

Chapter 15

Closed-Ended Investment Funds: Premium listing

15.4 Continuing obligations

Compliance with LR 9

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.

Investment policy

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.

Investment activity and compliance with investment policy

15.4.2 **R** A closed-ended investment fund must, at all times, invest and manage its assets:

- (1) in a way which is consistent with its object of spreading investment risk; and
- (2) in accordance with its published investment policy.

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.

Cross-holdings

15.4.5 **R** A closed-ended investment fund must, when making an acquisition of a constituent investment, observe the principles relating to cross-holdings in ■ LR 15.2.5 R.

Feeder funds

15.4.6 **R** If a *closed-ended investment fund* principally invests its funds in the manner set out in **LR 15.2.6 R**, the *closed-ended investment fund* must ensure that **LR 15.2.6 R** is complied with at all times.

15.4.6A **G** **LR 15.2.6 R** and **LR 15.4.6 R** are not intended to require the *closed-ended investment fund* to be able to control or direct the master fund or intermediary (as the case may be). But if the *closed-ended investment fund* 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 *rules*.

Independence and effective management

15.4.7 **R** **LR 15.2.11 R** to **LR 15.2.13A R** apply at all times to a *closed-ended investment fund*.

15.4.7A **R** The board of *directors* or equivalent body of the *issuer* must effectively monitor and manage the performance of its key service providers, including any *investment manager* appointed by the *issuer*, on an on-going basis.

Material changes to investment policy

15.4.8 **R** Unless **LR 15.4.8A R** applies, a *closed-ended investment fund* must :

- (1) submit any proposed material change to its published investment policy to the *FCA* for approval; and
- (2) having obtained the *FCA*'s approval, obtain the prior approval of its shareholders to any material change to its published investment policy.

15.4.8A **R** A *closed-ended investment fund* is not required to seek the *FCA*'s approval for a material change to its published investment policy if:

- (1) the change is proposed to enable the winding up of the *closed-ended investment fund*; and
- (2) the winding up:
 - (a) is in accordance with the constitution of the *closed-ended investment fund*; and
 - (b) will be submitted for approval by the shareholders of the *closed-ended investment fund* at the same time as the proposed material change to the investment policy.

15.4.9 **G** In considering what is a material change to the published investment policy, the *closed-ended investment fund* 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 admission to listing.

Conversion of an existing listed class of equity shares

15.4.10 **R** An existing *listed class of equity shares* may not be converted into a new *class* or an *unlisted class* unless prior approval has been given by the shareholders of that existing *class*.

Further issues

15.4.11 **R** (1) Unless authorised by its shareholders, a *closed-ended investment fund* may not issue further *shares* of the same class as existing *shares* (including issues of *treasury shares*) for cash at a price below the net asset value per *share* of those *shares* unless they are first offered pro rata to existing holders of *shares* of that class.

(2) When calculating the net asset value per *share*, *treasury shares* held by the *closed-ended investment fund* should not be taken into account.

Cancellation of premium listing

15.4.11A **G** A *closed-ended investment fund* must comply with ■ LR 5.2.7A R

15.4.12 **R** [deleted]

15.4.13 **R** [deleted]

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15.4.25 **R** [deleted]

Externally managed companies

15.4.26 **R** A closed-ended investment fund is not required to comply with **LR 9.2.20 R**.

Independent business

15.4.27 **R** A closed-ended investment fund is not required to comply with **LR 9.2.2A R** to **LR 9.2.2G R**.

Notifications to the FCA

15.4.28 **R** (1) A closed-ended investment fund 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**.

(2) A closed-ended investment fund is not required to comply with **LR 9.2.24 R** to **LR 9.2.25 R**.

Annual financial statement

15.4.29 **R** A closed-ended investment fund is not required to comply with **LR 9.8.4R (14)**.

Election of independent directors

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