

## Chapter 15

# Closed-Ended Investment Funds: Premium listing

		<div><div></div><div>15.4</div><div>Continuing obligations</div></div>
		<div>Compliance with LR 9</div>
15.4.1	R	A closed-ended investment fund must comply with all of the requirements of ■ LR 9 (Continuing obligations) subject to the modifications and additional requirements set out in this section.
		<div>Investment policy</div>
15.4.1A	R	A closed-ended investment fund must, at all times, have a published investment policy which complies with ■ LR 15.2.7 R.
15.4.1B	G	A closed-ended investment fund should have regard to the guidance in ■ LR 15.2.8 G at all times.
15.4.1C	R	■ LR 9.2.22AR to ■ LR 9.2.22FG do not apply to a close-ended investment fund.
		<div>Investment activity and compliance with investment policy</div>
15.4.2	R	A closed-ended investment fund must, at all times, invest and manage its assets: <div><div>(1) in a way which is consistent with its object of spreading investment risk; and</div><div>(2) in accordance with its published investment policy.</div></div>
15.4.3	G	[deleted]
15.4.3A	R	A closed-ended investment fund must comply with ■ LR 15.2.3A R at all times.
15.4.4	R	[deleted]
15.4.4A	G	A closed-ended investment fund should have regard to the guidance in ■ LR 15.2.4A G at all times.

<b>Cross-holdings</b>	
15.4.5	<p><b>R</b> A <i>closed-ended investment fund</i> must, when making an acquisition of a constituent investment, observe the principles relating to cross-holdings in ■ LR 15.2.5 R.</p>
<b>Feeder funds</b>	
15.4.6	<p><b>R</b> If a <i>closed-ended investment fund</i> principally invests its funds in the manner set out in ■ LR 15.2.6 R, the <i>closed-ended investment fund</i> must ensure that ■ LR 15.2.6 R is complied with at all times.</p>
15.4.6A	<p><b>G</b> ■ LR 15.2.6 R and ■ LR 15.4.6 R are not intended to require the <i>closed-ended investment fund</i> to be able to control or direct the master fund or intermediary (as the case may be). But if the <i>closed-ended investment fund</i> becomes aware that the master fund or intermediary (as the case may be) is not investing or managing its investments in accordance with that rule it will need to immediately consider withdrawal of its funds from the master fund or intermediary (as the case may be) or other appropriate action so that it is no longer in breach of the <i>rules</i>.</p>
<b>Independence and effective management</b>	
15.4.7	<p><b>R</b> ■ LR 15.2.11 R to ■ LR 15.2.13A R apply at all times to a <i>closed-ended investment fund</i>.</p>
15.4.7A	<p><b>R</b> The board of <i>directors</i> or equivalent body of the <i>issuer</i> must effectively monitor and manage the performance of its key service providers, including any <i>investment manager</i> appointed by the <i>issuer</i>, on an on-going basis.</p>
<b>Material changes to investment policy</b>	
15.4.8	<p><b>R</b> Unless ■ LR 15.4.8A R applies, a <i>closed-ended investment fund</i> must :</p> <ol style="list-style-type: none"> <li>(1) submit any proposed material change to its published investment policy to the <i>FCA</i> for approval; and</li> <li>(2) having obtained the <i>FCA</i>'s approval, obtain the prior approval of its shareholders to any material change to its published investment policy.</li> </ol>
15.4.8A	<p><b>R</b> A <i>closed-ended investment fund</i> is not required to seek the <i>FCA</i>'s approval for a material change to its published investment policy if:</p> <ol style="list-style-type: none"> <li>(1) the change is proposed to enable the winding up of the <i>closed-ended investment fund</i>; and</li> <li>(2) the winding up: <ol style="list-style-type: none"> <li>(a) is in accordance with the constitution of the <i>closed-ended investment fund</i>; and</li> <li>(b) will be submitted for approval by the shareholders of the <i>closed-ended investment fund</i> at the same time as the proposed material change to the investment policy.</li> </ol> </li> </ol>

15.4.9	<b>G</b>	In considering what is a material change to the published investment policy, the <i>closed-ended investment fund</i> should have regard to the cumulative effect of all the changes since its shareholders last had the opportunity to vote on the investment policy or, if they have never voted, since the <i>admission to listing</i> .
<b>Conversion of an existing listed class of equity shares</b>		
15.4.10	<b>R</b>	An existing <i>listed class</i> of <i>equity shares</i> may not be converted into a new <i>class</i> or an <i>unlisted class</i> unless prior approval has been given by the shareholders of that existing <i>class</i> .
<b>Further issues</b>		
15.4.11	<b>R</b>	<p>(1) Unless authorised by its shareholders, a <i>closed-ended investment fund</i> may not issue further <i>shares</i> of the same class as existing <i>shares</i> (including issues of <i>treasury shares</i>) for cash at a price below the net asset value per <i>share</i> of those <i>shares</i> unless they are first offered pro rata to existing holders of <i>shares</i> of that class.</p> <p>(2) When calculating the net asset value per <i>share</i>, <i>treasury shares</i> held by the <i>closed-ended investment fund</i> should not be taken into account.</p>
<b>Cancellation of premium listing</b>		
15.4.11A	<b>G</b>	A <i>closed-ended investment fund</i> must comply with ■ LR 5.2.7A R
15.4.12	<b>R</b>	[deleted]
15.4.13	<b>R</b>	[deleted]
15.4.14	<b>R</b>	[deleted]
15.4.15	<b>R</b>	[deleted]
15.4.16	<b>R</b>	[deleted]
15.4.17	<b>R</b>	[deleted]
15.4.18	<b>R</b>	[deleted]
15.4.19	<b>R</b>	[deleted]
15.4.20	<b>R</b>	[deleted]

15.4.21	<b>R</b>	[deleted]
15.4.22	<b>G</b>	[deleted]
15.4.23	<b>R</b>	[deleted]
15.4.24	<b>R</b>	[deleted]
15.4.25	<b>R</b>	[deleted]
<b>Externally managed companies</b>		
15.4.26	<b>R</b>	A <i>closed-ended investment fund</i> is not required to comply with ■ LR 9.2.20 R.
<b>Independent business</b>		
15.4.27	<b>R</b>	A <i>closed-ended investment fund</i> is not required to comply with ■ LR 9.2.2A R to ■ LR 9.2.2G R.
<b>Notifications to the FCA</b>		
15.4.28	<b>R</b>	<p>(1) A <i>closed-ended investment fund</i> is not required to comply with ■ LR 9.2.23 R in so far as it relates to ■ LR 9.2.2A R, ■ LR 9.2.2E R and ■ LR 9.2.2F R.</p> <p>(2) A <i>closed-ended investment fund</i> is not required to comply with ■ LR 9.2.24 R to ■ LR 9.2.25 R.</p>
<b>Annual financial statement</b>		
15.4.29	<b>R</b>	A <i>closed-ended investment fund</i> is not required to comply with ■ LR 9.8.4R(14) and ■ LR 9.8.6R(8).
15.4.29A	<b>R</b>	<p>When making a statement required by ■ LR 9.8.6R(9) in its annual financial report, a <i>closed-ended investment fund</i> need not set out the following matters if they are inapplicable to the <i>closed-ended investment fund</i> and its statement sets out the reasons why those matters are inapplicable:</p> <p>(1) whether the <i>closed-ended investment fund</i> has met the board diversity target in ■ LR 9.8.6R(9)(a)(ii); and</p> <p>(2) matters set out in ■ LR 9.8.6R(9)(b) to the extent that they relate to the board diversity target in ■ LR 9.8.6R(9)(a)(ii).</p>
15.4.29B	<b>R</b>	When including numerical data required by ■ LR 9.8.6R(10) in its annual financial report, a <i>closed-ended investment fund</i> need not include the fields in the first row of each of the tables in ■ LR 9 Annex 2, and the corresponding data for those fields, that are inapplicable to the <i>closed-ended investment</i>

*fund*, if it sets out in a statement accompanying the numerical data the reasons why those fields are inapplicable.

**Election of independent directors**

**15.4.30** **R** A *closed-ended investment fund* is not required to comply with **LR 13.8.17 R**.