Powers exercised

A. The Financial Services Authority makes this instrument in the exercise of:

(1) the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):

(a) section 138 (General rule-making power);
(b) section 139 (Miscellaneous ancillary matters);
(c) section 156 (General supplementary powers);
(d) section 157(1) (Guidance);
(e) section 247 (Trust scheme rules); and
(f) section 248 (Scheme particulars rules); and

(2) regulation 6(1) (FSA rules) of the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228); and

(3) the other powers and related provisions listed in Schedule 4 (Powers exercised) to the General Provisions of the Handbook.

B. The rule-making powers referred to above are specified for the purpose of section 153(2) (Rule-making instruments) of the Act.

Commencement

C. This instrument comes into force on 1 April 2009.

Amendments to the Handbook and related material

D. The modules of the FSA Handbook of rules and guidance listed in column (1) below are amended in accordance with the Annexes to this instrument listed in column (2).

<table>
<thead>
<tr>
<th>(1)</th>
<th>(2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Glossary of definitions</td>
<td>Annex A</td>
</tr>
<tr>
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<td>Credit Unions sourcebook (CRED)</td>
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<td>Electronic Money sourcebook (ELM)</td>
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<td>Listing Rules sourcebook (LR)</td>
<td>Annex H</td>
</tr>
</tbody>
</table>
Amendments to material outside the Handbook

E. The Perimeter Guidance manual (PERG) is amended in accordance with Annex I to this instrument.

Citation

F. This instrument may be cited as the Collective Investment Schemes Sourcebook (Consequential Amendments No 2) Instrument 2009.

By order of the Board
26 March 2009
Annex A

Amendments to the Glossary of definitions

In this Annex, underlining indicates new text and striking through indicates deleted text.

**accounting reference date**

1. (except in COLL and CIS):
   
   ... 

2. (in COLL and CIS):

**accrual interval**

(in COLL and CIS) (in relation to an authorised fund manager's periodic charge) the interval specified in the instrument constituting the scheme over which the periodic charge accrues.

**accumulation share**

a share in respect of which income is credited periodically to capital under CIS 9.2.4R (Annual allocation to accumulation shares or accumulation units) or CIS 9.2.6R (Interim allocations of income).

**affected person**

(in COLL and CIS):

...

**annual accounting period**

1. (in CIS) a period determined in accordance with CIS 9.2.1R (Accounting period); [deleted]

2. (in COLL): the period determined in accordance with COLL COLL 6.8.2R(3) to COLL COLL 6.8.2R(7) (Accounting periods).

**appropriate valuer**

(in COLL and CIS) a person who complies with the requirements of COLL 5.6.18R(7) (Investment in property), or COLL 8.4.11R(4) (Investment in property) or, as the case may be, CIS 5A.8.5R(7) (Approved immovables).

**approved bank**

(except in COLL and CIS) ...

...

(in COLL and CIS) ...

**approved derivative**

1. (in COLL and CIS) ...

...

**approved immovable**

an interest in any land or building which satisfies the conditions in CIS 5A.8.5R (Approved immovables).

**approved mortgage**

(in COLL and CIS) a mortgage:
(a) which the trustee reasonably believes can be discharged on demand or within 28 days by repayment of all the money secured by the mortgage (including, where appropriate, any additional sum provided for under the mortgage); and

(b) on which there is not secured any property, whether immediately or contingently, other that the approved immovable in question.

approved security  (1) (in COLL and CIS) …

…

authorised corporate director the director of an ICVC who is the authorised corporate director of the ICVC in accordance with COLL 6.5.3R (Appointment of an ACD) or, as the case may be, CIS 7.2.1R (The directors) including, if relevant, an EEA UCITS management company.

authorised property unit trust (in LR) a unit trust scheme authorised by the FSA and which is a property scheme or an umbrella scheme each separate part of which would qualify as a property scheme if it were a separate authorised unit trust scheme.

base currency  (1) (in COLL and CIS) …

…

bearer certificate (in COLL and CIS) …

cancellation (in COLL and CIS) …

capital account (in COLL and CIS) …

capital property (in COLL and CIS) …

CIS the Collective Investment Schemes sourcebook.

class  (1) …

(2) (in COLL and CIS):

…

…

class meeting (in COLL and CIS) …

close out (in COLL and CIS) …

collateral  (1) (in COLL and CIS) …

…
currency class share (in relation to an ICVC) a class of share denominated in a currency that is not the base currency of the ICVC or, if permitted by CIS 2.5.4R(1), (Currency class shares: requirements) denominated in the base currency.

dealing day (in COLL and CIS) …

dealing period (in COLL and CIS) …

dedicated (in relation to investments of an authorised fund) intended that the holders should participate in or receive:

(a) profits or income arising from the acquisition, holding, management or disposal of investments of the relevant description; or

(b) sums paid out of profits or income in (a); or

(c) other benefits where expressly permitted by a provision in CIS COLL.

director (1) (except in COLL, DTR, LR, and PR and CIS) …

…

(2) (in COLL and CIS) …

…

distribution account (in COLL and CIS) the account to which the income property income property of an authorised fund authorised fund must be transferred as at the end of each annual accounting period annual accounting period under COLL 6.8.3R (Income allocation and distribution), or COLL 8.5.15R (Income) or, as the case may be, CIS 9.2.3R (Annual allocation of income).


eligible (in COLL and CIS) (in relation to a securities or a derivatives market) a market that satisfies the requirements in COLL 5.2.10R (Eligible markets: requirements), CIS 5.2.12R or CIS 5A.3.3R (Eligible markets: requirements) in relation to schemes falling under COLL 5, CIS 5 or COS 5A respectively.

eligible institution (in COLL and CIS) …

…

eligible investment trust (Feeder fund investing in a single eligible investment trust).
extraordinary resolution (in COLL and CIS) …

feeder fund an AUT that is a relevant pension scheme and dedicated to units in a single regulated collective investment scheme or to shares or debentures of a single eligible investment trust.

fund of funds scheme an authorised fund dedicated to units in a number of regulated collective investment schemes or sub-funds of one or more regulated collective investment schemes (or both).

futures and options scheme an authorised fund dedicated to derivatives (where most or all of the transactions in derivatives are fully covered by cash, securities or derivatives), with or without transferable securities.

gear futures and options scheme an authorised fund dedicated to derivatives (where most or all of the extent of the investment is limited by the amount of property available to put up as an initial outlay), whether with or without transferable securities.

gross accumulation share (in CIS) a share in respect of which income is credited periodically to capital under CIS 9.2.4R (Annual allocation to accumulation shares or accumulation units) or CIS 9.2.6R (Interim allocations of income) but, in accordance with relevant law, without deduction by the ICVC of any income tax.

half-yearly accounting period (in COLL and CIS) a period determined in accordance with CIS 9.2.1R(6) (Accounting period) or, as the case may be COLL 6.8.2R(2) (Accounting periods).

income account (in COLL and CIS) …

income share a share in respect of which income is allocated periodically to shareholders under CIS 9.2.3R (Annual allocation of income) or CIS 9.2.6R (Interim allocations of income).

initial offer (in COLL and CIS) an offer for sale of units units in an authorised fund authorised fund or in a sub-fund (otherwise than in accordance with arrangements of the type described in COLL 5.5.9R(3)(b)(iii) (Guarantees and indemnities) or, as the case may be, CIS 5.15.8R(3)(b)(iii) or (c) (Guarantees and indemnities)), where all or part of the consideration paid for the account of the authorised fund authorised fund for the units units is to be used to acquire the initial scheme property scheme property of the authorised fund authorised fund or the initial scheme property scheme property attributable to the sub-fund sub-fund.

interim accounting period (in COLL and CIS) …

issuer (1) (except in CIS; LR, PR and DTR)
limited issue share
a share of a class the issue of which is restricted by reference to:
(a) the occasion or occasions on which shares of that class may be issued; or
(b) the amount or value of shares that may be issued.

limited issue unit
a unit of a class the issue of which is restricted by reference to:
(a) the occasion or occasions on which units of that class may be issued; or
(b) the amount or value of units that may be issued.

margin
(in COLL and CIS) …

money-market scheme
an authorised fund dedicated to:
(a) deposits; and
(b) debentures which are not transferable securities;
whether with or without securities which are transferable securities.

net accumulation share
(in relation to an ICVC) a share in respect of which income (net of any tax deducted or accounted for by an ICVC) is credited periodically to capital under CIS 9.2.4R (Annual allocation to accumulation shares or accumulation units) or CIS 9.2.6R (Interim allocations of income).

notified point
a point that is within the two hours immediately following a valuation point and is notified in accordance with CIS 4.3.9R(3) (Issue of units to meet authorised fund manager’s obligation to sell) or CIS 15.3.4R(4) (Issue of units: manager’s instructions).

plan investor
a person entered in the plan register under COLL 6.4.9R (Plan registers) or, as the case may be, CIS 6.5.4R (Requirement).

plan register
(1) …

(2) (in relation to an AUT) a sub-register to the register, which sub-register records persons who subscribe to a group plan and for whom units unity in the AUT AUT are held for the purposes of the plan by the plan manager or a nominee (other than any sub-register that has not been established and maintained in accordance with COLL 6.4.4R (Register Register: general requirements)
requirements and contents) or, as the case may be, CIS 6.5.4R (Requirement) or for the establishment of which no payments are to be made out of the scheme property).

**plan shares**  
shares entered in a plan register under CIS 6.5.4R(7) (Requirement).

**plan units**  
units entered in a plan register under CIS 6.5.4R(12) (Requirement).

**property investment company**  
(in CIS) a body corporate, a substantial activity of which relates to permitted immovables (whether by way of investing, dealing in, developing, redeveloping or refurbishing them and whether directly or indirectly).

**property-related assets**  
(in CIS):

(a) shares, debentures or warrants which are issued by a property investment company;

(b) certificates representing certain securities which confer rights in respect of investment within (a).

**property scheme**  
(in CIS) an authorised fund dedicated to permitted immovables and property related assets, whether with or without transferable securities.

**prospectus**  
(1) …

(2) (except in LR and PR) (in relation to a collective investment scheme collective investment scheme) a document containing information about the scheme scheme and complying with the requirements in COLL 4.2.5R (Table: contents of the prospectus), COLL 8.3.4R (Table: contents of qualified investor scheme prospectus); or COLL 9.3.2R (Additional information required in the prospectus for an application under section 272) or, as the case may be, CIS 3 or CIS 17 applicable to a prospectus of a scheme of the type concerned.

**redemption charge**  
an amount levied by the operator operator of a scheme scheme upon the redemption redemption of units units, in the case of an authorised fund authorised fund under:

(a) COLL 6.7.7R (Charges on buying and selling units); or

(b) CIS 8.2.7R (Redemption charge: ICVCs); or

(e) CIS 8.5.2R (Redemption charge: single-priced AUTs); or

(d) CIS 15.4.10R (Redemption charge).

**register**  
(1) …
(2) (in CIS) the register of holders kept under Schedule 3 to the OEIC Regulations or CIS 6.2.1R (Basic requirements) or, in relation to a collective investment scheme that is not an authorised fund, a record of the holders (other than of bearer certificates) of units in it. [deleted]

(3) (in COLL) the register of unitholders ... of units in it.

scheme of arrangement (in COLL and CIS) an arrangement relating to an authorised fund (“transferor fund”) or to a sub-fund (“transferor sub-fund”) of a scheme that is an umbrella (“transferor sub-fund”) under which:

(a) either:

(i) all or part of the property of the transferor fund, or all or part of the property attributed to the transferor sub-fund, is to become the property of one or more regulated collective investment schemes (“transferee schemes”); or

(ii) all or part of the property attributed to the transferor sub-fund is to become part of the property attributed to one or more other sub-funds of the same umbrella scheme (“transferee sub-funds”); and

(b) holders of units in the transferor fund or transferor sub-fund, the property of which is being transferred or reattributed under (a), are to receive, in exchange for their respective interests in that property, either:

(i) units in the transferee scheme or one or more of the transferee schemes, to which the property is transferred; or

(ii) units in the transferee sub-fund or one or more of the transferee sub-funds, to which the property is reattributed.

securities scheme an authorised fund dedicated to transferable securities, excluding an authorised fund which is a feeder fund, a fund of funds scheme or a warrant scheme.

shareholder (1) (in relation to an ICVC, and subject to CIS 11.2.2R (Special meaning of shareholder)):

...
12.3.1R (Standing independent valuer).

transferable security

(1) …

(2) (in COLL and CIS) an investment within COLL 5.2.7R (transferable securities), CIS 5.2.9R (Transferable securities) or, as the case may be, CIS 5A.2.9R (Transferable securities) in relation to schemes falling under COLL 5, CIS 5 or CIS 5A respectively.

…

trust deed

(1) …

(2) (in COLL and CIS) the deed referred to in COLL 3.2.3R (The trust deed for AUTs) or, as the case may be, CIS 2.2.5R (The trust deed for AUTs), together with any deed expressed to be supplemental to it, made between the manager and the trustee (or, in the case of a recognised scheme that is a unit trust scheme, the instrument constituting the scheme as amended from time to time).

trust scheme rules

rules in COLL and CIS made by the FSA under section 247(1) of the Act (Trust scheme rules) …

umbrella

(in FEES, COLL, CIS and COBS) …

umbrella scheme

(in CIS) an authorised fund that is an umbrella except in CIS 2.1 and CIS 5A where such a reference is to a scheme authorised as the type of scheme under CIS 21.1.4R(10) (Types of authorised fund).

units in existence

(in CIS) (in relation to an AUT) all units which are in issue and any units which the trustee is obliged to issue, less any units which the trustee is obliged to cancel.

valuation point

(in COLL and CIS) a valuation point fixed by the authorised fund manager for the purpose of COLL 6.3.4R (Valuation points), COLL 8.5.9R (Valuation, pricing and dealings dealing), CIS 4.8.5R (Regular valuation points), CIS 4.8.6R (Additional valuation points) or CIS 15.8.3(1) or 2(R) (Frequency of valuation).

warrant scheme

an authorised fund which invests entirely in warrants.
Annex B

Amendments to the Senior Management Arrangements, Systems and Controls sourcebook (SYSC)

In this Annex, underlining indicates new text and striking through indicates deleted text.

3.2 Areas covered by systems and controls

... The compliance function ...

3.2.8 R (1) ...

(2) In SYSC 3.2.8R(1) “compliance” means compliance with the rules in:

(a) ...

(b) COLL (New Collective Investment Schemes sourcebook) and CIS (Collective Investment Schemes); and ...

...
Annex C

Amendments to the Fees manual (FEES)

In this Annex, underlining indicates new text and striking through indicates deleted text.

3 Application, Notification and Vetting Fees

3.1 Introduction

3.1.5 G (1) …

(2) … This fee is adjusted when the scheme concerned is an umbrella scheme.

…

3 Annex 2R Application and notification fees payable in relation to collective investment schemes

<table>
<thead>
<tr>
<th>Legislative provision</th>
<th>Nature and purpose of fee</th>
<th>Payable by</th>
<th>Amount of fee</th>
<th>Umbrella scheme factor (note 1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Part 1 Application fees payable for firms to be subject to CIS [deleted]</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Regulation 12 of the OEIC Regulations</td>
<td>On application for an order declaring a scheme to be an ICVC</td>
<td>An applicant</td>
<td>£1,200</td>
<td>2-[deleted]</td>
</tr>
<tr>
<td>Section 242 of the Act</td>
<td>On application for an order declaring a scheme to be an AUT</td>
<td>An applicant</td>
<td>£1,200</td>
<td>2-[deleted]</td>
</tr>
<tr>
<td>Section 272 of the Act</td>
<td>On application for an order declaring a scheme to be an individually recognised overseas scheme</td>
<td>An applicant</td>
<td>£14,000</td>
<td>2-[deleted]</td>
</tr>
<tr>
<td>Part 2 Application fees payable for firms to be subject to COLL</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Regulation 12 of the Act OEIC</td>
<td>…</td>
<td>…</td>
<td>…</td>
<td>…</td>
</tr>
</tbody>
</table>
Notes:

1. For an umbrella scheme, the fee is multiplied by the factor shown in the final column of the table.

4. Annex 4R

Periodic fees in relation to collective investment schemes …

Fees are charged according to the number of funds or sub-funds operated by a firm as at 31 March 2008 or 2009. Where a new collective investment scheme becomes authorised during a year, fees are charged according to the number of funds or sub-funds operated by a firm as at the date of authorisation. Where more than one fund or sub-fund is operated, the number of funds (not including the umbrella or parent fund) produces a ‘fund factor’ in accordance with the table above, which is then applied to a basic fee to produce one total fee per operator. Fund factors are applied per operator rather than per scheme so that the fees relate to the number of funds rather than the number of schemes. This means that, for example, an authorised fund manager of three schemes pays the same as an operator or authorised fund manager of one scheme with three sub-funds (as only the sub-funds are counted).

Schemes set up under section 264 of the Act are charged according to the number of funds or sub-funds which a firm is operating...
Annex D

Amendments to the Supervision manual (SUP)

In this Annex, underlining indicates new text and striking through indicates deleted text.

1 The FSA’s approach to supervision

1.2.2 G … For UCITS qualifiers see also COLLG and CIS 2.3, CIS 16 and CIS 17.

6 Applications to vary and cancel Part IV permission

6.1.2 G If appropriate, a firm which is the manager of a collective investment scheme an authorised fund manager should also refer to COLL 7 and CIS 14 for guidance on the termination of ICVCs and AUTs and on winding up schemes authorised funds that are not commercially viable.

8 Waiver and modification of rules

Waiver of rules in CIS COLL

8.2.3 G Section 250 of the Act and regulation 7 of the OEIC Regulations allow the FSA to waive the application of certain rules in COLL and CIS to:

…

8.6.4 G In making waiver applications under section 250 of the Act or regulation 7 of the OEIC Regulations, SUP 8.6.2G(2) should be read in application to rules in COLL or CIS as if the word “commercial” were omitted.

13 Exercise of passport rights by UK firms

13.1.3 G This chapter does not apply to:
(4) the marketing of a \textit{UCITS scheme} by its operator in another \textit{EEA State} under the \textit{UCITS Directive} (see \textit{COLLG} 2.1.8G and \textit{CIS} 2.3.4G).

...  

\textbf{13A} Qualifying for authorisation under the Act  

...  

13A.3.14 G \textit{A UCITS qualifier} should refer to \textit{COLLG} or to the following sections of \textit{COLL} and \textit{CIS} for requirements for \textit{recognised schemes}:

1. \textit{COLL} 9.2.1G and \textit{CIS} 16.1.8G for \textit{guidance} on notifications;

2. \textit{COLL} 9.2.1G and \textit{CIS} 17.2 for \textit{guidance} on information and documentation requirements; and

3. \textit{COLL} 9.4 and \textit{CIS} 17.4 which includes \textit{guidance rules} on what facilities need to be maintained.

...  

\textbf{13A Annex 1G} Application of the Handbook to Incoming EEA Firms  

<table>
<thead>
<tr>
<th>(1) Module of Handbook</th>
<th>(2) Potential application to an incoming EEA firm with respect to activities carried on from an establishment of the firm (or its appointed representative) in the United Kingdom</th>
<th>(3) Potential application to an incoming EEA firm with respect to activities carried on other than from an establishment of the firm (or its appointed representative) in the United Kingdom</th>
</tr>
</thead>
<tbody>
<tr>
<td>\textit{COLL} and \textit{CIS} apply if the firm:} \begin{align*} &amp; \textit{COLL} \text{ and} \textit{CIS} \ &amp; \text{...} \end{align*}</td>
<td>\textit{COLL} and \textit{CIS} \begin{align*} &amp; \text{...} \end{align*}</td>
<td>\text{...}</td>
</tr>
</tbody>
</table>

...  

\textbf{14} Incoming EEA firms changing details, and cancelling qualification for authorisation  

...
14.1.2 G SUP 14.6 (Cancelling qualification for authorisation), which sets out how to
cancel qualification for authorisation under the Act, also applies to:

(1) …

(2) a UCITS qualifier that is an authorised person under Schedule 5 to
the Act; a UCITS qualifier should, however, refer to COLL 9.4.2R,
COLLG 3.1.11G and CIS for full details of applicable rules and
guidance.

…

14.6.11 G … UCITS qualifiers should also refer to COLLG 3.1.11G and CIS 17.4.8G
(Revocation of recognition: Schemes recognised under section 264 of the
Act of overseas schemes (section 279)).

…

15 Notifications to the FSA

…

15.8.7 G A UCITS management company which delegates any of its functions to a
third party must, as well as complying with SUP 15.8.4G 15.8.6R, comply
with the requirements in COLL 6.6.15R(2), CIS 7.6.1R(2) or CIS 7.10.4R(1)
as appropriate.

…

16 Reporting requirements

…

16.6.8 R (1) The report from a trustee of an AUT to the FSA must state, in relation
to the manager of each AUT for which it is a trustee, the number of
times during the quarter in which facts came to the firm’s knowledge
from which it appeared, or might have appeared, that the manager
had failed (materially or otherwise) to:

(a) give correct instructions to the trustee to create or cancel units
in the AUT when the manager should have done so, and the
error:

   (i) …

   (ii) was not corrected in accordance with the FSA’s
guidance as set out in COLL 6.2.12G or CIS App as
the case may be;

(b) price units in the AUT in accordance with COLL 6.2.6.3 or
CIS 4 as the case may be for single-priced AUTs and CIS 15...
for dual-priced AUTs, …

…

(2) The report from a depositary of an ICVC to the FSA must state, in relation to the authorised corporate director of each ICVC for which the firm is a depositary, the number of times during the quarter in which facts came to the firm’s knowledge from which it appeared, or might have appeared, that the authorised corporate director had failed (materially or otherwise) to:

(a) arrange for the issue or cancellation of shares in the ICVC when the authorised corporate director should have done so, and the error:

(i) …

(ii) was not corrected in accordance with the FSA’s guidance as set out in COLL 6.2.12G or CIS App as the case may be;

(b) price shares in the ICVC in accordance with COLL 6.3 or CIS 4 for ICVCs as the case may be, …

…

…

Appendix 1 Prudential categories and sub-categories

App 1.3.1G Prudential categories and sub-categories used in the Prudential sourcebooks and the Supervision manual

<table>
<thead>
<tr>
<th>Prudential categories (note 1)</th>
<th>Applicable prudential requirements (Note 2)</th>
<th>Prudential sub-categories</th>
</tr>
</thead>
<tbody>
<tr>
<td>…</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ICVC*</td>
<td>None, but see COLL and CIS</td>
<td></td>
</tr>
<tr>
<td>…</td>
<td></td>
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<tr>
<td>…</td>
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</tbody>
</table>

…
### Sch 2 Notification requirements

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<table>
<thead>
<tr>
<th>Handbook reference</th>
<th>Matter to be notified</th>
<th>Contents of notification</th>
<th>Trigger event</th>
<th>Time allowed</th>
</tr>
</thead>
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<tr>
<td>...</td>
<td>...</td>
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<td></td>
</tr>
</tbody>
</table>
| **SUP 16.6.6R**   | Reporting – compliance reports – trustee trustee of an AUT | (a) give correct instructions to the trustee to create or cancel units in the AUT when the manager should have done so, and the error:  
(i) resulted in...the cancellation of too many units;  
...  
(ii) was not corrected in accordance with the FSA’s guidance as set out in COLL 6.2.12G and CIS App 1;  
(b) price unit price units in the AUT in accordance with COLL 6 and CIS 4 for single-priced AUTs and CIS 15 for dual-priced AUTs, ...  
(i) greater than 0.5% of the price of a unit...  
(ii) less than 0.5% of the price of a unit... | ... | ... |
|                   |                       | (a) arrange for the issue of shares in the ICVC when the | ... | ... |
| **SUP 16.6.6R**   | Reporting – compliance reports – depositary of an ICVC | ... | ... | ... |
|                   |                       | (a) arrange for the issue of shares in the ICVC when the | ... | ... |
authorised corporate director should have done so, and the error:
(i) …
(ii) … as set out in COLL 6.2.12G and,
(b) price shares in the ICVC in accordance with COLL 6 and CIS 4 for ICVCs, …
Annex E

Amendments to the Collective Investment Schemes sourcebook (COLL)

In this Annex, underlining indicates new text and striking through indicates deleted text.

6.6 Powers and duties of the scheme, the authorised fund manager, and the depositary

...

6.6.16 G (1) SYSC 4.1 (General requirements and Directors of an ICVC, authorised fund managers and depositaries should also have regard to SYSC 8 (Outsourcing) contain guidance relating to delegation, including external delegation. SYSC 8.1.6R states that a firm remains fully responsible for discharging all of its obligations under the regulatory system even if it outsources crucial or important operational functions or any relevant services and activities.

...

8.5 Powers and responsibilities

...

8.5.6 G Directors of an ICVC, authorised fund managers and depositaries should also have regard to SYSC 8 (Outsourcing) contain guidance relating to delegation including external delegation, and SYSC 8.1.6R states that a firm remains fully responsible for discharging all of its obligations under the regulatory system if it outsources crucial or important operational functions or any relevant services and activities.

...

TP 1 Transitional provisions

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<tr>
<td></td>
<td>Extra time provisions</td>
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<td></td>
<td>Existing schemes electing to comply with COLL</td>
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<tr>
<td></td>
<td>Each and every rule in COLL</td>
<td>R</td>
<td>The rules in COLL do not apply to any relevant party in relation to an authorised fund in respect of which an application for an authorisation order was received by the FSA before 1 April 2004, unless the authorised fund manager of the scheme has exercised its right of election on behalf of the scheme to comply with COLL, instead of CIS, in accordance with CIS 1.1.1AR (Right to elect to comply with COLL).</td>
<td>From 1 April 2004 to 12 February 2007 Expired</td>
<td>1 April 2004 [deleted]</td>
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<tr>
<td>1A</td>
<td>Each and every rule in COLL</td>
<td>R</td>
<td>The rules in COLL do not apply to any relevant party in relation to an authorised fund where the winding up of the fund has commenced before 12 February 2007, provided that each relevant party shall continue to comply with the provisions of CIS as if they still applied to them.</td>
<td>From 12 February 2007</td>
<td>12 February 2007</td>
</tr>
<tr>
<td>2</td>
<td>Each and every rule in COLL</td>
<td>G</td>
<td>The effect of transitional provision 1 is that the default position for the relevant parties of existing authorised funds (by which is meant authorised funds in respect of which the application for the authorisation order was received by the FSA before 1 April 2004) is that CIS continues to apply until 12 February 2007 unless the relevant authorised fund manager has exercised its right of election in accordance with CIS 1.1.1AR to comply with COLL, instead of CIS. [deleted]</td>
<td>Expired</td>
<td></td>
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<tr>
<td>3</td>
<td>Each and every rule in COLL</td>
<td>R</td>
<td>(1) The authorised fund</td>
<td>From 1 April</td>
<td>1 April 2004</td>
</tr>
</tbody>
</table>
(1) The manager of an authorised fund whose authorisation order application was received by the FSA on or after 1 April 2004 may, with the consent of each of the other relevant parties:
   (a) elect to comply with CIS; and
   (b) subsequently revoke such an election and elect to comply with COLL in which case no further election is permitted for that fund.

(2) An election or revocation in (1) does not take effect unless the authorised fund manager has notified the FSA in writing of:
   (a) the election or revocation;
   (b) the date from which it is to take effect.

(3) While an election in (1)(a) remains in effect, COLL does not apply to any relevant party in respect of the authorised fund. Instead, each relevant party must comply with CIS.

(4) The right of election referred to in (1) only applies in relation to an authorised fund which is a UCITS scheme, a money market scheme, a futures and options scheme, a geared futures and options scheme, a property scheme, a feeder fund or a fund of funds scheme.

(5) The authorised fund manager must make a record of any election or revocation under (1), and retain it for a period of six years from the date it takes effect.
<table>
<thead>
<tr>
<th></th>
<th>Each and every rule in COLL</th>
<th>G</th>
<th>(1) It is not necessary for the schemes referred to in transitional provision 3(4) initially to have complied with COLL, before an election is made on its behalf under transitional provision 3(1)(a) to comply with CIS. [deleted]</th>
</tr>
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<tbody>
<tr>
<td></td>
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<td>(2) Note that whilst the FSA's permission is not required for an election under paragraph 3(1)(a) or a revised election under paragraph 3(1)(b), changes to the relevant instrument constituting the scheme and prospectus to give effect to such a revised election will require the FSA's written permission, as explained in CIS 16.1.11G (Notification of proposed changes to ICVCs) and CIS 16.1.12G (Notification of proposed changes to AUTs). [deleted]</td>
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</table>
| UCITS business restrictions |                             | R | A UCITS management company must not carry on any of the activities specified in COLL 6.9.9(4) COLL 6.9.9(5) COLL 6.9.9(6) COLL 6.9.9R(4) to (6) (inclusive) unless it is a UCITS investment firm:  
(a) whose permission to carry on any such activity was given before 13 February 2004; or  
(b) which complies with BIPRU. |
| 5 | COLL 6.9.9R(4) to (6) (Restrictions of business for UCITS management companies) | From 1 April 2004 to 12 February 2007 Expired | 1 April 2004 [deleted] |
| 6 | COLL 6.9.9(4) COLL 6.9.9(5) COLL 6.9.9(6) COLL 6.9.9R(4) to (6) (restrictions of | G | A UCITS investment firm will not be able to act as such and exercise an EEA right under the UCITS Directive unless it complies with BIPRU. [deleted] |
### Committees and delegation

<table>
<thead>
<tr>
<th></th>
<th>COLL 6.6.15R(2), (4) and (5) (Committees and delegation)</th>
<th>R</th>
<th>From 1 April 2004 to 12 February 2007</th>
<th>1 April 2004 [deleted]</th>
</tr>
</thead>
<tbody>
<tr>
<td>7</td>
<td>(1) Subject to (2), a UCITS management company which became authorised before 13 February 2004 will not contravene COLL 6.6.15R(2), COLL 6.6.15R(4) and COLL 6.6.15R(5) (Committees and delegation) to the extent that it complies with CIS 7.6.1R(2), CIS 7.6.1R(4) and CIS 7.6.1R(5) and CIS 7.10.4R(1), CIS 7.10.4R(5) and CIS 7.10.4R(6) as they applied before 12 February 2004.</td>
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<tr>
<td></td>
<td>(2) Paragraph (1) does not apply in relation to any UK firm which exercises an EEA right under the UCITS Directive.</td>
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</tbody>
</table>

### Existing dual-priced AUTs: dealing and valuation

<table>
<thead>
<tr>
<th></th>
<th>COLL 6.2 (dealing); COLL 6.3 (Valuation and pricing); COLL 5.2.5R (Valuation) and COLL 4.2.5R (Valuation)</th>
<th>R</th>
<th>From 1 April 2004 until 12 February 2007</th>
<th>1 April 2004 [deleted]</th>
</tr>
</thead>
<tbody>
<tr>
<td>8</td>
<td>(1) Subject to (2), the manager of a dual-priced AUT which has exercised its entitlement under CIS 1.1.AR to comply with COLL instead of CIS, will not contravene any of the provisions in column (2) to the extent that it complies with CIS 15 (Dual-pricing and dealing), CIS 5.2.5R (Valuation) and CIS 5A.2.5R (Valuation) (and references in COLL to the rules in column (2) are to be construed accordingly).</td>
<td></td>
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</tr>
<tr>
<td></td>
<td>(2) Where the rules in COLL 6.2 (Dealing), COLL 6.3 (Valuation and pricing) and COLL 5.2.5R (Valuation) conflict with the relevant</td>
<td></td>
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</tbody>
</table>
requirements of CIS 15 (Dual-pricing and dealing), CIS 5.2.5R (Valuation) and CIS 5A.2.5R (Valuation), the manager must proceed on the basis that the former rules (COLL) override the latter (CIS) unless compliance with a relevant rule in COLL 6.2 or COLL 6.3 or COLL 5.2.5R would not be possible.

| 9 | **COLL 6.2** (dealing); COLL 6.3 (Valuation and pricing); COLL 5.2.5R (Valuation) and COLL 4.2.5R 16 (Table: contents of the prospectus) | G | (1) A dual-priced AUT values on a basis that results in different issue and cancellation prices compared to a single-priced scheme. Furthermore, the manager sets sale and redemption prices within the pricing envelope of the cancellation price and issue price together with the preliminary charge. Transitional provision 8 allows such a system to continue to operate. [deleted]

(2) However, transitional provision 8 also requires the COLL provisions to override the applicable CIS provisions where appropriate, that is in circumstances where there is a conflict between them. So, for example, publishing prices should comply with COLL 6.3.11R (Publication of prices) rather than CIS 15.4.14R. Where complying with the relevant COLL rules would not be practicable or not feasible for some reason, the manager is advised to contact the FSA. [deleted]

| 10 | **Fees 3.2.1R** | R | (1) If the authorised fund manager of a scheme notifies the FS under section 251 of the Act or regulation 21 of the OEIC Regulations in relation to 1 April 2004 to 12 February 2007, the manager is not required to include fees in the prospectus. [deleted] | 1-April 2004 | Expired | 1-April 2004 | Expired |
to a proposal to alter a scheme under transitional provision 1 or transitional provision 3(1)(b), the authorised fund manager must pay to the FSA a fee of £400 for each individual scheme and a fee of £800 for each umbrella scheme.

(2) A fee payable under this provision must be paid by bankers draft, cheque or other payable order when the notification is made.

<table>
<thead>
<tr>
<th>Definition of relevant party</th>
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<tbody>
<tr>
<td>11 COLL R</td>
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<tr>
<td>For the purposes of these transitional rules, a “relevant party” in relation to:</td>
</tr>
<tr>
<td>(1) any AUT, is its manager and trustee; and</td>
</tr>
<tr>
<td>(2) any ICVC, is</td>
</tr>
<tr>
<td>(a) the ICVC;</td>
</tr>
<tr>
<td>(b) its ACD;</td>
</tr>
<tr>
<td>(c) any other directors of the ICVC; and</td>
</tr>
<tr>
<td>(d) its depositary.</td>
</tr>
<tr>
<td>12 COLL 4.2.5R, Table paragraphs 2 (bb), 11 (a)(v) and 23 (e) R</td>
</tr>
<tr>
<td>In relation to any authorised fund in existence on the day before 6 April 2006 there is no obligation to revise the prospectus as a result of the applications of COLL 4.2.5R, Table paragraphs 2 (bb), 11 (a)(v) or 23 (e) until the earlier of:</td>
</tr>
<tr>
<td>(1) the date the prospectus is next revised; and</td>
</tr>
<tr>
<td>(2) 6 April 2007.</td>
</tr>
<tr>
<td>13 COLL 4.2.5R, Table paragraphs 2 (bb), 11 (a)(v) and 23 (e) R</td>
</tr>
<tr>
<td>6 April 2006 [deleted]</td>
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Annex F

Amendments to the Credit Unions sourcebook (CRED)

In this Annex, underlining indicates new text and striking through indicates deleted text.

Appendix 1.1  …

<table>
<thead>
<tr>
<th>Sourcebook or manual</th>
<th>Reference code</th>
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<tbody>
<tr>
<td>…</td>
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<tr>
<td>Specialist sourcebooks</td>
<td>…</td>
</tr>
<tr>
<td>Collective investment schemes</td>
<td>CIS [deleted]</td>
</tr>
<tr>
<td>New Collective Investment Scheme Schemes sourcebook</td>
<td>COLL</td>
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<td>…</td>
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<td>…</td>
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</table>
Annex G

Amendments to the Electronic Money sourcebook (ELM)

In this Annex, underlining indicates new text and striking through indicates deleted text.

Application of other parts of the Handbook to ELMIs

1.5.2 G

<table>
<thead>
<tr>
<th>Block</th>
<th>Module</th>
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<tbody>
<tr>
<td>...</td>
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</tr>
<tr>
<td>Specialist sourcebooks</td>
<td>Credit unions (CRED), Professional firms (PROF), Collective Investment</td>
</tr>
<tr>
<td>other than ELM</td>
<td>Schemes (CIS) or (COLL) and Recognised Investment Exchanges</td>
</tr>
<tr>
<td></td>
<td>and Recognised Clearing Houses (REC).</td>
</tr>
<tr>
<td>These sourcebooks do not</td>
<td>apply to an ELMI.</td>
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<tr>
<td>apply to ELM</td>
<td>...</td>
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</tbody>
</table>

...
Annex H

Amendments to the Listing Rules sourcebook (LR)

In this Annex, striking through indicates deleted text.

Appendix 1 Relevant definitions

... 

authorised

property unit trust

a unit trust scheme authorised by the FSA and which is
a property scheme or an umbrella scheme each
separate part of which would qualify as a property
scheme if it were a separate authorised unit trust
scheme.
Annex I

Amendments to the Perimeter Guidance manual (PERG)

In this Annex, striking through indicates deleted text.

Establishing etc collective investment schemes

2.7.12 G … The process for applying for authorisation of a collective investment scheme is described in COLLG 2 (Authorised fund applications) and CIS 16 (Application and notification). …

…

Other guidance that may be relevant

9.1.4 G … Bodies corporate formed under these Regulations are referred to in the Handbook as investment companies with variable capital (or ‘ICVCs’). COLG 2 (Authorised fund applications) and CIS 16 (Application and notification) contains rules and guidance on forming such bodies corporate. …

9.1.5 G Open-ended investment companies constituted in other EEA States which are seeking to exercise rights conferred by the UCITS Directive should refer to COLL 9 (Recognised schemes) and CIS 17 ( Recognised Schemes) for guidance on the requirements of section 264 of the Act (Schemes constituted in other EEA States).

…

Marketing of shares or securities issued by body corporate

…

9.10.4 G The restrictions mentioned in PERG 9.10.3G are subject to a number of exemptions. For example, the controls in sections 238 and 240 do not apply to financial promotions about certain kinds of collective investment scheme. These are:

…

(3) collective investment schemes that are recognised schemes (see COLL 9 (Recognised schemes) and CIS 17 (Recognised schemes)).