

Chapter 8

Qualified investor schemes

		<div>8.3Investor relations</div>
		<div>Application</div>
8.3.1	R	This section applies to an <i>ICVC</i> which is a <i>qualified investor scheme</i> and the <i>authorised fund manager</i> of a <i>qualified investor scheme</i> .
		<div>Drawing up and availability of a prospectus</div>
8.3.2	R	<div><div>(1) An <i>authorised fund manager</i> must ensure that a <i>prospectus</i> of a <i>qualified investor scheme</i> is drawn up which contains the information, specified in ■ COLL 8.3.4 R (Table: contents of qualified investor scheme prospectus), and the <i>authorised fund manager</i> must:</div><div><div>(a) revise the <i>prospectus</i> immediately upon the occurrence of any materially significant change in the information required to be stated within it;</div><div>(b) include the date of any revision in a prominent manner in the revised <i>prospectus</i>;</div><div>(c) send a copy of the original and any revised <i>prospectus</i> to the <i>FSA</i>; and</div><div>(d) review the <i>prospectus</i> periodically and revise it to take account of any significant change or new matter.</div></div><div><div>(1A) A <i>full-scope UK AIFM</i> that is the <i>authorised fund manager</i> of a <i>qualified investor scheme</i> must also ensure that the <i>prospectus</i> contains the information for investors required by:</div><div><div>(i) ■ FUND 3.2.2R and ■ FUND 3.2.3R (Prior disclosure of information to investors); and</div><div>(ii) ■ FUND 3.2.5R and ■ FUND 3.2.6R (Periodic disclosure), unless the up-to-date information has been published in the <i>scheme's</i> most recent annual report or half-yearly report.</div></div><div><div>(2) The <i>prospectus</i> must not contain any provision which is unfairly prejudicial to the interests of <i>unitholders</i> generally or to the <i>unitholders</i> of any <i>class</i> of <i>units</i>.</div><div>(3) An <i>ICVC</i> or the <i>authorised fund manager</i> of an <i>AUT</i> or <i>ACS</i> must offer a copy of the <i>scheme's</i> most recent <i>prospectus</i> free of charge to any <i>person</i> eligible to invest in a <i>qualified investor scheme</i> prior to the purchase of any <i>units</i>.</div></div></div></div>
8.3.2A	G	<div>(1) The <i>PRIIPs Regulation</i> requires the manufacturer of a <i>PRIIP</i> to draw up a <i>key information document</i> in accordance with the <i>PRIIPs</i></div>

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*.
- (3) As a result, when a *qualified investor scheme* is made available to *retail clients* the *authorised fund manager* will need to prepare a *key information document* in accordance with the *PRIIPs Regulation*, in addition to the *prospectus*.

False or misleading prospectus

8.3.3

R

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 qualified investor scheme prospectus

8.3.4

R

This table belongs to ■ COLL 8.3.2 R.

1	Document status 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> .
2	Description of the authorised fund Information detailing: <ul style="list-style-type: none">(1) the name of the <i>authorised fund</i>;(1A) its <i>FCA</i> product reference number (PRN);(2) that the <i>authorised fund</i> is either an <i>ICVC</i>, <i>ACS</i> or an <i>AUT</i>;(3) that the <i>scheme</i> is a <i>qualified investor scheme</i>;(4) where relevant, that the <i>unitholders</i> in an <i>ICVC</i> are not liable for the debts of the <i>authorised fund</i>;(5) where relevant, the address of the <i>ICVC</i>'s 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;(6) 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;(7) the <i>base currency</i> for the <i>authorised fund</i>;(8) where relevant, the maximum and minimum sizes of the <i>ICVC</i>'s capital;(9) the circumstances in which the <i>authorised fund</i> may be wound up under the <i>rules</i> in <i>COLL</i> and a summary of the procedure for, and the rights of <i>unitholders</i> under, such a winding up; and(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>.
3	Investment objectives and policy <ul style="list-style-type: none">(1) Sufficient information to enable a <i>unitholder</i> 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 the spreading of risk in the *scheme property*; and
 - (iii) the policy in relation to the exercise of borrowing powers;
 - (c) a description of any restrictions in the assets in which investment may be made; and
 - (d) the extent (if any) to which that investment policy does not envisage remaining fully invested at all times.
- (2) For investment in immovables :
- (a) the countries or territories of immovables in which the *authorised fund* may invest;
 - (b) the policy of the *authorised fund manager* in relation to insurance of immovables forming 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.
- (3) 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:
- (a) to 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*.
- (4) If intended, whether the *scheme* may enter into *stock lending* transactions and, if so, what procedures will operate and what *collateral* will be required.
- (5) Where a *scheme* is a feeder *scheme* which (in respect of investment in *units* in a single *collective investment scheme*) is *dedicated* to *units* in a *collective investment scheme*, details of the master *scheme* and the minimum (and, if relevant, maximum) investment that the feeder *scheme* may make in it;

4 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.

5 The characteristics of units in the authorised fund

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.

5A 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 *qualified investor scheme* may be promoted under [COBS 4.12B.7R](#).
- (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).

5B 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 *qualified investor scheme* may be promoted under [COBS 4.12B.7R](#).
- (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.

6 The authorised fund manager

- The following particulars of the *authorised fund manager*:
- (1) its name and the nature of its corporate form;

- (2) the country or territory of its incorporation;
- (3) the date of its incorporation and if the duration of its corporate status is limited, when that status will or may cease;
- (4) if it is a *subsidiary*, the name of its ultimate *holding company* and the country or territory in which that *holding company* is incorporated;
- (5) the address of its registered office, its head office, and, if different, the address of its principal place of business in the *United Kingdom*;
- (6) the amount of its issued share capital and how much of it is paid up;
- (7) 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; and
- (8) for an *AUT*, the names of the *directors* of the *authorised fund manager*.

7 Directors of an ICVC, other than the ACD

Other than for the *ACD*:

- (1) the names and positions in the *ICVC* of the *directors*; and
- (2) the manner, amount and calculation of the *remuneration* of the *directors*.

8 The depositary

The following particulars of the *depositary*:

- (1) its name and the nature of its corporate form;
- (2) the country or territory of its incorporation;
- (3) the address of its registered office and the address of its head office if that is different from the address of its registered office; and
- (4) 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*.

9 The investment adviser

If an *investment adviser* is retained in connection with the business of the *authorised fund*, its name and whether or not it is authorised by the *FCA*.

10 The auditor

The name of the auditor of the *authorised fund*.

11 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*.

12 Payments out of the scheme property

The payments that may be made out of the *scheme property* to any *person* whether by way of *remuneration* for services, or reimbursement of expense and for each category of *remuneration* or expense, the following should be specified:

- (1) the current rates or amounts of such *remuneration*;
- (2) how the *remuneration* will be calculated and accrue and when it will be paid;

- (3) if notice has been given to *unitholders* of the *authorised fund manager's* intention to:
 - (a) introduce a new category of *remuneration* for its services; or
 - (b) increase the basis of any current charge; or
 - (c) change the basis of the treatment of a payment from the *capital property* set out in [COLL 8.5.13 R \(2\)](#) (Payments);
 particulars of that introduction or increase and when it will take place;
- (4) the types of any other charges and expenses that may be taken out of the *scheme property*;
- (5) if, in accordance with [COLL 8.5.13 R \(2\)](#), all or part of the *remuneration* or expense are to be treated as a capital charge:
 - (a) that fact; and
 - (b) the basis of the charge which may be so treated; and
- (6) 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.

13 Dealing

Details of:

- (1) the *dealing days* and times in the *dealing day* on which the *authorised fund manager* will receive requests for the *sale* and *redemption* of *units*;
- (2) the procedures for effecting:
 - (a) the *issue* and *cancellation* of *units*;
 - (b) the *sale* and *redemption* of *units*; and
 - (c) the settlement of transactions;
- (3) the steps required to be taken by a *unitholder* in redeeming *units* before he can receive the proceeds including any relevant notice periods and the circumstances and periods where a deferral of payment as provided in [COLL 8.5.11 R \(3\)](#) (Sale and redemption) may be applied;
- (4) the circumstances in which the *redemption* of *units* may be suspended;
- (5) the *days* and times in the *day* on which recalculation of the *price* will commence;
- (6) 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*;
- (7) the circumstances in which the *authorised fund manager* may arrange for, and the procedure for, a *redemption* of *units* in specie;

- (8) the circumstances in which the further *issue* of *units* in any particular *class* may be limited and the procedures relating to this;
- (9) 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*;
- (10) 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; and
- (11) 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 8.5.14G](#).

14 Valuation of scheme property

Details as to:

- (1) 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;
- (2) in relation to each purpose for which the *scheme property* must be valued, the basis on which it will be valued; and
- (3) how the *price* of *units* of each *class* will be determined, including a statement that a *forward price* basis is to be applied.

15 Sale and redemption charges

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.

15A 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 fund; 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 fund, 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.

16 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.

17 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) 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;
 - (aa) 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
 - (b) 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
- (6) the *FCA* product reference number (PRN) of each *sub-fund*.

18 Application of the prospectus contents to an umbrella

	<p>For a <i>scheme</i> which is an <i>umbrella</i>, information required must be stated:</p> <ol style="list-style-type: none"> (1) in relation to each <i>sub-fund</i> where the information for any <i>sub-fund</i> differs from that for any other; and (2) for the <i>umbrella</i> as a whole, but only where the information is relevant to the <i>umbrella</i> as a whole.
18A	<p>Investment in overseas property through an intermediate holding vehicle</p> <p>If investment in an overseas immovable is to be made through an <i>intermediate holding vehicle</i> or a series of <i>intermediate holding vehicles</i> a statement disclosing the existence of that <i>intermediate holding vehicle</i> or series of <i>intermediate holding vehicles</i> and confirming that the purpose of that <i>intermediate holding vehicle</i> or series of <i>intermediate holding vehicles</i> is to enable the holding of overseas immovables by the <i>scheme</i>.</p>
18B	<p>Information on authorised contractual schemes</p> <p>A statement that:</p> <ol style="list-style-type: none"> (1) a <i>unitholder</i> in a <i>co-ownership scheme</i> is not liable to make any further payment after he has paid the price of his <i>units</i> and that no further liability can be imposed on him in respect of the <i>units</i> he holds; (2) a <i>unitholder</i> in a <i>limited partnership scheme</i> is not liable for the debts or obligations of the <i>limited partnership scheme</i> beyond the amount of the <i>scheme property</i> which is available to the <i>authorised contractual scheme manager</i> to meet such debts or obligations, provided that the <i>unitholder</i> does not take part in the management of the partnership business; (3) the exercise of rights conferred on <i>limited partners</i> by <i>FCA rules</i> does not constitute taking part in the management of the partnership business; and (4) the <i>scheme property</i> of a <i>co-ownership scheme</i> is beneficially owned by the <i>participants</i> as tenants in common (or, in Scotland, is the common property of the <i>participants</i>).
18C	<p>Sustainability information</p> <p>The following information, as applicable:</p> <ol style="list-style-type: none"> (1) where a <i>sustainability label</i> is used in relation to a <i>scheme</i>, the information set out at ESG 5.3.3R and ESG 5.3.6R, in accordance with ESG 5.3.2R(1); or (2) where a <i>sustainability label</i> is not used in relation to a <i>scheme</i>, but that <i>scheme</i> uses the terms in ESG 4.3.2R(2) under ESG 4.3.2R(1) the information required under ESG 5.3.2R(2).
19	<p>Additional information</p> <p>Any other material information which is within the knowledge of the <i>directors</i> of an <i>ICVC</i> or the <i>authorised fund manager</i> of an <i>AUT</i> or <i>ACS</i>, or which the <i>directors</i> or <i>authorised fund manager</i> 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 <i>prospectus</i>, for the purpose of making an informed judgement about the merits of investing in the <i>authorised fund</i> and the extent and characteristics of the risks accepted by so participating.</p>

Pre-sale information to be made available on securities financing transactions and total return swaps

8.3.4A

G

The *Securities Financing Transactions Regulation* sets out the additional information which an *authorised fund manager* who is a *full-scope UK AIFM* of a *qualified investor scheme* must make available to investors before they invest.

■ COLL 4.2.5BEU and ■ COLL 4.2.5CEU copy out the relevant provisions of that regulation.

An *authorised fund manager* who is a *full-scope UK AIFM* of a *qualified investor scheme* should publish the information in the *scheme prospectus*.

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

[Note: A transitional provision applies to ■ COLL 8.3.4AG: see ■ COLL TP 1.39G]

Report and accounts

8.3.5

R

(1) The *authorised fund manager* must prepare a report in respect of each *annual accounting period* and *half-yearly accounting period*.

(2) [deleted]

(2A) Where the first *annual accounting period* of a *scheme* is less than 12 *months*, a half-yearly report need not be prepared.

(3) The *authorised fund manager* must within a reasonable time after the end of each relevant accounting period, publish the annual report and half-yearly report and provide a copy free of charge on request to any *unitholder*.

(3A) The timing of the publication of the annual report in (3) is subject to ■ FUND 3.3.3R if the *authorised fund manager* is a *full-scope UK AIFM*.

(4) [deleted]

(5) The *authorised fund manager* must provide free of charge on the request of any *person* eligible to invest in the *scheme* a copy of the latest annual or half-yearly report before the conclusion of any sale to such *person*.

(6) The *authorised fund manager* must provide a copy of each annual and half-yearly report to the *FCA*.

(7) For a *scheme* which is an *umbrella*, any annual report provided under (3) or (5) may be a report prepared under ■ COLL 8.3.5AR (3), but the *authorised fund manager* must nevertheless provide free of charge the report prepared under ■ COLL 8.3.5AR (2) if a *unitholder* or any other *person* eligible to invest in the *scheme* requests it.

8.3.5A

R

Contents of the annual report

- (1) An annual report, other than for a *scheme* which is an *umbrella*, must contain:
 - (a) the accounts for the *annual accounting period* prepared in accordance with the requirements of the *SORP*;
 - (b) the report of the *authorised fund manager* in accordance with ■ COLL 8.3.5C R (Authorised fund manager's report);
 - (bA) comparative information in accordance with ■ COLL 4.5.10R (1A) and ■ (2A) (Comparative information);
 - (c) the report of the *depository* in accordance with ■ COLL 8.3.5D R (Report of the depository);
 - (d) the report of the auditor in accordance with ■ COLL 4.5.12 R (Report of the auditor);
 - (e) subject to ■ COLL 8.3.5AR(1)(d), its *public TCFD product report* or an adequately contextualised and prominent cross-reference and hyperlink to the report's location on the *firm's* website, in accordance with ■ ESG 2.3.1R;
 - (f) where applicable, Part B of its *public product-level sustainability report* or an adequately contextualised and prominent cross-reference and hyperlink to the report's location on the *firm's* website, in accordance with ■ ESG 5.5.5R; and
 - (g) if applicable, the amounts paid as donations for Sharia compliance purposes and the *registered charities* which received these payments.
- (2) An annual report on a *scheme* which is an *umbrella* must be prepared for the *umbrella* as a whole and must contain:
 - (a) for each *sub-fund*:
 - (i) the accounts required by (1)(a);
 - (ii) the report of the *authorised fund manager* in accordance with ■ COLL 8.3.5C R;
 - (iii) comparative information in accordance with ■ COLL 4.5.10R (1A) and ■ (2A);
 - (iv) subject to ■ COLL 8.3.5AR(2)(v), its *public TCFD product report* or an adequately contextualised and prominent cross-reference and hyperlink to the report's location on the *firm's* website, in accordance with ■ ESG 2.3.1R;
 - (v) where applicable, Part B of its *public product-level sustainability report* or an adequately contextualised and prominent cross-reference and hyperlink to the report's location on the *firm's* website, in accordance with ■ ESG 5.5.5R; and
 - (vi) if applicable, the amounts paid as donations for Sharia compliance purposes and the *registered charities* which received these payments;
 - (b) [deleted]
 - (c) the report of the *depository* in accordance with ■ COLL 8.3.5D R; and

- (d) the report of the auditor in accordance with ■ COLL 4.5.12 R.
- (3) The *authorised fund manager* of a scheme which is an *umbrella* may, in addition to complying with (2), prepare a further annual report for any one or more individual *sub-funds* of the *umbrella*, in which case it must contain:
 - (a) for the *sub-fund*:
 - (i) the accounts required by (1)(a);
 - (ii) the report of the *authorised fund manager* in accordance with ■ COLL 8.3.5C R; and
 - (iii) comparative information in accordance with ■ COLL 4.5.10R (1A) and ■ (2A);
 - (b) the report of the *depository* in accordance with ■ COLL 8.3.5D R; and
 - (c) the report of the auditor in accordance with ■ COLL 4.5.12 R.
- (4) The *directors* of an *ICVC* or the *authorised fund manager* of an *AUT* or *ACS* must ensure that the accounts referred to in (1)(a), (2)(a) and (3)(a) give a true and fair view of the net revenue and the net capital gains or losses on the *scheme property* of the *authorised fund* or *sub-fund* for the relevant *annual accounting period*, and of the financial position of the *authorised fund* or *sub-fund* as at the end of that period.
- (5) An annual report of an *authorised fund* must also contain a statement setting out a description of the assessment of value required by ■ COLL 8.5.17R including:
 - (a) a separate discussion and conclusion for the matters covered in each paragraph of ■ COLL 6.6.21R, and for each other matter that formed part of the assessment, covering the considerations taken into account in the assessment, a summary of its findings and the steps undertaken as part of or as a consequence of the assessment;
 - (b) an explanation for any case in which benefits from economies of scale that were identified in the assessment have not been passed on to *unitholders*;
 - (c) an explanation for any case in which *unitholders* hold *units* in a *class* for which the payments out of *scheme property* in relation to that *class* as set out in the *prospectus* (in this rule, “charges”) are higher than those applying to other *classes* of the same *scheme* with substantially similar rights;
 - (d) the conclusion of the *authorised fund manager’s* assessment of whether the charges are justified in the context of the overall value delivered to the *unitholders* in the *scheme*; and
 - (e) if the assessment has identified that the charges are not justified in the context of the overall value delivered to the *unitholders*, a clear explanation of what action has been or will be taken to address the situation.
- (6) An *AFM* need not include the information required by (5) in its annual report if it makes the information available to *unitholders*

annually in a composite report covering two or more of the *schemes* it manages, published in the same manner as the annual report.

Information to be included in annual reports on securities financing transactions and total return swaps

8.3.5AA

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- (1) The *Securities Financing Transactions Regulation* sets out the additional information which an *authorised fund manager* who is a *full-scope UK AIFM* of a *qualified investor scheme* must include in the *scheme's* annual report.
- (2) ■ COLL 4.5.8ABEU and ■ COLL 4.5.8ACEU copy out the relevant provisions of that regulation.
- (3) An *authorised fund manager* of a *qualified investor scheme* that has not used *securities financing transactions* or *total return swaps* during the relevant *annual accounting period* is not required to include the information in ■ COLL 4.5.8ACEU in its reports.

Contents of the half-yearly report

8.3.5B

R

- (1) A half-yearly report on an *authorised fund* or *sub-fund* must contain:
 - (a) the accounts for the *half-yearly accounting period* which must be prepared in accordance with the requirements of the *SORP*;
 - (b) the report of the *authorised fund manager* in accordance with ■ COLL 8.3.5C R;
 - (c) subject to ■ COLL 8.3.5BR(1)(d), its *public TCFD product report* or an adequately contextualised and prominent cross-reference and hyperlink to the report's location on the *firm's* website, in accordance with ■ ESG 2.3.1R, where the half-yearly report most closely follows the reporting deadline of 30 June, under ■ ESG 2.1.1R(1); and
 - (d) where applicable, Part B of its *public product-level sustainability report* or an adequately contextualised and prominent cross-reference and hyperlink to the report's location on the *firm's* website, in accordance with ■ ESG 5.5.5R, where the half-yearly report is the report that most closely follows the date on which Part B of the *public product-level sustainability report* was published.
- (2) For a *scheme* which is an *umbrella*, the *authorised fund manager* may choose whether the half-yearly report is prepared for the *umbrella* as a whole, or for each individual *sub-fund*, or both.

Authorised fund manager's report

8.3.5C

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The report of the *authorised fund manager* must include:

- (1) a review of the investment activities during the period to which the report relates;
- (1A) a portfolio statement prepared in accordance with the requirements of the *SORP*;

- (1B) in the case of an *umbrella* which has more than one *sub-fund*, particulars in the form of a table showing, as at the end of the period to which the report relates:
 - (a) for each *sub-fund*, the number of *units* in that *sub-fund* that were held by a second *sub-fund* of that *umbrella*; and
 - (b) the value of each such holding;
 or, alternatively, a statement that there were no such holdings as at the end of that period;
- (2) particulars of any fundamental or significant change to the *authorised fund* made since the date of the last report; and
- (3) any other information which would enable *unitholders* to make an informed judgement on the development of the activities of the *authorised fund* during the period and the results of those activities as at the end of the period.

Report of the depositary

8.3.5D

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- (1) The *depositary* must make an annual report to *unitholders* which must be included in the annual report.
- (2) The *depositary's* report must contain:
 - (a) a description, which may be in summary form, of the duties of the *depositary* under ■ COLL 8.5.4 R (Duties of the depositary) and in respect of the safekeeping of the *scheme property*; and
 - (b) a statement whether in any material respect:
 - (i) the *issue, sale, redemption and cancellation* and calculation of the *price* of the *units* and the application of the *authorised fund's* revenue, have not been carried out in accordance with the *rules* in this sourcebook and, where applicable, the *OEIC Regulations* and the *instrument constituting the fund*; and
 - (ii) the investment and borrowing powers and restrictions applicable to the *authorised fund* have been exceeded.

8

Signing of annual and half-yearly reports

8.3.5E

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The annual reports in ■ COLL 8.3.5AR (1) and ■ (2) and the half-yearly reports in ■ COLL 8.3.5BR (1) must:

- (1) in the case of an *ICVC*, if there is:
 - (a) more than one *director*, be approved by the board of *directors* and signed on their behalf by the *ACD* and at least one other *director*; or
 - (b) no *director* other than the *ACD*, be signed by the *ACD*;
- (2) in the case of an *AUT* or *ACS*, if the *authorised fund manager* has:
 - (a) more than one *director*, be signed by at least two *directors* of the *authorised fund manager*; or

(b) only one director, be signed by the director of the *authorised fund manager*.

Alterations to the scheme and notices to Unitholders

8.3.6

R

- (1) Any proposed change which would be reasonably considered to be a fundamental change to the *scheme* requires the prior sanction of an ordinary resolution of the *unitholders*.
- (2) Any proposed change to the *scheme* which is not within (1) but which would be reasonably considered to be significant, requires the giving of reasonable notice to *Unitholders* to become effective.
- (3) Alterations affecting only a particular *sub-fund* or *class* of *units* may be approved in accordance with (1) or (2) for the particular *sub-fund* or *class* of *units*, with the consent of, or, as the case may be, notice to, the relevant *unitholders*.
- (4) This *rule* and ■ COLL 8.3.8 R (Meetings) will apply (unless the context requires otherwise) to alterations concerning *unitholders* of a particular *sub-fund* or *class* of *units* rather than the *scheme* or *sub-fund* as a whole.

Alterations to the scheme and notices to Unitholders: guidance

8.3.7

G

Although account should be taken of the *guidance* on fundamental changes (■ COLL 4.3.5 G (Guidance on fundamental changes)) and significant changes (■ COLL 4.3.7 G (Guidance on significant changes)) the impact of any change to the *scheme* should be assessed individually based on the nature of the *scheme* and its investor profile.

Meetings

8.3.8

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- (1) Details of the procedures for the convening and conducting of meetings and resolutions must be set out in the *instrument constituting the fund* and be reasonable and fair as between all relevant parties.
- (2) The *authorised fund manager* must record and keep minutes for six years of all proceedings to which ■ COLL 8.3.6 R (Alterations to the scheme and notices to Unitholders) and this *rule* are relevant.
- (3) The provisions in ■ COLL 4.4.12 R (Notices to Unitholders), ■ COLL 4.4.13 R (Other notices) and ■ COLL 4.4.14 G (References to writing and electronic documents) apply in relation to *qualified investor schemes*.