongs to ■ COLL 15.4.2R.

<p>1 Document status</p> <p>A statement that this document 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>.</p>
<p>2 Description of the authorised fund</p> <p>Information detailing:</p> <ul style="list-style-type: none"> (1) the name of the <i>authorised fund</i>; (2) its <i>FCA</i> product reference number (PRN); (3) that the <i>authorised fund</i> is either an <i>ICVC</i>, <i>ACS</i> or an <i>AUT</i>; (4) that the <i>scheme</i> is a <i>long-term asset fund</i>; (5) where relevant, that the <i>shareholders</i> in an <i>ICVC</i> are not liable for the debts of the <i>authorised fund</i>; (6) where relevant, the address of the <i>ICVC's</i> head office and the address in the <i>United Kingdom</i> for service on the <i>ICVC</i> of documents required or authorised to be served on it; (7) the effective date of the <i>authorisation order</i> made by the <i>FCA</i> and, if the duration of the <i>authorised fund</i> is not unlimited, when it will or may terminate; (8) the <i>base currency</i> for the <i>authorised fund</i>; (9) where relevant, the maximum and minimum sizes of the <i>ICVC's</i> capital; (10) for an <i>ACS</i> that is a <i>limited partnership scheme</i>, the address of the proposed principal place of business of the <i>limited partnership scheme</i>; and

- (11) a description of the other main legal implications of the contractual relationship entered into for the purpose of investment, including information on jurisdiction, the applicable law and the existence or absence of any legal instruments providing for the recognition and enforcement of judgments.

[Note: FUND 3.2.2R(3).]

3 Investment objectives, policy and strategy

The following particulars, which must be set out fairly, clearly and in plain language:

- (1) Information to enable a *unitholder* to ascertain:
- (a) the investment objectives of the *authorised fund*;
 - (b) the *authorised fund's* investment policy for achieving those investment objectives, including:
 - (i) the general nature of the portfolio and any intended specialisation;
 - (ii) the policy for providing a prudent spread of risk in the *scheme property*; and
 - (iii) the policy in relation to the exercise of powers to borrow cash and use leverage, including:
 - (A) the purposes for which cash borrowing and leverage may be used;
 - (B) the nature of the cash borrowing, including whether it is short- or long-term, temporary or otherwise;
 - (C) the types and sources of leverage permitted and the associated risks;
 - (D) any restrictions on the use of leverage and any *collateral* and asset reuse arrangements;
 - (E) the maximum level of leverage which the *authorised fund manager* is entitled to employ on behalf of the *LTAf*;
 - (F) an explanation of how and why that is compatible with the objectives of the *LTAf*;
 - (c) whether there are any restrictions in the assets which may be held in the *scheme property*; and
 - (d) the extent (if any) to which that investment policy does not envisage remaining fully invested at all times.
- (2) A description of the investment strategy of the *long-term asset fund* which must comply with COLL 15.6.6R (Long-term asset funds: investment strategy).

[Note: FUND 3.2.2R(1)(a), FUND 3.2.2R(1)(f) and FUND 3.2.2R(1)(g) to 3.2.2R(1)(j).]

4 Feeder LTAFs

If the *LTAf* is a *feeder LTAf*:

- (1) the name and (where applicable) the *FCA* product reference number (PRN) of the *qualifying master LTAf*;
- (2) the country or territory where the *qualifying master LTAf* is established; and
- (3) the following details of the *qualifying master LTAf*:

- (a) its investment objective, policy and strategy, including its risk profile;
- (b) the minimum and (if relevant) maximum investment that the *feeder LTAF* may make in it;
- (c) how copies of its *prospectus* may be obtained;
- (d) how the *unitholders* of the *feeder LTAF* may obtain further information about it; and
- (e) a description of all *remuneration* or reimbursement of costs payable by the *feeder LTAF* by virtue of its investment in *units* of the *qualifying master LTAF*, as well as the aggregate charges of the two *schemes*.

[Note: FUND 3.2.2R(1)(b).]

5 Fund of funds

If the *LTAF* is a *fund of funds*, information on where the underlying *funds* are established.

[Note: FUND 3.2.2R(1)(c).]

6 Assets in which the LTAF may invest

A description of the types of assets in which the *LTAF* may invest, including, where relevant:

- (1) for investment in immovables:
 - (a) the countries or territories in which the *authorised fund* may invest in immovables;
 - (b) the *authorised fund manager's* policy in relation to insuring any immovables which form part of the *scheme property*; and
 - (c) the policy of the *authorised fund manager* in relation to the granting of options over immovables in the *scheme property* and the purchase of options on immovables.
- (2) if intended, whether the *scheme property* may consist of *units* in *collective investment schemes* ("*second schemes*") which are managed by or operated by the *authorised fund manager* or by one of its *associates* and a statement as to:
 - (a) the basis of the maximum amount of the charges in respect of transactions in a *second scheme*; and
 - (b) the extent to which any such charges will be reimbursed to the *scheme*;
- (3) if intended, whether the *scheme* may enter into *stock lending* arrangements and *repo* contracts and, if so, what procedures will operate and what *collateral* will be required.

[Note: FUND 3.2.2R(1)(d).]

7 Investment techniques and associated risks

At least the following information, which must be set out fairly, clearly and in plain language, about the investment techniques that the *authorised fund manager* may employ and all associated risks, including:

- (1) having regard to the investment strategy of the *long-term asset fund* and the type of assets in which the *scheme* may invest, an explanation of the risks associated with the *scheme* investing in those assets and how those risks might crystallise;
- (2) any other risks for *unitholders* investing in the *long-term asset fund*;

- (3) a description of the tools and arrangements the *authorised fund manager* would propose using, including those required by *rules*, to mitigate the risks referred to in (1) and (2); and
- (4) an explanation of the circumstances in which those tools and arrangements would typically be deployed and the likely consequences for investors.

[Note: FUND 3.2.2R(1)(e).]

8 Procedures to change of strategy or policy

A description of the procedures by which the *authorised fund manager* of the *LTAf* may change its investment objective and policy or its investment strategy, or both.

[Note: FUND 3.2.2R(2).]

9 Classes of units

Information as to:

- (1) the names of the *classes* of *units* in *issue* or available for issue and the rights attached to them in so far as they vary from the rights attached to other *classes*;
- (2) how *unitholders* may exercise their voting rights and what these are; and
- (3) the circumstances where a mandatory *redemption*, *cancellation* or conversion of *units* from one *class* to another may be required.

[Note: FUND 3.2.2R(3), (8), (9), (11) and (12).]

10 Identity and duties of the authorised fund manager, depositary, auditor and other service providers, and investors' rights

- (1) The following particulars of the *authorised fund manager*:
 - (a) its name and the nature of its corporate form;
 - (b) the country or territory of its incorporation;
 - (c) the date of its incorporation and if the duration of its corporate status is limited, when that status will or may cease;
 - (d) if it is a *subsidiary*, the name of its ultimate *holding company* and the country or territory in which that *holding company* is incorporated;
 - (e) the address of its registered office, its head office, and, if different, the address of its principal place of business in the *United Kingdom*;
 - (f) the amount of its issued share capital and how much of it is paid up;
 - (g) for an *ICVC*, a summary of the material provisions of the contract between the *ICVC* and the *authorised fund manager* which may be relevant to *unitholders* including provisions (if any) relating to termination, compensation on termination and indemnity;
 - (h) the names of the *directors* of the *authorised fund manager*; and
 - (i) a description of the duties of the *authorised fund manager*.
- (2) Where the *LTAf* is an *ICVC*, other than for the *ACD*:
 - (a) the names and positions in the *ICVC* of the *directors*; and

- (b) the manner, amount and calculation of the *remuneration* of the *directors*.
- (3) The following particulars of the *depository*
 - (a) its name and the nature of its corporate form;
 - (b) the country or territory of its incorporation;
 - (c) the address of its registered office and the address of its head office if that is different from the address of its registered office;
 - (d) 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*; and
 - (e) a description of the duties of the *depository*.
- (4) If an *investment adviser* or any other *person* is retained to provide services in connection with the business of the *authorised fund*:
 - (a) the name of the *person*;
 - (b) whether or not the *person* is authorised by the *FCA*; and
 - (c) a description of the duties of the *person*.
- (5) The name of the auditor of the *authorised fund* and a description of the duties of the auditor.

[Note: FUND 3.2.2R(4).]

11 Professional liability

A description of how the *authorised fund manager* complies with the requirements referred to in IPRU-INV 11.3.11G (Professional negligence) relating to professional liability risk.

[Note: FUND 3.2.2R(5).]

12 Delegation arrangements

To the extent not covered by (10), a description of:

- (1) any *AIFM management function* delegated by the *authorised fund manager*;
- (2) any safe-keeping function delegated by the *depository*;
- (3) the identity of each delegate appointed under FUND 3.10 (Delegation); and
- (4) any conflicts of interest that may arise from such delegation.

[Note: FUND 3.2.2R(6).]

13 Valuation of scheme property and due diligence

- (1) A statement setting out whether the valuation function is performed by an *external valuer* or the *authorised fund manager* and:
 - (a) where an *external valuer* is used to perform the valuation function, an explanation of how that *person* meets the requirements set out in FUND 3.9.7R(3) (Performance of the valuation function) and the relevant requirements in articles 67 to 74 of the *AIFMD level 2 regulation*, and how the *authorised fund manager* is able to demonstrate the matters specified in FUND 3.9.9R (Appointment of an external valuer) and FUND 3.10.2R(2)(f) (General delegation requirements); or

- (b) where the *authorised fund manager* performs the valuation function itself, details of the *depository's* determination of the matters referred to in COLL 15.2.6R(2) (Appointment of external valuer or *authorised fund manager* with knowledge, skills and experience of valuing long-term assets).
- 2 A description of the valuation procedure and of the pricing methodology for valuing assets, including the methods used in valuing hard-to-value assets, in line with FUND 3.9 (Valuation), and details as to:
- (a) how frequently and at what times of the *day* the *scheme property* will be regularly valued to determine the *price* at which *units* in the *scheme* may be purchased from or *redeemed* by the *authorised fund manager* and a description of any circumstance where the *scheme property* may be specially valued;
- (b) in relation to each purpose for which the *scheme property* must be valued and each category of asset held in the *scheme property*, the basis on which it will be valued, identifying any codes of good practice used by the *external valuer* (where relevant) or the *authorised fund manager*; and
- (c) how the *price of units* of each *class* will be determined, including a statement that a *forward price* basis is to be applied.
- (3) Details as to:
- (a) the *authorised fund manager's* policies and procedures in relation to the selection and ongoing monitoring of investments (see article 18(2) of the *AIFMD level 2 regulation*);
- (b) the arrangements for ensuring that investment decisions on behalf of the *long-term asset fund* are carried out in compliance with the objectives and the investment strategy of the *scheme* (see article 18(3) of the *AIFMD level 2 regulation*);
- (c) how the *authorised fund manager* will carry out due diligence in line with good market practice.

[Note: FUND 3.2.2R(7).]

[Note 2: Articles 67 to 71 of the *AIFMD level 2 regulation* contain detailed requirements relating to the valuation of assets by *full-scope UK AIFMs*. Articles 18 and 19 of the *AIFMD level 2 regulation* also contain detailed requirements relating to the due diligence obligations of *full-scope UK AIFMs*.]

14 Fees, charges and expenses

A description of all fees, charges and expenses, including:

- (1) the maximum amounts directly or indirectly borne by investors;
- (2) the payments that may be made out of the *scheme property* to any *person* whether by way of *remuneration* for services, reimbursement of expense, or charge or other payment and for each category of *remuneration*, expense, charge or payment the following should be specified:
- (a) (i) the *person* to whom the *remuneration*, charge, expense or payment is payable or made;
- (ii) what that payment is for;

- (iii) the current rates or amounts of such *remuneration*, charge, expense or payment;
 - (iv) how the *remuneration*, charge, expense or payment will be calculated;
 - (v) when it will be paid;
 - (vi) where a performance fee is taken, whether by the *authorised fund manager* or any other *person* providing services to the *authorised fund manager* or the *long-term asset fund* in relation to the operation of the *scheme*, examples of how the performance fee works in plain English and the maximum it can amount to; and
 - (vii) where donations are to be made to one or more *registered charities* for Sharia compliance purposes from the *income property* of the *scheme* (in this rule, 'purification'), in addition to the details required above, the *person* who advises the *authorised fund manager* on the required percentage of the *income property* recognised for purification;
- (b) if notice has been given to *unitholders* of the *authorised fund manager's* intention to:
- (i) introduce a new category of *remuneration* for its services;
 - (ii) increase the basis of any current charge; or
 - (iii) change the basis of the treatment of a payment from the *capital property* set out in COLL 15.8.15JR (Allocation of payments to income or capital) and COLL 15.8.15QR(2) (Payments: limited protection LTAF classes) (as applicable),
- particulars of that introduction or increase and when it will take place; and
- (c) if, in accordance with COLL 15.8.15JR (Allocation of payments to income or capital) and COLL 15.8.15QR(2) (Payments: limited protection LTAF classes) (as applicable), all or part of the *remuneration* or expense are to be treated as a capital charge:
- (i) that fact; and
 - (ii) the basis of the charge which may be so treated; and
- (3) if the *authorised fund manager* makes any charges on *sale* or *redemption of units*, details of the charging structure and how notice will be provided to *unitholders* of any increase.

[Note: FUND 3.2.2R(9).]

[Note 2: Annex VI of the onshored Commission Delegated Regulation (EU) 2017/653 laying down regulatory technical standards with regard to the presentation, content, review and revision of *key information documents*, sets out detailed requirements in relation to the costs to be disclosed in a *key information document*.]

15 Fair treatment of investors and investor rights

- (1) A description of how the *authorised fund manager* ensures a fair treatment of investors.
- (2) Whenever an investor obtains preferential treatment or the right to obtain preferential treatment, a description of:
 - (a) that preferential treatment;

- (b) the type of investors who obtain such preferential treatment; and
- (c) where relevant, their legal or economic links with the *LTAf* or the *authorised fund manager*.

(3) A description of the rights of investors.

[Note: FUND 3.2.2R(4), FUND 3.2.2R(10) and FUND 3.2.2R(11).]

16 Dealing

The procedure and conditions for the *issue*, *sale*, *redemption* and *cancellation* of *units* or *shares* including details of the following, in fair, clear and plain language, using worked examples to explain how these procedures might apply to *unitholders* in practice:

- (1) the *dealing days* and times in the *dealing day* on which the *authorised fund manager* will receive and determine requests for the *sale* and *redemption* of *units*, including any cut-off point for receiving *redemption* requests before the *authorised fund manager* makes the next *redemption determination* (see COLL 15.8.12R(2)(a) (Dealing: redemption of units));
- (2) the procedures for effecting the *issue* and *cancellation* of *units*;
- (3) the procedures for effecting the *sale* and *redemption* of *units* and the settlement of transactions;
- (4) the steps required to be taken by a *unitholder* in redeeming *units* in the *long-term asset fund* (see COLL 15.8.12R (Dealing: redemption of units)), using worked examples to explain how these arrangements may affect *unitholders* in the *scheme*, including:
 - (a) the *notice period*, and the normal period that *unitholders* will need to wait from the *authorised fund manager* accepting a *unitholder's* instruction to *redeem units* in the *LTAf* to payment of the appropriate proceeds of *redemption* to the *unitholder*;
 - (if applicable) the circumstances and periods where:
 - (i) the execution of a *redemption* request may be deferred;
 - (ii) payment may be deferred; or
 - (iii) a limit on the amount that can be *redeemed* may be applied, and
 if so, the effect on the *unitholder* of such a deferral or limit (see COLL 15.8.12R(6) (Dealing: redemption of units));
 - (c) that the notice period may be extended when the *scheme* is suspended in accordance with COLL 15.10.3R (Suspension); and
 - (d) that once the *authorised fund manager* has accepted a *unitholder's* request to *redeem units* in the *LTAf* it is irrevocable and they will not be able to withdraw that request;
- (5) a description of the *LTAf's* liquidity risk management, including how an investor's ability to *redeem units* in the *LTAf* may be affected in exceptional circumstances, and the circumstances in which the *redemption* of *units* may be suspended;
- (6) the *days* and times in the *day* on which recalculation of the *price* will commence;
- (7) details of the minimum number or value of each type of *unit* in the *authorised fund* which:
 - (a) any one *person* may hold; and

- (b) may be the subject of any one transaction of *sale* or *redemption*;
- (8) the circumstances in which the *authorised fund manager* may arrange for, and the procedure for, a *redemption of units* in specie;
- (9) the circumstances in which the further *issue of units* in any particular *class* may be limited and the procedures relating to this;
- (10) the circumstances in which direct *issue* or *cancellation of units* by the *ICVC* or the *depository* of an *AUT* or *ACS* (as appropriate) may occur and the relevant procedures for such *issues* and *cancellations*;
- (10A) (where COLL 15.1.3R(4) (Long-term asset funds: eligible investors) applies) a statement that the *authorised fund manager* must take reasonable care to ensure that ownership of *units* in the *scheme* or a relevant *class* is recorded in the *register* only for a *person* who is a *limited protection LTAF investor*;
- (11) 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;
- (12) 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:
 - (a) a description of when the *authorised fund manager* may retain any profits it earns and absorb any losses it incurs for these activities; and
 - (b) a statement of non-accountability as referred to in COLL 15.8.17G; and
- (13) any other features relating to *dealing in units* in the *scheme* which *unitholders* would reasonably expect to be aware of, including (but not limited to):
 - (a) any minimum periods for which *unitholders* must hold *units* in any *class* of the *scheme*;
 - (b) any limits or caps on the number or value of *units* in any *class* that a *unitholder* may *redeem*, whether on one occasion or over a period of time;
 - (c) whether the *scheme* may use side-pockets, and if so the procedures for their use,

using worked examples to explain the effects or consequences that these features may have on *unitholders* in the *scheme*.

[Note: FUND 3.2.2R(8).]

17 Issue of units in ACSs: eligible investors

- (1) A statement that *units* may not be *issued* to a *person* other than to a *person*:
 - (a) who is a:
 - (i) *professional ACS investor*; or
 - (ii) *large ACS investor*; or
 - (iii) *person* who already holds *units* in the *scheme*; and
 - (b) to whom *units* in a *long-term asset fund* may be promoted without contravening the *rules* in COBS 4.12A (Promotion of restricted mass market investments).
- (2) A statement that the *authorised contractual scheme manager* of an *ACS* must *redeem units* as soon as practicable after becoming aware that those *units* are vested in anyone (whether as a result

of subscription or transfer of *units*) other than a *person* meeting the criteria in (1).

[Note: FUND 3.2.2R(12).]

18 Transfer of units in ACSs

- (1) A statement whether the transfer of *units* in the *ACS scheme* is either:
 - (a) prohibited; or
 - (b) allowed;
 by the *instrument constituting the fund and prospectus*.
- (2) A statement that where transfer of *units* is allowed by the *instrument constituting the fund and prospectus* in accordance with (1)(b), *units* may only be transferred in accordance with the conditions specified by *FCA rules*, including that *units* may not be transferred to a *person* other than a *person*:
 - (a) who is a:
 - (i) *professional ACS investor*; or
 - (ii) *large ACS investor*; or
 - (iii) *person* who already holds *units* in the *scheme*; and
 - (b) to whom *units* in a *long-term asset fund* may be promoted without contravening the *rules* in COBS 4.12A (Promotion of restricted mass market investments).
- (3) For a *co-ownership scheme* which is an *umbrella*, a statement in accordance with (1)(a) or (1)(b) and, where appropriate, a statement in accordance with (2), 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.

[Note: FUND 3.2.2R(12).]

19 Prime brokerage firms

- (1) The identity of any *prime brokerage firm*.
- (2) A description of any material arrangements of the *LTAF* with its *prime brokerage firm* and the way any conflicts of interest are managed.
- (3) The provision in the contract with the *depository* on the possibility of transfer and reuse of the *scheme property* of the *LTAF*.
- (4) Information about any transfer of liability to the *prime brokerage firm* that may exist.

[Note: FUND 3.2.2R(16).]

20 Distributions and accounting dates

Relevant details of accounting and distribution dates and a description of the procedures:

- (1) for determining and applying income (including how any distributable income is paid); and
- (2) relating to unclaimed distributions.

21 The register of unitholders

Details of the address in the *United Kingdom* where the *register of unitholders* is kept and can be inspected by *unitholders*.

22 Property Authorised Investment Funds

For a *property authorised investment fund*, a statement that:

- (1) it is a *property authorised investment fund*;

- (2) no *body corporate* may seek to obtain or intentionally maintain a holding of more than 10% of the net asset value of the *scheme*; 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 *scheme*, 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.

23 General information

Details as to:

- (1) when annual and half-yearly reports will be published; and
- (2) the address at which copies of the *instrument constituting the fund*, any amending instrument and the most recent annual reports may be inspected and from which copies may be obtained.

24 Winding up of the LTAF

Information detailing the circumstances in which the *authorised fund* may be wound up under the *rules* in *COLL* and a summary of the procedure for, and the rights of *unitholders* under, such a winding up.

25 Information on the umbrella

In the case of a *scheme* which is an *umbrella*, the following information:

- (1) that a *unitholder* may exchange *units* in one *sub-fund* for *units* in another *sub-fund* and that such an exchange is treated as a *redemption* and *sale*;
- (2) what charges may be made on exchanging *units* in one *sub-fund* for *units* in other *sub-funds*;
- (3) 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*;
- (4) in respect of 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 *umbrella*;
- (5) the circumstances in which a *sub-fund* may be terminated under the *rules* in *COLL* and a summary of the procedures for, and the rights of *unitholders* under, such a termination;
- (6) for an *ICVC* or a *co-ownership scheme*, that:
 - (a) for an *ICVC*, 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;
 - (b) for a *co-ownership scheme*, 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 liabilities of, or meet any claims against, any *person* other than the participants in that *sub-fund*; and

- (c) for an *ICVC* or a *co-ownership scheme*, 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*; and

- (7) the *FCA* product reference number (PRN) of each *sub-fund*.

26 Application of the prospectus contents to an umbrella

For a *scheme* which is an *umbrella*, information required must be stated:

- (1) in relation to each *sub-fund* where the information for any *sub-fund* differs from that for any other; and
- (2) for the *umbrella* as a whole, but only where the information is relevant to the *umbrella* as a whole.

27 Investment in overseas property through an intermediate holding vehicle

If investment in an overseas immovable is to be made through an *intermediate holding vehicle* or a series of *intermediate holding vehicles*, a statement:

- (1) disclosing the existence of that *intermediate holding vehicle* or series of *intermediate holding vehicles*; and
- (2) confirming that the purpose of that *intermediate holding vehicle* or series of *intermediate holding vehicles* is to enable the holding of overseas immovables by the *scheme*.

28 Information on authorised contractual schemes

A statement that:

- (1) a *unitholder* in a *co-ownership scheme* is not liable to make any further payment after having paid the price of the *units* held and that no further liability can be imposed on the *unitholder* in respect of those *units*;
- (2) 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;
- (3) the exercise of rights conferred on *limited partners* by *FCA rules* does not constitute taking part in the management of the partnership business; and
- (4) 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*).

28A Sustainability information

The following information, as appropriate:

- (1) where a *sustainability label* is used in relation to a *scheme*, the information set out at ESG 5.3.3R and ESG 5.3.6R, in accordance with ESG 5.3.2R(1); and
- (2) where a *sustainability label* is not used in relation to a *scheme*, but that *scheme* uses the terms in ESG 4.3.2R(2) under ESG 4.3.2R(1) the information required under ESG 5.3.2R(2).

29 Additional information

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 the making of reasonable enquiries 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 participating.

Additional information to be made available on securities financing transactions and total return swaps

15.4.6

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- (1) The *Securities Financing Transactions Regulation* sets out the additional information which an *authorised fund manager* of a *long-term asset fund* must make available to investors before they invest.

■ COLL 4.2.5BUK and ■ COLL 4.2.5CUK copy out the relevant provisions of that regulation.

An *authorised fund manager* of a *long-term asset fund* should publish the information in the *prospectus*.

An *authorised fund manager* of a *long-term asset fund* that does not use *securities financing transactions* or *total return swaps* is not required to include the information in ■ COLL 4.2.5CUK in the *prospectus* or other pre-sale documents.

Preparation of key information document in accordance with the PRIIPs regulation

15.4.7

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- (1) The *PRIIPs Regulation* requires the manufacturer of a *PRIIP* to draw up a *key information document* in accordance with the *PRIIPs Regulation* before that *PRIIP* is made available to retail investors (as defined in the *PRIIPs Regulation*).
- (2) The requirements of the *PRIIPs Regulation* form part of *UK* law by virtue of the *EUWA*.
- (3) As a result, when a *long-term asset fund* is made available to *retail clients*, the *authorised fund manager* in the *United Kingdom* must comply with the *PRIIPs Regulation* and will need to prepare a *key information document* in accordance with the *PRIIPs Regulation*, in addition to the *prospectus*.