

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

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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

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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

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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 **R** The *authorised fund manager* of a *feeder NURS* must take reasonable care to ensure that its *units* are not owned, including beneficially owned, by the *qualifying master scheme*.

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

13.2.4 **R**

(1) Where the *operator* of a *qualifying master scheme* or the *authorised fund manager* of a *qualifying master scheme* imposes any charge which is, or is equivalent in effect to, a *preliminary charge* or *redemption charge* on the *feeder NURS* for the acquisition or disposal of *units* in the *qualifying master scheme*, the *authorised fund manager* of the *feeder NURS* must pay to the *feeder NURS* an amount equal to such *charge* within four *business days* following the relevant acquisition or disposal.

(2) In this *rule*, where the *operator* of a *qualifying master scheme* or *authorised fund manager* of a *qualifying master scheme* requires any addition to or deduction from the consideration paid on the acquisition or disposal of *units* in the *qualifying master scheme* which is, or is equivalent in effect to, a *dilution levy* made in accordance with **COLL 6.3.8 R** (Dilution), 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

13.2.5 **R** The *authorised fund manager* of a *feeder NURS* must take appropriate measures to co-ordinate the timing of the *feeder NURS*' net asset value calculation and publication with those of its *qualifying master scheme*, including the publication of *dealing prices*, in order to avoid market timing of their *units*, and prevent arbitrage opportunities.

Inducements

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

- (1) a *feeder NURS*; or
- (2) an *authorised fund manager* of a *feeder NURS*; 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 NURS* within four *business days* of receipt of that *fee*, commission or other monetary benefit.

Obligations to Unitholders of a qualifying master scheme

13.2.7 **R** Where the *qualifying master scheme* is a *UCITS scheme* or a *non-UCITS retail scheme*, the *authorised fund manager* of the *qualifying master scheme* must

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*.

