

Chapter 13

Operation of feeder NURS



13.1 Introduction

Application

13.1.1

R

This chapter applies to:

- (1) the *authorised fund manager* of a *feeder NURS*;
- (2) an *ICVC* that is a *feeder NURS*;
- (3) the *authorised fund manager* of a *UCITS scheme* or *non-UCITS retail scheme* which operates as a *qualifying master scheme* to a *feeder NURS*; and
- (4) (in the case of ■ COLL 13.2.6 R (Inducements) only) any *person* acting on behalf of either the *feeder NURS* or the *authorised fund manager* of the *feeder NURS*.

Purpose

13.1.2

G

This chapter sets out various obligations, additional to those found elsewhere in the *Handbook*, that *persons* listed in ■ COLL 13.1.1 R must comply with in relation to the operation of a *feeder NURS* and its *qualifying master scheme*.



13.2 Operational requirements for feeder NURS

Application

13.2.1

R

This section applies as follows:

- (1) ■ COLL 13.2.2 R to ■ COLL 13.2.6 R apply to the *authorised fund manager* of a *feeder NURS*;
- (2) ■ COLL 13.2.6 R also applies to:
 - (a) an *ICVC* that is a *feeder NURS*; and
 - (b) any *person* acting on behalf of either the *feeder NURS* or the *authorised fund manager* of the *feeder NURS*; and
- (3) ■ COLL 13.2.7 R applies to the *authorised fund manager* of a *UCITS scheme* or a *non-UCITS retail scheme* which operates as a *qualifying master scheme* to a *feeder NURS*.

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

13.2.2

R

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

- (1) be satisfied on reasonable grounds that the *authorised fund manager* can obtain from the *qualifying master scheme* all the information necessary to comply on an ongoing basis with the *rules* in *COLL*;
- (2) having consulted with the *depository* of the *feeder NURS*, be satisfied on reasonable grounds that the *depository* of the *feeder NURS* can obtain from the *qualifying master scheme*, the *operator* of the *qualifying master scheme* or the *depository* of the *qualifying master scheme* all the information necessary to comply with its duties under ■ COLL 6.6.4 R (General duties of the depository); and
- (3) where the *qualifying master scheme* is a *UCITS scheme* or a *non-UCITS retail scheme*, inform the *authorised fund manager* of the *qualifying master scheme* of the date on which the *feeder NURS* will begin to invest into the *qualifying master scheme* as a *feeder NURS*.

Ownership of units in a feeder NURS	
13.2.3	<p>R The <i>authorised fund manager</i> of a <i>feeder NURS</i> must take reasonable care to ensure that its <i>units</i> are not owned, including beneficially owned, by the <i>qualifying master scheme</i>.</p>
Charges made by the qualifying master scheme or its operator to a feeder NURS on investment or disposal	
13.2.4	<p>R (1) Where the <i>operator</i> of a <i>qualifying master scheme</i> or the <i>authorised fund manager</i> of a <i>qualifying master scheme</i> imposes any charge which is, or is equivalent in effect to, a <i>preliminary charge</i> or <i>redemption charge</i> on the <i>feeder NURS</i> for the acquisition or disposal of <i>units</i> in the <i>qualifying master scheme</i>, the <i>authorised fund manager</i> of the <i>feeder NURS</i> must pay to the <i>feeder NURS</i> an amount equal to such charge within four <i>business days</i> following the relevant acquisition or disposal.</p> <p>(2) In this <i>rule</i>, where the <i>operator</i> of a <i>qualifying master scheme</i> or <i>authorised fund manager</i> of a <i>qualifying master scheme</i> requires any addition to or deduction from the consideration paid on the acquisition or disposal of <i>units</i> in the <i>qualifying master scheme</i> which is, or is equivalent in effect to, a <i>dilution levy</i> made in accordance with ■ COLL 6.3.8 R (Dilution), it is to be treated as part of the <i>price</i> of the <i>units</i> and not as part of any <i>preliminary charge</i> or <i>redemption charge</i> referred to in (1).</p>
Avoidance of opportunities for market timing	
13.2.5	<p>R The <i>authorised fund manager</i> of a <i>feeder NURS</i> must take appropriate measures to co-ordinate the timing of the <i>feeder NURS</i>' net asset value calculation and publication with those of its <i>qualifying master scheme</i>, including the publication of <i>dealing prices</i>, in order to avoid market timing of their <i>units</i>, and prevent arbitrage opportunities.</p>
Inducements	
13.2.6	<p>R Where, in connection with an investment in the <i>units</i> of the <i>qualifying master scheme</i>, a distribution fee, commission or other monetary benefit is received by:</p> <ul style="list-style-type: none"> (1) a <i>feeder NURS</i>; or (2) an <i>authorised fund manager</i> of a <i>feeder NURS</i>; or (3) any <i>person</i> acting on behalf of (1) or (2); <p>that fee, commission or other monetary benefit must be paid into the <i>scheme property</i> of the <i>feeder NURS</i> within four <i>business days</i> of receipt of that <i>fee</i>, commission or other monetary benefit.</p>
Obligations to Unitholders of a qualifying master scheme	
13.2.7	<p>R Where the <i>qualifying master scheme</i> is a <i>UCITS scheme</i> or a <i>non-UCITS retail scheme</i>, the <i>authorised fund manager</i> of the <i>qualifying master scheme</i> must</p>

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

