

Chapter 15

Long-term asset funds

15.9 Operational requirements for feeder LTAFs

Application

15.9.1

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This section applies as follows:

- (1) ■ COLL 15.9.2R to ■ COLL 15.9.6R apply to the *authorised fund manager* of a *feeder LTAF*;
- (2) ■ COLL 15.9.6R also applies to:
 - (a) an *ICVC* that is a *feeder LTAF*; and
 - (b) any *person* acting on behalf of either the *feeder LTAF* or the *authorised fund manager* of the *feeder LTAF*; and
- (3) ■ COLL 15.9.7R applies to the *authorised fund manager* of a *long-term asset fund* which operates as a *qualifying master LTAF* to a *feeder LTAF*.

Pre-investment requirements of the authorised fund manager of a feeder LTAF

15.9.2

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Before investing in the *qualifying master LTAF*, the *authorised fund manager* of the *feeder LTAF* must:

- (1) be satisfied on reasonable grounds that it can obtain from the *qualifying master LTAF* all the information necessary to comply on an ongoing basis with the *rules* in *COLL*;
- (2) having consulted with the *depository* of the *feeder LTAF*, be satisfied on reasonable grounds that the *depository* of the *feeder LTAF* can obtain from the *qualifying master LTAF*, the *operator* of the *qualifying master LTAF* or the *depository* of the *qualifying master LTAF* all the information necessary to comply with its duties under ■ COLL 15.7.6R and ■ COLL 15.7.7R (Duties of the depository); and
- (3) inform the *authorised fund manager* of the *qualifying master LTAF* of the date on which the *feeder LTAF* will begin to invest into the *qualifying master LTAF* as a *feeder LTAF*.

Ownership of units in a feeder LTAF

15.9.3

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The *authorised fund manager* of a *feeder LTAF* must take reasonable care to ensure that its *units* are not owned, including beneficially owned, by the

qualifying master LTAF or any other scheme in which the qualifying master LTAF invests.

Charges made by the qualifying master LTAF or its operator to a feeder LTAF on investment or disposal

15.9.4

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- (1) Where the *operator* or the *authorised fund manager* of a *qualifying master LTAF* imposes any charge which is, or is equivalent in effect to, a *preliminary charge* or *redemption charge* on the *feeder LTAF* for the acquisition or disposal of *units* in the *qualifying master LTAF*, the *authorised fund manager* of the *feeder LTAF* must pay to the *feeder LTAF* an amount equal to such charge within four *business days* following the relevant acquisition or disposal.
- (2) In this *rule*, where the *operator* or *authorised fund manager* of a *qualifying master LTAF* requires any addition to or deduction from the consideration paid on the acquisition or disposal of *units* in the *qualifying master LTAF* which is, or is equivalent in effect to, a *dilution levy* made in accordance with the *instrument constituting the fund* and the *prospectus*, it is to be treated as part of the *price* of the *units* and not as part of any *preliminary charge* or *redemption charge* referred to in (1).

Avoidance of opportunities for market timing

15.9.5

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The *authorised fund manager* of a *feeder LTAF* must take appropriate measures to co-ordinate the timing of the *feeder LTAF's valuation points* and *dealing days* with those of its *qualifying master LTAF*, including the publication of *dealing prices*, in order to avoid market timing of their *units*, and prevent arbitrage opportunities.

Inducements

15.9.6

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Where, in connection with an *investment* in the *units* of the *qualifying master LTAF*, a distribution fee, commission or other monetary benefit is received by:

- (1) a *feeder LTAF*;
 - (2) an *authorised fund manager* of a *feeder LTAF*; or
 - (3) any *person* acting on behalf of (1) or (2),
- that fee, commission or other monetary benefit must be paid into the *scheme property* of the *feeder LTAF* within four *business days* of receipt of that fee, commission or other monetary benefit.

Obligations to unitholders of a qualifying master LTAF

15.9.7

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Where the *qualifying master LTAF* is an *authorised fund*, the *authorised fund manager* of the *qualifying master LTAF* must not, if it would unfairly prejudice the interests of *unitholders* of the *qualifying master LTAF* other than the *feeder LTAF*, provide or make available information to the *authorised fund manager* of the *feeder LTAF* without at the same time also providing or making available that information to the *unitholders* of the *qualifying master LTAF* other than the *feeder LTAF*.